CITY COUNCIL REGULAR SESSION AGENDA
Monday, August 01, 2016 - 6:00 PM
Council Chambers - 169 SW Coast Highway, Newport, Oregon 97365

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 agenda may be amended during the meeting to add or delete items, change the order of agenda items, or discuss any other business deemed necessary at the time of the meeting.

---

1. CALL TO ORDER AND ROLL CALL

2. PLEDGE OF ALLEGIANCE

3. 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

4. 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.

5. 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.

5.A. Approval of Minutes of the July 12, 2016 Work Session
July 12, 2016.docx

5.B. Approval of Minutes of the July 12,2016 Executive Session

5.C. Approval of Minutes of the July 18, 2016 City Council Meeting
July 18, 2016.docx

6. 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.

7. 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.

7.A. From the Destination Newport Committee - Approval of a Contract Between the City of Newport and the Newport News-Times for Creative Production and Digital Services
City Manager's Report and Recommendation -- Destination Newport Marketing Plan for 2016-17.pdf
DNC_Marketing_Strategy_v5.pdf
SOW_V2.pdf
Bios.pdf

7.B. From District Attorney's Office - Update by Michelle Branam
City Manager Report and Recommendation -- Update from Lincoln County DA Office.pdf

7.C. From Destination Newport Committee - Recommendation to Award for a Tourism Marketing Grant for 2016 Agate Beach Surf Classic
City Manager Report and Recommendation -- 2016 Agate Beach Surf Classic - Tourism Marketing Grant.pdf
Staff Report Agate Beach Surf Classic.docx
Surf Classic.pdf
July 21, 2016 Minutes F.pdf

7.D. From the Destination Newport Committee - Recommendation to Award a Tourism Marketing Grant for the 101 on the 101 Bike Ride

City Manager Report and Recommendation -- 101 on the 101 Bike Ride - Tourism Marketing Grant.pdf
Staff Report for 101 on the 101 Bike Ride.docx
101 on the 101.pdf
July 21, 2016 Minutes F.pdf

7.E. From Destination Newport Committee - Recommendation to Award a Tourism Marketing Grant for 2016 Buccaneer Rampage

City Manager Report and Recommendation -- 2016 Buccaneer Rampage Tourism Marketing Grant.pdf
Staff Report Buccaneer Rampage.docx
Buccaneer Rampage.pdf
July 21, 2016 Minutes F.pdf

8. CITY MANAGER'S 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.

8.A. Authorization for the City to Enter into a Hazard Mitigation Grant Program Contract with the State of Oregon for the NE 70th Drive Landslide Acquisition Project

City Manager Report and Recommendation -- Hazard Mitigation Agreement -- NE 70th Drive.pdf
Agenda Summary
Email from OEM
FEMA Obligation Letter
Resolution No 3744
HMGP Aplication Materials
Sample OEM Agreement

8.B. Lease Agreement with Pacific Choice Seafood Company for Docks and Upland Areas Adjacent to the Public Parking Lot across from Fall Street

City Manager Report and Recommendation -- Pacific Choice Seafood Company Proposed Lease Agreement.pdf
Agenda Summary
Draft Lease Agreement
Lease Exhibit Map
DSL Lease No ML-10493

8.C. Status Report on 2016 Mombetsu Youth Delegation

City Manager Report and Recommendation -- Sister City.pdf
Mombetsu Youth Delegation Schedule.pdf
Mombetsu Delegation Members_Information.pdf

9. LOCAL CONTRACT REVIEW BOARD

9.A. Authorization of Change Order No. 4 with KSH Construction for Safe Haven Hill Tsunami Evacuation Improvements

City Manager Report and Recommendation -- Change Order No. 4 -- KSH Construction, Safe Have Hill.pdf
Change Order 4 Backup.pdf
Council_Staff_Report_-_Change_Order_4_7-18-16.docx

10. 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.

11. 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.

12. ADJOURNMENT

July 12, 2016
3:00 P.M.
Newport, Oregon

The Newport City Council met in a work session, at the above time in the City Council Chambers of the Newport City Hall, along with representatives of other governmental entities and businesses. Councilors present were: Roumagoux, Swanson, Engler, Saelens, Allen, Sawyer, and Busby were present.

Staff present was City Manager Nebel, City Recorder Hawker, Community Development Director Tokos, and City Attorney Rich.

Also in attendance were: Wayne Belmont and Bill Hall from Lincoln County; Brenda Bremner and Sami Jo Difuntorum from the Confederated Tribes of the Siletz Indians; Billie Jo Smith, Jill Lyon, and Nancy Bryant from the City of Toledo; A. J. Mattila from the City of Depoe Bay; Chester Noreikis, Kip Ward, Susan Wahlke, Alison Robertson, and Richard Townsend from the City of Lincoln City; Susan Woodruff, Greg Howard, Kerry Kemp, and Rachel Cotton from the City of Waldport; Max Glenn and Joan Davies from the City of Yachats; Carla Perry and Janet Webster, Newport residents; and Pegge McGuire from the Community Services Consortium.

WELCOME AND INTRODUCTIONS

Mayor Roumagoux welcomed everyone to this meeting, and everyone introduced themselves.

BRIEF REPORTS ON THE STATUS OF AFFORDABLE HOUSING INITIATIVES FROM EACH GOVERNMENTAL UNIT

Nebel asked that each represented organization report on the status of affordable housing initiatives in their entities.

Davies, speaking for Yachats, reported that workforce housing is non-existent, but that it is working with the Lincoln County Land Trust (LCLT). Glenn reported that a workforce housing development was previously built, but was placed under the purview of HUD and became low-income housing.

Kemp, speaking for Waldport, reported that it is difficult for families trying to move to the community. He noted that there is more activity focused on buyers as opposed to renters. He noted that there are currently no specific housing initiatives. Woodruff reported that the rental market is overpriced.

Smith, speaking for Toledo, reported that the city is looking at utilizing foreclosures for affordable housing. Lyon noted that there are a number of substandard units in the city with no landlord incentive to renovate them. She added that the rental market is tight, and that some rents are unreasonable. She noted that most rentals occur by word of mouth.

Bremner, speaking for the CTSI, reported that the Tribe has built a number of units, and has some in Lincoln City designated for Tribal members. She added that rent rates are high, and that a long-term solution for homelessness is needed. Hall reported that the Community Services Consortium has two facilities in Newport. McGuire noted that staffing is needed for supportive housing.

Robertson, speaking for the City of Lincoln City, reported that the city has built two homes with the LCLT; it has a revolving loan fund; SDC deferrals for affordable housing; accessory dwelling units; and an affordable housing fund which will incorporate affordable housing into the Villages at Cascade Head as it develops. Townsend added that the city has approved cottage clusters; and mixed use in all commercial zones. Noreikis noted that the hospital is considering building housing.

Mattila, speaking for the City of Depoe Bay, noted that housing is tight in Depoe Bay, and that workers cannot live in the city due to a lack of affordable housing.

Nebel, speaking for the City of Newport, talked about the OSU campus expansion, and options moving forward. Tokos noted that the city allows accessory dwelling units; the rules have been eased on manufactured and recreational vehicle parks; the city has an agreement with Habitat for Humanity to build housing; the city has a revolving loan fund; he added that there are a range of options/incentive type approaches that entities could take. He suggested a construction excise tax as a funding possibility. He noted that the city is in the process of reviewing its SDCs, a part of which will be to determine how SDCs could dovetail into assistance with affordable housing. He added that the city has partnered with the LCLT for workforce housing.

Hall, speaking for Lincoln County, referred to a pilot program that has been undertaken, of which the results will determine whether it should be rolled out statewide. Belmont noted that the county has been supportive of the LCLT and projects for targeted populations. He added that there are block grants for housing rehabilitation, and potential options through tax structure.

REVIEW OF POTENTIAL HOUSING INCENTIVES

Review the Viability of Establishing a Multiple Unit Tax Exemption Program to Incentivize Housing Projects. It was suggested that programs could be developed allowing up to a ten-year tax exemption assuming certain benchmarks are met.

Consideration of Forgoing Tax Revenues from the Sale of Foreclosed Projects if the Property is Used for Affordable or Workforce Housing Purposes. A brief discussion ensued regarding this proposal.

Reviewing the Intergovernmental Agreement with the Community Services Consortium Relating to CDBG Fund the Agency Holds for Certain Jurisdictions. McGuire stated that she should like to reconvene the loan committees.

Review Newly-Adopted Statewide Legislation Intended to Improve the Availability of Affordable and Workforce Housing. A discussion ensued regarding a potential construction excise tax.

Other Possible Collaborative Efforts to Promote Housing in Lincoln County and its Cities. Hall suggested the possibility of creating a multi-jurisdictional committee. He also suggested using underutilized/substandard houses if there was a method to make them productive. Lyon noted that this would involve the education of the community. Woodruff added that it would also involve education of potential homebuyers. Webster addressed the issue of asbestos abatement, and the potential high costs in renovating underutilized housing. Busby noted that there are commonalities between the issue in Lincoln County and across the country. Glenn suggested promoting manufactured home residential parks; endorsed the concept of "sweat equity;" and recommended exploring down payment assistance.

Lyon suggested that the Lincoln County Economic Development Alliance might be the appropriate umbrella group as it already has a lot of necessary information. Nebel noted that he could meet with Caroline Bauman on this issue and the potential structure. Alternatives included members of this group working on the individual issues in sub-groups; collecting information and sharing it with the governing bodies. Sawyer recommended involving banks and large employers. Kemp agreed to categorize a list, and the group agreed to meet in late October.

ADJOURNMENT

Having no further business, the meeting adjourned at 4:52 P.M.

July 18, 2016
6:00 P.M.
Newport, Oregon

CITY COUNCIL MEETING

ROLL CALL

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

Staff in attendance was: Ted Smith, Acting City Manager (Library Director); Peggy Hawker, City Recorder/Special Projects Director; Steve Rich, City Attorney; Derrick Tokos, Community Development Director; and Jason Malloy, Police Lieutenant.

PLEDGE OF ALLEGIANCE

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

PROCLAMATIONS, PRESENTATIONS, AND SPECIAL RECOGNITIONS

Moment of Silence for Victims of Violence. Council, staff, and the audience honored victims of recent violence by a moment of silence.

Oath of Office – Dustin Watson, Police Officer. Malloy introduced Watson and his family. Hawker administered the oath of office. Claire Barton pinned Watson's badge.

CONSENT CALENDAR

The consent calendar consisted of the following items:

A. Approval of minutes of the June 20, 2016 City Council meeting;
B. Approval of minutes of the June 20, 2016 City Council work session;
C. Appointment of Mike Yost to the Wayfinding Committee, as a voting member, with a term expiring December 31, 2016;
D. Confirmation of Mayor's appointment of Samantha Shafer to the Library Advisory Board for a term expiring December 31, 2017;
E. Correct scrivener's error in Resolution No. 3753 adopting the 2016/2017 Fiscal Year budget and making appropriations;
F. OLCC application – Nye Hotel, LLC for a Limited On-Premises Sales License at 729 NW Coast Street;
G. OLCC application – Nye Beach Café – 526 NW Coast Street, #B – Full On-Premises Sales License.

MOTION was made by Busby, seconded by Sawyer, to approve the consent calendar as presented. The motion carried unanimously in a voice vote.

Request to Postpone Discussion on the Contract with the Newport News-Times for Creative Production and Digital Services. It was reported that a request had been made by Busby to postpone action on this item. Saelens noted that Council could ask questions and handle the matter this evening or schedule a work session to discuss the issue.

Busby expressed concern that the proposed contract is with a city committee rather than the city. He added that if this issue is resolved, the substantiation of the sole source contract remains. He asked for specific justification as to why this is a sole source contract. He stated that there is no basis for cost estimates. He added that no oversight was mentioned, and asked who is willing to ensure performance on behalf of the city, and who is authorized to sign invoices. He stated that there is also some potential for conflict of interest.

Allen asked for Rich' comment regarding the contract between the vendor and a city committee, and the sole source provider issue, noting that the comments could be considered either this evening or at a subsequent meeting.

Swanson noted that one of the reasons for the contract with the News-Times is that this vendor is already up to speed with the project.

Lorna Davis, Executive Director of the Greater Newport Chamber of Commerce, noted that there has been a significant increase in visitor spending over the last four years. She stated that this year the Budget Committee, and ultimately the City Council, authorized an increase in the DNC budget to handle work that the volunteers are not able to do. She reported that the city had contracted with an advertising agency in the past, and that a great deal of the money paid to the agency was for creative and travel rather than tangible media buys. She added that she feels confident that the News-Times could provide digital marketing services. Swanson noted that the people who work for News-Times are local and very credible, and approval of this contract would be building on an existing relationship. Davis noted that the contract should be with the city, and oversight would be performed by the City Council. She added that the DNC members are good stewards of public money.

Sawyer reported that additional time is needed to study this issue due to the complexity of the work. He added that the DNC does not have time to write copy and perform the other necessary work. He stated that someone else is needed to perform the digital design work. He noted that the DNC felt they lacked the digital expertise. Davis added that there are three websites which have to have new content almost daily. She noted that part of the services will be the vast digital library which is critical to marketing and maintaining a fresh web presence. She stated that the News-Times has a professional photographer on staff.

Saelens stated that the reason the issue was brought up at the beginning of this meeting was to make a determination as to whether the issue should be handled this evening, or to have a brief work session to get all the facts before the next meeting. Busby stated that it is not doable to hold a work session and have the item ready for the next Council meeting.

Davis stated that she does not want this issue pushed through if Council is not comfortable. She noted that there is a DNC meeting scheduled later this week, and some items have been delayed for months.

MOTION was made by Busby to table this item until the August 15 meeting. The motion failed due to lack of a second.

MOTION was made by Sawyer, seconded by Allen, to table the item to the August 1 meeting, and to schedule a work session at noon that day. The motion carried unanimously in a voice vote.

It was agreed that issues to be addressed at the work session include the contract issuance to the appropriate parties, and the sole source provider matter, and that both be addressed in the staff report.

PUBLIC HEARINGS

Public Hearing and Possible Adoption of Ordinance No. 2100 Approving a Franchise with Falcon Telecable, a California Limited Partnership, Locally Known as Charter Communications. Hawker introduced the agenda item. Smith reported that this ordinance, if approved, would create a new franchise agreement with Charter Communications. It was noted that Charter had agreed to a one-time PEG fee payment of $11,000.

Saelens opened the public hearing on Ordinance No. 2100 at 6:30 P.M. He called for public comment. There was none. He closed the public hearing at 6:31 P.M. for Council deliberation.

Busby asked about the impact on customer rates due to the award of the PEG fees. Rich reported that the rate will initially be extremely low, but that Charter is allowed to recoup the $11,000 PEG award.

MOTION was made by Swanson, seconded by Busby, to read Ordinance No. 2100, approving a franchise with Falcon Telecable, a California Limited Partnership, locally known as Charter Communications, by title only, and place for final passage. The motion carried unanimously in a voice vote.

Hawker read the title of Ordinance No. 2100. Those voting aye on the adoption of Ordinance No. 2100 were Saelens, Swanson, Sawyer, Busby, and Allen.

Consideration and Possible Adoption of Ordinance No. 2101 Amending the Newport Urban Growth Boundary to Facilitate an Equal Area Land Exchange Along the East Boundary of the Wolf Tree Destination Resort Site. Hawker introduced the agenda item. Smith reported that Terrance Lettenmaier, Laurie Weitkamp, and Fox Bush, LLC, owners, submitted an application to amend the Urban Growth Boundary to align with a proposed property line adjustment involving the exchange of six acres of land which will facilitate the development of single family homes on both properties under Lincoln County zoning regulations.

Smith reported that the two properties are situated along the eastern edge of the Wolf Tree Destination Resort site which was brought into the UGB in 1987. He stated that neither is in the city limits; however, the Lettenmaier/Weitkamp parcel is inside the UGB and subject to the destination resort zoning overlay in the event it is annexed into the city. He added that the destination resort overlay does not allow the development of rural home sites as it envisions a destination resort with sufficient density to support urban services. He stated that this is the reason that Lettenmaier and Weitkamp withdrew their property from the city limits in 2013 because, at that time, they were only interested in constructing one single family home.

Smith reported that if approved, the six acres of land being acquired by Lettenmaier and Weitkamp from Fox Bus, LLC will be placed under “High Density Residential” and “Destination Resort” Comprehensive Plan Map designations so that if annexed, the

property can be zoned for R-4/"High Density Multi-Family Residential," a classification that will support residential densities typical of a destination resort. He stated that the six acres of land being acquired by Fox N. Bush, LLD, from Lettenmaier/Weitkamp, will be removed from the City of Newport UGB.

Swanson read the statement of rights and relevance. She asked Councilors for declarations of conflicts of interest, ex parte contacts, bias, or site visits, and nothing was declared. She asked for objections to any member of the City Council, or the Council as a whole, in hearing this matter. There were none.

Swanson opened the public hearing at 6:40 P.M. Se asked for the staff report. Tokos delivered the staff report. He stated that if Council adopts the ordinance, it must also be adopted by Lincoln County to become effective.

Swanson called for applicant testimony. There was none.

Swanson called for opposition testimony. There was none.

Swanson closed the public hearing for Council deliberation at 6:47 P.M.

MOTION was made by Sawyer, seconded by Swanson, to read Ordinance No. 2101, amending the Newport Urban Growth Boundary to facilitate an equal area land exchange along the east boundary of the Wolf Tree Destination Resort site by title only and place for final passage. The motion carried unanimously in a voice vote.

Hawker read the title of Ordinance No. 2101. Voting aye on the adoption of Ordinance No. 2101 were Allen, Busby, Saelens, Swanson, and Sawyer.

CITY MANAGER'S REPORT

Consideration and Approval of Assignment of CoastCom Franchise to Astound Broadband, LLC d/b/a Wave Telecommunications. Hawker introduced the agenda item. Smith reported that staff recently met with Matt Updenkelder who requested the City Council consider the assignment of the CoastCom franchise to Astound Broadband, LLC doing business as Wave Telecommunications. He noted that CoastCom had entered into a purchase agreement with Astound Broadband to acquire the assets and operations of CoastCom.

Matt Updenkelder, with CoastCom, appeared in support of the franchise assignment and responded to Council questions.

MOTION was made by Sawyer, seconded by Swanson, to approve the assignment of the CoastCom franchise to Astound Broadband, LLC d/b/a Wave Telecommunications, as requested. The motion carried unanimously in a voice vote.

LOCAL CONTRACT REVIEW BOARD

The City Council, acting as the Local Contract Review Board, began meeting at 6:54 P.M.

Bids for the Bay-Moore Drainage Improvement Project. Hawker introduced the agenda item. Smith reported that on June 16, one bid was received for this work from James W. Fowler Company in the amount of $4,477,000. He stated that the bid amount significantly exceeded the budgeted amount for this project. He noted that a number of construction companies had pulled plans for the project, and in subsequent discussions with these companies, it was determined that the very limited period of time for in-water

work, and current level of work was the reason they did not bid. He added that they indicated that with additional lead time they would likely have bid. He noted that due to this, staff is recommending the rejection of the bid for this project.

Smith reported that based on discussions with other bidders, it appears that this project could be bid at or near budget if bids were solicited well in advance of the time that the in-water work has to occur. He stated that based on these comments, it would be the intent of staff to formally rebid the project in 2017.

MOTION was made by Swanson, seconded by Sawyer, that the bids be rejected for the Bay-Moore Drainage Improvement Project with the City of Newport Public Work's Department giving notice of rejection to any bidders for this work, and authorize the Public Works Department to rebid the project early in 2017. The motion carried unanimously in a voice vote.

Consideration and Approval of Change Order No. 5 with C&M Excavating, LLC for the SW Abalone/Brant Street Improvement Project. Hawker introduced the agenda item. Smith reported that the Abalone/Brant Street Improvement Project has been closed out. He stated that there were a number of severe design challenges due to difficulties associated with the historical surveys in South Beach. He noted that at the last meeting, Council appropriated sufficient funds to close this project out.

Smith reported that with unit priced contracts, the design engineer estimates the number of units (yards of soil, linear feet of sidewalk, tons of asphalt, and other similar measurements). He stated that at the end of the contract, the final number of units actually installed is the basis for paying the contract, and in order to close out these contracts, staff is initiating a process to complete a balancing change order so that the final contract amount is adjusted based on the net increase or decrease of units actually used in the project.

Smith reported that Change Order No. 5 reconciles the net change by actual quantities to close out this contract. He stated that the final contract price for completing this project is $2,024,974.04 which is under the original appropriation, but significantly higher than the original contract price due to numerous changes that were made in the project during the construction from what was included in the original design.

Busby asked whether the city had reached a settlement with the engineering firm for errors and omissions on this project. Tokos reported that this is a compilation of different projects, and when tallied up, it exceeded the anticipated amounts. He stated that the estimates were not on target, and a supplemental budget was approved last year to shift some funds to cover the shortage.

MOTION was made by Swanson, seconded by Sawyer to approve balancing Change Order No. 5 with C&M Excavating & Utilities, LLC for the SW Abalone/Brant Street Improvement Project to close this project out. The motion carried unanimously in a voice vote.

Approval of Change Orders No. 3 and No. 4 with Pavilion Construction for the Newport Aquatic Center Project. Hawker introduced the agenda item. Smith reported that work has been progressing on the new Aquatic Center Project. He stated that the construction schedule has been impacted by the delay in the delivery of steel for the roof trusses, and structural steel elements. He added that barring any other unanticipated delays, the pool

should be open by the end of the year with the contractor's schedule to turn the building over to the city on December 24.

Smith reported that the Local Contract Review Board is being requested to approve two change orders. He stated that Change Order No. 3 is a significant change to modify the proposed standing seam metal roof with a vinyl membrane where the roof for the Aquatic Center and the Recreation Center roofs will meet. He noted that the cost of this modification is $35,278.90. He added that Change Order No. 4 is in the amount of $44,216.90 and includes items in eight proposed change orders. He stated that after approving these change orders, $195,810 of contingency funds are left for this project.

MOTION was made by Sawyer, seconded by Swanson, to approve Change Order No. 3 in the amount of $35,278.90, with Pavilion Construction for the Newport Aquatic Center Project. The motion carried unanimously in a voice vote.

MOTION was made by Sawyer, seconded by Swanson, to approve Change Order No. 4 in the amount of $44,216.90, with Pavilion Construction for the Newport Aquatic Center Project. The motion carried unanimously in a voice vote.

Consideration of Award of Contract for Visioning Consultant. Hawker introduced the agenda item. Carla Perry, Chair of the Vision 2040 Steering Committee, reported on the process that was used to arrive at the recommendation of a visioning consultant. She reviewed the RFP development process; the proposal review process; the interviews of the semi-finalists and finalists; and the unanimous decision to recommend award of the contract to HDR.

Perry thanked the Vision 2040 Steering Committee for its work on the Committee. She noted that once the recommendation was arrived at, the Committee disbanded, as the consultants will be involved in creating a new committee to oversee the project.

MOTION was made by Sawyer, seconded by Swanson, to direct staff to negotiate a contract for visioning consulting services with HDR, subject to the approval of the City Attorney, and authorize the City Manager to sign the contract on behalf of the City of Newport. The motion carried unanimously in a voice vote.

RETURN TO CITY COUNCIL MEETING

The City Council returned to its regular meeting at 7:09 P.M.

REPORT FROM MAYOR AND COUNCIL

Sawyer reported that he attended the recent DNC meeting where the contract with the News-Times was discussed.

Sawyer reported on the passing of Mavis Morris and Milt Priesz.

Swanson reported that she had been a part of the Vision 2040 Steering Committee, and that it was an incredible process and committee.

Swanson reported that she attended the recent work session on affordable housing, and that it was interesting to see what other entities are/can do.

Swanson reported that employees are now allowed to purchase emergency preparedness kits through payroll deduction. She advised Councilors interested in purchasing the kits to let Cindy know.

Swanson reported that she attended the recent ethics presentation in Lincoln City.

Swanson reported that the Emergency Management Committee had discussed the possibility of wearing city-issued jackets during emergency responses.

Busby thanked the Fire Department and other city employees involved in responding to the large house fire last week. He noted that this response demonstrated how good the Fire Department - its people and equipment; the Police Department; and other city staff were in getting the fire out and saving nearby houses, and coordinating with the insurance broker and demolition contractor.

Busby stated that the reason he is reluctant to have the News-Times contract on the August 1 agenda is that if sole source contracting is done properly, there are lots of rules to follow. He added that he is not sure that ethically and legally acceptable information can be put together in that time frame. He suggested looking at what other groups require for sole source contracting, and asked that Council and staff keep in mind the vendor and its influence. He urged Council and staff to be careful, legal, and ethical. Allen noted that at the August 1 meeting, Council can decide whether to defer the issue to a later date.

Allen reported that he attended a recent meeting of the Audit Committee, and that another meeting will be scheduled in the fall when the auditors are performing field work.

Allen reported that he attended the ethics training in Lincoln City. He noted that the session was well-attended and that Tammy Hedrick is an excellent trainer.

Allen reported that he had attended the housing work session. He added that Council will be discussing the MOU with the Lincoln Community Land Trust at its August 1 work session.

It was asked that the News-Times agreement be added to the August 1 work session for discussion.

ADJOURNMENT

Having no further business, the meeting adjourned at 7:32 P.M.

_____ _____

Margaret M. Hawker, City Recorder Sandra N. Roumagoux, Mayor

CITY MANAGER'S REPORT AND RECOMMENDATION

Meeting Date: 8-1-16

Agenda Item:

From Destination Newport Committee – Consideration of Approval of a Personal Service Agreement between the City of Newport and "News-Times" for the Fiscal Year 2016-17

Background:

At the July 18, 2016 City Council meeting several questions were raised regarding the agreement between the City of Newport and the News-Times for Promotional and advertising activities that will be conducted by the News-Times for the city during the 2016-17 fiscal year.

Annually, the City of Newport has contracted with the News-Times for various services related to the City's Destination Newport Committee activities. The agreement for the 2016-17 Fiscal Year has been proposed by the Destination Newport Committee for consideration by the City Council. This agreement is a departure from previous years, in that the Destination Newport Committee is recommending a new strategic effort for digital marketing of Newport. This includes optimization of key words, displaying network ads, regular and quarterly reports, tracking activity for these efforts, social media and marketing, utilizing on-line video commercials, the DNC Facebook accounts, and content marketing creating web-pages and micro-sites to support campaign promotion. Part of the art of this process is creating these documents utilizing key words that are optimized, and will place various promotional information in a strategic location when various searches are conducted. In addition, the News-Times will continue to provide the creative/productive function that has been part of previous contracts.

Finally, this contract includes the estimated printing fees for the DNC brochure. The total fee is $123,000. In addition, it is also estimated that the various purchased media expenses that will be purchased by the News-Times from third parties will be $45,800 for the city. This is a dollar per dollar reimbursement of the News-Times for these type of ads. Attached is the draft Destination Newport Committee Marketing Plan for 2016-17, a contract with the Newport News-Times doing business as "News Media Digital", and biographies of the individuals that will be involved in various aspects of this contract for your review. The new emphasis on digital services by the Destination Newport Committee is expected to continue to increase the exposure of Newport to the visiting public.

The City Council elected to table this items until the August 1 meeting and scheduled a work session at noon on August 1 to discuss this possible contract with the News-Times. It was agreed that issues to be addressed at the work session would include 1.)

the contract issuance to the appropriate parties and 2.) the sole source provider with both of these items being addressed in the staff report. On the first issue, I agree that the appropriate party is the City of Newport not the Destination Newport Committee. Please note that I on behalf of the city, I execute all advertising contracts and agreements from the Destination Newport Committee. I apologize for not catching this discrepancy on the agreement.

The second issue that the Council wanted addressed in the staff report relates to the exemption from bidding for advertising contracts. Please note, that under the Public Contracting Rules class exemptions Section E.2 Advertising Contracts, provides: "that the contracting agency may purchase advertising without competitive process regardless of dollar value and including that intended for the purpose of giving public or legal notice." This exemption is primarily because of the difficulty and challenges of bidding specific marketing /advertising services which are either creative in nature or very specific from a knowledge and place standpoint.

In addition, Councilor Busby had asked several questions as well including whether this posed a conflict of interest. City Attorney Steve Rich has reviewed the various relationships of the News-Times to the Chamber to the city with the Ethics Commission. The Ethics Commission has indicated that there are no legal conflicts of interest presented relating to the city contracting with the News-Times for creative production and digital services.

Councilor Busby also inquired about oversight of this contract. The Destination Newport Committee works directly with the News-Times throughout the year to review various activities relating to the contract with the News-Times. I would suggest that the Destination Newport Committee provide quarterly reports to the City Council on the impact of the digital services being provided as part of this contract particularly since this would be the first year that this level of service will be provided to the city by the News-Times or by anyone else. This will create a basis for evaluating the value of this new level of service. Please note that with all Destination Newport business, it is my responsibility to review agreements recommended by the committee and execute those agreements on behalf of the City of Newport for advertising and other similar activities.

Finally, there was a question regarding the specific justification as to why this work would be done as a sole source provider. The city, through the Destination Newport Committee has had a strong relationship with the News-Times for purposes of marketing Newport. The decision to move from a private marketing firm to the News-Times was done about three years ago when it was determined that the creative work could be done for substantially less money than the city had apparently been paying. Furthermore, the News-Times is a local firm that has direct involvement with activity impacting the greater Newport area. The overall evaluation of this relationship is that the creative work has been done for a substantially smaller amount of money then what was previously being paid and the overall content was superior to what was previously being obtained. The Runyon Report has confirmed that the growth of tourism during the past few years in Newport has been at a greater rate than other areas in the central coast of Oregon. This can be from a variety of factors however the marketing of the area is

certainly one of those key factors.

As you are aware, the biggest change in this contract is the addition of $65,000 to create additional content and do search engine marketing with Google. In this case, there will be an organized effort to optimize keywords of various stories so that when people google a particular activity the Destination Newport story or information will come up high on the google list. In this case, it is critical to increase the amount of local content on a more frequent basis than with a traditional ad campaign. As a results, the News-Times will be creating much more frequent updates of materials that will be used on various websites and optimized for various search engines. The News-Times will still be responsible for the traditional paper. Billboard, news releases, and other type of work that they have traditionally prepared under their contract with the City of Newport for marketing activities. The amount the city paid for these creative services in 2015-16 was $35,000. In addition to that work, the use of social media with digital ads, optimization of keywords, creation of web pages, and or micro sites to support campaign promotion, creating and providing a library of existing content that will be organized by subject for publications throughout the year, placing online video commercials to appear prior to online video, and Facebook marketing, are the new components of this contract. These new components are proposed to be done in addition to the standard work that has been done previously at a cost of $65,000.

In addition, the contract provides a cost of $23,000 to design, write, and print the 19.5 inch X 9 inch four panel brochure with distribution of 100,000 brochures to Portland, 40,000 brochures to SeaTac, and 10,000 brochures for the PDX welcome center/ Newport Chamber. This is consistent with previous years.

The use of search engine marketing with google is an area of expertise that reaches beyond my comfort level. In reviewing the recommendation from the Destination Newport Committee of this proposal I have relied on the expertise of the committee which includes Lance Beck who is the full-time Director of Marketing for the Aquarium and Ric Rabourn, Manager of the Hallmark Resort Hotel who are directly involved in digital marketing. In discussing this matter with Lance, he believes that the proposal submitted by the News-Times to conduct this new digital campaign is very favorable to the city. This is in part, because the News-Times generates much information that has a direct correlation to marketing in the greater Newport area. Furthermore, as a committee, the Destination Newport committee has done an excellent job in branding materials from Newport and creating content that is truly beneficial to the region. Lance indicated that it is not usual to have these types of services done on a lump sum basis versus some sort of hourly basis, and he believes that we will get more value out of this agreement than if we were being charged on some other basis for obtaining this work.

By adding digital services to a marketing contract that has been deemed successful by the Destination Newport Committee, and by me, with a local employer who has a vested interest in the success of tourism in Newport, there are many efficiencies that occur. It is my belief, and the committee belief, that this is also a good financial arrangement for the City of Newport.

I appreciate the questions from the City Council and I think it was certainly appropriate to table this issue if there was some level of discomfort on behalf of the Council before proceeding with a decision on this marketing effort. I would suggest that the Council, make some sort of decision on this matter at the August 1 Council meeting since this is directly impacting the campaign for the next twelve-month period. I would also further suggest the Council request a quarterly report on the digital campaign efforts from the Destination Newport Committee going forward in this first year to determine whether this is an appropriate investment to consider in future years as well. It is important, however that a majority of the Council is comfortable with this agreement if it is to go forward.

Recommendation:
I recommend the City Council consider the following motion:

I move approval of the Personal Services Agreement with the Newport News-Times for the digital marketing services, creative production services, and printing for the 2016-17 Fiscal Year with a request of the Destination Newport Committee to provide a quarterly report on the digital marketing campaign for the 2016-17 fiscal year.

Fiscal Effects:
$425,000 is appropriated for various marketing activities for the 2016-17 Fiscal Year in the budget.

Alternatives:
If the Council, choose not to proceed with a digital campaign during this year the Council could award the contract based on last year's efforts which included $35,000 for creative services and $23,000 for the brochures or as suggested by the City Council.

Respectfully Submitted,

Spencer R. Nebel, City Manager

DRAFT

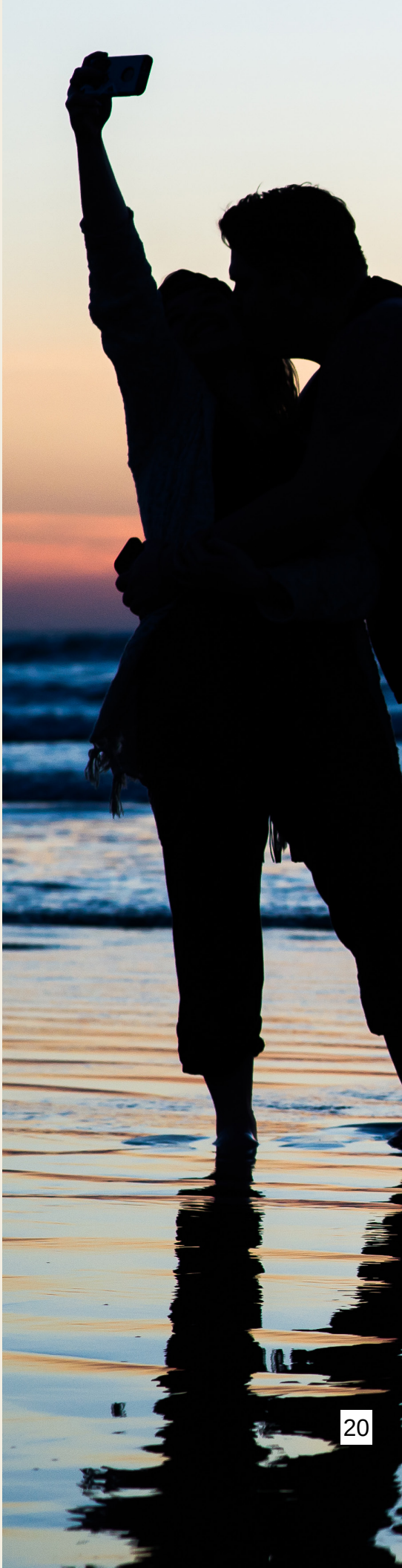
Destination Marketing Plan

2016-2017

INTRODUCTION

Discover Newport is the city of Newport's designated marketing committee. The organization serves the interests of Newport's tourism economy by marketing the city of Newport as an all-season visitor destination.

With this mission at the forefront of our planning process, the 2016-17 marketing plan defines strategies to attract new visitors while building high levels of loyalty and advocacy—thus increasing the number of returning visitors.



Discover Newport Overview

Discover Newport Vision

To promote the city by differentiating it from the competition and by marketing it as an all-season visitor destination.

Organizational Structure

As the lead marketing and promotional committee for visitation to Newport, Destination Newport is funded by the 9.5% Tourist Development Tax on short-term accommodations, commonly known as the "room tax."

Discover Newport employs no full-time or part-time staff. Instead the all volunteer committee members contract with local partners and the Greater Newport Chamber of Commerce to manage the marketing for Newport under the committee's oversight. Discover Newport manages market research, planning, advertising, and public relations.

Discover Newport Committee

- Lorna Davis - Greater Newport Chamber of Commerce
- Lance Beck - Oregon Coast Aquarium
- John Clark - The Whaler Hotel
- Judy Kuhl - Agate Beach Best Western`
- Ric Rabourn - Hallmark Resort
- Steve Beck - Farmers Insurance
- Dean Sawyer - Newport City Council
- Spencer Nebel - Newport City Manager
- Dave Heater - Mariner Enterprises

Strengths

Yaquina Bay Bridge - Perhaps Newport's most iconic landmark is the gorgeous Yaquina Bay Bridge. Listed on National Register of Historic Places, it is more than just a way to cross the bay, the bridge is an ambassador for the city and a magnificent piece of art-deco architecture.

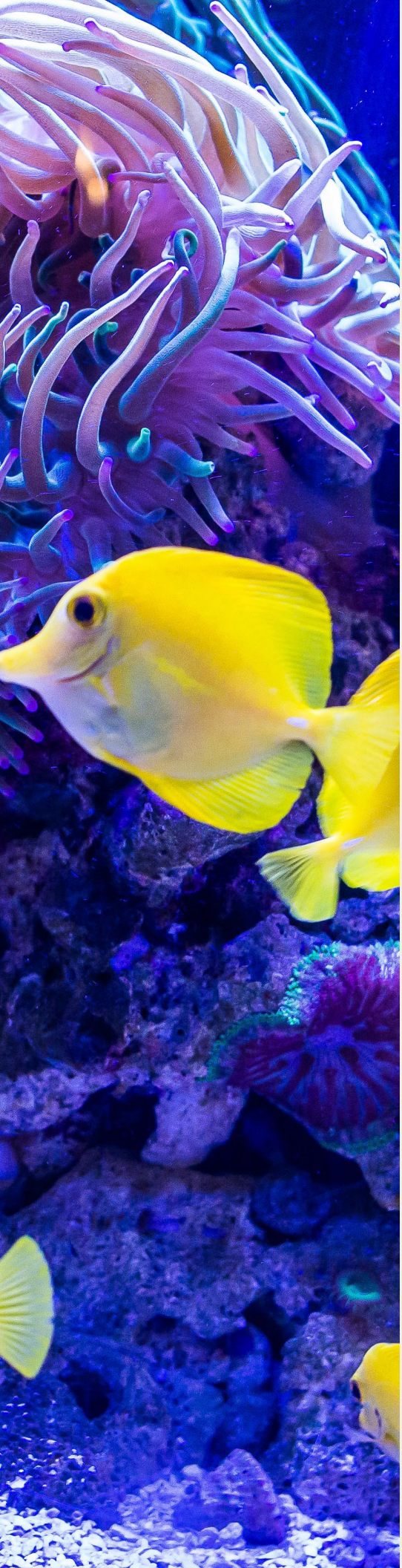
Lighthouses - Newport is lucky enough to have two picturesque lighthouses, Yaquina Head and Yaquina Bay, which were historically used to guide and warn ships at sea.

Dungeness Crab - With record numbers of commercial crabbing tonnage coming in, and some of the best opportunities for public crabbing on the entire Oregon coast, Newport is officially the "Dungeness Crab Capital of the World."

Rogue Brewery - All of Rogue's brews and spirits are produced in South Beach at the brewery and distillery at the foot of the Yaquina Bay Bridge. Attached to the brewery is Brewers on the Bay, a restaurant and bar that offers a panoramic view of Yaquina Bay and 40 taps.

Oregon Coast Aquarium - This world-class marine attraction overlooks scenic Yaquina Bay just south of the Yaquina Bay Bridge. The aquarium strives to be a center of excellence for ocean literacy and plays an active role in conservation, education and animal rehabilitation efforts.

OMSI Coastal Discovery Center at Camp Gray - A year-round residential camp focused on getting kids outside.



Hatfield Marine Science Center - HMSC is a facility of Oregon State University, but its campus is home to scientists from a wide variety of institutions, including OSU, the U.S. Environmental Protection Agency, the National Oceanic and Atmospheric Administration, the Oregon Department of Fish and Wildlife, the U.S. Fish and Wildlife Service, and others.

Performing Arts - The Newport Performing Arts Center (PAC) is the premiere performance venue on the Oregon coast. It is home to a group of resident companies affectionately called the PACRATs. This Performing Arts Center Resident Artist Team consists of community music, theatre, and dance producers who keep the facility busy year-round.

Challenges

Access – Currently Newport does not have commercial air service, which creates a 2.5-hour drive from Portland International Airport. This commute is substantial for out-of-state visitors. In light of this, Destination Newport has focused the majority of their marketing efforts on in-state visitors from the Portland Metro Area.

Lack of Tourism Infrastructure – Because tourism numbers have significantly increased over the past three years, Newport seems to have nowhere to put all the cars. Visitor complaints about parking availability often focus on the Bayfront and Nye Beach.

Seasonality – Although Newport's winters are mild by much of the country's standards, they are still windy, cold, and wet. Therefore, the vast majority of visitors come between the months of April and October, leaving millions of dollars in vacant room nights from the months of November through March. Since Newport is not a major winter destination, Destination Newport will center its marketing to bolster our shoulder seasons through group and tour travel, culinary events, and meetings and conventions.

Opportunities

Access - Upon the completion of the Highway 20 project, Newport will have the safest and fastest highway access to the valley than any other town on the Oregon coast.

Recreational Fishing - With the premiere of "Deadliest Catch: Dungeon Cove" this September, Newport can expect a significant increase in exposure thus solidifying our claim as the "Dungeness Crab Capital of the World."

RESEARCH

The Newport Chamber of Commerce purchases the Dean Runyan Travel Impacts in order to track Newport's travel spending and the earnings, employment and tax revenues generated by these expenditures. The report also tracks overnight visitor volume and average spending.

Total Visitor Spending

Newport

Total direct travel spending in Newport was $163.9 million in 2015. This represents an 8.3 percent increase over the preceding year in current dollars. Visitor spending, excluding transportation, increased by 10.4 percent for the year compared to a 9.1 percent increase the preceding year. Employment and earnings were also up substantially.

Lincoln County

Total direct travel spending in Lincoln County was $529.6 million in 2015. This represents an 4.4 percent increase over the preceding year in current dollars. Visitor spending, excluding transportation, increased by 7.1 percent for the year. Employment and earnings were also up marginally.

Central Coast

Total direct travel spending on the Central Coast was $717.2 million in 2015. This represents an 4.3 percent increase over the preceding year in current dollars. Visitor spending, excluding transportation, increased by 6.7 percent for the year. Employment and earnings were also up marginally.

Newport: Travel Impacts, 1991-2015

Travel Trends & Insights

Millennial families intend to travel more than singles and couples

Research presented by MMGY Global's Vice President of Insights, Steve Cohen, during the TMS Family Travel Summit in May detailed that 64% of millennial families took a vacation in the last year. Millennial families also are more likely to visit a new destination.

Beach destinations are what travelers are really excited about

While only 56.0 percent of Americans expect to visit a beach destination or resort this year, they report the highest levels of excitement about these trips compared to other destination types.

Numbers are up

34.2 percent of travelers said that they will increase the number of leisure trips taken this year, up from 31.1 percent one year earlier. 34.4 percent also now plan to devote more money to travel. Demand for leisure travel is strong across regions, destination types and income brackets, but is most pronounced amongst younger, urban residents.

The last minute weekend traveler

Forty percent of all domestic travel was booked within eight days of travel, and extended weekend trips account for 46% of all leisure vacation travel. Thirty percent of travelers took one overnight trip within 75 miles of home.

Off the beaten path

A trend favoring Newport, travelers are increasingly seeking new destinations that offer unique local flavor.

Grandparents Travel

Thirty-one percent of grandparents took at least one overnight trip with their grandchildren in the past 12 months.

Our visitors

The Discover Newport target audiences are active vacation travelers.

The vacation traveler market consists primarily of families and couples, and accounts for the vast majority of leisure travel in the United States. The ideal vacation for this group includes rest and relaxation, spending time with one's spouse/partner or family, exploration and discovery (new places), adventure and socialization.

Ideal vacation destinations frequently include beaches, with the most important attributes being an easy travel experience, a sense of fun and adventure and local flavor. Vacation travelers say they would like more sightseeing, beaches/waterfront activities, entertainment, culinary activities, nature activities and arts/cultural activities when describing their ideal vacation trip.

Target Markets

The consumer target market varies by season. Typically, the target markets include the following: Portland, Salem, Eugene, Corvallis, Albany, Bend, and Seattle.

Visitor Profile

The consumer target audience varies by season. Typically, the target audience profile has a slight male skew, but females are key influencers when children are in the household.

Age 25-40
Families
Household income of $50,000 to $150,000
Works full time, generally white collar profession
Owns residence worth $100,000 to $250,000

Newport's Visitor Spending

Accommodations - 26%
Food Service - 26%
Food Stores - 14%
Local Tran. & Gas 1%
Arts, Ent. & Rec. -16%
Retail Sales - 16%

MARKETING STRATEGY

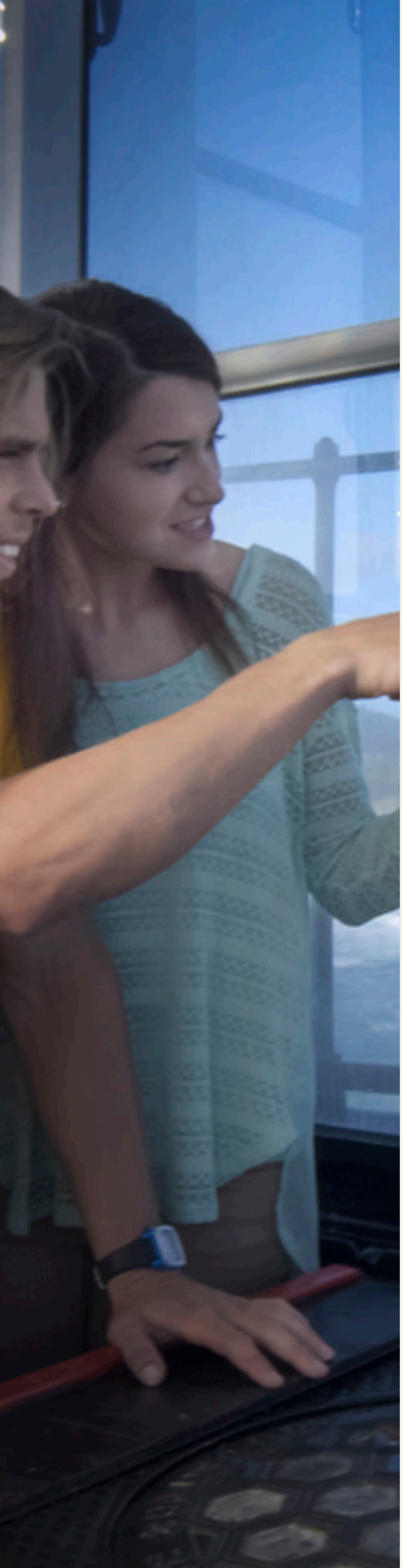
Goals

• Increase the demand in Newport for hotel rooms, attraction visits, package tours, retail sales, restaurant receipts, local transportation and other events and activities that positively affect the economic impact of the local tourism industry.

• Gain regional and national media exposure for Newport's diverse attractions, natural environment, rich history and unique personality to further education and understanding of the Newport product.

• Support and contribute to the enrichment of Newport's multicultural, performing and visual arts, historic, recreation, business and entertainment communities.

• Through strong community outreach and with recognized expertise in the tourism industry, actively participate in and contribute to the overall strategic planning for the growth and sustainability of the visitor industry in Newport.



Strategies

Advertising - Destination Newport will use various mediums to promote Newport as a travel destination, reaching diverse geographic and demographic markets, with the goal of acquiring new and repeat visitors as well as increasing their length of stay and brand awareness.

Methods

Print, Outdoor and Digital Ads - Discover Newport will place print advertising and billboard advertising in a variety of locations and publications and will place online digital ads targeting diverse geographic and demographic markets showing what is unique about the Newport area with an emphasis on off-peak and shoulder seasons. Success for online digital ads will be measured through click through rates and impressions; print ads will be measured through unique URL and call center responses.

Television Ads - Discover Newport will leverage recent video content targeting identified geographic and demographic markets showing what is unique about the Newport area with an emphasis on off-peak and shoulder seasons.

Website Marketing, Optimization, Development and Maintenance - Destination Newport just launched a state-of-the-art responsive website redesign for www.discovernewport.com this year featuring itinerary builders to help visitors plan their vacation in advance and to excite them about the many unique possibilities a Newport vacation can afford them. We will continue to develop and maintain our site by focusing on:

Weekly Updates – discovernewport.com will be provided with immediate updates to events, attractions, and all other trip planning resources as needed by Discover Newport, as well as any social media sites we are using for promotion.

Search Engine Optimization – Aggressively optimize and modify website source code meta tags to ensure best possible placement on major search engines.

Search Engine Marketing - Keywords will be purchased in Google to promote discovernewport.com as an online tourism resource for Newport.

Success will be measured for the websites by visitor and page views; SEM – key word directed visitors to the website; SEO – visitors, search visitors, non-traditional web visitors, organic placement on Google and other search engines. We expect to set a website visitation benchmark for this year.

Photo/Video Library – Destination Newport will utilize and maintain the photo and video library provided by the News-Times used for all media to promote what is unique about Newport and the surrounding area.

Social Media – Discover Newport will continue to create a social media marketing strategy with a unified voice and message for Facebook, Youtube, and Instagram.

Success will be measured by social media engagement, including followers, likes, shares and web visitation from social media.

POSSIBLE BUDGET

DNC ADVERTISING 2016-2017	COST
OUTDOOR	$60,000
TELEVISION	$70,000
PRINT	$70,000
DIGITAL	$75,000
OTHER	$30,000
SERVICES	$120,000
TOTAL	$425,000

RACI CHART

R	**Responsible**	**The person who actually puts things to action.**
A	**Accountable**	**The person who has the ultimate accountability.**
C	**Consulted**	**The person who is consulted with before the final decision is made.**
I	**Informed**	**The person who is informed after the decision is made.**

	JAMIE	**NNT**	**NMD**	**GOOGLE**	**DNC**	**CHAMBER**
Ad Words	A / R		R	R	C/I	I
Display Network	A / R	R	R		C/I	I
YouTube Pre-Roll	A / R	R	I		I	I
Facebook Ads	A / R	R	I/R		C/I	I
Facebook Boosts	I	I	I		I	A / R
Facebook Posts	A	R	I		I	R
Micro Sites	A		R		I	I
Social Feedback	I				I	A / R
Training	A / R				I	C
Tumblr Posts	A / R	R	I		I	A / R
Content Creation	A / R	R	I		I	A / R
Print Ads	A / R	R	C		I	I
Outdoor	A / R	A	R		I	I

Contract

PREPARED FOR: THE CITY OF NEWPORT

JUNE 22, 2016
PROJECT: DESTINATION NEWPORT
REVISION: 1.1.0
REVISION DATE: JULY 13, 2016

July 1, 2016 - June 30, 2017

Pursuant to the Project Proposal by and between the City of Newport, Discover Newport Committee ("DNC") and the Newport News-Times, doing business as News Media Digital ("Vendor"), dated June 20, 2016. This Order is incorporated into and subject to the terms and conditions of the Agreement. The parties agree to the below Scope of Services and financial terms:

accepted and agreed to on this _____ day of _____, 2016.

City of Newport, Discover Newport Committee

By: _____

Name: _____

Title: _____

Date: _____

Newport News-Times

By: _____

Name: _____

Title: _____

Date: _____

SERVICES

Overview

DNC will use the services of Vendor from July 1st, 2016 to June 30th, 2017 to support the creation, negotiation, execution and optimization of the Discover Newport search engine and social media marketing. The Vendor may change the timeline of the program based on the performance of each campaign. The Vendor will assemble a team to support the program for the specific deliverables as follows:

Search Engine Marketing with Google

This assignment is to promote quarterly marketing campaigns in search, in an effort to drive traffic to website pages and landing pages specific to each campaign. This service order includes:

1. Ad Words optimization of keywords: With the understanding of DNC's objectives for the SEM campaign, placement and ongoing management with agreeable terms:
    1. Monthly budget for bidding set at $1,500
    2. Vendor to bill DNC direct for third-party placement expenses
    3. Deliverable(s): 5-7 keywords. 15-25 long-tail search terms/ keywords
    4. Assumption(s): July 1st launch date
2. Display Network Ads: Vendor will create ads thematically tied to each campaign.
    1. Monthly budget for placement set at $875
    2. Vendor to bill DNC direct for third-party placement expenses
    3. Deliverable(s): three (3) targeted ads every quarter
    4. Assumption(s): July 1st launch date
3. Optimization and Reporting: The Vendor will produce quarterly reports for the duration of the campaign, making optimizations to the elements of the Ad Words and Display Network Ads to maximize incoming website traffic as the primary key performance indicator. Other metrics include but are not limited to: impressions for all campaign elements, time spent on webpage or microsite, increase in page views.
    1. Deliverable(s): 2-3 rounds of optimization per campaign, one (1) campaign report delivered within fifteen (15) days from end of quarter.
    2. Assumption(s): campaign reports delivered quarterly, until July 15, 2017.

Social Media Marketing

This assignment is to promote quarterly marketing campaigns in the social space, in an effort to drive traffic to website pages and landing pages specific to each campaign. This service order includes:

1. YouTube Pre-Roll: The Vendor will place online video commercials to appear prior to an online video, typically 10-15 seconds in length. Video commercials will be thematically tied to each campaign and based on existing DNC video content.
    1. Monthly budget or placement set at $417
    2. Vendor to bill DNC direct for third-party placement expenses
    3. Assumption(s): July 1st launch date. Use of existing video content
2. Facebook Marketing: The Vendor will use the DNC Facebook account to raise awareness and drive traffic to the campaign webpages and microsites.
    1. Ad(s): Vendor will create ads from admin panel of DNC page to engage followers.
    2. Post(s): Vendor will copyright for ads
    3. Boosted Post(s): Vendor will advise DNC on which posts to boost. DNC will be responsible for directly boosting posts through Facebook
    4. Monthly budget set at $250 (does not include boosted posts - $750 a/mo)
    5. Deliverable(s): four (4) targeted ads each quarter
    6. Assumption(s): July 1st launch date

Content Marketing

This assignment involves the creation of campaign specific Web pages and/or microsites to serve as a means for lead generation and/or informational source on campaign material. This service order includes:

1. Webpages and Microsites: The Vendor will create Web pages and/or microsites to support campaign promotion. Pages will create in-depth information about a particular campaign objective and live as a sub-domain of the main DNC website.
    1. Vendor will create one (1) microsite each quarter.
    2. Assumption(s): July 1st launch date
2. Content Creation: The Vendor will create keyword rich content to support discovernewport.com and social media posts.

1. Vendor will provide a library of existing content that will be organized by subject for publication throughout the year.
2. Vendor will create and provide new content twice a year in April and October with a publication schedule that supports the DNC's identified goals.

Creative/ Production

This assignment involves developing a message designed to address the DNC's identified goals and delivering it in the proper mechanical format for fulfillment of the placement order. This service order includes:

1. Creative: Write, design, illustrate, or otherwise prepare Newport's advertisements, including commercials to be broadcast, or other appropriate forms of Newport's message.
    1. Ad(s): Vendor will create display ads purchased by DNC.
    2. PR: Vendor will submit stories and photography when necessary for advertorials and value added opportunities.
2. Production: Properly incorporate the message in mechanical or other form and forward it with proper instructions for the fulfillment of the order.
    1. Vendor will contact media directly to obtain proper mechanical information.
    2. Vendor will submit advertising directly to media in proper mechanical format.
3. Quality Control: Check and verify insertions, displays, broadcasts, or other means used, to such degree as is usually performed by advertising agencies.

    1. Vendor will proof all forms of Newport's message submitted by vendor
    2. Vendor will attend and represent Newport when available at networking events

PRINTING

This assignment involves designing, copy writing, and the printing of the 19.5″ x 9″ 4-panel brochure on 99# Sonoma matte stock with reply card. Service includes the use of the News-Times photos and hours spent during the revision and proofing process.

Distribution includes the following:

100,000 brochures – Portland

40,000 brochures – SeaTac

10,000 brochures - PDX Welcome Center/ Newport Chamber

BUDGET

Professional Fees:	$100,000
Estimated Media Expenses:	$45,800*
Estimated Printing Fees:	$23,000
Total Project Fee:	$123,000

Fee Billing. Vendor shall invoice DNC in accordance to the payment schedule set forth below. Fees are based on the Scope of Services above and not based on actual hours. As such, Vendor shall not be obligated to provide DNC with hourly billing detail.

Expense Billing. Vendor shall invoice DNC the actual out-of-pocket placement expense amount(s) at the end of the month on an as incurred basis. Actual expenses may vary from any estimated amounts provided in the Budget section.

Prepaid. Vendor will pre-bill Client a one-time amount of $5,000 to cover estimated media expenses. Any unused prepaid amount will be refunded or utilized at the Client's discretion.

Invoices. Vendor will render invoices to include professional services in one lump sum and expenses by category. Documentation for out-of-pocket expenses will be available upon request. Payment of the invoices will be due net thirty (30) days from receipt of an invoice. All such invoices shall be addresses to:

Name:
Title:
Company Name:
Address:

* THIS FEE WILL BE PAID A REIMBURSEMENT TO THE NEWS-TIMES AND THE NEWPORT CHAMBER OF COMMERCE.

BROCHURE BILLING SCHEDULE

Estimated Invoice Date	Amount
Placement of order	$23,000

FIXED FEE BILLING SCHEDULE:

Estimated Invoice Date	Amount
July 1, 2016	$25,000
October 1, 2016	$25,000
January 1, 2017	$25,000
April 1, 2017	$25,000

MEDIA EXPENSE BILLING SCHEDULE:

Estimated Invoice Date	Amount
October 1, 2016	$11,450
January 1, 2017	$11,450
April 1, 2017	$11,450
July 1, 2017	$11,450

News Media Digital Core Team

Matt Koyak, Brand Strategist/ Social Media/ SEO

Throughout Matt's career he has been recognized by both private clients and employers as an expert on thought leadership marketing, graphic design, web design, social media, SEO/SEM and interactive marketing trends and best practices. One of his driving philosophies is that successful marketing doesn't just take good ideas, it requires good execution. By using both traditional and new media marketing, Matt has had the opportunity to help organizations take their brand to the next level.

Jamie Rand, Creative Director/ Copy Writer

Jamie is an experienced and enthusiastic marketing/ publishing leader with a track record of successfully developing and executing marketing plans. He has just under three years of destination marketing consultant experience for the City of Newport. He is a decisive, "hands-on"manager of a group of creative independent photographers, designers, and writers. He has developed complete creative marketing plans from conception to delivery, while building partnerships with media throughout the State of Oregon.

Nancy Steinberg, Writer

Nancy Steinberg holds degrees in biology and marine science, and began her writing career as a science writer, editor, and communications consultant. In that capacity, she prepares clear, engaging content on scientific topics for clients including Oregon State University's Hatfield Marine Science Center, the Northwest National Marine Renewable Energy Center, the Journal of Heredity, and The Nature Conservancy. Products for these clients includes web content, press releases, scientific reports, and outreach materials. As a feature writer, she has been published in Oregon Coast Magazine, Oregon Coast Today, and the Newport News-Times on topics ranging from local hiking to classical music to community events.

JoHanna Wienert, Photography

Jo has been a professional photographer for over ten years specializing in landscape and architectural /real estate photography. Jo's previous clients include: Mo's Restaurants (in Newport, Florence, Otter Rock, Lincoln City and Cannon Beach), Mariner Enterprises (Ripley's Believe it or Not and The Wax Works), Central Lincoln PUD, plus hundreds of

private clients who have either bought prior work or hired for special photo shoots. JoHanna has also been recognized for many awards, but possibly the most noteable was the Las Vegas Photoshop World GURU AWARD for excellence in Photoshop Design (National Association of Photoshop Professionals).

Nathan Howard, Photography

Nathan Howard is an award-winning photojournalist, documentarian and avid traveler based in the Pacific Northwest. His work can be regularly viewed in the Newport News-Times, and in News-Times Publishing magazines. He holds a degree in communication from Washington State University (Go Cougs!), and has a fascination with bad Sci-Fi movies.

Emily Brown, Graphic Artist

Emily holds her degree in graphic design. She began her career by collaborating with a local entrepreneur to create a sustainable seafood business called Fishpeople Seafood, where she designed the packaging and marketing materials. Emily is a dedicated and hard worker, ensuring speed and quality from concept to installation. She has over 6 years of experience working with several businesses to create attractive and effective publications.

Kara Wyatt, Web Designer

Kara Kettleson received her Associate of Arts degree from Kishwaukee College graduating Magna Cum-Laude. She then received a Bachelor of Fine Arts, majoring in Visual Communications from Northern Illinois University. She is a professional with a sincere competence for connecting with a client and bringing their ideas to life beyond their expectations. She works with various media such as web design, web development, and graphic design.

Eric Worman, Senior Applications Developer

Eric has worked for News Media Corporation for 23 years and currently holds the position of Senior Applications Developer. His primary role is to develop custom web based applications, a role he has held for the past 15 years. He is a Zend Certified Engineer, making him highly proficient in PHP, HTML, CSS, Javascript and SQL.

CITY MANAGER REPORT AND RECOMMENDATIONS

Meeting Date: August 1, 2016

Agenda Item:
From the Lincoln County District Attorney – Update by Michelle Branam

Background:
Lincoln County District Attorney, Michelle Branam, would like to update the City Council on the role of the District Attorney's office and review current crime statistics, and philosophy on criminal prosecution in Lincoln County.

Recommended Action:
None.

Fiscal Effects:
None.

Alternatives:
None recommended.

Respectfully Submitted,

Spencer R. Nebel

CITY MANAGER REPORT AND RECOMMENDATIONS

Meeting Date: August 1, 2016

Agenda Item:
From the Destination Newport Committee – Recommendation to Award a Tourism Marketing Grant for the 2016, Agate Beach Surf Classic

Background:
On September 24-25, 2016, the Newport Parks & Recreation Department will be sponsoring the 2016 Agate Beach Surf Classic. They hope to bring surfing enthusiasts from all over the Pacific Northwest to Newport to challenge their skills against the rugged Pacific Ocean. Preliminary and quarter-final heats will be on Saturday, with the finals and awards will be held on Sunday. It is anticipated that this event will bring around 900 visitors to Newport. Funding will be used for targeted marketing and surf publications in shops, on-line marketing, social media outlets, and mailing of flyers and posters to surf shops across the Northwest.

Recommended Action:
I recommend that the City Council consider the following motion:

I move approval of a Tourism Marketing Grant to the City of Newport Parks & Recreation Department for assistance with marketing and advertising the 2016 Agate Beach Surf Classic in the amount of $2,000.

Fiscal Effects:
Twenty-five thousand dollars ($25,000) was appropriated for the current fiscal year. Sufficient funds remain to cover this and other recommendations at the August 1, 2016, City Council meeting.

Alternatives:
None recommended.

Respectfully Submitted,

Spencer R. Nebel

STAFF REPORT
CITY COUNCIL AGENDA ITEM

Prepared by: _Cindy Breves_____

Title: From Destination Newport Committee - Recommendation to Award a Tourism Marketing Grant for 2016 Agate Beach Surf Classic

Recommended Motion:
I move to approve the Tourism Marketing Grant Fund application, submitted by the City of Newport Parks and Recreation Department, for assistance with marketing and advertising expansion for the 2016 Agate Beach Surf Classic, in the amount of $2,000.

Background Information:
Surfing enthusiasts from all over the Pacific Northwest will converge on Newport on September 24 and 25 to challenge their skills. The contest will run over 2 days. Preliminary and quarterfinal heats will be on Saturday with finals and awards on Sunday. It is anticipated tis event will bring around 900 visitors to town. Many participates in this type of activity have a family and disposable income. The Destination Newport Committee is recommending the City Council award a tourism marketing grant The City of Newport Parks and Recreation Department for 2016 Agate Beach Surf Classic.

Targeted marketing efforts will be ads in surf publications and surf shops, online marketing and social media, and mailing of flyers and posters to surf shops across the Northwest.

Fiscal Notes:
If approved, this funding would come from the $25,000 budgeted for Tourism Marketing Grant in the 2016-17 Fiscal Year. This will be the first time this event has received the grant
.

Alternatives:
None.

General Information:

Name of Applicant Organization: City of Newport Parks and Recreation Department

Mailing Address: 169 SW Coast Hwy.

City, State, Zip: Newport, OR, 97365

Telephone: (541) 574-5453 Fax: (541) 574-6596

E-Mail Address: M.Cavanaugh@NewportOregon.gov

Principal Contact (If different from Applicant): Michael Cavanaugh

Mailing Address (If different from Applicant): _____

City, State, Zip: _____

Telephone: _____ Fax: _____

E-Mail Address: _____

Date(s) and Time(s) of Event: Saturday & Sunday September 24-25, 2016

Description of Event or Activity*: _____

Surfing enthusiasts from all over Pacific Northwest will converge on Newport to challenge their skills against the rugged Pacific Ocean. The contest will run over 2 days. Preliminary and quarterfinal heats will be on Saturday. Finals and awards will be on Sunday.

Nature of Event or Activity:

Single Day Event _____

Multi-night local lodging event 2 days

Extended calendar event. _____ days

Amount of Funding Requested: $ 2000

Total Event/Activity Budget: $ 6000

What specific marketing expenditures will the granted funds be used for?*

Pacific Northwest targeted marketing efforts including:

Ads in surf publications and surf shops

Online marketing and social media outlet expenses

Mailing of flyers and posters to surf shops across the Northwest

List event/activity supporters or partners*: _____

Ossies Surf Shop will be our partner in all aspects of planning, developing and hosting this contest. Rogue Brewery has pledged a large amount of in-kind sponsorship to help us make this event a huge success.

*Use additional sheets as necessary.

Applicant/organization must be a non-profit corporation. **Attach a copy of the IRS determination letter**.

Has applicant received funding in prior years from the city for this event/activity? If yes, when: No. This is the first year.

Projected Event/Activity Impact:

Describe how the event/activity will affect the Newport economy (e.g., room nights, number of visitors/attendees, restaurant sales, retail sales, etc.)*:

We anticipate this event bringing around 900 visitors to town. Many participants in this type of activity have a family and disposable income. They will often travel to events with their spouse and children. This will provide business to local hotels, campsites, restaurants, stores, and tourist attractions. With this being a two day event, all of the competitors will come to town for the entire weekend.

Financial Reporting Requirements:

Please provide a proposed budget of revenues and expenditures in a form similar to the following:

PROPOSED REVENUES

Source #1	Participation fees	Amount	$3000
Source #2	Sponsorships & Grants	Amount	$3000
Source #3		Amount	$
Source #4		Amount	$
Source #5		Amount	$
	TOTAL REVENUES		$6000

*Use additional sheets as necessary.

PROPOSED EXPENDITURES

Use #1	Competitor and volunteer T-Shirts	Amount	$1000
Use #2	Awards and contest packets supplies.	Amount	$1000
Use #3	Contest officials and fees	Amount	$500
Use #4	Placing ads in magazines and websites	Amount	$1000
Use #5	Event setup supplies	Amount	$500
Use #6	Services (porter potties, tents, etc)	Amount	$1000
Use #7	Mailings & promo materials to surf shops	Amount	$1000
Use #8		Amount	$
Use #9		Amount	$
Use #10		Amount	$
		TOTAL EXPENDITURES	$6000

REVENUES MINUS EXPENDITURES $_____

As a final condition to accepting granted funds, the applicant agrees to provide the City of Newport with a final report summarizing result of the event/activity (e.g., attendance, local and regional publicity, lodging occupancy, closing revenue and expenditure report, etc.), with a detailed and verified accounting.

_____
Date

_____
Applicant Signature
Michael J. Cavanaugh
Applicant Printed Name

*Use additional sheets as necessary.

Destination Newport Committee
July 21, 2016
2:30 P.M.
Newport, Oregon

CALL TO ORDER
The July 21, 2016, regular meeting of the Destination Newport Committee was called to order at approximately 2:30 P.M. In attendance were Lance Beck, Steve Beck, David Heater, and Lorna Davis. Also in attendance were Dean Sawyer, Council Liaison; Cindy Breves, Executive Assistant; Jamie Rand, News-Times; Larayne Yaeger, Oregon Coast Today; and Jill Smart, Lions Club

INTRODUCTIONS
We went around the table and everyone introduced themselves.

CONSENT CALENDAR
The consent calendar consisted of the following items:
A. Minutes of the June, 2016, meeting;
B. Review of Accounts for May and June 2016;

MOTION was made by L. Beck, seconded by S. Beck, to approve the consent calendar, as presented. The motion carried unanimously in a voice vote.

MEDIA

The committee listened to Oregon Coast Today proposal.

The committee reviewed the Comcast proposal.

The committee reviewed to the OUTFRONT mobile Network proposal.

The committee reviewed the Seattle Magazine proposal.

The committee reviewed to the KFIR proposal.

The committee reviewed British Columbia Magazine proposal.

The committee reviewed AAA Washington Journey Magazine proposal.

The committee reviewed to Beaver Sports Properties proposal.

The committee reviewed to KSTW proposal.

The committee reviewed to KGAL proposal.

The committee reviewed to Oregon Quarterly Proposal.

The committee reviewed to 1859 proposal.

The committee reviewed to KEZI proposal.

The committee reviewed to Meadow proposal.

OTHER

Reviewed Tourism Marketing Grant for 101 on the

Reviewed Tourism Marketing Grant for Surf Classic

Reviewed Tourism Marketing Grant for Buccaneer Rampage

Committee discussed the hourly compensation for the News-times for working being done in the month of July which is after the contract with the News-times has expired. This hourly rate compensation will not be necessary if the contract with the News-times is approved by City Council.

City Council had expressed some concerns with the News-Times contract. A work session to discuss the contract further is scheduled for Aug 1. The issued regarding the contract were with the wording and the fact that it Is a sole source provider. However, Davis stated that Councilor Allen shared the ordinance or Resolution that states that for advertising purpose a sole source provider maybe used. The committee would like to attend the work session with the City Council. Davis will email Nebel, Hawker, and Breves to let them know so that the meeting can be posted as a joint meeting.

DISCUSSION AND ACTION

MOTION was made by S.Beck, seconded by L. Beck, to approve the contract with of Comcast TV Spots for $40,000 for 2016-17 fiscal year. The motion carried unanimously in a voice vote.

MOTION was made by S. Beck, seconded by Heater, to approve the contract with OutFront Media for continuation of the poster campaign for four more weeks in the amount of $8,475 with possible additional production costs of up to $2,100. The motion carried unanimously in a voice vote.

MOTION was made by L. Beck, seconded by Heater, to approve the contract with KFIR Radio for 2016-17 fiscal year in the amount of $ 3,600. The motion carried unanimously in a voice vote.

MOTION was made by S. Beck, seconded by L. Beck, to approve the contract with KGAL for radio spots for 3 months in August, September, and October in the amount of $1050. The motion carried unanimously in a voice vote.

MOTION was made by S. Beck, seconded by Heater, to recommend to City Council the approval of a Tourism Marketing Grant to the Central Coast Lions Clubs for 101 on the 101 Bike Ride in the amount of $2,500. The motion carried unanimously in a voice vote.

MOTION was made by Heater, seconded by S. Beck, to recommend to City Council the approval of a Tourism Marketing Grant to the City of Newport Parks and Recreation Department for the Surf Classic in the amount of $2,000. The motion carried unanimously in a voice vote.

MOTION was made by S. Beck, seconded by L. Beck, to recommend to City Council the approval of a Tourism Marketing Grant to the City of Newport Parks and Recreation Department for the Buccaneer Rampage in the amount of $1,000. The motion carried unanimously in a voice vote.

The committee choose to pass on the following proposals: British Columbia Magazine, KSTW, Oregon Quarterly, and Meadow.

The committee tabled the following proposal until after the contract issue with the News-Times is decided: Seattle Magazine, AAA Washington Journey Magazine, Beaver Sports Properties, 1859, KEZI, and Oregon Coast Today.

Next meeting will be August 18, 2016.

ADJOURNMENT
Having no further business, the meeting adjourned at approximately 4:00 P.M.

CITY MANAGER REPORT AND RECOMMENDATIONS

Meeting Date: August 1, 2016

Agenda Item:

From the Destination Newport Committee – Recommendation to Award a Tourism Marketing Grant for the 101 on the 101 Bike Ride.

Background:

On October 1, 2016, from 9 AM until 4 PM the Central Coast Lion Clubs (Newport, Yachats, Waldport, Pacific Sea Lions, and Depoe Bay) will be hosting a multi-starting point one-day bike ride with the start at the Rusty Truck Brewing Company in Lincoln City with alternate starting points in Depoe Bay, Newport and Waldport with the finish line in Yachats at the Lion's Clubhouse. Newport will be the center of the coastal event. With the grant funding, Newport would be named as a platinum title sponsor of the event. The longer term goal is to make this event the closing bicycle event for the year, with this effort raising funds for the Lion's community projects. The funds would be used for advertising and support through the Oregon Bike Promotion Package, graphic design and website design services, cycling advertisements and other similar promotional activities. Destination Newport recommended a grant of $2,500 for this inaugural event.

Recommended Action:

I recommend that the City Council consider the following motion:

I move approval of a Tourism Marketing Grant to the Central Coast Lions' Clubs for assistance with marketing and advertising for the 101 on the 101 Bike Ride, in the amount of $2,500 for the October 1, 2016, event.

Fiscal Effects:

Twenty-five thousand dollars ($25,000) is appropriated annually for tourism marketing grants. There are sufficient funds available to cover this and other grants recommended at tonight's meeting.

Alternatives:

None recommended.

Respectfully Submitted,

Spencer R. Nebel

STAFF REPORT
CITY COUNCIL AGENDA ITEM

Prepared by: _Cindy Breves_____

Title: From the Destination Newport Committee - Recommendation to Award a Tourism Marketing Grant for the 101 on the 101 Bike Ride

Recommended Motion:
I move to approve the tourism marketing grant fund application, submitted by the Central Coast Lions Club for assistance with marketing and advertising for the 101 on the 101 Bike Ride, in the amount of $2,500.

Background Information:
This is the inaugural event for this one-day bike ride with multiple starting points along the central coast on October 1, 2016. The entire bike ride is approximately 63 miles long. Newport will be the center of this coastal event and will be the recommended base for riders to stay for the event. This event will be the closing event for the cycling season. With the Council's approval of the grant, the City of Newport will be named the Platinum sponsor. The Destination Newport Committee is recommending the City Council award a tourism marketing grant to Central Coast Lions Club for 101 on the 101 Bike Ride.

Marketing for this grant will be targeting posters, flyers, postcards, and social media using cycling blogs, websites, Facebook, etc.

Fiscal Notes:
If approved, this funding would come from the $25,000 in Transit Room Tax monies that have been set aside for Tourism Marketing Grants. This will be the first year for this event to receive this grant.

Alternatives:
None.

General Information: CENTRAL COAST LIONS CLUBS:

Name of Applicant Organization: NEWPORT / YACHATS / WALDPORT / PACIFIC SEA LIONS

Mailing Address: PO BOX 457

City, State, Zip: NEWPORT, OR 97365

Telephone: 541-764-5040 Fax:

E-Mail Address: NewportLions@yahoo.com

Principal Contact (If different from Applicant): JILL SMART

Mailing Address (If different from Applicant): 3150 FOGARTY AVE

City, State, Zip: DEPOE BAY, OR 97341

Telephone: 541-764-5040 Fax:

E-Mail Address: jill@belugabeads.com

Date(s) and Time(s) of Event: 10/1/2016 9AM-4PM (PROPOSED)

Description of Event or Activity*: A MULTI-STARTING POINT ONE DAY BIKE RIDE, ON PAVEMENT (APPROX 63 MI / 101K). FULL-DISTANCE START @ RUSTY TRUCK BREWING WITH ALTERNATE STARTING POINTS IN DEPOE BAY, NEWPORT, & WALDPORT. FINISHING IN YACHATS @ THE LIONS CLUBHOUSE.

Nature of Event or Activity:

Single Day Event ✓

Multi-night local lodging event _____ days

Extended calendar event. _____ days

Amount of Funding Requested: $ 2500 —

Total Event/Activity Budget: $ 7450 —

What specific marketing expenditures will the granted funds be used for?*

(1) WEBSITE: (http://www.10onthe101.com) HAS BEEN CREATED. WILL BE LINKED TO LIONS WEBSITES THROUGHOUT OREGON, LIONS SIGHT & HEARING FOUNDATION SITE BIKE NEWPORT'S SITE & TRAVEL OREGON'S BIKEOREGONRIDE.COM WEBSITE

(2) OR BIKE: PROMOTION VIA PAID & UNPAID ADVERTISING (60K REACH IN OR/WA)

(3) DESIGN/PRINTING/MAILING OF MARKETING MATERIALS SUCH AS POSTERS/FLYERS/POSTCARDS.

(4) DESIGN/PRINTING OF TEE-SHIRTS & BIKE JERSEYS

(5) PROMOTION OF EVENT VIA SOCIAL MEDIA TARGETED ADS (SEO & BOOSTED POSTS), BLOGS, & CYCLING/TOURISM MAGAZINES. WEB-FRIENDLY DESIGNED ADS & APP 'PUSHES'.

LIONS CLUBS: NEWPORT, YACHATS, WALDPORT, DEPOE BAY, & LINCOLN CITY

List event/activity supporters or partners*: BIKE NEWPORT ROGUE BREWERY, DRIFT INN, SPECIFICALLY PACIFIC, AAA OF OREGON/IDAHO, YACHATS BREWERY, & RUSTY TRUCK BREWERY (SOMMONS POINT). YACHATS LIONS ARE PROVIDING THEIR CLUBHOUSE FOR FINISH, AS WELL AS THEIR 501(c)(3) STATUS FOR THIS EVENT.

Applicant/organization must be a non-profit corporation. **Attach a copy of the IRS determination letter.**

Has applicant received funding in prior years from the city for this event/activity? If yes, when:

No.

Projected Event/Activity Impact:

Describe how the event/activity will affect the Newport economy (e.g., room nights, number of visitors/attendees, restaurant sales, retail sales, etc.)*: NEWPORT WILL BE THE CENTER OF THIS COASTAL EVENT. RECOMMENDING AS THE BASE FROM WHICH RIDERS OF VARIOUS SKILL LEVELS CAN REACH THE STARTING POINT FOR THEIR ABILITIES. TRAVEL OREGON'S RESEARCH INDICATES THAT EACH RIDER BRINGS 2-3 ADDITIONAL PEOPLE WITH THEM TO THESE EVENTS. THE ENTOURAGE EATS, SHOPS, & PLAYS, AS WELL AS STAYS AN AVERAGE OF 1-2 NIGHTS.

WITH DESTINATION NEWPORT'S APPROVAL OF THIS GRANT, THEY WOULD BE NAMED AS PLATINUM (TITLE) SPONSOR OF THE EVENT & THE 'DESTINATION NEWPORT' OR 'CITY OF NEWPORT' LOGO WOULD HAVE PROMINENT PLACEMENT IN ALL ADVERTISING, ON SOCIAL MEDIA, THE WEBSITE, & ON THE BIKE JERSEYS AND TEE-SHIRTS. ALL MEDIA COVERAGE WOULD BE COORDINATED, WHENEVER POSSIBLE, WITH A DESIGNATED REPRESENTATIVE FROM NEWPORT & WOULD CONSISTENTLY BE MENTIONED IN ALL PRESS AS SUCH.
WE HOPE TO EXPAND THIS EVENT NEXT YEAR, MAKING IT THE SIGNATURE 'CLOSING' BICYCLE EVENT FOR THE YEAR WHILE RAISING FUNDS FOR LIONS' COMMUNITY PROJECTS, SUCH AS SIGHT/HEARING TESTING IN THE SCHOOLS & ASSISTANCE IN OBTAINING AIDS FOR THE VISUALLY & HEARING-IMPAIRED IN OUR COMMUNITIES.

Financial Reporting Requirements:

Please provide a proposed budget of revenues and expenditures in a form similar to the following:

PROPOSED REVENUES

Source #1	PARTICIPATION FEES	Amount	$3900 —
Source #2	SPONSORSHIPS	Amount	$ 850 —
Source #3	RAFFLE TICKETS	Amount	$ 150 —
Source #4	GRANTS	Amount	$ 2500 —
Source #5	—	Amount	$ —
	TOTAL REVENUES		$ 7450 —

PROPOSED EXPENDITURES

Use #1	REGISTRATION/INSURANCE FEES	Amount	$ 700 —
Use #2	RIDE PLANNING/COORDINATION	Amount	$ 1000 —
Use #3	PERMITS/REST AREA & COURSE MARKING	Amount	$ 900 —
Use #4	MEDICAL/SANITARY SERVICES	Amount	$ 600 —
Use #5	BUS TRANSPORTATION OF CYCLISTS	Amount	$ 300 —
Use #6	ONLINE ADVERTISEMENTS, MAG, SOCIAL MEDIA	Amount	$ 750 —
Use #7	FOOD/WATER/ETC.	Amount	$ 850 —
Use #8	OR BIKE PROMO PKG	Amount	$ 550 —
Use #9	GRAPHIC DESIGN/WEBSITE DESIGN SVC.	Amount	$ 400
Use #10	BIKE JERSEYS FEES RIDERS & VOLUNTEERS	Amount	$ 850 —
	TOTAL EXPENDITURES		$ 6900 —

REVENUES MINUS EXPENDITURES $ 550 —

As a final condition to accepting granted funds, the applicant agrees to provide the City of Newport with a final report summarizing result of the event/activity (e.g., attendance, local and regional publicity, lodging occupancy, closing revenue and expenditure report, etc.), with a detailed and verified accounting.

6/17/2016
Date

Applicant Signature

JILL D. SMART
Applicant Printed Name

INSTRUCTIONS AND PROCEDURES FOR EVENT/ACTIVITY GRANT APPLICATION

1. Complete the prepared application for event/activity grant funding. The forms can be obtained from the city manager's office at the Newport City Hall or on the city website at www.newportoregon.gov. Use only the city form when preparing an application.

2. Applications for grant funds should follow this timeline:

   Applications must be submitted a minimum of two months prior to the scheduled event. The Destination Newport Committee will consider applications at their regular monthly meetings. Applications for events that have already occurred will not be accepted.

3. Applications for funding will be reviewed by the Destination Newport Committee and recommendations will be forwarded to the City Council for final approval. Incomplete applications will be returned to applicant for correction, and may not be considered if the delay creates a late application.

4. The applicant, or applicant's representative, may attend the Destination Newport Committee meeting at which the application will be considered. No applicant presentation is required, but applicant should be prepared to respond to questions.

5. Applications submitted after an event/activity occurs will be rejected.

6. Applicants are required to provide the city with a final report summarizing the results of the event/activity (e.g., attendance, local and regional publicity, lodging occupancy resulting from the event, closing revenue and expenditure report, etc.). This information must be submitted to the city manager's office no later than one month from the final day of the event/activity. Samples of all marketing materials and acknowledgements should be attached to this report. Failure to provide a final report to city shall jeopardize future applications

7. The purpose of the grant program is to promote tourism and increase stays in lodging establishments within the city limits of Newport. Funding for events/activities scheduled for the off and/or shoulder seasons, September 15 through June 15 will be given priority. Funding may not be provided for well established events/activities, although funding may be provided for expansion or changes of existing events if the city determines the changes will increase tourism.

8. Preference will be given to events/activities that have taken place for three years or less, or new components/improvements to existing events/activities.

9. Events/activities may not be considered for funding more than three times. Applicant should plan for other funding sources beyond the third request.

10. Funding is contingent upon available monies, and the process is competitive. There is no guarantee that funding, if granted, will be available for an event/activity in subsequent years.

11. Acknowledgement must be given to the City of Newport in all promotional materials, and programs associated with the event/activity.

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: MAR 10 2009

YACHATS LIONS CHARITIES INC
PO BOX 66
YACHATS, OR 97498

Employer Identification Number:
93-1166960
DLN:
17053274301048
Contact Person:
GREGORY K OLWINE ID# 31382
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
June 30
Public Charity Status:
509(a)(2)
Form 990 Required:
Yes
Effective Date of Exemption:
November 25, 1994
Contribution Deductibility:
Yes
Addendum Applies:
No

Dear Applicant:

We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. We determined that you are a public charity under the Code section(s) listed in the heading of this letter.

Please see enclosed Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities, for some helpful information about your responsibilities as an exempt organization.

Sincerely,

Robert Choi
Director, Exempt Organizations
Rulings and Agreements

Enclosures: Publication 4221-PC

Sponsorship Levels

Titanium Sponsor-(Event Sponsor) $2501-$5000

- Business name/logo prominently displayed on website (up until following year), signage, & all promotional materials & media coverage.
- Business name/logo prominently featured on bike jerseys
- 3-5 Complimentary Bike Jerseys ($300-$500 value, # varies on total sponsorship)
- Clickable link back to business webpage from event website.
- Site at registration &/or finish to promote business, or Rest Stop Location. ($250 value)
- Up to 15 Complimentary rider entries (up to $750 value)
- Public acknowledgement of contribution & opportunity to address riders (5-10 min) at beginning or end of event.
- First Right of Event Sponsorship in Following Years.
- Certificate of Sponsorship

Platinum Sponsor - $1000-$2500

- Business name/ logo featured on website, flyers, & brochures in a secondary location & size to Event sponsor.
- 2-3 Complimentary Jerseys ($200-$300 value...varies on total sponsorship level)
- Rest Stop Sponsorship Included. ($250 value)
- Contact Information for business included on website. (Clickable link to your business' website from event website)
- 5-10 Complementary Rider Entries ($250-$500 value...varies on total sponsorship level)
- Public Acknowledgement at finish of event.
- Certificate of Sponsorship

Gold Sponsor - $500-$999

- Business Name or logo listed as Gold Sponsor with phone number or website address on website.
- 1 Complimentary Bike Jersey
- 2- 5 Complementary Rider Entries (varies with sponsorship level)
- Rest Stop Sponsorship Included ($250 value)
- Certificate of Sponsorship

Silver Sponsor - $250-$499

- Business Name Listed as Silver Sponsor on website
- 1-2 Complimentary Rider Entries (varies on total sponsorship level)
- Rest Stop Sponsorship Included
- Certificate of Sponsorship

Bronze Sponsor-$100-$249

- Business Name listed on website
- 1 Complimentary Rider Entry
- Certificate of Sponsorship

In-Kind Donors may also qualify for these levels, should their sponsorship equal or exceed the values listed for budgeted items....i/e transportation, event planning services, music, beverages, etc.

Questions? Want to Donate at a Diamond (Presenting Sponsor...$5001+) level? Call Jill Smart at 541/764-5040.

All proceeds from this event will be utilized by your Central Coast Lions Clubs: Lincoln City/Depoe Bay/Newport/Waldport/Yachats to fund Lions Clubs' Sight & Hearing and community programs in each of those communities. Lions provide Sight & Hearing Testing in schools, as well as vision exams, glasses, & hearing assistance to those in need.

Please Note: All *Benefits of Sponsorship* are ***optional.*** If your organization is a non-profit or Foundation whose by=laws restrict such benefits, they will be withdrawn.

YACHATS LIONS CHARITIES, INC. 501 (C) (3) Status Tax id # 93-1166960

Destination Newport Committee
July 21, 2016
2:30 P.M.
Newport, Oregon

CALL TO ORDER
The July 21, 2016, regular meeting of the Destination Newport Committee was called to order at approximately 2:30 P.M. In attendance were Lance Beck, Steve Beck, David Heater, and Lorna Davis. Also in attendance were Dean Sawyer, Council Liaison; Cindy Breves, Executive Assistant; Jamie Rand, News-Times; Larayne Yaeger, Oregon Coast Today; and Jill Smart, Lions Club

INTRODUCTIONS
We went around the table and everyone introduced themselves.

CONSENT CALENDAR
The consent calendar consisted of the following items:
A. Minutes of the June, 2016, meeting;
B. Review of Accounts for May and June 2016;

MOTION was made by L. Beck, seconded by S. Beck, to approve the consent calendar, as presented. The motion carried unanimously in a voice vote.

MEDIA

The committee listened to Oregon Coast Today proposal.

The committee reviewed the Comcast proposal.

The committee reviewed to the OUTFRONT mobile Network proposal.

The committee reviewed the Seattle Magazine proposal.

The committee reviewed to the KFIR proposal.

The committee reviewed British Columbia Magazine proposal.

The committee reviewed AAA Washington Journey Magazine proposal.

The committee reviewed to Beaver Sports Properties proposal.

The committee reviewed to KSTW proposal.

The committee reviewed to KGAL proposal.

The committee reviewed to Oregon Quarterly Proposal.

The committee reviewed to 1859 proposal.

The committee reviewed to KEZI proposal.

The committee reviewed to Meadow proposal.

OTHER

Reviewed Tourism Marketing Grant for 101 on the

Reviewed Tourism Marketing Grant for Surf Classic

Reviewed Tourism Marketing Grant for Buccaneer Rampage

Committee discussed the hourly compensation for the News-times for working being done in the month of July which is after the contract with the News-times has expired. This hourly rate compensation will not be necessary if the contract with the News-times is approved by City Council.

City Council had expressed some concerns with the News-Times contract. A work session to discuss the contract further is scheduled for Aug 1. The issued regarding the contract were with the wording and the fact that it Is a sole source provider. However, Davis stated that Councilor Allen shared the ordinance or Resolution that states that for advertising purpose a sole source provider maybe used. The committee would like to attend the work session with the City Council. Davis will email Nebel, Hawker, and Breves to let them know so that the meeting can be posted as a joint meeting.

DISCUSSION AND ACTION

MOTION was made by S.Beck, seconded by L. Beck, to approve the contract with of Comcast TV Spots for $40,000 for 2016-17 fiscal year. The motion carried unanimously in a voice vote.

MOTION was made by S. Beck, seconded by Heater, to approve the contract with OutFront Media for continuation of the poster campaign for four more weeks in the amount of $8,475 with possible additional production costs of up to $2,100. The motion carried unanimously in a voice vote.

MOTION was made by L. Beck, seconded by Heater, to approve the contract with KFIR Radio for 2016-17 fiscal year in the amount of $ 3,600. The motion carried unanimously in a voice vote.

MOTION was made by S. Beck, seconded by L. Beck, to approve the contract with KGAL for radio spots for 3 months in August, September, and October in the amount of $1050. The motion carried unanimously in a voice vote.

MOTION was made by S. Beck, seconded by Heater, to recommend to City Council the approval of a Tourism Marketing Grant to the Central Coast Lions Clubs for 101 on the 101 Bike Ride in the amount of $2,500. The motion carried unanimously in a voice vote.

MOTION was made by Heater, seconded by S. Beck, to recommend to City Council the approval of a Tourism Marketing Grant to the City of Newport Parks and Recreation Department for the Surf Classic in the amount of $2,000. The motion carried unanimously in a voice vote.

MOTION was made by S. Beck, seconded by L. Beck, to recommend to City Council the approval of a Tourism Marketing Grant to the City of Newport Parks and Recreation Department for the Buccaneer Rampage in the amount of $1,000. The motion carried unanimously in a voice vote.

The committee choose to pass on the following proposals: British Columbia Magazine, KSTW, Oregon Quarterly, and Meadow.

The committee tabled the following proposal until after the contract issue with the News-Times is decided: Seattle Magazine, AAA Washington Journey Magazine, Beaver Sports Properties, 1859, KEZI, and Oregon Coast Today.

Next meeting will be August 18, 2016.

ADJOURNMENT
Having no further business, the meeting adjourned at approximately 4:00 P.M.

CITY MANAGER REPORT AND RECOMMENDATIONS

Meeting Date: August 1, 2016

Agenda Item:
From the Destination Newport Committee – Recommendation to Award a Tourism Marketing Grant for 2016 Buccaneer Rampage

Background:
The Buccaneer Rampage will take place on Saturday, August 20, 2016, on property located at the Airport. Competitors from across the State will run a course that is 3.5 miles of mud, dirt, gravel, and which includes 15 obstacles that will challenge all competitors. This event is sponsored by the City of Newport Parks & Recreation Department. The funding will be used to increase marketing efforts outside of Lincoln County to attract more participants to Lincoln County. The Destination Newport Committee is recommending the City Council award a Tourism Marketing Grant in the amount of $1,000 for the 2016 Buccaneer Rampage. This will be the third and final year that the Buccaneer Rampage will be eligible for advertising assistance.

Recommended Action:
I recommend the City Council consider the following motion:

I move to award a Tourism Marketing Grant to the City of Newport Parks & Recreation Department for assistance with marketing and advertising expenses for the 2016 Buccaneer Rampage in the amount of $1,000.

Fiscal Effects:
Twenty-five thousand dollars ($25,000) has been budgeted for tourism marketing grants for the 2016-17 Fiscal Year. Sufficient funds remain to fund this project.

Alternatives:
None recommended.

Respectfully Submitted,

Spencer R. Nebel

STAFF REPORT
CITY COUNCIL AGENDA ITEM

Prepared by: _Cindy Breves_____

Title: From Destination Newport Committee - Recommendation to Award a Tourism Marketing Grant for 2016 Buccaneer Rampage

Recommended Motion:
: I move to approve the Tourism Marketing Grant Fund application, submitted by the City of Newport Parks and Recreation Department, for assistance with marketing and advertising expansion for the 2016 Buccaneer Rampage, in the amount of $1,000.

Background Information:
The issue before Council is consideration of a Tourism Marketing Grant application from the Buccaneer Rampage, in the amount of $1,000, for assistance with extending marketing for the 2016 event. Athletes and competitors from over the State will test their skill and endurance against our mud obstacle course. The course will be 3.5 miles of mud, dirt, gravel, and 15+ obstacles that will challenge even the top competitors. The organizer is focusing marketing efforts outside of Lincoln County to attract more participates from outside the county that will stay in Newport motels and hotels. The Destination Newport Committee is recommending the City Council award a tourism marketing grant The City of Newport Parks and Recreation Department for 2016 Buccaneer Rampage.

Fiscal Notes:
If approved, this funding would come from the $25,000 budgeted for Tourism Marketing Grant in the 2016-17 Fiscal Year. This will be the third and final year of the grant for this event.

Alternatives:
None.

General Information:

Name of Applicant Organization: City of Newport Parks and Recreation Department

Mailing Address: 169 SW Coast Hwy.

City, State, Zip: Newport, OR, 97365

Telephone: (541) 574-5453 Fax: (541) 574-6596

E-Mail Address: M.Cavanaugh@NewportOregon.gov

Principal Contact (If different from Applicant): Michael Cavanaugh

Mailing Address (If different from Applicant): _____

City, State, Zip: _____

Telephone: _____ Fax: _____

E-Mail Address: _____

Date(s) and Time(s) of Event: Saturday - August 20, 2016

Description of Event or Activity*: _____

Athletes and competitors from all over the state will converge on Newport to challenge their skill and endurance against our mud obstacle course. The course will be 3.5 miles of mud, dirt, gravel, and 15+ obstacles that will challenge even the top competitors.

Nature of Event or Activity:

Single Day Event Aug 20

Multi-night local lodging event _____ days

Extended calendar event. _____ days

Amount of Funding Requested: $ 1000

Total Event/Activity Budget: $ 5100

What specific marketing expenditures will the granted funds be used for?*

Statewide targeted marketing efforts including:

Placing adds in racing publications

Online advertising expenses

Mailing materials to racing stores across the Northwest

List event/activity supporters or partners*: _____

Bigfoot Beverages, Les Schwab Tires and Road & Driveway will be sponsoring the race by offering additional funding and/or in-kind product to help us make this event a huge success.

*Use additional sheets as necessary.

Applicant/organization must be a non-profit corporation. **Attach a copy of the IRS determination letter**.

Has applicant received funding in prior years from the city for this event/activity? If yes, when: No

Projected Event/Activity Impact:

Describe how the event/activity will affect the Newport economy (e.g., room nights, number of visitors/attendees, restaurant sales, retail sales, etc.)*:

We anticipate this event bringing around 300 visitors to town. Many participants in this type of activity have a family and disposable income. They will often travel to events with their spouse and children. This will provide business to local hotels, restaurants, stores, and tourist attractions.

Last year, many competitors came into town for the weekend. They competed in our race on Saturday and stayed in hotels Saturday night.

Financial Reporting Requirements:

Please provide a proposed budget of revenues and expenditures in a form similar to the following:

PROPOSED REVENUES

Source #1	Participation fees	Amount	$4000
Source #2	Sponsorships & Grants	Amount	$2500
Source #3		Amount	$
Source #4		Amount	$
Source #5		Amount	$
	TOTAL REVENUES		$6500

*Use additional sheets as necessary.

PROPOSED EXPENDITURES

Use #1	Competitor and volunteer T-Shirts	Amount	$ 700
Use #2	Awards, and race packets supplies.	Amount	$ 1000
Use #3	Artwork development	Amount	$ 600
Use #4	Placing ads in magazines and websites	Amount	$ 1000
Use #5	Course marking & timing supplies	Amount	$ 500
Use #6	Services (porter potties, tents, etc)	Amount	$ 900
Use #7	Mailing promo materials to racing stores.	Amount	$ 400
Use #8		Amount	$
Use #9		Amount	$
Use #10		Amount	$
		TOTAL EXPENDITURES	$ 5100

REVENUES MINUS EXPENDITURES $ 1400

As a final condition to accepting granted funds, the applicant agrees to provide the City of Newport with a final report summarizing result of the event/activity (e.g., attendance, local and regional publicity, lodging occupancy, closing revenue and expenditure report, etc.), with a detailed and verified accounting.

Date

Applicant Signature

Applicant Printed Name

*Use additional sheets as necessary.

Destination Newport Committee
July 21, 2016
2:30 P.M.
Newport, Oregon

CALL TO ORDER
The July 21, 2016, regular meeting of the Destination Newport Committee was called to order at approximately 2:30 P.M. In attendance were Lance Beck, Steve Beck, David Heater, and Lorna Davis. Also in attendance were Dean Sawyer, Council Liaison; Cindy Breves, Executive Assistant; Jamie Rand, News-Times; Larayne Yaeger, Oregon Coast Today; and Jill Smart, Lions Club

INTRODUCTIONS
We went around the table and everyone introduced themselves.

CONSENT CALENDAR
The consent calendar consisted of the following items:
A. Minutes of the June, 2016, meeting;
B. Review of Accounts for May and June 2016;

MOTION was made by L. Beck, seconded by S. Beck, to approve the consent calendar, as presented. The motion carried unanimously in a voice vote.

MEDIA

The committee listened to Oregon Coast Today proposal.

The committee reviewed the Comcast proposal.

The committee reviewed to the OUTFRONT mobile Network proposal.

The committee reviewed the Seattle Magazine proposal.

The committee reviewed to the KFIR proposal.

The committee reviewed British Columbia Magazine proposal.

The committee reviewed AAA Washington Journey Magazine proposal.

The committee reviewed to Beaver Sports Properties proposal.

The committee reviewed to KSTW proposal.

The committee reviewed to KGAL proposal.

The committee reviewed to Oregon Quarterly Proposal.

The committee reviewed to 1859 proposal.

The committee reviewed to KEZI proposal.

The committee reviewed to Meadow proposal.

OTHER

Reviewed Tourism Marketing Grant for 101 on the

Reviewed Tourism Marketing Grant for Surf Classic

Reviewed Tourism Marketing Grant for Buccaneer Rampage

Committee discussed the hourly compensation for the News-times for working being done in the month of July which is after the contract with the News-times has expired. This hourly rate compensation will not be necessary if the contract with the News-times is approved by City Council.

City Council had expressed some concerns with the News-Times contract. A work session to discuss the contract further is scheduled for Aug 1. The issued regarding the contract were with the wording and the fact that it Is a sole source provider. However, Davis stated that Councilor Allen shared the ordinance or Resolution that states that for advertising purpose a sole source provider maybe used. The committee would like to attend the work session with the City Council. Davis will email Nebel, Hawker, and Breves to let them know so that the meeting can be posted as a joint meeting.

DISCUSSION AND ACTION

MOTION was made by S.Beck, seconded by L. Beck, to approve the contract with of Comcast TV Spots for $40,000 for 2016-17 fiscal year. The motion carried unanimously in a voice vote.

MOTION was made by S. Beck, seconded by Heater, to approve the contract with OutFront Media for continuation of the poster campaign for four more weeks in the amount of $8,475 with possible additional production costs of up to $2,100. The motion carried unanimously in a voice vote.

MOTION was made by L. Beck, seconded by Heater, to approve the contract with KFIR Radio for 2016-17 fiscal year in the amount of $ 3,600. The motion carried unanimously in a voice vote.

MOTION was made by S. Beck, seconded by L. Beck, to approve the contract with KGAL for radio spots for 3 months in August, September, and October in the amount of $1050. The motion carried unanimously in a voice vote.

MOTION was made by S. Beck, seconded by Heater, to recommend to City Council the approval of a Tourism Marketing Grant to the Central Coast Lions Clubs for 101 on the 101 Bike Ride in the amount of $2,500. The motion carried unanimously in a voice vote.

MOTION was made by Heater, seconded by S. Beck, to recommend to City Council the approval of a Tourism Marketing Grant to the City of Newport Parks and Recreation Department for the Surf Classic in the amount of $2,000. The motion carried unanimously in a voice vote.

MOTION was made by S. Beck, seconded by L. Beck, to recommend to City Council the approval of a Tourism Marketing Grant to the City of Newport Parks and Recreation Department for the Buccaneer Rampage in the amount of $1,000. The motion carried unanimously in a voice vote.

The committee choose to pass on the following proposals: British Columbia Magazine, KSTW, Oregon Quarterly, and Meadow.

The committee tabled the following proposal until after the contract issue with the News-Times is decided: Seattle Magazine, AAA Washington Journey Magazine, Beaver Sports Properties, 1859, KEZI, and Oregon Coast Today.

Next meeting will be August 18, 2016.

ADJOURNMENT
Having no further business, the meeting adjourned at approximately 4:00 P.M.

CITY MANAGER REPORT AND RECOMMENDATIONS

Meeting Date: August 1, 2016

Agenda Item:
Authorization to Enter into a Hazard Mitigation Grant Program with the State of Oregon for the Northeast 70th Drive Landslide Acquisition Project

Background:
During the period of December 6, through December 23, 2015, coastal areas of Oregon were impacted by severe winter storms, straight line winds, flooding, landslides, and mudslides due to consistently wet and severe weather during this period of time. An emergency was declared and confirmed by the City Council within the City of Newport relating to the public and private damages that occurred as a result of the storms. The Governor declared a State emergency during this time period and forwarded that declaration onto the Federal government for consideration as a Federal disaster. Once this declaration was made by President Obama, it freed up funds for public damages, but the private damages did not meet the threshold for direct Federal aid to private property owners for losses.

Community Development Director, Derrick Tokos, worked with OEM, as well as FEMA, to take advantage of the Hazard Mitigation Grant Program in order to provide assistance to home owners whose property has been compromised by the slide. This program allows the City to acquire the property at 75% of the pre-disaster value, and remove the homes from the impacted area of 70th Drive. The homes, which are all manufactured, will be broken into their component pieces, wrapped and stored temporarily at the Newport Municipal Airport so that arrangements can be made for them to be donated to non-profit organizations for affordable/work force housing purposes. The total project cost is anticipated to be $1,361,076. FEMA will cover 75% of this amount, with home owners being responsible for $282,500 (which is equivalent to 25% of their home value) and the City being responsible for $57,769. This will allow property owners to receive reimbursement of 75% of the appraised value of their property, less any insurance payouts or other restrictions that FEMA has. In addition, home owners will be reimbursed for reasonable costs for the geo-tech studies that were completed by the individual homeowners following the slide. The City will be responsible for the costs of removing the homes, regrading/shaping the former home sites and establishing a grass cover over the former home sites. FEMA will pay 75% of these costs with the City absorbing 25% of these costs.

A sample contract is provided for your review. Also the letter of commitment and a subsequent e-mail correcting the City's share versus private property homeowner's share of the project expenses, is included for your review. I am asking that the City Council authorize me to sign the agreement when received, provided it follows the terms as outline in this memo. Please note, that once the property is acquired, the City will be required to execute a deed keeping this property undeveloped in perpetuity.

I would like to express my appreciation of the efforts by Derrick Tokos, the Oregon Office of Emergency Management and FEMA for coming together to provide significant assistance to the homeowners who lost their use of their properties following the slides in December of 2015. This has been a big effort and will help those home owners who lost use of their property. Without the use of mitigation, funds from FEMA, these homeowners would not receive any assistance for their losses incurred as result of these storm events.

Recommended Action:
I recommend the City Council consider the following motion:

I move that the City Council authorize the City Manager to enter into an agreement with the State of Oregon, after final review by the City Attorney, to use Federal funds to acquire seven (7) residential properties along NE 70th Drive, which were impacted by the December 2015 landslide, and remove the homes from this site.

Fiscal Effects:
The City's share of the cost is projected to be $57,769. Please note that we appropriated $1,025,000 in the current year budget as abatement expenses for this project, with $925,000 in funding. Please note if all seven homes participate, we will need to amend the budget to cover the unbudgeted portion of the grant revenues and expenses for this project. The net amount in the budget is $100,000 which should be sufficient to cover out of pocket unreimbursed city costs.

Alternatives:
The City could choose not to enter into the contract, which would place the responsibility for removing or modifying properties 100% on the home owners. The reports received from engineering geologists indicates that the homes and properties cannot be reinforced or buttressed at a reasonable cost to make them safe for reoccupation.

Respectfully Submitted,

Spencer R. Nebel

STAFF REPORT
CITY COUNCIL AGENDA ITEM

Title: Authorization for the City to Enter into a Hazard Mitigation Grant Program Contract with the State of Oregon for the NE 70th Drive Landslide Acquisition Project

Prepared by: Derrick I. Tokos, AICP, Community Development Director

Recommended Motion: I move that the City Council authorize the City Manager to enter into an agreement with the State of Oregon so that the City can use federal funds to acquire residential properties along NE 70th Drive impacted by a December 2015 landslide, and remove the homes. The City's match obligation in the agreement shall not exceed $57,769.

Background Information: On February 19, 2016 the Federal Emergency Management Agency (FEMA) issued a major disaster declaration in the State of Oregon in response to severe winter storms, straight-line winds, flooding, landslides and mudslides during the period of December 6th through December 23rd of 2015. With this declaration FEMA, through the State of Oregon Office of Emergency Management (OEM), is making funds available to cover costs that local governments, including Lincoln County, incurred to repair roads and utilities damaged by the storms and has reserved a pool of funds for a Hazard Mitigation Grant Program (HMGP) that will be directed to projects that reduce risks to property and lives attributed to future storms.

With Resolution No. 3744, the Newport City Council authorized its staff to submit an HMGP grant application to acquire from willing sellers, seven (7) privately owned residential properties along NE 70th Drive that were adversely impacted by a landslide that occurred during the storms. Once the properties are acquired, the City will remove the homes and maintain the properties as open space, thus eliminating the risk of further damage to the property and lives as a result of earth movement attributed to future storms. The homes, all of which are manufactured, will be broken into their component pieces, wrapped, and stored temporarily at the Newport Municipal Airport so that arrangements can be made for them to be donated to non-profit organizations for affordable/workforce housing purposes.

On July 14, 2016, FEMA approved the City's HMGP grant application. Unfortunately, the approval letter includes a typographical error regarding the local match requirements. This will be corrected in the OEM contract. The total project cost is anticipated to be $1,361,076 of which FEMA will cover 75% ($1,020,807). Homeowners are responsible for $282,500 and the City $57,769. The Homeowner contribution will be a reduction of what they would otherwise receive from the proceeds of the sales.

Staff anticipates receiving a contract from OEM in the next few days. As a placeholder, a sample agreement is included with the agenda packet. That agreement was for the first phase of the Safe Haven Hill project. Since this is the same source of federal funds, the language in the agreement for the current grant should be very similar to that contained in the sample document.

Alternatives: Not entering into the contract or seeking amendments to the contract. If the City does not participate then the homeowners will be responsible for removing the homes or modifying their properties such that they would no longer be susceptible to catastrophic failure as a result of further earth movement. As of this date, reports that the City has received from Engineering Geologists, hired by the affected property owners, indicate that the homes/properties cannot be reinforced or buttressed at reasonable cost.

Attachments: Email from Dennis Sigrist with OEM, FEMA funding obligation letter, Resolution No. 3744, City HMGP Grant application materials, sample OEM contract.

Derrick Tokos

From: Sigrist, Dennis j <dennis.j.sigrist@mil.state.or.us>
Sent: Tuesday, July 26, 2016 9:25 AM
To: Derrick Tokos
Cc: Choin, Denise E; ODay, Christine
Subject: FW: FEMA Obligation Letter
Attachments: Newport HMGP4258.0003 Obligation Letter.pdf

Derrick; as soon as I hear (back) from the Region, I will be in-touch. In any case, we are moving ahead with the OEM contract using the *correct* information (as noted in the matrix, below). Dennis

---

From: Sigrist, Dennis j
Sent: Monday, July 25, 2016 5:24 PM
To: Sweezea, Brandon <Brandon.Sweezea@fema.dhs.gov>
Cc: McSweeney, Laura <Laura.McSweeney@fema.dhs.gov>
Subject: FW: FEMA Obligation Letter

Hey Brandon; got the hard copy on the Newport obligation and noticed that the cost match labeling is vice versa ... homeowners *are* picking-up the bulk of the cost share with accepting deferred compensation on the appraised valuation of the properties. Is there a way the letter can be corrected? We can make the correction in our Subrecipient contract, but should have it corrected in the FEMA letter "for down the road." Thanks, Dennis

Source Entity	Source Program	Type	Value
Federal Government	HMGP	Cash	$ 1,020,807.00
State Government	No -0- State Share Contribution	Cash	$ 0.00
Sub-Applicant (City of Newport)	City funding contribution	Cash	$ 57,769.04
Property Owners (total of 7)	25% of appraised valuation	Deferred Compensation	$ 282,500.00
		N/A	$ 0.00
		N/A	$ 0.00
Total			$ 1,361,076.04

From: Sigrist, Dennis j
Sent: Monday, July 25, 2016 4:59 PM
To: 'Derrick Tokos' <D.Tokos@NewportOregon.gov>
Cc: Choin, Denise E <denise.e.choin@mil.state.or.us>
Subject: FEMA Obligation Letter

U.S. Department of Homeland Security
FEMA Region 10
130 – 228th Street, SW
Bothell, Washington 98021-8627

FEMA

July 14, 2016

CJF

Andrew Phelps
Director, Office of Emergency Management
Oregon Military Department
P.O. Box 14370
Salem, Oregon 97309-5062

RE: Hazard Mitigation Grant Program (HMGP) for DR-4258-OR
Approval of Project 4258-3-R – City of Newport
City of Newport NE 70th Drive Landslide Acquisition Project

Dear Mr. Phelps:

The U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA) Region 10 has approved and obligated funding for this seven home landslide acquisition project submitted on May 31, 2016 under the HMGP for Disaster DR-4258-OR. Early Friday morning December 18, 2015, a rapidly developing landslide along NE 70th Drive in Newport gave-way directly impacting seven private residences. The rain-induced landslide immediately destroyed one home, while two others were so severely damaged as to be red-tagged by the City. An engineering geologist determined the remaining four homes are in imminent threat of failure due to developing landslide activity and these homes have been yellow-tagged by the City. The purpose of this project is to acquire the seven impacted homes and restore the properties to open space, which will isolate the active landslide area from the larger subdivision development.

380 NE 70th Drive - Newport, OR 97365
384 NE 70th Drive – Newport, OR 97365
392 NE 70th Drive – Newport, OR 97365
394 NE 70th Drive – Newport, OR 97365
396 NE 70th Drive – Newport, OR 97365
398 NE 70th Drive – Newport, OR 97365
410 NE 70th Drive – Newport, OR 97365

Total Project Cost:	$1,361,076
Federal share (75%):	$1,020,807
Local match – City of Newport (20.75%):	$282,500
Local match – Homeowner (4.25%):	$57,769

This project was approved on June 22, 2016, and the Large Project Notification to Congress cleared on July 6, 2016. The Obligation was made on July 12, 2016, and the paperwork is enclosed. The Period of Performance for DR-4258 currently ends on February 17, 2020. Please note that FEMA does not specify a sub-award Period of Performance. However, once the State receives notification that a project is complete, the Final Site Inspection should be made, and closeout documentation

should be submitted to Region 10 within 90 days, except when an extension has been approved by Hazard Mitigation Assistance (HMA) staff.

The reviewed project was per the National Environmental Policy Act (NEPA) and related laws and Executive Orders on June 13, 2016. A copy of the CATEX Record of Environmental Consideration (REC) is enclosed.

- Environmental conditions pertinent to this project
- Standard HMGP administrative provisions

For further assistance, please contact Brandon Sweezea, HMA Specialist, at (425) 487-2022

Sincerely,

John Graves for
Mark Carey, Director
Mitigation Division

cc: Dennis Sigrist, SHMO

BTS: vl

Environmental Conditions of Approval: June 13, 2016

Project DR4258-3-R– City of Newport NE 70th Drive Landslide Acquisition Project

- The sub-recipient shall dispose of all demolition debris at an appropriately approved, licensed, or permitted facility.
- Sub-recipient is responsible for determining the presence of hazardous materials. This may include, but is not limited to, asbestos, lead paint, propane cylinders, discarded paints and solvents, cleaning chemicals, containers of pesticides, and items containing chlorofluorocarbons (CFCs). Sub-recipient shall identify, handle, transport, and dispose of hazardous materials and/or toxic waste in accordance to the requirements and to the satisfaction of the governing local, state and federal agencies, including completing required noticing.
- This review does not address all Federal, State, and local requirements. Acceptance of Federal funding requires recipient to comply with all Federal, State, and local laws. Failure to obtain all appropriate Federal, State, and local environmental permits and clearances may jeopardize Federal funding.
- Any change to the approved Scope of Work will require re-evaluation for compliance with the National Environmental Policy Act (NEPA) and other laws and EOs (Executive Orders).
- If ground disturbing activities occur during construction, applicant will monitor ground disturbance and if any potential archaeological resources are discovered, will immediately cease construction in that area and notify the State and Federal Emergency Management Agency (FEMA).

RESOLUTION NO. 3744

A RESOLUTION REQUESTING FEMA HAZARD MITIGATION GRANT FUNDS TO ACQUIRE REAL PROPERTY ALONG NE 70TH DRIVE IMPACTED BY LANDSLIDES ATTRIBUTED TO DECEMBER 2015 STORMS

FINDINGS:

1. On February 19th the Federal Emergency Management Agency (FEMA) issued a major disaster declaration in the State of Oregon in response to severe winter storms, straight-line winds, flooding, landslides and mudslides during the period of December 6th through December 23rd of 2015; and

2. With this declaration FEMA, through the State of Oregon Office of Emergency Management (OEM), is making funds available to cover costs that local governments, including Lincoln County, incurred to repair roads and utilities damaged by the storms and has reserved a pool of funds for a Hazard Mitigation Grant Program (HGMP) that will be directed to projects that reduce risks to property and lives attributed to future storms; and

3. City of Newport desires to submit an HMGP grant application to acquire from willing sellers, certain privately owned residential property along NE 70th Drive that was adversely impacted by a landslide that occurred during the storms; and

4. Once the properties are acquired, City is prepared to coordinate removal of the structures and maintain the properties as open space, thus eliminating the risk of further damage to the property and lives as a result of earth movement attributed to future storms; and

5. City understands that FEMA and OEM have put in place a formal process for preparing, reviewing and administering such grants and is prepared to dedicate staff and other resources as needed to fully participate in the process and assist affected private property owners in understanding their options; and

6. The City of Newport possesses sufficient funds to fulfill its match obligations related to this grant application should FEMA award the grant.

THE CITY OF NEWPORT RESOLVES AS FOLLOWS:

Section 1. The Community Development Director of the City of Newport is authorized to apply for a Hazard Mitigation Grant for the purpose specified above and shall serve as the City's designated agent to implement the grant should it be approved; and

Section 2. The effective date of this resolution is March 21, 2016.

Adopted by a 5-0 vote of the Newport City Council on March 21, 2016.

Signed on March 22, 2016.

Sandra N. Roumagoux, Mayor

ATTEST:

Margaret M. Hawker, City Recorder

Hazard Mitigation Grant Program - FEMA-DR-4258-OR

Basic Application Information

Applicants' Briefing Version: February 2016

Severe Winter Storms, Straight-Line Winds, Flooding, Landslides, & Mudslides

Declared Counties of Clatsop, Columbia, Coos, Curry, Lane, Lincoln, Linn, Multnomah, Polk, Tillamook, Washington & Yamhill for Public Assistance

Introduction

The Federal Emergency Management Agency (FEMA) provides a Hazard Mitigation Grant Program (HMGP) to assist states and local communities in implementing long-term hazard mitigation measures following a major disaster declaration. The State of Oregon, Oregon Emergency Management (OEM) is administering a HMGP for this disaster. The amount of funds available for HMGP projects is 20%[1] of the total FEMA costs associated with this disaster (Public "Infrastructure" Assistance – PA *and* Individual Assistance – IA, if so declared); the HMGP allocation for this disaster is estimated at some $3.75M, 75% Federal Share, based on the Preliminary Damage Assessment for Public Assistance. The actual cost of the HMGP program is shared - FEMA pays a portion of project costs (75%) and successful applicants provide a non-Federal share (25%)[2]. Eligible applicants for this HMGP initially include state and local governments, consumer-owned utility providers and certain special districts in the requested disaster area (declared counties) that have current, FEMA-approved natural hazard mitigation plans. Homeowners and business owners can also participate in this HMGP offering but must be represented by an eligible applicant. HMGP is available statewide *after initial, priority consideration in the declared counties*.

For this disaster, the HMGP project identification and application process is being offered in conjunction with the applicant briefing for FEMA's Public Assistance Program and follow-up meetings with local jurisdictions. HMGP grants are also referred to as Section 404 grants (of the Stafford Act). A FEMA-State Joint Field Office (JFO) has been established in Salem. The purpose of the JFO is to facilitate the timely and efficient delivery of FEMA Stafford Act disaster assistance.

Most of the Public Assistance related losses from this disaster were a direct result of storm-related damages from the effects of the Pacific storm event (flooding, landslides, erosion, wind and costal impacts). Therefore, the primary emphasis of this disaster's Hazard Mitigation Grant Program is:

- *All permanent repair Public Assistance projects (Categories C through G) will be reviewed for Section 406 (Public Assistance) mitigation where feasible, cost-effective and eligible.*

[1] Based on Oregon having a FEMA-approved ***Enhanced*** *Hazard Mitigation Plan* (dated September 24, 2015).
[2] The Federal cost share cannot exceed 75% but can be less; for example, a 50/50 cost share can implement more project activities but with a higher non-Federal cost share contribution.

- *<u>Companion</u> 406 and 404 mitigation projects will be identified and, where feasible and cost effective, be considered for HMGP project funding.*
- *Private facility mitigation (such as houses and business properties that have been damaged by flooding, landslides, and erosion and are required to be mitigated per local ordinances). This includes property acquisitions, demolition of the damaged improvements, and site restoration to open space.*
- *Stand-alone HMGP projects will be identified during JFO operations while FEMA and state Public Assistance personnel are in the field working on the delivery of the Public Assistance Program.*
- *Potential HMGP projects will emphasize (but not exclusively):*
    - *Mitigation of future damages to public facilities not already mitigated using Section 406 mitigation particularly where there has been a history of repetitive hazard losses*
    - *Projects that reduce future disaster losses to public utilities.*
- *Natural Hazards Mitigation planning per 44 CFR Section 201.6 (new plans and/or plan updates: up to 7% of the total HMGP allocation to the State)*
- *Some mitigation activities are difficult to evaluate using FEMA-approved benefit-cost analysis (BCA) methodologies. Up to 5 percent (5% Initiative) of the total HMGP funds may be set aside to consider such activities. For example, this could include the use, evaluation, demonstration, and/or application of new, unproven mitigation techniques, technologies, methods, procedures, or products. The amount of funding for the 5% Initiative is extremely limited and highly competitive and explained further in this Basic Application. <u>This category also includes warning systems</u>.*

Project Considerations – Basic Criteria

- Projects identified in the disaster-declared areas (declared by county) will have priority preference. Based on the number of counties declared and eligible damages by county, HMGP will initially be allocated to those declared counties (and eligible sub-applicants) as a percentage (20%) of their PA damages. This strategy is simply a starting point and sets an amount for post-disaster (HMGP) mitigation in the declared counties. Some counties could receive more while other counties less based on the initial allocation as the HMGP application process moves forward.
- To be eligible for HMGP grants, communities (city or county as an eligible applicant) <u>must have a current FEMA-approved natural hazards mitigation plan</u>. FEMA does consider a "plan exception request" for expired plans.
- Mitigation strategies and priorities as described in this pre-application.
- The collection of environmental information, to comply with the required National Environmental Policy Act (NEPA), is essential for the state's review and FEMA's approval of potential projects. *Please pay close attention to this requirement as this is a crucial step in identifying potentially eligible projects as well as the cost and time to complete the required information.*
- Letters of match commitment (required 25% non-Federal cost share) **and** maintenance commitment are required with the final application to FEMA.

- All projects are submitted through the state to FEMA for FEMA's review and consideration: FEMA has the final authority on whether projects are selected for funding or not. Completing the attached Basic Application is the first step in the *incremental* application process for HMGP funding.
- Measuring Expectations: HMGP (Section 404) mitigation projects traditionally are not approved as quickly as Public Assistance (Section 406) projects. That said: the Sandy Recovery Improvement Act streamlines the HMGP process which emphasizes more timely selection and implementation of projects.
- **Timeline: All HMGP projects must be identified, fully developed and submitted to FEMA within one year of the data of the disaster declaration.** The deadline for this initial application to OEM is December 31, 2016, with the final application (by the State) to FEMA by February 1, 2017.
- Subrecipient Management Costs: Offered at the discretion of the Recipient (State); ***assume there will be no Subrecipient administrative management cost funding made available by the Recipient*.**

- To be eligible for the 5% Initiative, activities must:
  - Be difficult to evaluate against traditional program cost-effectiveness criteria;
  - Comply with all applicable HMGP eligibility criteria as well as with Federal, State, and local laws and ordinances;
  - Be consistent with the goals and objectives of the State and local mitigation plans; and
  - Be submitted for review with a narrative that indicates that there is a reasonable expectation that future damage or loss of life or injury will be reduced or prevented by the activity.
- Activities that might be funded under the 5% Initiative could include:
  - The use, evaluation, and application of new, unproven mitigation techniques, technologies, methods, procedures, or products;
  - Equipment and systems for the purpose of warning citizens of impending hazards; and
  - Hazard identification or mapping (such as landslide risk assessments) for the implementation of mitigation activities.

- Based on initial Public Assistance damage estimates, the total HMGP Federal share allocation to the state is estimated to be about $3.75M. HMGP is capped and no additional funding is allocated by FEMA beyond what is calculated based on Public Assistance costs for this disaster.

Attachment

OREGON EMERGENCY MANAGEMENT

HAZARD MITIGATION GRANT PROGRAM (HMGP)

DR-4258

HMGP Basic Project Identification/Concept and Description

A. Project Title: Newport Oregon: Acquisition of Landslide Damaged Properties Along NE 70th Drive

B. Sub-Applicant Identification

1. Name of Applicant Organization/Agency: City of Newport
2. Type of Organization: Local Government
3. Current Jurisdiction Mitigation Plan / Date: Lincoln County/9-14-15
   [County or City Government]

C. Sub-Applicant's Representative (The applicant's agent, project manager, or official contact).

Name: Derrick I. Tokos, AICP

Title: Community Development Director

Address: 169 SW Coast Hwy, Newport OR 97365

Phone: 541-574-0626

FAX: 541-574-0644

E-mail: d.tokos@newportoregon.gov

D. Projects Linked to Public Assistance Project Worksheets (PW)

PW Number(s) and Supplements:_____

Was the proposed hazard mitigation project a component of a Public Assistance project? If so, what was the State or Federal determination regarding its eligibility? Please describe. Use additional sheets if necessary.

This hazard mitigation project is not a component of a public assistance project.

OBJECTIVES

A. Project Objective (Is this project or strategy identified in your local natural hazards mitigation plan?):

Eliminate risk to life and property associated with 7 residentially developed lots impacted by a 12/17/15 landslide through a municipal purchase. Lots to be converted to open space.

B. Project Description (Briefly describe the proposed project and its scope of work. Include how the proposed project will reduce the hazard's effects and risks):

City to purchase 7 residential properties at appraised value, remove structures, re-grade over steepened slopes, and seed. Work to be performed per an engineering geologists demolition plan. Lots to be maintained by city as open space in perpetuity.

C. Project Location (Description of Location, Attached Maps): Residential lots at east end of NE 70th Drive, Newport Oregon. Tax Lots 102, 4700, 6000, 6100, 6200, 6300, 6400 and 6500, Assessor's Map 10-11-20-CA. Vicinity maps enclosed.

COST ESTIMATES

A. Cost Summary (A complete cost description including a list of materials and services will be required after submission of the basic application). HMGP projects are based on a maximum 75% federal share with a 25% non-federal share contribution.

1. Federal Share (HMGP): $1,020,807.84
2. Applicant's Share: $$58,154.28
3. Other Non-Federal Shares (Describe): $$282,500.00
   (Homeowner contribution)

Total Funds Required Completing Project: $1,361,462.12

WORK SCHEDULE

A. Starting Date: Within [1] days after final project approval. (If more than sixty (60) days please explain; use additional pages as needed):

City is prepared to move forward with this project as soon as funding is authorized. Funding is sought in two disbursements. First payment to acquire properties and second for remediation.

B. Completion Date: Within [4] months after project initiation. (If more than fifteen (15) months, please explain; use additional pages as needed):

Properties need to be acquired and site remediation completed by 9/30/16 to avoid the wet weather season and associated risks of working on saturated soils in an active landslide hazard area.

C. Provide a General Outline of the Work Schedule Necessary to Complete This Project - (A complete work schedule that clearly describes project milestones and shows the anticipated flow of the project from the time of initiation to completion will be required after submission of the basic application):

Closing to occur and demolition plan to be prepared no later than 6/30/16. Dwellings to be removed; ancillary structures, foundations, and concrete slabs to be demolished and hauled to an approved landfill; utilities to be capped; over-steepened slopes to be regraded; and site to be reseeded after City takes possession of the properties. All work to be finished by 9/30/16 before wet weather sets in.

ENVIRONMENTAL CONCERNS

All projects must comply with the National Environmental Policy Act. FEMA is responsible for preparing the necessary documentation; however, the applicant is required to provide the necessary data. At this time, please provide a description of any environmental concerns and impacts associated with this project:

Floodplains & Wetlands (None present per LWI and FIRM maps)

Archaeological, Historical & Other Cultural Resources (None known)

Endangered Species (None known. These are developed res. lots)

Hazardous Materials (lead paint, asbestos, underground fuel storage) None known (All homes MFDs constructed in the 1990's. No asbestos or lead paint. Homeowners completed hazardous materials worksheets.)

Benefit – Cost (BCA) Analysis

Describe how the project will reduce future (potential) disaster damages and that, minimally; every dollar expended on mitigation will reduce future losses by at least one dollar. Contact OEM for pre-calculated, baseline BCA determinations for floodplain and landslide property acquisitions. Use additional pages as necessary (see attached data collection forms):

Removal of the six remaining residences eliminates risk to life and property should the structures be lost due to further earth movement. BCAs show loss reduction/mitigation cost ratio is met.

If you have any questions and/or RETURN THIS APPLICATION TO:

Dennis Sigrist
Oregon Emergency Management
DR-4258 – HMGP Application
US Mail Address:
P.O. Box 14370
Salem, OR 97309-5062
(503)378-2911, ext. 22247
PREFERRED Communication - dennis.sigrist@state.or.us

V:\disaster\dr4258\Mitigation404\Documentation\dr4258_basic_hmgp_project_application_oem_v-Web-February_2016_1.0.doc

Minimal Environmental Information Required

The following information will assist in the environmental reviews of proposed projects regarding compliance with all applicable laws and regulations. Providing as much of this information as possible upfront with the Basic HMGP Application will assist in expediting the review process, particularly when additional consultation with state and Federal agencies is required for environmental compliance.

- Scope of Work
  - Clear and complete project description (who, what, where, why and when)
  - Photos of structure/site, including part of surrounding area
  - Sketches, when applicable, to clearly define the proposed action
  - Notation of any poor environmental conditions in the area
- Location Information
  - Vicinity map with site location clearly marked
  - Accurate GPS position (note or sketch where it was taken, if large site)
  - Relationship of the site to existing features, natural and otherwise
    - Rivers, lakes, streams, wetlands, floodplain, saltwater, etc.
    - Vegetation, including general types of plants, trees, or lack thereof
    - Geologic features, including steepness of slopes and unstable areas
    - Roads, bridges, buildings, neighborhoods, etc. in the immediate area
- Documentation
  - Are there existing permits for the site? When possible, site permits type and number.
  - Has the applicant *consulted* with regulatory agencies? (record of findings)
- Historic Information
  - Are there any historic structures in or near the site?
  - How old is it? Historic structures can be buildings, bridges, improved landscapes, dams, historic districts, battlegrounds, fences, walls, and more.
    - 49 years old + is a general rule of thumb
- Archaeology
  - Note actions in previously undisturbed areas, especially when excavation is involved.
  - If fill is involved, please elaborate on the level before and after.
- Low Income - Minority Populations
  - Are they present and will they be adversely affected by the project? (noise, air quality, disturbance of any kind)
- Potential for Public Controversy
  - Look for signs of public controversy and try to gauge level of seriousness.
  - Look for indicators of dissatisfaction with the project by the public.

Try to include any information that may be relevant to an environmental determination or would help to understand the scope of the project and its impact to the environment.

Submitted Cost Estimate

HMGP DR-4258.0003

Sub-Applicant: City of Newport - NE 70th Drive Landslide Acquisition Project

SF-424C	Item	Count	Unit Cost	Total Cost
1	Closing costs (escrow, title insurance, recording, etc.)	1	$12,938.00	$12,938.00
1	Bid advertising & permitting	1	$2,310.00	$2,310.00
2	Seven properties (improvements & land); total appraised valuation	1	$1,130,000.00	$1,130,000.00
6	Project Management & Site Inspections	1	$13,423.20	$13,423.20
7	Curbing restoration, post-acquisition	1	$8,050.00	$8,050.00
8	Improvement removal, foundation demo, hauling	1	$171,207.00	$171,207.00
1p	Application preparation & legal fees	1	$5,424.02	$5,424.02
2p	Property valuations (appraisals)	7	$600.00	$4,200.00
4p	Landslide evaluation (engineering geologist)	1	$13,523.92	$13,523.92
				$0.00
				$0.00
				$0.00
				$0.00
				$0.00
				$0.00
				$0.00
				$0.00
				$0.00
				$0.00
				$0.00
				$0.00
				$0.00
				$0.00
				$0.00
				$0.00
				$0.00
				$0.00
				$0.00
				$0.00
				$0.00
				$0.00
				$0.00
				$0.00
				$0.00
				$0.00
			Total	$1,361,076

--->

SF-424C Cost Estimate

Item (p represents pre-award cost)	**Total Cost**
1. Administrative and legal expenses	$15,248.00
2. Land, structures, rights-of-way, appraisals, etc.	$1,130,000.00
3. Relocation expenses and payments	$0.00
4. Architectural and engineering fees	$0.00
5. Other architectural and engineering fees	$0.00
6. Project inspection fees	$13,423.20
7. Site work	$8,050.00
8. Demolition and removal	$171,207.00
9. Construction	$0.00
10. Equipment	$0.00
11. Miscellaneous	$0.00
1p. Administrative and legal expenses	$5,424.02
2p. Land, structures, rights-of-way, appraisals, etc.	$4,200.00
4p. Architectural and engineering fees	$13,523.92
5p. Other architectural and engineering fees	$0.00
6p. Project inspection fees	$0.00
11p. Miscellaneous	$0.00
On Thursday evening December 17, 2015, and into early Friday morning December 18, (as part of incident period for DR-4258) a rapidly developing landslide along NE 70th Drive in Newport gave way directly impacting seven private residences. The purpose of this project is to acquire the seven impacted homes and restore the properties to open space with the idea the active landslide area will be separated from the larger subdivision development. Property owners are accepting a "piece" of the overall 25⁄ share non-Federal share match as deferred compensation on the pre-disaster appraised valuation of their property. The City of Newport is assuming the remainder of the 25⁄ share non-Federal share match for all other project related costs.	
Total	**$1,361,076**

Statement of Assurances for Meeting the Non-Federal Cost Share

FEMA

Project Number: DR-4258.0003-HMGP

Project Title: City of Newport - NE 70th Drive Landslide Acquisition Project

Name of Project Sub-Applicant: City of Newport, OR

State Agency Administering Subapplication: OMD - Oregon Emergency Management

Source Entity	Source Program	Type	Value	Percentage
Federal Government	HMGP	Cash	$ 1,020,807.00	75.00%
State Government	No -0- State Share Contribution	Cash	$ 0.00	0.00%
Sub-Applicant (City of Newport)	City funding contribution	Cash	$ 57,769.04	4.24%
Property Owners (total of 7)	25% of appraised valuation	Deferred Compensation	$ 282,500.00	20.76%
		N/A	$ 0.00	0.00%
		N/A	$ 0.00	0.00%
Total			$ 1,361,076.04	100.00%

Details:

On Thursday evening December 17, 2015, and into early Friday morning December 18, (as part of incident period for DR-4258) a rapidly developing landslide along NE 70th Drive in Newport gave way directly impacting seven private residences. The purpose of this project is to acquire the seven impacted homes and restore the properties to open space with the idea the active landslide area will be separated from the larger subdivision development. Property owners are accepting a "piece" of the 25⁄ share non-Federal share match as deferred compensation on the pre-disaster appraised valuation of their property. The City of Newport is assuming the remainder of the 25⁄ share non-Federal share match for all other project-related costs.

As the duly authorized representative of the sub-applicant, I certify that if this project is funded, the sub-applicant will provide the required non-federal cost share identified above in green to complete this project. I understand that even if multiple parties agree to contribute to the cost match that the Sub-grantee alone is ultimately responsible to the Grantee for meeting the non-federal cost share at the percentages shown above. I also understand that the FEMA and the Grantee are only bound to contribute the lessor of the Federal Share shown above or the Federal Share Percentage shown above. Additional Federal Share funding may be requested up to 75% of the total project cost, but receipt of such additional funding is not guaranteed.

Name and Title of Authorized Agent Derrick I. Tokos, AICP

Signature _____ **Date Signed** 5-18-16

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

NE 70th Drive Landslide
Red and Yellow Tagged Properties

Image Taken July 2013
4-inch, 4-band Digital Orthophotos
David Smith & Associates, Inc. Portland, OR

0 50 100 200 Feet

N

STATE OF OREGON

OREGON EMERGENCY MANAGEMENT

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

1.0 PARTIES TO THIS AGREEMENT

This Agreement is made and entered into by and between the State of Oregon, Oregon Military Department, Oregon Emergency Management, hereinafter referred to as "Grantee" and the **City of Newport**, hereinafter referred to as "Subgrantee".

WHEREAS the President of the United States has declared that a major disaster exists in the State of Oregon based on damage resulting from Tsunami Wave Surge on March 11, 2011.

WHEREAS Grantee is authorized by the 2011 FEMA-State Agreement for the March 11, 2011 Tsunami Wave Surge Event (DR-1964-OR) to execute on behalf of the State of Oregon all necessary documents for the Hazard Mitigation Grant Program, including approval of sub-grants and certification of claims.

THEREFORE, the Parties mutually agree to the following.

2.0 PURPOSE

Federal funding is provided by the Federal Emergency Management Agency (FEMA) and is administered by Grantee. Under the authority of Presidential Major Disaster Declaration FEMA DR-1964-OR, Grantee is reimbursing the Subgrantee for those eligible costs and activities necessary for the implementation of the Hazard Mitigation Planning Grant entitled **Newport Tsunami Safe Haven Hill Retrofit, Hardening and Access Improvements – Phase-I** as described in the application materials[1] submitted to Grantee as the work to be performed, hereinafter referred to as the "Project".

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**[2] and shall terminate upon completion of the Project approved by federal and state officials, including completion of close out and audit. This

[1] Phase I funding does not authorize any physical mitigation (implementation) through retrofitting or construction; *only* evaluation of project feasibility, geotechnical site investigations and Benefit-Cost Analysis activities.
[2] Eligible pre-award costs (incurred after 3/11/2011) as approved by FEMA in the sub-grant scope of work

period shall be referred to as the "Agreement Period." Except as otherwise provided in this Section 3.0, the Project shall be completed no later than **January 26, 2014 (Phase-I)**.

In the event of extenuating circumstances preventing Subgrantee from completing the Project on or before the FEMA performance deadline of **January 26, 2014**, Grantee may, at its sole discretion and if approved beforehand by FEMA, grant a time extension to the approved Project. Request for an extension of time shall be submitted by Subgrantee in writing with an explanation of the extenuating circumstances.

4.0 CLOSE-OUT

It shall be the responsibility of Grantee to issue close-out instructions to the Subgrantee upon completion of the Project.

5.0 FUNDING

The total *estimated* cost of the Project (Phase-I) for the purpose of this Grant Agreement is **$51,643**.

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.

The Parties understand that the Federal Emergency Management Agency will contribute seventy-five percent (75%) of the eligible costs for any eligible project The 75% Federal share for this project is **$38,732 (Phase-I)**.

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

6..0 PAYMENTS

Grantee, using funds granted for purposes of the Hazard Mitigation Grant Program from FEMA, shall issue payments to Subgrantee as follows:

1. Payments will be made to Subgrantee upon submission and approval of a State of Oregon Hazard Mitigation Program Payment Request to the Grantee. Partial payments of funds for costs already incurred may be requested at any time during the Project. This request must include appropriate supporting documentation of the incurred costs.

2. Final Payment will be made upon completion of Project, completion of all final inspections by Grantee, and final approval by FEMA. Final payment will also be conditioned upon a financial review by Grantee or

FEMA. Adjustments to the final payment may be made following any audits conducted by the Oregon Secretary of State's Audits Division or the United States Inspector General's Office.

3. Subgrantee is *not* entitled to receive federal administrative monies upon completion and closure of the Project for the costs of requesting, obtaining, and administering the Hazard Mitigation Program grant(s) for FEMA-DR-1964-OR.

4. All payment requests shall be made on a State of Oregon Hazard Mitigation Program Payment Request Form to the Grantee, which references the appropriate Hazard Mitigation Project Number, FEMA Project Number and FEMA FIPS Number, and appropriate documentation as required.

5. Funding shall not exceed the total federal contributions available for the approved hazard mitigation project costs under the Hazard Mitigation Grant Program FEMA-DR-1964-OR.

6. Grantee reserves the right to make any inspection prior to release of any payment or at any time during the duration of this Agreement.

7.0 COST OVERRUNS

Cost overruns are the responsibility of the Subgrantee and will be borne fully by the Subgrantee.

8.0 RECORDS MAINTENANCE

The Subgrantee shall cause books, records, documents, and other evidence and accounting procedures and practices which sufficiently and properly reflect all direct costs of any nature expended in the performance of this Agreement. These records shall be subject at all reasonable times to inspection, review, or audit by Grantee personnel, other personnel duly authorized by the Grantee, the Secretary of State's Audits Division, or the United States Inspector General. Subgrantee will retain all books, records, documents, and other material relevant to this Agreement for six years after date of final payment or an extended period as established by FEMA in 44 CFR 13.42.

Subgrantee will photographically document pre-construction, construction and completed conditions of the Project and make such documents a part of its records.

9.0 AUDITS AND RECORDS

Audits shall be in accordance with the Single Audit Act of 1984, as amended. Subgrantee is to procure, at its own cost, audit services based on the following guidelines:

1. Subgrantee receiving less than $50,000 in federal funds in a fiscal year is exempt from compliance with the Single Audit Act. However, records must be available for review by Grantee.

2. Subgrantee receiving $50,000 to $500,000 in total federal funds in a fiscal year may choose to have an audit made in accordance with the Office of Management and Budget (OMB) Circular A-133 or a program audit.

3. Subgrantee receiving $500,000 or more in a fiscal year in total federal funds shall have a Single Audit made in accordance with OMB Circular 1-133.

As applicable, Subgrantee must ensure the audit is performed in accordance with Generally Accepted Accounting Principles; Generally Accepted Government Auditing Standards developed by the comptroller General; the OMB Compliance Supplement for Single Audits of State and Local Governments; and all state and federal laws and regulations governing the program.

Subgrantee must prepare a Schedule of Financial Assistance for federal funds that includes: Grantor name, program name, federal catalog number (CFDA-83.548), grantor agreement number, total award amount, beginning balance, current year revenues, current year expenditures and ending balances.

Subgrantee shall maintain records and accounts in such a way as to facilitate the Grantee's audit requirements, and ensure that Subgrantee's contractors and subcontractors also maintain records which are auditable. Subgrantee is responsible for any audit exceptions incurred by its own organization or that of its contractors. Grantee reserves the right to recover from the Subgrantee disallowed costs resulting from the final audit.

Subgrantee shall send the audit report to Grantee's Project Administrator as soon as it is available, but no later than nine months after the end of the Subgrantee's fiscal year in which any funds received by Subgrantee under this Agreement are received. Responses to previous management findings and disallowed or questioned costs shall be included with the audit report. Subgrantee will respond to Grantee's requests for information or corrective action concerning audit issues within 30 days of the request.

Subgrantee shall include these requirements in any contract or subcontracts.

10.0 RECOVERY OF FUNDS

In the event that Subgrantee fails to complete the Project(s), fails to expend, or is overpaid federal funds in accordance with federal or state Hazard Mitigation Program laws or programs, or is found by audit or investigation to be owe funds to Grantee, Grantee reserves the right to recapture funds in accordance with federal and state laws and requirements. Repayment by Subgrantee of funds under this recovery provision shall occur within 30 days of demand. In the event that Grantee is required to institute legal proceedings to enforce this recovery provision, Grantee shall be entitled to its costs thereof, including reasonable attorney fees.

The Subgrantee shall be responsible for pursuing recovery of monies paid under this Agreement in providing disaster assistance against any party that might be liable, and further, the Subgrantee shall cooperate in a reasonable manner with the State and the United States in efforts to recover expenditures under this Agreement.

In the event the Subgrantee obtains recovery from a responsible party, the Subgrantee shall first be reimbursed its reasonable costs of litigation from such recovered funds. The Subgrantee shall pay to the state the proportionate federal share of all project funds recovered in excess of costs of litigation.

11.0 CONFLICT OF INTEREST

Subgrantee will prohibit any employee, governing body, contractor, subcontractor, or organization from participating if the employee or entity has an actual or potential conflict of interest that a public official would have under ORS Chapter 244.

12.0 POLITICAL ACTIVITY

No portion of the funds provided herein shall be used for any partisan political activity or to further the election or defeat of any candidate for public office or influence the approval or defeat of any ballot measure.

13.0 ASSIGNMENT

This Agreement, and any claim arising under this Agreement, may not be assigned or delegated by Subgrantee either in whole or in part.

14.0 SUBCONTRACTS FOR ENGINEERING SERVICES

In the event that Subgrantee subcontracts for engineering services, Subgrantee shall require that the engineering firm be covered by errors and omissions insurance in an amount not less than the amount of the firm's contract. If the firm

is unable to obtain errors and omissions insurance, the firm shall post a bond with Subgrantee for the benefit of Subgrantee of not less than the amount of its subcontract. Such insurance or bond shall remain in effect for the entire term of the subcontract. The subcontract shall provide that cancellation or lapse of the bond or insurance during the term of the contract termination. Subgrantee shall cause the subcontractor to provide it with a thirty (30) day notice of cancellation issued by the insurance company.

15.0 APPEALS

Consistent with the Code of Federal Regulations, 44 CFR Chapter 1, 206.440, Subgrantee may appeal any determination previously made related to the federal assistance for Subgrantee. The Subgrantee's appeal shall be made in writing and submitted to OEM within 60 days after receipt of notice of the action which is being appealed. The appeal shall contain documented justification supporting the Subgrantee's position.

16.0 GOVERNING LAW AND VENUE

1. This Agreement shall be governed and construed in accordance with the laws of the State of Oregon without regard to principles of conflicts of law. Any claim, action, suit or proceeding (collectively "Claim") between OEM and Subgrantee that arises from or relates to this Agreement shall be brought and conducted solely and exclusively within the Circuit Court of Marion County for the State of Oregon. *Subgrantee, by execution of this agreement, consents to the exclusive jurisdiction of said court, waives any objection to venue, and waives any claim that such forum is an inconvenient forum*.

2. Notwithstanding Section 2, if a claim must be brought in a federal forum, then it must be brought and adjudicated solely and exclusively within the United States District Court for the District of Oregon. This section applies to a claim brought against the State of Oregon only to the extent Congress has appropriately abrogated the State of Oregon's sovereign immunity and is not consent by the State of Oregon to be sued in federal court. This section is also not a waiver by the State of Oregon of any form of immunity, including but not limited to sovereign immunity and immunity based on the Eleventh Amendment to the Constitution of the United States.

17.0 TERMINATION; RECOVERY OF FUNDS

1. By Subgrantee. Subgrantee may terminate this contract with thirty (30) days notice to Grantee and the return of all federal funds paid to Subgrantee for the Project.

2. By Grantee. The Grantee may unilaterally terminate all or part of this Agreement or may reduce its scope of work if there is:

   a. A reduction in federal funds which are the basis for this Agreement, and/or,
   b. A material misrepresentation, error, or inaccuracy in Subgrantee's application.

3. Termination upon Noncompliance by Subgrantee

   a. If inspections and review of Subgrantee support documentation reveal noncompliance in performance of the work and/or documentation of the work, the Subgrantee will be required to correct deficiencies or variances before program closure.

   b. If corrective actions required do not resolve variances from the approved Project, Grantee will notify Subgrantee of such. Grantee may then make the determination that Subgrantee variances constitute noncompliance or nonconformance to the Hazard Mitigation Grant Program and/or conditions. In the event of such determination, Grantee will notify Subgrantee of such action and recover obligated funs from the Subgrantee and take other actions as specified under 44 CFR 13.43 (Enforcement) or 44 CFR 13.44 (Termination for Convenience).

18.0 SAVINGS

Subgrantee shall apply any savings, rebates, and reductions in cost to reduce the overall cost of the Project.

19.0 WAIVERS

The failure of OEM to exercise, and any delay in exercising, any right, power, or privilege under this Agreement shall not operate as a waiver thereof, nor shall any single or partial exercise of any right, power, or privilege under this Agreement preclude any further exercise thereof or the exercise of any other such right, power, or privilege. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

20.0 INDEMNIFICATION

To the extent permitted by any constitutional and statutory limitations applicable to Subgrantee, including, but not limited to, provisions relating to debt limits, tort claims limits and workers' compensation, Subgrantee shall, as required by ORS 401.178(2), indemnify, defend, save, and hold harmless the United States and its agencies, officers, employees, agents, and members, and the State of Oregon

and its agencies, officers, employees, agents, and members, from and against all claims, damages, losses, expenses, suits, or actions of any nature arising out of or resulting from the activities of Subgrantee, its agencies, officers, employees, agents, members, contractors, or subcontractors under this Agreement.

21.0 Subgrantee ASSURANCES

Subgrantee represents and warrants to Grantee as follows:

1. Subgrantee is an independent, non-profit corporation, duly organized, validly existing and in good standing under the laws of the State of Oregon.

2. This Agreement has been duly authorized, executed, and delivered on behalf of Subgrantee and constitutes the legal, valid, and binding obligation of Subgrantee, enforceable in accordance with its terms.

3. Subgrantee hereby assures and certifies that it will comply with all applicable state and federal laws and regulations, including, but not limited to, the provisions of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 USC §§ 5121-5206 (Public Law 93-288, as amended; hereafter "Stafford Act"); 44 CFR Parts 7, 13, 14, 17, 18 and 206, and Subchapters B, C and D; Office of Management and Budget Circulars A-21, A-87, A-102, A-110, A-122 and A-133; the Oregon State Public Assistance Administrative Plan dated September 1993; Wages, Hours and Records Laws (ORS Chapter 652) Conditions of Employment Laws (ORS Chapter 643) and Unemployment Insurance Laws (ORS Chapter 657).

4. The emergency or disaster relief work for which federal assistance is requested herein does not or will not duplicate benefits received for the same loss from any other source.

5. Subgrantee will operate and maintain the facilities being restored using funds provided under this Agreement in accordance with the minimum standards as may be required or prescribed by the applicable federal, state and local agencies for the maintenance and operation of such facilities.

6. Subgrantee will, for any repairs or construction financed herewith, comply with applicable standards of safety, decency and sanitation and in conformity with applicable codes, specifications and standards, and will evaluate the hazards in areas in which the proceeds of the grant are to be used and take appropriate action to mitigate such hazards, including safe land use and construction practices. Subgrantee will, prior to the start of any construction activity, ensure that all applicable federal, state and local permits and clearances are obtained including FEMA compliance with the

National Environmental Policy Act, the National Historic Preservation Act, the Endangered Species Act, and all other federal and state environmental laws.

7. Subgrantee will not enter into a contract with a contractor who is on the General Services Administration (GSA) List of Parties Excluded from Federal Procurement or Non-procurement Programs.

8. Subgrantee will comply with minimum wage and maximum hours provision of the Federal Fair Labor Standards Act.

9. Subgrantee shall comply with all applicable federal and state non-discrimination laws, regulations, and policies. No person shall, on the grounds of age, race, color, sex, religion, national origin, marital status, or disability (physical or mental) be denied the benefits of, or otherwise be subjected to discrimination under any project, program, or activity, funded, in whole or in part, under this Agreement. A violation of this provision is a material breach and cause for termination under Section 16.0 of this Agreement.

10. Subgrantee shall utilize certified minority-owned and women-owned businesses (MWBE's) to the maximum extent possible in the performance of this Agreement.

11. Subgrantee does not have to comply with the provisions of the Davis-Bacon Act for grants made under the disaster assistance program. However, if FEMA and any other Federal agency are a party to a contract for the repair or restoration of a public building or public facility, the contract would have to comply with the Davis-Bacon Act.

12. Subgrantee and its contractors, subcontractors, and other employers providing work, labor, or materials as a result of the application are subject employers under the Oregon Workers' Compensation Law. All employers, including Subgrantee, that employ subject workers who work under this Agreement in the State of Oregon shall comply with ORS 656.017 and provide the required Workers' Compensation coverage, unless such employers are exempt under ORS 656.126. Contractor shall ensure that each of its Subcontractors complies with these requirements. This shall include Employer's Liability Insurance with coverage limits of not less than $100,000 for each accident.

22.0 OWNERSHIP OF PROJECT/CAPITAL FACILITIES

The Grantee makes no claim to any capital facilities or real property improved or constructed with funds under this Agreement, and by this grant of funds, does not and will not acquire any ownership or title to such property of the Subgrantee.

23.0 ACKNOWLEDGMENTS

Subgrantee shall include language which acknowledges the funding contribution of the Federal Emergency Management Agency (FEMA) to this Project in any information release or other publication developed or modified for, or referring to the Project.

24.0 INSURANCE

The Subgrantee will comply with the insurance requirements of the Stafford Act, as amended, and obtain and maintain any other insurance as may be reasonable, adequate, and necessary to protect against further loss to any property which was replaced, restored, repaired or constructed with this assistance.

25.0 SEVERABILITY

If any term or provision of this Agreement is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and provisions and applications of this Agreement shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if this Agreement did not contain the particular term or provision held to be invalid.

26.0 HEADINGS

The section headings in this Agreement are included for convenience only, do not give full notice of the terms of any portion of this Agreement, and are not relevant to the interpretation of any provision of this Agreement.

27.0 AGREEMENT ADMINISTRATION

The Parties' representatives for purposes of this agreement are:

For SUBGRANTEE:

Derrick I. Tokos, AICP
Community Development Director
169 SW Coast Hwy
Newport
Phone: 541-574-0626
Fax: 541-574-0644

For OEM:

Paulina Layton
Section Director, Mitigation & Recovery Section
Oregon Emergency Management
P.O. Box 14370
Salem, OR 97309-5062
Phone: (503)378-2911, ext 22227
Fax:

Notices under this agreement shall be given in writing by personal delivery, facsimile, email or by regular or certified mail to the person identified in this Section, or to such other person or at such other address as either party may hereafter indicate pursuant to this section. Any notice delivered personally shall be deemed received upon delivery. Notice by facsimile shall be deemed given when receipt of the transmission is generated by the transmitting machine. Notice by email is deemed received upon a return email or other acknowledgment of receipt by the receiver, and notice by certified or registered mail is deemed received on the date the receipt is signed or delivery is refused by the addressee.

28.0 ENTIRE AGREEMENT

This Agreement sets forth the entire Agreement between the Parties with respect to the subject matter hereof. Any additional terms or conditions imposed by FEMA or Grantee will be incorporated into an amendment to this Agreement. Commitments, warranties, representations, and understandings or agreements not contained, or referred to, in this Agreement or written amendment hereto shall not be binding on either party. Except as may be expressly provided herein, no alteration of any of the terms or conditions of this Agreement will be effective without the written consent of both parties.

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: Jim Voetberg 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	DUNS No: 030794671 Federal Tax ID No. (TIN): 936002222 FIPS: 041-52450 Organization: City of Newport
Approved as to form Keith Kutler Assistant Attorney General	Address: 169 SW Coast Hwy Newport, OR 97365 Phone: 541-574-0615

R:\disaster\dr1964\mitigation404\hmgp_applicants\newport.0005\Contracts & Finances\HMGP1964.0005_newport_hmgp grantee-subgrantee contract per-genb6280_rev-to_dr1964_v2.doc

CITY MANAGER REPORT AND RECOMMENDATIONS

Meeting Date: August 1, 2016

Agenda Item:
Approval of a Lease Agreement with Pacific Choice Seafood Company for City Owned Docks and Upland Areas adjacent to the parking lot across from Fall Street

Background:
Since 1957, the City has leased dock and upland areas adjacent to the parking lot across from Fall Street to California Shellfish Company, Inc., (dba, Hallmark Fisheries). This property has recently been acquired by Pacific Choice Seafood Company. The lease with Hallmark Fisheries expired on July 1, 2016. Hallmark has exercised a hold-over option in the lease through August 31, 2016, to provide the City and Pacific Choice Seafood Company time to negotiate a new lease agreement. The proposed lease agreement is for a two-year period with an option for a two-year extension. This will allow the City and Pacific Choice Seafood Company time to determine longer term arrangements on how these properties might be utilized in the future by Pacific Choice Seafood Company and/or the City of Newport.

Recommended Action:
I recommend the City Council consider the following motion:

By order of the Newport City Council, I move to authorize the City Manager to execute the proposed lease agreement with Pacific Choice Seafood Company for docks and upland areas adjacent to the public parking lot on Bay Boulevard across from Fall Street, with the determination that leasing the property is in the public interest.

Fiscal Effects:
The rent for property is $2,750 a month, along with the company reimbursing the City for the annual payments to Department of State Lands for the adjoining in-water leased area

Alternatives:
Modify the provisions of the lease, do not lease the property at this time, or more as suggested by the City Council.

Respectfully Submitted,

Spencer R. Nebel

STAFF REPORT
CITY COUNCIL AGENDA ITEM

Title: Lease Agreement with Pacific Choice Seafood Company for City Owned Docks and Upland Areas Adjacent to the Parking Lot Across from Fall Street

Prepared by: Derrick I. Tokos, AICP, Community Development Director

Recommended Motion: By order of the Newport City Council, I move to authorize the City Manager to execute the proposed lease agreement with Pacific Choice Seafood Company, for docks and upland areas adjacent to the public parking lot on Bay Boulevard across from Fall Street, because doing so is in the public interest.

Background Information: Pacific Choice Seafood Company ("Company") recently acquired real property from California Shellfish Company, Inc. (dba Hallmark Fisheries) that is immediately east of the City owned real property that is the subject of this lease agreement. As a result of this acquisition, Company and/or its affiliates now possess real property to either side of the City's ownership and desires to enter into this lease agreement so that it can utilize upland areas and docks on the City property for fish processing purposes, securing an unimpeded stretch of dock between its existing operations and newly acquired property.

The City had leased the property to California Shellfish for this same purpose continuously since 1957; however, that lease expired on July 1, 2016. California Shellfish exercised a holdover option in the lease, through August 31, 2016, to provide the City and Company time to negotiate a new lease agreement. The proposed lease agreement is for a two-year period with an option for a two-year extension. This will provide Company time to develop investment plans for its existing and newly acquired property to either side of the City ownership, and how the City lands might relate to, or integrate with those plans.

Fiscal Notes: Per the terms of the lease, Company is responsible for maintenance of the docks and upland areas. Rent is $2,750 per month and Company will reimburse City for its annual payments to the Department of State Lands (DSL) for the adjoining in-water lease area.

Alternatives: The City Council could elect to forgo leasing the property at this time or it may request modifications to the lease agreement. If the property is not leased, then it is likely to remain idle as it is not in a condition where it could readily be repurposed for another use.

Attachments: Draft lease agreement, exhibit map, DSL Lease No. ML-10493

LEASE

This lease is between the City of Newport, an Oregon municipal corporation ("City"), as lessor and Pacific Choice Seafood Company, an Oregon Domestic Business Corporation ("Company"), as lessee.

RECITALS

A. Company and/or its affiliates recently acquired real property from California Shellfish Company, Inc. (dba Hallmark Fisheries), formerly known as Point St. George Fisheries and Point Adams Packing Company ("California Shellfish"), that is immediately east of City owned real property that is the subject of this lease agreement.

B. By virtue of this acquisition, Company and/or its affiliates now possess real property to either side of the City's ownership and desires to enter into this lease agreement so that it can utilize upland areas and docks on the City property for fish processing purposes, securing an unimpeded stretch of dock between its existing operations and newly acquired property.

C. City had leased the property to California Shellfish for this same purpose continuously since 1957; however, that lease expired on July 1, 2016. California Shellfish exercised a holdover option in the lease, through August 31, 2016, to provide the City and Company time to negotiate a new lease agreement. For purposes of Newport Municipal Code 2.25.080, Company shall be entitled to 'tack' the period of this lease to the term of the above identified predecessor's lease

D. City desires to enter into a lease agreement for two years to provide Company time to develop investment plans for its existing and newly acquired property to either side of the City ownership, and how the City lands might relate to, or integrate with those plans.

Therefore, City and Company agree to the following terms and conditions:

1. Lease. The City leases to Company and Company leases from the City the following described real property (the "premises"):

Beginning at a point on the Southeasterly extension of the Southerly line of SW Fall Street (said point also being the Northerly line of the Victor L. Bump property) that is 142.0 feet Southeasterly of the most easterly point of Block 3, Plan of Newport, a subdivision of record in Lincoln County, Oregon, thence Northeasterly 89.1 feet to a point on the Southwesterly line of the Dulcich Realty, LLC property, said point being 121.0 feet Southeasterly of the Southeasterly line of Block 4, said Plan of Newport, thence Southeasterly along the Southwesterly line of the said Dulcich Realty, LLC property to the mean low water line of the Yaquina Bay, then Southerly along said mean low water line to the said Easterly extension of the Southerly line of Fall Street (said point also being on the Northerly line of the said Victor L. Bump property), and thence Westerly along said line to the point of beginning;

SUBJECT TO:

a. The right of fishing, navigation, and commerce in the State of Oregon and the federal government and the rights of the public and governmental bodies in and to that portion thereof lying below the ordinary high water mark of the Yaquina Bay.

c. The mutual acknowledgment between the parties that the legal description used herein may not be a precise description of the premises leased and, therefore, the City shall not be held responsible or liable for damages or losses incurred as a result of any errors in the present description, so long as Company shall have substantial possession of the enclosed premises located thereon.

d. Easements, conditions, and restrictions of record, if any, and any interest or encroachment as might be disclosed by an inspection or survey of the premises.

e. The ownership interest of the State of Oregon, if any, in any portion of the property falling below the ordinary high water mark of the Yaquina Bay.

f. City's interest in the submerged and submersible land lying immediately adjacent to the southeasterly boundary of the property described above obtained by lease from the State of Oregon pursuant to State Lease ML-10493/APP11874 ("State Lease").

g. Company agreeing to perform and fulfill all of the City's obligations and duties, including any and all payment obligations, under State Lease, and doing nothing which in any way impairs the City's rights under the State Lease.

The premises are further described and depicted on the map attached as EXHIBIT 1. City also subleases the submerged and submersible land described in the State Lease (the "Submerged Premises") to Company according to the terms and conditions set forth in this Lease. Lease of both the premises and Submerged Premises shall be exclusive to Company, and City shall not lease, sublease, assign, or otherwise interfere with Company's use of either except as expressly permitted under this Lease.

2. Term of Lease. This lease shall be effective at 12:00:01 A.M. on September 1, 2016 and shall remain in effect until midnight at the end of October 31, 2018.

A. Extension. Company intends to develop plans during the term to improve the premises and/or the properties located to either side of the premises (the "Plans"). City acknowledges that Company has a material interest in continued exclusive access to and use of the premises in connection with such Plans. Accordingly, if the City and the State extend the term of the State Lease, Company shall have the right to renew and extend the term of this Lease for an additional two years (the "Extension Term") by giving notice to City at least 60 days before expiration of the initial term. Lease of the premises during the Extension Term shall be on the same terms and conditions contained in this lease with the exception of Rent, which City and Company agree will be adjusted on an annual basis in line with changes in the Bureau of Labor Statistics Consumer Price Index All Urban Consumers (CPI-U). The lease of the premises during the Extension Term shall also be subject to any additional terms from the State Lease extension.

B. Right to Purchase. If the Plans call for, and Company makes, a total investment of at least $1 million, then, pursuant to Newport Municipal Code 2.25.080, City grants to Company the exclusive right to directly purchase the premises from City without public bid or hearing upon termination of the Extension Term. Company shall notify City in writing before termination of the Extension Term of intent to exercise its right to purchase. Upon exercise, City and Company shall negotiate in good faith for a period of up to 90 days to reach mutually acceptable terms for sale. City shall neither sell any portion of the premises to any third party nor commence any of the sale procedures set forth in Newport Municipal Code 2.25.040 during such negotiation period.

3. Rent.

A. Company shall pay any amounts due or payable to the State of Oregon, Division of State Land for the use of any part of the leased premises, during the term of this lease or any renewal or extension thereof. In particular, Company shall pay all sums due to the State of Oregon pursuant to Lease No. ML-10493/APP11874, between the City of Newport and the State of Oregon, or any subsequent or substitute lease to ML-10493/APP11874.

B. The monthly rental rate for this lease shall be $2,750.00.

4. Premises "As Is." Company takes the premises "as is," subject to all faults and defects. Company acknowledges that part or all of the docks that are a portion of the premises may be in deteriorated condition, posing substantial risk to any person or property. Company assumes all risks associated with the use of the premises in any manner. Company acknowledges that no representations or warranties of any kind have been made by the City.

5. Use. Company may use the premises for unloading and purchasing fish and seafood products, processing and preparing seafood products, and other activities or uses incidental to fish processing, consistent with all applicable laws and regulations and the State Lease, but may not use the premises for any other purposes. Company shall comply with all applicable governmental laws, regulations and other requirements.

A. Company shall not engage in any activity on the premises that would make it difficult or impossible to insure the premises or that would result in an increase in insurance premiums.

B. Company shall not store any hazardous substances on the premises or discharge any hazardous substances from the premises in violation of any federal, state, or local law or regulation.

6. Inspection. The City, its agents and representatives may enter and inspect the premises at any time, but shall not disrupt the operations of Company on the premises.

7. Compliance with Laws, Licenses and Permits. Company shall promptly comply with

all federal, state and local laws, ordinances, rules and regulations in its use of the premises, including but not limited to the Oregon State Fire Marshal's rules and regulations applicable to and affecting the premises and Company's use and occupancy. Company shall also promptly comply with all orders, regulations, requirements and directives of such authorities and any insurance companies which have issued or are about to issue policies of insurance covering the premises and its contents, for the prevention of fire or other casualty, damage or injury, at its own cost and expense.

This lease does not give Company permission to conduct any use that is not in conformance with applicable land use requirements. Company shall obtain and comply with all land use approvals, occupancy or sign permits and other required licenses, permits and approvals its expense. City makes no warranties or representations regarding land use or building regulations and makes no warranties or representations regarding the suitability of the premises for any particular use.

Company shall obtain, maintain and keep current all required licenses and permits for its operation or use of the premises.

8. Taxes, Utilities and Other Charges. Company shall promptly pay for all water, heat, light, sewer, garbage, telephone, internet, cable, power and other services or utilities used in the leased premises during the tem of this lease.

   Company shall pay all real and personal property taxes and assessment imposed on the premises and personal property located on the premises, including any taxes imposed on the property during the term of the lease but which do not become payable until after termination of the lease.

   Company may exercise its legal rights to contest appraisals or assessments. City will cooperate with Company regarding its legal rights, but Company shall reimburse the City for any costs incurred by the City in doing so.

9. Care of the Premises, Repairs and Improvements. Company will care for and maintain the property in a condition at least as good as its current condition and shall not intentionally destroy, damage or waste of the property. Maintenance of the building includes providing sufficient heat within the building to avoid damage.

   To the extent that repairs or replacement is required as a result of an insured event, the proceeds of any applicable insurance payment shall be used to defray the costs of the repairs or replacement.

   Company shall promptly repair any intentional or unintentional damage to the premises.

10. Sidewalks. Company shall act reasonably and timely to keep the sidewalks on and adjacent to the premises free and clear of ice, snow, rubbish and obstruction of every sort. This requirement is not intended to create any right in favor of any third party

against Company.

11. Assignment, Transfer or Sublease. Company shall not assign or transfer this lease or sublease the premises without the prior written consent of the City, and if necessary under the State lease, the State. In the event the City grants written consent to an assignment or transfer, Company shall remain jointly and primarily liable with the assignee/sublesee under all the terms and conditions of this agreement, unless and until the assignee/sublessee has demonstrated good standing for thirty-six (36) consecutive months. The phrase "in good standing" as used in this section means that the assignee/sublessee has not violated, defaulted, or failed to comply with any term or condition of the lease, including timely payment of rent. After such uninterrupted good standing for thirty-six (36) month consecutive months, the City shall sign a release of liability which releases Company from further rental payment obligations under this lease.

    The City shall have the right to see, transfer, assign or encumber its interest in the Lease, or delegate any or all of its obligations hereunder, without obtaining the approval of Company.

12. Alternations, Fixtures and Equipment. Any fixtures or equipment installed by Company at its own expense may be removed by Company at the termination of the lease, provided the removal can be accomplished without significant damage to the premises. Company shall repair and restore any insignificant damage resulting from removal of fixtures.

    No alterations, additions or improvements shall be made, and no heavy equipment, apparatus and fixtures, shall be installed in or attached to the premises without the prior written consent of the City, which consent shall not be unreasonably withheld. All such alterations, additions, improvements, systems or fixtures, when made, installed, or attached to the premises shall belong to and become the property of the City upon termination of this lease, subject to Company's right to remove fixtures without causing significant damage.

    All fixtures or personal property of Company not removed by it upon termination of the lease, shall be considered abandoned and the City shall have the right, without notice to Company, to sell; or otherwise dispose of them at the expense of Company.

13. Signage. Company shall not place or allow any signs on the premises without the required municipal approval and the City's consent to the design, structure and location, which consent shall not be unreasonably withheld. Such consent does not constitute the required municipal approval; Company must go through the municipal approval process.

14. Notices. Any notices under this lease shall be sent registered or certified mail and addresses as follows:

If to the City:

City Manager
City of Newport
169 SW Coast Highway
Newport, OR 97365

If to Company:

Pacific Choice Seafood Company
Attn: Dave Wright
213 SW Bay Boulevard
Newport, Oregon 97367

With a copy to:

Pacific Seafood Group
Attn: Legal & Strategic Affairs
16797 SE 130th Ave.
Clackamas, OR 97015

Notices shall be presumed to be delivered 48 hours after mailing. The parties are encouraged to send copies of notices by fax and/or e-mail to the regular contact person for the other party.

15. Liens. Company shall not allow any lien to be filed on the leased property, and Company may not file a lien on the property.

16. Default, Notice and Cure. A default by Company shall occur if any of the following occur and if the default shall continue and not be remedied within thirty (30) days after the City shall give notice specifying the breach, which notice shall be within ten (10) days of the breach, delinquency or failure to pay rent. If the non-compliance cannot reasonably be cured within the thirty (30) days, Company will not be in default if it starts taking action to cure the breach within ten (10) days of receipt of the notice and continues to diligently act until the breach is cured.

    A. Delinquency or failure to pay rent or any required payments under this lease in the amounts or at the times specified. All rent and other sums due from Company shall bear interest at the legal rate for judgments in Oregon as of the date due. Company shall also pay the City a penalty of $275 in addition to the rent or required payment and interest if it fails to make a payment when due.

    B. Failure of Company to comply with any term or condition of the lease.

    C. Failure of Company to use the premises for the purposes authorized under the lease.

    D. Vacation or abandonment of the premises without written approval of the City.

E. Company maintaining a nuisance on the premises.

F. Insolvency of Company; an assignment by Company for the benefit of creditors; the filing by Company of a voluntary petition in bankruptcy; an adjudication that Company is bankrupt or the appointment of a receiver of the properties of Company; the filing of any involuntary petition of bankruptcy and the failure of Company to secure a dismissal of the petition within thirty (30) days after filing; attachment of or the levying of execution on the leasehold interest and failure of Company to secure discharge of the attachment or release of the levy of execution within ten (10) days.

G. Failure by Company to remove any lien or encumbrance placed upon the premises.

17. Termination.

A. In the event of a default by Company which is not cured within the time permitted under Section 16, the lease may be terminated at the option of the City by thirty (30) days advance written notice.

B. In the event of a violation or breach of any provisions of the lease is causing damages to the premises or Company is using the premises in a manner not permitted by the lease, or in any case damages are occurring to the premises, the City may immediately enter upon the premises and take such action as necessary to cease such damages or use. Company shall be liable to the City for all reasonable and necessary costs incurred in correcting such violation. Such entry shall be in lieu of the notice and opportunity to cure provided in Section 16.

C. In the event the lease is terminated by either party, Company shall have thirty (30) days after the date of termination to remove all fixtures and personal property. Failure to remove such items within the thirty (30) day period will constitute abandonment, and the City shall take title to the property after the expiration of the thirty (30) day period, in which event, the City may re-enter, take possession of the premises, and remove any persons or property by legal action or by self-help with the use of reasonable force and without liability for damages directly resulting from such use of reasonable force.

D. In the event of termination on default, the City shall be entitled to recover as damages: i) the loss of reasonable rental value from the date of default until a new lease has been, or with the exercise of reasonable care could have been, secured; ii) the reasonable cost of reentry and reletting, including the reasonable costs of any clean-up, refurbishing, removal of Company's property and fixtures, or any other necessary expense resulting from Company's failure to quit the premises upon termination and leave them in the required condition, including reasonable attorney fees, court costs, brokers' commissions and advertising costs; and iii) any excess of the value of the rent and all of Company's other obligations under the lease over the reasonable expected return from the premises for the period beginning on the earlier of the date of trial or the date the premises are relet and continuing through the end of the term. The present value of future amounts will be computed using a discount rate equal to the prime loan rate of major Oregon banks in effect on the date of trial.

18. Surrender of Premises. When its right to possession of the premises ends, Company shall vacate the premises peaceably and leave the premises in good order and condition. Any furniture, equipment or other personal property left on the property after Company's right to possession ends shall be considered abandonment of that property and a donation of that property to the City.

19. Remedies. If Company does not immediately surrender possession of the premises when its right to possession terminates, the City may enter the premises without demand or notice, repossess and lock the premises, and expel Company's effects at the expense of Company. Any action by the City authorized by this section shall not constitute trespass or other wrongful act. City's rights under this section are without prejudice to any other right or remedy.

    All of the City's rights and remedies authorized by law or this lease are cumulative.

20. Remedies upon Bankruptcy. In addition to any other rights provided herein, should Company be adjudicated as bankrupt, insolvent or placed in receivership, or should proceedings be instituted by or against Company for bankruptcy, insolvency, receivership, agreement of composition or assignment for the benefit of creditors, or if this lease or the estate of the Company shall pass to another by virtue of any court proceedings, writ of execution, levy, sale, or by operation of law, the City may terminate this lease and the term upon giving to Company or to any trustee, receiver, assignee or other person in charge or operating as custodian of the assets or property of Company, thirty (30) days written notice. Upon the giving of such notice, this lease and the term shall end on the date fixed in such notice as if the date was the date originally fixed in this lease for its expiration, and the City shall have the right to remove all persons, goods, fixtures and property, by force or otherwise, without liability for damages.

21. Holding Over. If Company remains in possession of the property after the expiration of this lease, the holding over shall not result in a renewal or extension of this lease but shall create a tenancy from month-to-month which may be terminated at will at any time by either party on not less than 30 days' notice. If Company remains in possession of the premises without the City's consent, the tenancy shall be at sufferance. The City may eject Company from the premises and recover damages caused by the wrongful holdover.

22. Indemnification. Company shall defend, indemnify and hold City harmless from and against any and all claims arising out of any violation or alleged violation of, or failure or alleged failure of Company to comply with any applicable law, ordinance or regulation, including any environmental law or regulation, including costs of investigation, defense, compliance, remediation and any penalties imposed by any governmental body.

    Company agrees to hold harmless, indemnify and defend City from and against any and all claims arising out of any hazardous substances on the premises or any other properties directly or indirectly resulting from any act or omission of Company or its agents or representatives, or from any activities on the property occurring during the tern of this lease. However, Company is not required to hold harmless, defend or

indemnify the City for any condition relating to hazardous substances on the premises that were on the premises prior to Company's first possession of the premises. "Expense" includes but is not limited to attorneys' fees, costs, and expenses of, or in preparation for, any administrative or judicial proceeding or review or appeal, and the cost of any remediation.

City shall not be responsible or liable in any way for the injury or death of any person or damage to any property in or about the premises, nor shall City be liable for any damage or loss suffered by Company arising or resulting from any accident or injury to goods or persons in or about the premises.

Company shall indemnify, defend and hold the City, its officers, agents and employees, against any and all actions, claims, losses, damages or liabilities, costs and expenses resulting from or arising out of any accident or injury on or about the premises, or in any manner arising from Company's use or occupancy of the premises or its operations, or any act or omission of Company or that of any employee, representative or invitee of Company. Company agrees at its own cost and expense to defend City against any action and any and all appeals and to satisfy and discharge any judgment which may be awarded against City arising from any accident or injury to goods or persons on or about the premises.

Company shall have no obligation to indemnify the City from or against any actions, claims, losses, damages or liabilities, costs and expenses attributable solely to the acts or omissions of the City or its officers, employees or agents.

Company shall also indemnify the State in the manner required of the City in the State leases.

23. <u>Insurance</u>. All insurance required below shall be with companies duly licensed to do business in the State of Oregon. Each insurer shall have a current A.M. Best rating of not less than "A."

A. Fire Insurance Coverage. The premises, including personal property on the premises shall be insured for full replacement value, at Company's cost. Company shall obtain fire and other hazard extended coverage insurance in a form and with a company satisfactory to City, with coverage limits of at least $1,800,000 per occurrence and $3,600,000 aggregate. The policy shall name the City and Company as insureds.

B. City Property Insurance Coverage. City may, in City's discretion and at City's option, obtain a separate policy of insurance for the City's real and personal property. If City obtains a policy, Company shall not be obligated to obtain any other or additional casualty insurance for City's property, but Company shall reimburse to City the premiums for any such insurance coverage.

C. Company Property Insurance Coverage. Company shall maintain comprehensive personal property insurance to insure Company's personal property in the premises

for losses and risks of direct physical loss and theft. The amount of the coverage shall be the replacement value of the personal property insured.

D. Commercial General Liability Insurance Coverage. Company shall maintain liability insurance policies insuring the State, the City and the Company. The policy shall include coverage for bodily injury, broad form property damage, and personal injury. It shall contain a severability of interest provision, and shall not contain a sunset provision or commutation clause or any provision which would serve to eliminate third party action over claims. In the event it is written on a claims-made basis, coverage shall extend two years past completion of the lease. The policy shall have limits not less than $1,800,000 per occurrence and $3,600,000 aggregate. At no point shall it be less than the Oregon Tort Claims limits as applied to the State of Oregon.

E. Workers' Compensation Coverage. Company and any and all employers providing work, labor or materials under this lease are subject employers under Oregon Workers' Compensation Law and shall comply with all applicable statutory and regulatory requirements.

F. Owned, Non-owned, and Hired Automobile Coverage. Company shall maintain such coverage with at least $1,000,000 per occurrence for any vehicle owned or used by Company and operated on or from the premises. At no point shall it be less than the Oregon Tort Claims limits as applied to the State of Oregon.

G. Additional Insured Endorsement. The liability insurance required for performance of the lease shall include the State of Oregon, the Division of State Lands, the City of Newport, and their sections, officers and employees as additional insureds but only with respect to Company's activities to be performed under the lease.

H. Certificates. Company shall obtain all described insurance at its own expense, and keep it in effect during the term of the lease. Upon execution of the lease, Company shall provide the City with a copy of the insurance policies or a certificate of insurance, executed by a duly authorized representative of the insurer, showing full compliance with the requirements of this lease. Each applicable insurance policy shall be written on a primary coverage basis, including any self- insured retention, unless otherwise specified. If Company's liability policies do not contain a separation of insured's provision, or a substantially similar clause, they shall be endorsed to provide cross-liability coverage. The policies shall provide that the coverage shall not be canceled or amended without at least fifteen (15) days' notice to City.

I. Failure to maintain the required insurance may result in termination of the lease.

24. <u>Waiver of Liability</u>. Neither party shall be liable to the other for losses arising out of damage to or destruction of the premises when the losses are covered insurance. Each party waives any claims it may have against the other party for claims for which the damaged party receives insurance proceeds.

25. Destruction of Premises. The City has no obligation to repair or replace any part or portion of the premises destroyed by fire or accident other than to make insurance proceeds available for repair or replacement. If available insurance proceeds are sufficient to pay the cost of the repairs, the City shall decide whether to repair the premises. The City shall provide Company written notice of City's decision within 30 days after the determination of the amount of insurance proceeds available. If the City decides not to repair, this lease shall be terminated as of the date of the damage. In the event of termination for this reason, City shall receive and retain insurance proceeds attributable to the loss or destruction of the real property and any City personal property on the premise, and Company shall be entitled to insurance proceeds attributable to Company's separate personal property or loss of occupancy (if Company has insurance covering loss of occupancy).

Any repair or restoration after damage shall be done with reasonable speed. Company shall not interfere with any repair or restoration by City and City shall attempt to conduct any repairs or restoration so as to minimize impact on Company's operations. The City's obligation to repair any damage or destruction to the premises shall be limited to the amount of available insurance proceeds. If thirty (30) percent or more of the usable area of the premises is damaged or destroyed, then the parties shall negotiate a reasonable reduction in the rent for the period of repair. If they cannot agree on the rent reduction within fifteen (15) days after the written notice provided above, then the lease shall be terminated.

26. Condemnation. If the land and premises, or any portion thereof, shall be taken under condemnation proceedings, or an action shall be instituted for the taken, or if in lieu of any formal condemnation proceeding, the City shall grant an option to purchase or shall sell or convey the premises or any part thereof, to any government or other public authority, agency, body or public utility seeking the premises, then at the City's option, this lease shall terminate, and the term shall end as of the date the City fixes by notice in writing.

The entire award for such taking shall be the property of the City, and Company shall have no claim or right to any portion of any amount which may be awarded as damages or paid as a result of the proceedings or paid as the purchase price in lieu of formal condemnation proceedings, and all right of Company to damages, except for damage to its business, is hereby assigned to the City. Any claim of Company for damages to its business shall be reserved to Company. Company agrees to execute and deliver any documents as may be deemed necessary to expedite the condemnation proceedings or facilitate the property transfer of title to the public entity seeking to acquire the premises or portion thereof. Company shall vacate the premises, remove its personal property and deliver peaceable possession to the City or the party designated by the City as specified in the notice of termination. Failure by Company to comply shall subject it to such costs, expenses, damages and losses as the City may incur by reason of this breach.

27. Strict Performance; Waiver of Breach; Cumulative Rights. Strict performance, including compliance with deadlines, is of the essence of this agreement. The various rights, remedies, options and elections of the City are cumulative, and the failure of the

City to enforce strict performance by Company of the conditions and covenants of this lease or to exercise any election or option or to resort or have recourse to any remedy or the acceptance by the City of any installment of rent after any breach by Company in any one or more instances, shall not be construed or deemed to be a waiver or relinquishment for the future by the City of any such conditions and covenants, options, elections or remedies, but they shall continue in full force and effect.

28. Quiet Enjoyment. City covenants that Company shall quietly and peaceably possess and enjoy the demised premises subject to and in accordance with this lease agreement during its term; subject to the provisions of this lease and the lease with the Oregon Division of State Lands.

29. Severability. The terms, conditions, covenants and provisions of this lease shall be deemed to be severable. If any clause or provision is adjudged to be invalid or unenforceable by a court of competent jurisdiction or by operation of any applicable law, it shall not affect the validity of any other clause or provision, but such other clauses or provisions shall remain in full force and effect.

30. Amendment. No additions, changes or modifications, renewals or extensions hereof shall be binding unless reduced to writing and signed by the Landlord and Tenant.

31. Entire Agreement; Governing Law; Dispute Resolution Costs. This lease contains the entire contract between the parties. No representative, agent or employee of the City has been authorized to make any representations or promises with reference to the within letting or to vary, alter or modify the terms hereof.

If any arbitration, mediation, court proceeding, bankruptcy action or other action is instituted to enforce or interpret any of the terms of this Agreement, such action shall be subject to the applicable Oregon law. Venue shall be in Lincoln County, Oregon. The party not prevailing shall pay the prevailing party's actual fees and expenses, costs, and disbursements, and any other such sums as the court or decision maker may determine, including in any appeal.

CITY OF NEWPORT

_____
Spencer R. Nebel, City Manager

Date: _____

PACIFIC CHOICE SEAFOOD COMPANY

_____

By: _____

Title: _____

Date: _____

City of Newport / Pacific Choice Seafood Co.
Lease Boundary Including Appurtenant
DSL In-water Lease Area (September, 2016)

STATE OF OREGON
DIVISION OF STATE LANDS
SUBMERGED AND SUBMERSIBLE LAND LEASE

ML-10493

1. PARTIES

The parties to this Lease are the STATE OF OREGON, acting by and through the Division of State Lands, ("STATE") and City of Newport, ("LESSEE").

2. LEASED PREMISES

STATE, for the consideration and upon the terms and conditions herein mentioned, does hereby lease to the LESSEE the following property:

A parcel of state-owned submerged land in the Yaquina River beginning at the point of intersection of the Mean Low Tide line of the right bank and the extended south line of South West Fall Street;

thence riverward along said extension a distance of 60 feet to a point;

thence North 45°27' east a distance of 30 feet;

thence shoreward at right angles to the shore line a distance of 60 feet to the Mean Low Tide line;

thence downstream along said Mean Low Tide line a distance of 60 feet to the point of beginning, encompassing .06 acres, more or less, all in Section 8, Township 11 South, Range 11 West, Willamette Meridian, Lincoln County, Oregon.

hereinafter referred to as the "Leased Premises."

3. PURPOSE

LESSEE shall have exclusive possession of the Leased Premises for the sole purpose for a fish processing plant and for no other purpose without prior written consent of STATE. This instrument does not guarantee that any particular use may be made of the Leased Premises. LESSEE should check with appropriate city or county planning department to verify approved uses.

4. TERM OF LEASE

The LESSEE, subject to compliance with the terms and provisions of this Lease, shall have and hold the Leased Premises for the purposes stated above from November 1, 1998, through October 31, 2018.

5. LEASE PAYMENT

The lease payment to be paid by LESSEE to STATE shall be $3,051.00 per year or the amount set by redetermination at any time after the first anniversary date of the Lease. Receipt of the first year's lease payment is hereby acknowledged. "Redetermination" means a rent increase made pursuant to paragraph 6 of this Lease. Lease payments shall be payable annually and shall be due on the 1st day of November in advance. Payments shall be sent to the Division of State Lands, 775 Summer Street NE, Salem, Oregon 97310-1337. STATE shall give LESSEE 30 days advance notice of the due date and amount of the lease payment due.

6. LEASE PAYMENT INCREASES

Lease payment increases shall be made in accordance with the lease provisions of the Oregon Administrative Rules applying to state-owned submerged and submersible lands which are in effect at the time of redetermination. Lease payment increases may be appealed by the LESSEE. LESSEE must file its appeal in writing within 14 days of the notice of increase. The notice of appeal is to be sent to the attention of the Director, Division of State Lands, 775 Summer Street NE, Salem, Oregon 97310-1337 and must include market data or other information to support the request for review. Upon filing of an appeal, the STATE will schedule an informal hearing before the Director or designee. Neither party to a redetermination appeal is entitled to recover attorney's fees.

7. ACCESS TO PROPERTY AND RECORDS

STATE shall have access to the Leased Premises at all reasonable times for the purpose of ensuring compliance with the terms and conditions of this Lease. STATE shall have the right to examine pertinent records of LESSEE for the purpose of ensuring compliance with the Lease and for the purpose of redetermining the lease payment rate.

8. DELIVERY OF PREMISES

Delivery of the Leased Premises will occur upon the date of execution of this Lease. STATE will not provide a survey or pay any costs of a survey to determine boundaries. It is the LESSEE's responsibility to make an accurate determination of the boundaries. The legal description provided by STATE is drawn from an assessor's map and other data deemed to be reliable. If LESSEE elects not to have a survey performed and a discrepancy or boundary overlap later becomes evident, STATE, at its discretion, may provide a corrected description of the Leased Premises.

9. RESERVATIONS

The interest of LESSEE under this Lease shall at all times be subject to STATE's right to grant rights-of-way in and over said property or a portion of the property for other purposes, including, but not limited to, railroads, telegraph and telephone lines, pipelines, irrigation or other water canals and ditches, and to STATE's right to lease all or part of the property for the exploration, discovery, development and production of oil, gas, or minerals of any nature whatsoever, provided the right-of-way or lease does not unreasonably interfere with the purpose of this Lease.

10. CONDITIONS OF THE PROPERTY

LESSEE certifies that it has inspected the Leased Premises and is fully informed as to their condition. LESSEE agrees to accept the Leased Premises as is and with all faults. LESSEE acknowledges that no representations or warranties of any kind have been made by STATE.

11. COMPLIANCE WITH LAW

LESSEE shall comply with all applicable federal, state, and local statutes, ordinances, rules and regulations in its use of the Leased Premises. This Lease does not give LESSEE permission to conduct any use on the Leased Premises which is not in conformance with applicable land use requirements, and it is the LESSEE's responsibility to determine and comply with those and all other requirements.

LESSEE shall use the Leased Premises only in a manner, or for such purposes, that assure fair and nondiscriminatory treatment of all persons without respect to race, creed, color, religion, handicap, disability, age, gender or national origin.

12. TAXES, LIENS, ASSESSMENTS, CHARGES

LESSEE shall pay before they become delinquent all taxes, assessments, penalties, fines, charges, rates or liens of any nature whatsoever that may be levied, assessed, charged, imposed or claimed on or against the Leased Premises or any improvements or fixtures thereon or appurtenances thereto. If LESSEE fails to pay any taxes, assessments, penalties, fines, charges, rates or liens, within ten (10) days after notice that such sums are due, STATE may pay such sums. Any such sums paid by STATE shall be reimbursed on demand with interest at the maximum legal rate pursuant to ORS 82.010 from the date of expenditure by STATE until paid.

13. PREVENTION OF WASTE, DAMAGE AND INJURY

LESSEE shall exercise reasonable diligence in its operation on and from said Leased Premises; shall carry on all operations hereunder in a good and workmanlike manner having due regard for public safety and the prevention of waste and for the restoration and conservation of said Leased Premises for future use, and shall take all reasonable steps to avoid damage to soil, timber, fish and fish habitat, wildlife and wildlife habitat and water quality of both ground water and surface water; shall make all reasonable efforts to minimize interference with existing navigational and recreational activities and scenic values; shall substantially restore the Leased Premises to its original condition and shall do all things reasonably necessary to minimize erosion.

14. EXCLUSIVITY

Subject to the provision of Section 9 (Reservations), the rights and privileges granted under this Lease are exclusive, except that LESSEE shall not unreasonably interfere with the public's right of navigation, commerce, fishing and recreation in the open water areas of the Leased Premises.

15. PUBLIC SAFETY

Subject to the provision of Section 14 (Exclusivity), the LESSEE may restrict entry to any portion of the Leased Premises as may be necessary to protect persons and property from harm arising from or in connection with the LESSEE's activities upon the Leased Premises.

16. ASSIGNMENT OR SUBLEASE

With respect to any assignment, mortgage, or sublease, the following provisions shall apply:

16.1 RESTRICTIONS: Except as provided for in subsection 16.2, LESSEE's interest in the Leased Premises or any part thereof shall not be assigned, mortgaged or subleased, nor shall any right of use of said Leased Premises be conferred on any third person by another means without the prior consent of STATE. Said consent shall not be unreasonably withheld or delayed. This provision shall apply also to all transfers by operation of law. Except as provided in Subsection 16.2, any assignment, or attempted assignment, subletting, or attempted subletting, or grant of right of use, or attempted grant of right of use without such consent, shall be absolutely null and void and shall, at the option of STATE, terminate all rights of the LESSEE under or by virtue of this Lease. STATE may, in its discretion, consent to an assignment or sublease provided the following conditions are satisfied:

16.1.1 A fee of $125 is prepaid to cover administrative costs, and

16.1.2 LESSEE has satisfied all conditions of the Lease precedent to assignment or sublease, and

16.1.3 LESSEE and its assignee have completed a standard assignment form or new lease form as required by STATE, and have assured the STATE that the assignee or sublessee has the capability to perform on the Lease, and

16.1.4 STATE determines that such assignment or sublease is in the best interest of the STATE.

16.2 PERMITTED ASSIGNMENTS: The following assignments, mortgages and security interests, and subleases of the LESSEE's interest in the Leased Premises shall be allowed without further STATE approval:

16.2.1 Subleases and subsubleases of portions of the LESSEE's interest in the Leased Premises, in the ordinary course of LESSEE's business or portions thereof for uses of the Leased Premises approved under this Lease.

16.2.2 Any mortgage(s), trust deed(s) or other encumbrance(s) which LESSEE may cause to attach to LESSEE's interest in the Leased Premises (1) in connection with the acquisition or refinancing(s) of the acquisition of the improvements in, on or about the Leased Premises and (2) in connection with financing and refinancing (a) development, construction, reconstruction, maintenance or repair of improvements on the Leased Premises and (b) operations on or about the Leased Premises. Within ten (10) days of any transfer pursuant to this subsection 16.2.2, LESSEE shall provide STATE the name and business address of any entity obtaining a security interest pursuant to this subsection 16.2.2.

16.2.3 Transfers to any entity or entities which controls, is controlled by, or is under common control with LESSEE.

17. ALTERATIONS AND IMPROVEMENTS

LESSEE shall obtain the written consent of STATE prior to making any alterations to the Leased Premises or improvements upon the Leased Premises.

18. DEFAULT

18.1 DEFUALT, NOTICE AND CURE BY LESSEE: A default by the LESSEE shall occur if any of the following shall occur and if said default shall continue and not be remedied within sixty (60) days after STATE shall have given notice specifying the breach (within ten (10) days for delinquency or failure to pay rent.)

18.1.1 Delinquency or failure to pay rent in the amounts and at the time specified in the Lease.

18.1.2 Failure of LESSEE to comply with any term or condition imposed by the STATE in the Lease.

18.1.3 Failure of LESSEE to use the Leased Premises for the purposes authorized under the terms of the Lease.

18.1.4 LESSEE maintaining a nuisance on the Leased Premises.

18.1.5 Insolvency of LESSEE; an assignment by LESSEE for the benefit of creditors; the filing by LESSEE of a voluntary petition in bankruptcy; an adjudication that LESSEE is bankrupt or the appointment of a receiver of the properties of LESSEE; the filing of any involuntary petition of bankruptcy and the failure of LESSEE to secure a dismissal of the petition within thirty (30) days after filing; attachment of or the levying of execution on the leasehold interest and failure of LESSEE to secure discharge of the attachment or release of the levy of execution within ten (10) days.

18.1.6 Failure by LESSEE to remove any lien or encumbrances placed upon the Leased Premises other than a lien or encumbrance on LESSEE's interest permitted by Section 16 of this Lease.

18.2 MORTGAGEE PROTECTION PROVISION: Whenever the STATE shall deliver any notice or demand to the LESSEE with respect to any breach or default by the LESSEE in its obligations or covenants under this Lease, the STATE shall at the same time forward a copy of such notice or demand to each holder of any mortgage authorized by this Lease at the last address of such holder shown in the records of the STATE. After any default in or breach of the Lease by the LESSEE or its successor in interest, each holder of any mortgage permitted under the Lease shall (insofar as the rights of the STATE are concerned) have the right after the failure of the LESSEE to cure or remedy said default or breach, at its option, to cure or remedy such breach or default (or such breach or default to the extent that it relates to the part of the land covered by its mortgage) within sixty (60) days and to add the cost thereof to the mortgage debt and the lien of its mortgage. The mortgage holder's exercise of its option to cure or remedy any default by LESSEE shall not constitute grounds for termination of this Lease by STATE. In the event the holder of any mortgage which LESSEE has caused to attach to LESSEE's interest in the Leased Premises forecloses on the leasehold estate then STATE shall enter into a new lease with that lienholder on the same terms and conditions as this Lease.

19. LATE PAYMENT PENALTY

If STATE has not received the full amount of the lease payment due within ten (10) calendar days from the due date, STATE may impose a late payment penalty on the LESSEE in the amount not to exceed five percent (5%) of the overdue payment. The late fee penalty may only be charged once on any payment due. Alternatively, at the STATE's option, a late payment penalty may be charged which is the interest due at the maximum legal rate pursuant to ORS 82.010 on the late payment from the date due until paid.

20. TERMINATION

20.1 TERMINATION UPON LESSEE'S DEFAULT: In the event of a default by LESSEE, the Lease may be terminated at the option of STATE by thirty (30) days advance notice in writing to LESSEE. In the event the Lease is terminated by either party, all remedies afforded under this Lease in Section 24 herein shall survive such termination. LESSEE shall have thirty (30) days after date of termination to remove all fixtures and property from the Leased Premises. Failure to remove such items within the thirty (30) day period will constitute abandonment by the LESSEE and, subject to the rights of any secured parties having a security interest in such fixtures and property, the STATE shall take title to the property after the expiration of thirty (30) days, in which event STATE may reenter, take possession of the Leased Premises and remove any persons or property by legal action or by self-help with the use of reasonable force and without liability for damages directly resulting from such reasonable force.

20.2 STATE'S OPTIONS TO MITIGATE: Following reentry, STATE may relet the Leased Premises and in that connection make any suitable alteration to the Leased Premises or change the character or use of the Premises but STATE shall not be required to relet for any use or purpose (1) which is different from that specified in the Lease or (2) which STATE may reasonably consider injurious to the Premises or (3) to any LESSEE which STATE may reasonably consider objectionable. STATE may relet all or part of the Leased Premises, alone or in conjunction with other properties, for a term longer or shorter that the term of this Lease, upon any reasonable terms and conditions.

20.3 DAMAGES RECOVERABLE UPON TERMINATION: In the event of termination on default, as provided by Section 18 of this Lease, STATE shall be entitled to recover the following amounts as damages:

20.3.1 The loss of reasonable rental value from the date of default until a new lease has been, or with the exercise of reasonable efforts could have been, secured.

20.3.2 The reasonable cost of reentry and reletting, including the reasonable and necessary costs of any clean-up, refurbishing, removal of LESSEE's property and fixtures, or any other necessary expense directly resulting from LESSEE's failure to quit the Leased Premises upon termination and to leave them in the required conditions, including reasonable attorneys fees, court costs, and advertising costs.

20.3.3 Any excess of the value of the rent and all of LESSEE's other obligations under this Lease over the reasonable expected return from the Premises for the period commencing on the earlier of the date of trial or the date the Premises are relet and continuing through the end of the term. The present value of future amounts will be computed using a discount rate equal to the prime loan rate of major Oregon bands in effect on the date of trial.

20.4 TERMINATION UPON MUTUAL CONSENT: This Lease may also be terminated by mutual written consent of LESSEE and STATE.

21. DELIVERY OF PREMISES: SURRENDER

In the event the Lease is terminated, or upon expiration, LESSEE shall have thirty (30) days within which to vacate the Leased Premises and shall surrender the Leased Premises in substantially the original condition as of the date of this Lease. STATE may require LESSEE to restore the Leased Premises to the original condition as of the date of this Lease or STATE may itself restore the Leased Premises and recover its reasonable and necessary restoration costs from LESSEE.

22. FIXTURES AND PERSONAL PROPERTY

All fixtures and personal property placed upon the Leased Premises during the term shall, upon expiration or termination of the Lease, become the property of STATE if not removed by LESSEE within thirty (30) days as provided in Subsection 20.1 and if not subject to the rights of any secured party having a security interest in such fixtures or personal property. LESSEE shall repair any physical damage resulting from such removal. If LESSEE fails to remove such fixtures, this shall constitute an abandonment of the property, and STATE may retain the property and all rights of LESSEE with respect to it shall cease. In the event of such abandonment, STATE may remove such fixtures and personal property and repair any physical damage resulting from such removal and charge the reasonable and necessary costs of removal and repair to LESSEE with interest at the maximum legal rate pursuant to ORS 82.010 from the date of expenditure by STATE.

23. HOLDOVER

If LESSEE does not vacate the Leased Premises at the time required, upon expiration or termination of this Lease, STATE shall have the option to treat LESSEE as a tenant from month to month, subject to all of the provisions of this Lease, except the provisions for term. Failure of LESSEE to remove fixtures, equipment and/or other property which LESSEE is required to remove under this Lease, in the manner provided for in Sections 20 and 22, shall constitute a failure to vacate to which this paragraph shall apply if the property not removed will substantially interfere with occupancy of the Leased Premises by another lessee or with occupancy by STATE for any purpose including preparation for a new lessee.

If a month to month tenancy results from a holdover by LESSEE under the above paragraph, the tenancy shall be terminable at the end of any monthly lease payment period on written notice from STATE given not less than ten (10) days prior to the termination date which shall be specified in the notice. LESSEE waives any notice which would otherwise be provided by law with respect to a month to month tenancy.

24. STATE'S RIGHT TO CURE DEFAULTS

If LESSEE fails to perform any obligation under this Lease, STATE shall have the option to do so after thirty (30) days' written notice to LESSEE unless otherwise specified in this Lease. All of STATE's reasonable and necessary expenditures to correct the default shall be reimbursed by LESSEE on demand with interest at the maximum legal rate pursuant to ORS 82.010 from the date of expenditure by STATE until paid.

In the event any violation or breach of the provisions of this Lease is causing damage to the Leased Premises or the LESSEE is utilizing the Leased Premises in a manner not permitted by the provisions of this Lease, or in any case damages are occurring to the Leased Premises, STATE may immediately enter upon the Leased Premises and take such action as necessary to cease such damages or use. LESSEE shall be liable to STATE for all reasonable and necessary costs incurred in correcting such violations.

25. RIGHT TO SUE MORE THAN ONCE

STATE may sue periodically to recover damages for the period corresponding to the remainder of the lease term and no action for damages shall bar later action for damages subsequently accruing.

26. REMEDIES CUMULATIVE

The remedies contained in this Lease shall be in addition to and shall not exclude any other remedy available at law or in equity, and exercise by either party of any one or more of such remedies shall not preclude the exercise by it at the same or different times of any other such remedies for the same default or breach by the other party.

27. HAZARDOUS WASTE

LESSEE shall refrain from storing on, or discharging from or onto, the Lease Premises any hazardous wastes or toxic substances as defined in 42 USC § 9601-9657, except as otherwise permitted by law.

28. INDEMNIFICATION

LESSEE agrees to indemnify, defend and hold STATE, its officers, employees, and its agents harmless from any and all damages, claims, actions, costs and expenses arising in whole or in part out of acts or omissions related to this Lease. STATE shall have no liability to LESSEE for any loss or damage caused by third parties or by any condition of the Leased Premises.

29. INSURANCE COVERAGES

29.1 WORKERS' COMPENSATION: The LESSEE, its SUBLESSEES, if any, and all employers providing work, labor or materials under this Lease are subject employers under the Oregon Workers' Compensation Law and shall comply with ORS 656.017, which requires them to provide Oregon workers' compensation coverage that satisfies Oregon law for all their subject workers.

29.2 COMMERCIAL GENERAL LIABILITY: LESSEE shall obtain, at LESSEE's expense, and keep in effect during the term of this Lease, comprehensive or commercial general liability insurance covering bodily injury and property damage. This insurance shall include personal injury coverage, contractual liability coverage for the indemnity provided under this Lease and products/completed operations liability. Combined single limit per occurrence shall not be less than $1,000,000, or the equivalent. Each annual aggregate limit shall not be less than $2,000,000, when applicable.

29.3 ADDITIONAL INSURED: The liability insurance coverages, except Professional Liability if included, required for performance of the Lease shall include the State of Oregon, the Division of State Lands and their sections, officers and employees as additional insureds but only with respect to the LESSEE's activities to be performed under this Lease.

29.4 NOTICE OF CANCELLATION OR CHANGE: There shall be no cancellation, material change, potential exhaustion or aggregate limits or intent not to renew insurance coverage(s) without 30 days' written notice from the LESSEE or its insurer(s) to the Division of State Lands. Any failure to comply with the reporting provisions of this insurance, except for the potential exhaustion of aggregate limits, shall not affect the coverage(s) provided to the State of Oregon, its Division of State Lands and their sections, officers and employees.

29.5 CERTIFICATE(S) OF INSURANCE: As evidence of the insurance coverages required by this Lease, the LESSEE shall furnish certificate(s) of insurance to the Division of State Lands prior to its issuance of a Lease. The certificate(s) will specify all of the parties who are additional insured (or loss payees). Insurance coverages required under this Lease shall be obtained from acceptable insurance companies or entities. The LESSEE shall be financially responsible for all deductibles, self-insured retentions and/or self-insurance included hereunder.

30. ATTORNEY FEES

If suit or action is instituted in connection with any controversy arising out of or in connection with this Lease, the prevailing party shall be entitled to recover all costs and disbursements incurred, including such sum as the court may adjudge reasonable as attorney fees at trial and on any appeal of the suit or action.

31. MODIFICATION

This agreement may be changed, altered or amended only by mutual written consent of the parties.

32. MERGER

This Lease constitutes the entire agreement between the parties, and no oral statement, representation or agreement not herein expressed shall be binding upon any party.

33. NON WAIVER

Waiver by either party of strict performance of any term of this Lease on any occasion shall not be construed as a waiver nor prejudice either party's right to require strict performance of the same provision in the future or of any other provision.

34. PARTNERSHIP

STATE is not a partner nor a joint venturer with LESSEE in connection with the business carried on under this Lease and shall have no obligation with respect to LESSEE's a debts or other liabilities.

35. SEWAGE DISPOSAL AND MARINE SANITATION DEVICES

If LESSEE operates a commercial marina LESSEE shall comply with the State of Oregon Department of Environmental Quality and State Marine Board Guidelines for Sewage Collection and Disposal for On-Water Boat and Floating Structures.

36. NOTICES

Any notices required or permitted under this Lease shall be in writing and deemed given three (3) days after deposited, postage prepaid, in the United States mail as regular mail and directed to the address provided below or to such other address as may be specified from time to time by either of the parties in writing.

For STATE: DIVISION OF STATE LANDS
775 Summer Street NE
Salem, OR 97310

For LESSEE: Sam Sarah
Name (Print)

810 SW Alder
Current Mailing Address

Newport OR 97365
City State Zip

37. EXHIBITS

All exhibits hereto are expressly incorporated herein by reference and made a part hereof. IN WITNESS WHEREOF the parties have executed this Lease.

LESSEE

3-29-99
Date

Sam Sarah
Signature

STATE OF Oregon)
) ss
County of Lincoln)

The foregoing instrument was acknowledged before me this 29th day of March, 1999 by SAM SASAKI (officer or agent of corporation), the CITY MANAGER (title of officer or agent) of CITY OF Newport Corporation, a OREGON Municipal (state or place of incorporation) corporation, on behalf of the corporation.

Signature

OFFICIAL SEAL
MICHAEL A SHOBERG
NOTARY PUBLIC - OREGON
COMMISSION NO. 057775
MY COMMISSION EXPIRES DEC. 16, 2000

My Commission Expires Dec. 16, 2000

STATE OF OREGON, DIVISION OF STATE LANDS

4/5/99
Date

Authorized Signature

\fo\attachmentAwest\ML Waterway Leases\ML-10492.doc

STATE OF OREGON
DEPARTMENT OF STATE LANDS

Amendment to Waterway Lease ML-10493\APP11874

Effective November 1, 2006, the following terms and conditions are modified in that certain lease between the STATE OF OREGON, acting by and through the Department of State Lands (STATE) and City of Newport, (LESSEE), which is dated and signed on April 5, 1999. All terms of the lease not specifically changed by this modification remain unchanged and in full force.

5. LEASE PAYMENT

The lease payment to be paid by LESSEE to STATE shall be $3,051.00 per year or the amount set by redetermination at any time after the first anniversary date of the Lease. Receipt of the first year's lease payment is hereby acknowledged. "Redetermination" means a rent increase made pursuant to paragraph 6 of this Lease. Lease payments shall be payable annually and shall be due on the 1st day of November in advance. Payments shall be sent to the Division of State Lands, 775 Summer Street NE, Salem, Oregon 97310-1337. STATE shall give LESSEE 30 days advance notice of the due date and amount of the lease payment due.

Such condition is hereby deleted and in its place is substituted the following condition:

5. LEASE PAYMENT

The lease payment to be paid by LESSEE to STATE shall be $3,051.00 per year or the amount set by redetermination at any time after the first anniversary date of the Lease. Receipt of the first year's lease payment is hereby acknowledged. "Redetermination" means a rent increase made pursuant to paragraph 6 of this Lease. Lease payments shall be payable annually and shall be due on the 1st day of November in advance. STATE shall give LESSEE 30 days advance notice of the due date and amount of the lease payment due. Payment should be sent to the:
DEPARTMENT OF STATE LANDS
UNIT 18
PO BOX 4395
PORTLAND OR 97208-4395.

IN WITNESS WHEREOF the parties have executed this lease AMENDMENT.

STATE:
The State of Oregon, acting by and through
the Oregon State Land Board and the
Department of State Lands
775 Summer ST NE, STE 100
Salem, OR 97301-1279

Stephen Pinkus
Authorized Signature

September 26, 2006
Date

LESSEE:
City of Newport
169 SW Coast Hwy
Newport OR 97365-3838
541-265-5331

Lee O'Neal - City Manager
Signature/Title

Sept. 11, 2006
Date

STATE OF)
)ss
County of)

The foregoing instrument was acknowledged before me this 12th day of September, 2006, by Allen O'Neil (name of officer or agent of corporation), the City Manager (title of officer or agent) of The City of Newport (name of business entity), a Oregon (state or place of incorporation) municipality (corporation, general partnership, limited liability company, etc.)on behalf of said City of Newport (corporation, general partnership, limited liability company, etc.).

OFFICIAL SEAL
WANDA M. HANEY
NOTARY PUBLIC-OREGON
COMMISSION NO. 380494
MY COMMISSION EXPIRES MAY 6, 2008

Wanda M Haney
Signature
My commission expires 5-6-08

N:\AttachmentAWest\ML Waterway Leases\ML-10493 Amend 2006.doc

CITY MANAGER REPORT AND RECOMMENDATIONS

Meeting Date: August 1, 2016

Agenda Item:
Status Report on 2016 Mombetsu Youth Delegation

Background:
The final series of events to celebrate the 50th Anniversary of the Mombetsu/Newport Sister City Agreement will take place from August 4 through 8 in Newport with the 2016 Mombetsu Youth visit. 10 students and five adults will be arriving in Newport on Thursday, August 4. Because of the structure of the schedule, the local organizers did not plan to have a Special City Council meeting to receive the delegation. Instead they are inviting the Mayor and Council members to a potluck at the Visual Arts Center starting a 5:30 P.M. on Thursday. We will have gifts available to the delegation and we will have formal introductions of the students to the Mayor and Council at that time. Please let me know if you are able to attend the potluck on Thursday, August 4. There are two other events that will take place. A picnic at Ona Beach from 4:30 to 6:30 P.M. and a barbeque and seafood at the Yacht Club on Sunday 4:30 to 6:30 P.M. I encourage your participation in one or both of these other events as well. I have attached a copy of the schedule along with the information on the students and adults for your review.

Please note the Councilor Wendy Engler and I will provide a report to the City Council at the August 15 City Council meeting on the recently completed trip to Mombetsu. We will invite other delegation members to participate in this meeting as well. Overall it was a fantastic trip. I encourage others who are interested in visiting Japan to take advantage of the wonderful opportunity to understand more about Japanese life and culture through future Sister City trips.

Recommended Action:
None.

Fiscal Effects:
None.

Alternatives:
None recommended.

Respectfully Submitted,

Spencer R. Nebel

Newport-Mombetsu Sister City Program - Student Visit Aug 4-8, 2016 - Activities

Day	Thursday	Friday	Saturday	Sunday	Monday
Date	**4-Aug**	**5-Aug**	**6-Aug**	**7-Aug**	**8-Aug**
Guides			**Dave & Gabby Campbell**		
Drop-off location & time		Marine Discovery office, Bayfront, 8:30am	TBD (Hallmark Hotel?), 8:00 am	Host families	City Hall, 7:10 AM
Pick-up location & time	Visual Arts Center ~6:30 pm	Bayfront - in front of Ripley's, ~4:00 pm	Ona Beach ~ 6:30 pm	Yaquina Yacht Club, ~6:30 pm	
AM_Activites		Marine Discovery Tour 9:00-11:00	Otter Rock tide pools, 8:30 - 10:00; Yaq Head visitors center & lighthouse, 10:30-12:00	Host families	Depart 7:30 AM
Lunch		Mo's or picnic on/near bayfront (TBD), 11:30-12:30	Izzy's?, 12:00-1:00	With host families	
PM_Activities	Arrive 5:00 PM	Bayfront (Ripley's, Wax Works; shopping; ice cream), 12:30 to 4:00	Ona Beach (kayaking Beaver Cr., games, beach combing), 1:30-4:00	Oregon Coast Aquarium, 1:00-4:00 pm	
Dinner	Visual Arts Center potluck, 5-6:30 pm	With hosts	Picnic at Ona Beach, 4:30-6:30	BBQ & seafood - Yacht Club, 4:30-6:30 pm	
Comments/Notes			Ted out of town all PM		

Version: July 23, 2016

Newport-Mombetsu Sister City - Student Visit Aug 4-8, 2016

LastName	FirstName	email	Phone	Home Address	Family Members	Pets?	Other Issues?	Student Guests	Adult Guests
Organizers									
DeWitt	Ted	thd-sln@peak.org	541-961-2075 (Ted cell), 541-961-2076 (Sharon cell), 541-563-4561 (home)	13994 NW Kona St., Seal Rock, OR 97376	Ted, Sharon, Natalie				
Crowder	Daniella	bikenewport@charter.net	541-270-7969 (D-cell), 541-270-6141 (E-cell), 541-265-9116 w	312 SW 29th Street, South Beach (near S. Jetty)	Daniella (45), Elliott (48), Little Elliott (12), Karianna (21)				
Hosts									
Crowder	Daniella	bikenewport@charter.net	541-270-7969 (D-cell), 541-270-6141 (E-cell), 541-265-9116 w	312 SW 29th Street, South Beach (near S. Jetty)	Daniella (45), Elliott (48), Little Elliott (12), Karianna (21)	2 cats, Wilma & Wilson	The girls will have a bedroom with bunk beds	Maaya Tanaka, Moeka Ishizuka (girls)	
Goodwin-Rice	Cait & Jim	cait.goodwin@oregonstate.edu	541-265-2263 (H); 541-961-0968 (C-cell)	2316 NE Douglas St, Newport	Cait Goodwin (48), Jim Rice (50), Sophie Goodwin-Rice (17), Noah Goodwin-Rice (14)	1 dog	We have one queen sized bed to offer, so two visiting girls will have to double up together	Amina Miyauchi, Ruka Takahashi (girls)	
Pettett	RaeAnn & James	mrs.pettett@gmail.com	541-574-2992 (H); 971-801-8659 (R-cell); 509-416-6970 (J-cell)	1080 NE Lakewood Dr Newport	RaeAnn 37, James 37, Allison 9, and Rowan 5. Two other sons Weston 13, and Timothy 12 will not be here.	None	We are a fun, hardly a dull moment family, and we always believe the more the merrier.	Shie Sato, Noa Osawa (girls)	
Saxton	Freddy	freddy@advantagerealestate.com	(541) 272-3142 home, (541) 961-2085 Freddy's cell, (541) 961-2087 Tonya's cell	9459 SE Cedar, South Beach	Freddy & Tonya (40's) Daughter, Alexa (10) Son, Harley (18)	3 small dogs: Bo- Boston Terrier, Chloe- Cocker Spaniel, Peanut- miniature Dachsund.	we have hosted multiple exchange students. Our guests will have their own room.	Sumire Kotsugai, Ano Kimura (girls)	
Wrazen	Jen	wrazenjen@yahoo.com;	541-867-6746 (H), 541-270-0548 (J-cell)	8545 SW Marine View Street (POBox 367), South Beach, OR 97366	Sean Rash- adult, Jennifer Wrazen- adult, Alex 17, Zachary 14, Matthew 9	1 cat-not in the main part of house, 1 dog	Room for students will be bedroom with single over double bunk	Kaoru Fujimoto, Shunsuke Kita (boys)	
Brookhyser	Paul & Evelyn	brookhyser@newportnet.com	541-265-8023 (H); 541-250-9271 (cell)	253 NE Chambers Ct. Newport	Paul 73, Evelyn 72	None	No		Takuma Sato, Shunta Fugie (men)
McNeil	Judy	jmcneil@peak.org		2405 NW Bayshore Loop, Waldport	Judy McNeil, 74	1 friendly, quiet, non-shedding dog, - Wanda	I am a vegetarian. I have a small car (Honda Fit).		Yoshimi Yatsu, "tour guide" (women)
Alternate Hosts									
McNamara	Alice & Tom	alimc_77@msn.com							
Nebel	Spencer & Angela	S.Nebel@NewportOregon.gov							
Guides									
McNeil		jmcneil@peak.org							
Campbell	Dave	davecampbell828@gmail.com							
Associates									
Bateman	Judy	jgbateman@actionnet.net							
Estabrook	Ineka	inekae@gmail.com							
Sparks/Carrington	Warren/Erin	warrenbsparks@gmail.com							
McConnell	Mark & Cindy	mcconn@charter.net							

Students' and Adults Information

2016

The Youth Visit

From Mombetsu To Newport

Name / Gender	**Shie SATO / F**
Date of Birth / Age	[redacted] / 12
School / Grade	Mombetsu Junior High School / 1st
Address	[redacted] Mombetsu, Hokkaido, 094-0013
Phone	[redacted]
Guardian	Hiroshi SATO (Father)

Questions and answers for my introduction

*The answers are shown in **bold**.

1) Is there anything that you don't like to eat?
   No, there isn't.
2) How is your usual physical condition?
   I sometimes get motion sickness.
   I often have a stomachache.
3) Do you have any allergies?
   I have allergies to cats and fruits, e.g., apples, peaches, pears, cherries, and kiwi fruits. I may be able to eat these fruits if they are heated well.
4) What club do you belong to at school?
   I belong to the basketball club.
5) What is your hobby or favorite pastime?
   I like reading and swimming.
6) Tell us about your family.
   We are a family of five. I live with father(38), mother(42), younger brother(10), and younger sister(5).

Name / Gender	**Maaya TANAKA / F**
Date of Birth / Age	[redacted] / 13
School / Grade	Mombetsu Junior High School / 1st
Address	[redacted] Mombetsu, Hokkaido, 094-0011
Phone	[redacted]
Guardian	Yuki TANAKA (Mother)

Questions and answers for my introduction

*The answers are shown in **bold**.

1) Is there anything that you don't like to eat?
   I don't like to eat shiitake mushrooms or eggplants.
   (But I will try to eat them.)
2) How is your usual physical condition?
   I sometimes get motion sickness.
3) Do you have any allergies?
   No, I don't.
4) What club do you belong to at school?
   I belong to the tea ceremony club.
5) What is your hobby or favorite pastime?
   I like playing the piano and dancing a ballet.
6) Tell us about your family.
   We are a family of four. I live with grandmother(77), mother(49), and uncle(44).

Name / Gender	**Ruka TAKAHASHI / F**
Date of Birth / Age	[redacted] / 13 [redacted]
School / Grade	Shiomi Junior High School / 2nd
Address	[redacted] Mombetsu, Hokkaido, 094-0007
Phone	[redacted]
Guardian	Nobuaki TAKAHASHI (Father)

Questions and answers for my introduction

*The answers are shown in **bold**.

1) Is there anything that you don't like to eat?
   I don't like to eat shiitake mushroom, bell peppers or eggplants.
2) How is your usual physical condition?
   I often have a stomachache.
   I often get asthma.
3) Do you have any allergies?
   No, I don't.
4) What club do you belong to at school?
   I belong to the brass band club.
5) What is your hobby or favorite pastime?
   I like singing a song and am good at playing the piano.
6) Tell us about your family.
   We are a family of four. I live with father(43), mother(42) and younger brother(8).

Name / Gender	**Kaoru FUJIMOTO / M**
Date of Birth / Age	[redacted] / 14 [redacted]
School / Grade	Kami-shokotsu Junior High School / 3rd
Address	[redacted], Mombetsu, Hokkaido, 099-5363
Phone	[redacted]
Guardian	Kazuyoshi FUJIMOTO (Father)

Questions and answers for my introduction

*The answers are shown in **bold**.

1) Is there anything that you don't like to eat?
   I don't like to eat seafood.
2) How is your usual physical condition?
   Fine.
3) Do you have any allergies?
   No, I don't.
4) What club do you belong to at school?
   I belong to the badminton club and the Japanese drum club.
5) What is your hobby or favorite pastime?
   I like watching sports.
6) Tell us about your family.
   We are a family of six. I live with father(57), mother(41), older brother(16), grandmother(79) and uncle(52).

Name / Gender	**Amina MIYAUCHI / F**
Date of Birth / Age	[redacted] 14 [redacted]
School / Grade	Shiomi Junior High School / 2nd
Address	[redacted] Mombetsu, Hokkaido, 094-0007
Phone	[redacted]
Guardian	Tomoya MIYAUCHI (Father)

Questions and answers for my introduction

*The answers are shown in **bold**.

1) Is there anything that you don't like to eat?
   No, there isn't.
2) How is your usual physical condition?
   Fine.
3) Do you have any allergies?
   No, I don't.
4) What club do you belong to at school?
   I don't belong to any clubs.
5) What is your hobby or favorite pastime?
   I am good at riding a unicycle.
6) Tell us about your family.
   We are a family of five. I live with father(53), mother(51), older sister(26) and older brother(24).

Name / Gender	**Moeka ISHIZUKA / F**
Date of Birth / Age	[redacted] / 15
School / Grade	Shiomi Junior High School / 1st
Address	[redacted] Mombetsu, Hokkaido, 094-0007
Phone	[redacted]
Guardian	Keizo ISHIZUKA (Father)

Questions and answers for my introduction

*The answers are shown in **bold**.

1) Is there anything that you don't like to eat?
   No, there isn't.
2) How is your usual physical condition?
   Fine.
3) Do you have any allergies?
   No, I don't.
4) What club do you belong to at school?
   I belong to the kendo club.
5) What is your hobby or favorite pastime?
   I like reading a book and playing the piano.
6) Tell us about your family.
   We are a family of three. I live with father(42) and mother(40).

Name / Gender	**Ano KIMURA / F**
Date of Birth / Age	[redacted] / 15
School / Grade	Mombetsu Junior High School / 3rd
Address	[redacted] Mombetsu, Hokkaido, 094-0021
Phone	[redacted]
Guardian	Hitoshi KIMURA (Father)

Questions and answers for my introduction

*The answers are shown in **bold**.

1) Is there anything that you don't like to eat?
   I don't like to eat mushrooms or carrots.
2) How is your usual physical condition?
   I sometimes get motion sickness.
3) Do you have any allergies?
   No, I don't.
4) What club do you belong to at school?
   I belong to the art club.
5) What is your hobby or favorite pastime?
   I like reading a book.
6) Tell us about your family.
   We are a family of three. I live with father(44) and mother(45).

Name / Gender	**Shunsuke KITA / M**
Date of Birth / Age	[redacted]
School / Grade	Kami-shokotsu Junior High School / 3rd
Address	[redacted] Mombetsu, Hokkaido, 099-5353
Phone	[redacted]
Guardian	Toshiharu KITA (Father)

Questions and answers for my introduction

*The answers are shown in **bold**.

1) Is there anything that you don't like to eat?
   No, there isn't.
2) How is your usual physical condition?
   I sometimes get motion sickness.
3) Do you have any allergies?
   No, I don't.
4) What club do you belong to at school?
   I belong to the track and field club and the Japanese drum club.
5) What is your hobby or favorite pastime?
   I am good at calligraphy.
6) Tell us about your family.
   We are a family of six. I live with father(55), mother(44), older brother(19), and two older sisters(18 and 17).

Name / Gender	**Noa OSAWA / F**
Date of Birth / Age	[redacted]
School / Grade	Mombetsu Junior High School / 3rd
Address	[redacted] Mombetsu, Hokkaido, 094-0011
Phone	[redacted]
Guardian	Shinzo OSAWA (Father)

Questions and answers for my introduction

*The answers are shown in **bold**.

1) Is there anything that you don't like to eat?
   I don't like to eat mayonnaise, fried fish or natto.
2) How is your usual physical condition?
   Fine.
3) Do you have any allergies?
   I have allergies to cats and kiwi fruits.
4) What club do you belong to at school?
   I belong to the track and field club.
5) What is your hobby or favorite pastime?
   I like dancing a ballet, drawing a picture, and doing calligraphy.
6) Tell us about your family.
   We are a family of six. I live with father(38), mother(40), older sister(16), younger sister(10) and younger brother(4).

Name / Gender	Sumire KOTSUGAI / F
Date of Birth / Age	[redacted] / 14
School / Grade	Mombetsu Junior High School / 3rd
Address	[redacted] Mombetsu, Hokkaido, 094-0014
Phone	[redacted]
Guardian	Muneyuki KOTSUGAI (Father)

Questions and answers for my introduction

*The answers are shown in **bold**.

1) Is there anything that you don't like to eat?
   No, there isn't.
2) How is your usual physical condition?
   Fine.
3) Do you have any allergies?
   No, I don't.
4) What club do you belong to at school?
   I belong to the table tennis club.
5) What is your hobby or favorite pastime?
   I like reading a book and baking a cake.
6) Tell us about your family.
   We are a family of five. I live with father(50), mother(47), older sister(17), and younger brother(9).

Masafumi Kobayashi

Mitsutaka Takemoto

Shunta Fujie

[redacted]

Yoshimi Yatsu

Takuma Sato

CITY MANAGER REPORT AND RECOMMENDATIONS

Meeting Date: August 1, 2016

Agenda Item:
Authorization of Change Order No. 4 with KSH Construction for Safe Haven Hill Tsunami Evacuation Improvements

Background:
The Safe Haven Hill Project has been completed and Change Order No. 4 completes the projected financials addressing quantity overruns, and underarms to provide a final project cost to the City Council for purposes of closing out this project. The net financial impact between the unit price overruns and the underruns is $53,400. In addition to Change Order No. 4 a change order was approved earlier in the project by the City Council to address the retaining wall modifications ODOT requested and FEMA was willing to fund in the amount of $255,219. With Change Order No. 4, the final project costs will amount to $714,183, with the project being funded through a FEMA grant, and a 25% City match requirement. In addition to the quantity changes in Change Order No. 4, there were several additions to the project during construction, which were covered in various work change directives bringing the total change order to $62,482 to close out this project.

Recommended Action:
I recommend the City Council acting as the Local Contract Review Board consider the following motion:

I move approval of Change Order No. 4 in the amount of $62,482 bringing the final contract amount to $714,183 with KSH Construction.

Fiscal Effects:
The City's share remains under the appropriated amount of $200,000 for this project. These funds were from the South Beach Urban Renewal District.

Alternatives:
None recommended.

Respectfully Submitted,

Spencer R. Nebel

EJCDC
ENGINEERS JOINT CONTRACT DOCUMENTS COMMITTEE

Change Order No. 4

Issued By: MR

Date of Issuance: 06/27/16

Owner: City of Newport
Contractor: KSH Construction Co.
Engineer: Civil West Engineering Services, Inc.
Project: Newport Safe Haven Tsunami Hill Retrofit

Effective Date: June 27, 2016
Owner's Contract No.: 2011-014
Contractor's Project No.:
Engineer's Project No.: 2302-033
Contract Name: Newport Safe Haven Tsunami Hill Retrofit

The Contract is modified as follows upon execution of this Change Order:
Description:
This Change Order provides additional fee for WCDs 12-16:

WCD 12 – ADA Ramp near Sta. 5+20
WCD 13 – Change paint striping to thermoplastic
WCD 14 –Extra mobilization cost for excavator
Credit - -$1,238 for backward wall drains
WCD 15 – Additional signs and striping
WCD 16 – Underground Utilities
Quantity Adjustment = $85,462.55
Credit for Unused Quantities Adjustment = -$32,062.10

Attachments: *Pricing backup*

CHANGE IN CONTRACT PRICE	CHANGE IN CONTRACT TIMES *[note changes in Milestones if applicable]*
Original Contract Price: $ 424,364.00	Original Contract Times: Substantial Completion: 120 Ready for Final Payment: 150 days or dates
[Increase] [Decrease] from previously approved Change Orders No. 0 to No. 3 : $ 227,337.53	[Increase] [~~Decrease~~] from previously approved Change Orders No. 0 to No. 3 : Substantial Completion: April 28, 2016 Ready for Final Payment: May 18, 2016 days
Contract Price prior to this Change Order: $ 651,701.53	Contract Times prior to this Change Order: Substantial Completion: April 28, 2016 Ready for Final Payment: May 28, 2016 days or dates
[Increase] [~~Decrease~~] of this Change Order: $62,482.03	[Increase] [~~Decrease~~] of this Change Order: Substantial Completion: NA Ready for Final Payment: NA days or dates
Contract Price incorporating this Change Order: $714,183.56	Contract Times with all approved Change Orders: Substantial Completion: April 28, 2016 Ready for Final Payment: May 28, 2016 days or dates

RECOMMENDED:	ACCEPTED:	ACCEPTED:
By: [signature]	By:	By: [signature]
Engineer (if required)	Owner (Authorized Signature)	Contractor (Authorized Signature)
Title: Aaron Collett PE/PM	Title: Mr. Timothy Gross – Director of Public Works	Title: PRESIDENT
Date: 7-18-16	Date:	Date: 7-21-16

Approved by Funding Agency (if applicable)

Progress Estimate - Unit Price Work

Contractor's Application

For (Contract): Safe Haven Hill Tsunami Evacuation Improvements

Application Number: 6 Final w/Retainage

Application Period: May-16

Application Date: 6/15/2016

Item				Contract Information		A	B		C	
Bid Item No.	Description	Units	Bid Quantity	Actual Quantity	Unit Price	Total Value of Item ($)	Value of Work Total to Date	% (B / A)	Balance to Finish (A - B)	Change by Actual Quantity
1	MOBILIZATION BONDS & INSURANCE	LS	1	1	$ 41,596.00	$ 41,596.00	$ 41,596.00	100.0%	$ -	-
2	CONST. FACILITIES & TEMP. CONTROLS	LS	1	1	$ 29,000.00	$ 29,000.00	$ 29,000.00	100.0%	$ -	-
3	DEMOLITION & SITE PREPARATION	LS	1	1	$ 12,000.00	$ 12,000.00	$ 12,000.00	100.0%	$ -	-
4	1 1/2"-0 COMPACTED AGGREGATE SUBBASE ROCK (8"	TON	352	711.69	$ 35.00	$ 12,320.00	$ 24,909.15	202.2%	$ -	12,589.15
5	3/4"-0 COMPACTED AGG. & LEVELING COURSE	TON	44	127.7	$ 100.00	$ 4,400.00	$ 12,770.00	290.2%	$ -	8,370.00
6	WOVEN SUBGRADE GEOTEXTILE	SY	8,930	2385.7	$ 1.00	$ 8,930.00	$ 2,385.70	26.7%	$ 6,544.30	-
7	AC PAVEMENT (PATH, ROADWAY & DRIVEWAY)	TON	132	161.15	$ 75.00	$ 9,900.00	$ 12,086.25	122.1%	$ -	2,186.25
8	DITCH INLET (3" RIP RAP)	CY	4	4	$ 200.00	$ 800.00	$ -		$ 800.00	-
9	DITCH/CULVERT OUTFALL (6-8" RIP RAP)	CY	8	5	$ 200.00	$ 1,600.00	$ 1,000.00	62.5%	$ 600.00	-
10	ROADWAY EXCAVATION (CUT/FILL)	CY	1,152	1738.75	$ 16.00	$ 18,432.00	$ 27,820.00	150.9%	$ -	9,388.00
11	ROADSIDE V-DITCH EXCAVATION	CY	285	14.4	$ 18.00	$ 5,130.00	$ 259.20	5.1%	$ 4,870.80	-
12	12" PVC CULVERT	LF	24	14	$ 50.00	$ 1,200.00	$ 700.00	58.3%	$ 500.00	-
13	MANHOLE FRAME ADJUSTMENT	EA	1	1	$ 500.00	$ 500.00	$ 500.00	100.0%	$ -	-
14	CMU RETAINING WALL	SF	800	800	$ 60.00	$ 48,000.00	$ 48,000.00	100.0%	$ -	-
15	6' CONCRETE SIDEWALK (4" THICK) W/ 4" AGG. BASE	SF	5,172	6586.55	$ 7.00	$ 36,204.00	$ 46,105.85	127.4%	$ -	9,901.85
16	TYPICAL STRAIGHT TYPE "C" CURB	LF	202	461	$ 30.00	$ 6,060.00	$ 13,830.00	228.2%	$ -	7,770.00
17	RESIDENTIAL DRIVEWAY APPROACH W/ 6" AGG. BASE	SF	430	590	$ 13.00	$ 5,590.00	$ 7,670.00	137.2%	$ -	2,080.00
18	COMMERCIAL REINFORCED DRIVEWAY APPROACH W/	SF	66	120	$ 27.00	$ 1,782.00	$ 3,240.00	181.8%	$ -	1,458.00
19	HANDI-CAP ACCESS RAMP W/ 4" AGG. BASE	SF	108	862.1	$ 32.00	$ 3,456.00	$ 27,587.20	798.2%	$ -	24,131.20
20	TRUNCATED DOME	SF	72	62	$ 60.00	$ 4,320.00	$ 3,720.00	86.1%	$ 600.00	-
21	ENTRY BOLLARD (REMOVABLE)	EA	1	2	$ 850.00	$ 850.00	$ 1,700.00	200.0%	$ -	850.00
22	BOLLARDS	EA	6	6	$ 700.00	$ 4,200.00	$ -		$ 4,200.00	-
23	12" WIDE THERMOPLASTIC STOP BAR/CROSSWALKS	LF	143	121.5	$ 32.00	$ 4,576.00	$ 3,888.00	85.0%	$ 688.00	-
24	ELECTRICAL CONNECTION FEE	LS	1	1	$ 200.00	$ 200.00	$ -		$ 200.00	-
25	STREET LIGHT POLE BASE - INSTALLED (ACORN)	EA	6	7	$ 500.00	$ 3,000.00	$ 3,500.00	116.7%	$ -	500.00
26	1" CONDUIT & MATERIALS FOR STREET LIGHT POLE	LF	1,900	1925	$ 12.00	$ 22,800.00	$ 23,100.00	101.3%	$ -	300.00
27	LIGHTING HANDHOLD	EA	7	8	$ 150.00	$ 1,050.00	$ 1,200.00	114.3%	$ -	150.00
28	WOODEN RETAINING WALL	LF	141	141	$ 95.00	$ 13,395.00	$ 13,395.00	100.0%	$ -	-
29	WOODEN HANDRAIL	LF	376	354.8	$ 70.00	$ 26,320.00	$ 24,836.00	94.4%	$ 1,484.00	-
30	4X4 WOODEN STAIRS W/ LANDING PADS	STEP	65	73	$ 305.00	$ 19,825.00	$ 22,265.00	112.3%	$ -	2,440.00
31	GALVANIZED STEEL HANDRAIL	LF	90	90	$ 120.00	$ 10,800.00	$ -		$ 10,800.00	-
32	TRAIL (WIDEN TO 3')	LS	1	1	$ 5,000.00	$ 5,000.00	$ 5,000.00	100.0%	$ -	-
33	WATER DIVERTERS	EA	10	9	$ 175.00	$ 1,750.00	$ 1,575.00	90.0%	$ 175.00	-
34	TREE REMOVAL	EA	22	27	$ 500.00	$ 11,000.00	$ 13,500.00	122.7%	$ -	2,500.00
35	DECORATIVE LANDSCAPE BOULDERS (18-24")	EA	6	6	$ 100.00	$ 600.00	$ -		$ 600.00	-
36	NEW 4-5' TALL SHORE PINE (PINUS CONTORTA)	EA	17	17	$ 350.00	$ 5,950.00	$ 5,950.00	100.0%	$ -	-
37	LANDSCAPE RESTORATION	LS	1	1	$ 5,000.00	$ 5,000.00	$ 5,000.00	100.0%	$ -	-
38	A.C. PAVEMENT PATH (3" LIFT) W/ 4" AGG. BASE	SY	1,116	1141.7	$ 33.00	$ 36,828.00	$ 37,676.10	102.3%	$ -	848.10
						$ -	$ -		$ -	-
						$ -	$ -		$ -	-
						$ 424,364.00	$ 477,764.45	112.6%	$ 32,062.10	
CO #2	SOLDIER PILE RETAINING WALL	LS	1	1	$255,219.06	$ 255,219.06	$ 255,219.06	100.0%	$ 0.00	-
	REMOVAL OF CMU RET WALL FROM CONTRACT	LS	-1	-1	$ 48,000.00	$ (48,000.00)	$ (48,000.00)	100.0%	$ -	-
										-
CO #3					$ 20,118.47					-
	WCD 3 - TRAIL HAND EX.	LS	1	1	$ 4,007.11	$ 4,007.11	$ 4,007.11	100.0%	$ -	-
	WCD 4 - RIP RAP ALONG MUP	LS	1	1	$ 5,404.26	$ 5,404.26	$ 5,404.26	100.0%	$ -	-
	WCD 5 - AC PREP & EXCAVATION @ ABALONE & 26TH	LS	1	1	$ 517.37	$ 517.37	$ 517.37	100.0%	$ -	-
	WCD 6 - GRAVEL LANDING PAD @ HILL TOP STAIRWAY	LS	1	1	$ 830.48	$ 830.48	$ 830.48	100.0%	$ -	-
	WCD 7 - 3" ROCK INSTALL, REMOVE & REINSTALL	LS	1	1	$ 1,056.64	$ 1,056.64	$ 1,056.64	100.0%	$ -	-
	WCD 8 - MOVE 3" ROCK AT TOP OF HILL TO STAIRS (FOLLOW UP OF WCD 7)	LS	1	1	$ 1,304.36	$ 1,304.36	$ 1,304.36	100.0%	$ -	-
	WCD 9 - FOOTER FOR SOLAR BOLLARD	LS	1	1	$ 2,125.05	$ 2,125.05	$ 2,125.05	100.0%	$ -	-
	WCD 10 - SURVEY FOR RETAINING WALL ALONG 101	LS	1	1	$ 4,312.00	$ 4,312.00	$ 4,312.00	100.0%	$ -	-
	WCD 11 - BOLLARD RETURN FREIGHT	LS	1	1	$ 561.20	$ 561.20	$ 561.20	100.0%	$ -	-
										-
CO #4					$ 94,544.13					-
	WCD 12 - ADA RAMP NEAR STA 5+20	LS	1	1	$ 493.38	$ 493.38	$ 493.38	100.0%	$ -	-
	WCD 13 - CHANGE PAINTED STRIPING TO THERMOPLASTIC (DIFFERENCE)	LS	1	1	$ 131.60	$ 131.60	$ 131.60	100.0%	$ -	-
	WCD 14 - EXTRA MOBILZATION COST FOR EXCAVATOR	LS	1	1	$ 389.15	$ 389.15	$ 389.15	100.0%	$ -	-
	WCD 15 - ADDITIONAL SIGNS AND STRIPING	LS	1	1	$ 5,441.21	$ 5,441.21	$ 5,441.21	100.0%	$ -	-
	WCD 16 - UNDERGROUND PRIVATE SERVICES	LS	1	1	$ 3,864.24	$ 3,864.24	$ 3,864.24	100.0%	$ -	-
	QUANTITY ADJUSTMENT RECONCILIATION	ADJ	1	1	$ 85,462.55	$ 85,462.55				(85,462.55)
Credit	Credit for backwards drain membranes	LS	1	1	$ (1,238.00)	$ (1,238.00)	$ (1,238.00)	100.0%	$ -	-
					Sub-Total	$ 321,881.66	$ 236,419.11	73.4%	$0.00	
	Totals					$ 746,245.66	$ 714,183.56	95.7%	$ 32,062.10	Total (0.00)

EJCDC
ENGINEERS JOINT CONTRACT DOCUMENTS COMMITTEE

Work Change Directive No. 12

Issued By: _____ Effective Date:04/08/16

Date of Issuance: April 08, 2016

Owner:	City of Newport	Owner's Contract No.:	
Contractor:	KSH Construction Co.	Contractor's Project No.:	
Engineer:	Civil West Engineering Services, Inc.	Engineer's Project No.:	2302-033
Project:	City of Newport – South Beach Safe Haven Hill Tsunami Retrofit	Contract Name:	Safe Haven Hill Tsunami Retrofit

Contractor is directed to proceed promptly with the following change(s):

Cost for demolition of curb and added ADA ramp near Station 5+20.

Attachments: *[List documents supporting change]*
Contractor pricing

Purpose for Work Change Directive:
Directive to proceed promptly with the Work described herein, prior to agreeing to changes on Contract Price and Contract Time, is issued due to: *[check one or both of the following]*

☐ Non-agreement on pricing of proposed change.

☒ Necessity to proceed for schedule or other Project reasons.

Estimated Change in Contract Price and Contract Times (non-binding, preliminary):

Contract Price $ 493.38 [increase] [~~decrease~~].
Contract Time 0 days [increase] [decrease].

Basis of estimated change in Contract Price:

☒ Lump Sum ☐ Unit Price
☐ Cost of the Work ☐ Other

RECOMMENDED:	AUTHORIZED BY:	RECEIVED:
By:	By:	By:
Engineer (Authorized Signature)	Owner (Authorized Signature)	Contractor (Authorized Signature)
Title: Aaron Collett (PE/PM)	Title: Mr. Jayson Buchholz – Senior Project Manager	Title: PRESIDENT
Date: 4-10-16	Date: 4-11-16	Date: 4-21-16

Approved by Funding Agency (if applicable)

By: Date:

Title:

THIS PAGE INTENTIONALLY LEFT BLANK

KSH CONSTRUCTION CO.

CHANGE ORDER / EXTRA WORK PROPOSAL

Work Description: Curb Demo. For added ADA Ramp near Sta. 5+20

Date(s) of Work: April 7, 2016

LABOR

		Hrs		Rate	Total
1	Supervisor/Foreman	1.25	ST Hrs	76.54	$95.68
			OT Hrs	106.39	$0.00
2	Operator (2 ea.)	2.5	ST Hrs	71.54	$178.85
			OT Hrs	98.22	$0.00
3	Laborer	1.25	ST Hrs	44.90	$56.13
			OT Hrs	61.22	$0.00
	Total Labor				$330.65
	Markup 22%				$72.74
	Subtotal				$403.39

MATERIAL

	Description	Qty	Unit	Rate	Total
1					$0.00
2					$0.00
3					$0.00
4					$0.00
5					$0.00
	Total Material				$0.00
	Markup 15%				$0.00
	Subtotal				$0.00

EQUIPMENT

	Description	Qty	Unit	Rate	Total
1	KSH Service Truck w/ Small Tools	1.25	HRS	18.00	$22.50
2	Pick-up w/ Small Tools	1	HRS	12.00	$12.00
3	Cat 314 Exc.		HRS	45.00	$0.00
4	Cat 314 Exc. (STANDBY)		HRS	35.00	$0.00
5	Cat 420 Backhoe		HRS	30.00	$0.00
6	Cat 420 Backhoe (Standby)		HRS	15.00	$0.00
7	Cat 304 Mini Exc	1.25	HRS	35.00	$43.75
8	Cat 304 Mini Exc (Standby)		HRS	20.00	$0.00
	Total Equipment				$78.25
	Markup 15%				$11.74
	Subtotal				$89.99

TRUCKING

	Description	Hrs	Rate	Total
1				$0.00
2				$0.00
3				$0.00
	Total Trucking			$0.00
	Markup 15%			$0.00
	Subtotal			$0.00

SUBCONTRACTOR

	Description	Qty	Unit	Rate	Total
1					$0.00
2					$0.00
3					$0.00
4					$0.00
5					$0.00
	Total Subcontractor				$0.00
	Markup 10%				$0.00
	Subtotal				$0.00

GRAND TOTAL $493.38

*** ADA RAMP & TRUNCATED DOMES TO BE PAID UNDER BID ITEMS QTY'S

EJCDC
ENGINEERS JOINT CONTRACT DOCUMENTS COMMITTEE

Work Change Directive No. 13

Issued By: _____ **Effective Date:** 04/13/16

Date of Issuance: April 13, 2016

Owner:	City of Newport	**Owner's Contract No.:**	
Contractor:	KSH Construction Co.	**Contractor's Project No.:**	
Engineer:	Civil West Engineering Services, Inc.	**Engineer's Project No.:**	2302-033
Project:	City of Newport – South Beach Safe Haven Hill Tsunami Retrofit	**Contract Name:**	Safe Haven Hill Tsunami Retrofit

Contractor is directed to proceed promptly with the following change(s):

The City wants to use thermoplastic striping. Replace 4" paint striping with thermoplastic.
Please provide cost.

Provided in Final pay App 8" white thermo = $32.60
8" yellow thermo = $449.00

Attachments: *[List documents supporting change]*
Contractor pricing

Purpose for Work Change Directive:

Directive to proceed promptly with the Work described herein, prior to agreeing to changes on Contract Price and Contract Time, is issued due to: *[check one or both of the following]*

☐ Non-agreement on pricing of proposed change.

☒ Necessity to proceed for schedule or other Project reasons.

Estimated Change in Contract Price and Contract Times (non-binding, preliminary):

Contract Price $ ~~0.00~~ $131.60 aC 6/27/16 [increase] [decrease].
Contract Time 0 days [increase] [decrease].

Basis of estimated change in Contract Price:

☐ Lump Sum
☐ Cost of the Work
☐ Unit Price
☐ Other

RECOMMENDED:	AUTHORIZED BY:	RECEIVED:
By: [signature]	By:	By: [signature]
Engineer (Authorized Signature)	Owner (Authorized Signature)	Contractor (Authorized Signature)
Title: Aaron Collett (PE/PM)	Title: Mr. Jayson Buchholz – Senior Project Manager	Title: PRESIDENT
Date: 4-13-16	Date:	Date: 6-29-16

Approved by Funding Agency (if applicable)

By: Date:

Title:

EJCDC
ENGINEERS JOINT CONTRACT DOCUMENTS COMMITTEE

Work Change Directive No. 14

Issued By: _____ Effective Date:05/06/16

Date of Issuance: May 6, 2016

Owner:	City of Newport	Owner's Contract No.:	
Contractor:	KSH Construction Co.	Contractor's Project No.:	
Engineer:	Civil West Engineering Services, Inc.	Engineer's Project No.:	2302-033
Project:	City of Newport – South Beach Safe Haven Hill Tsunami Retrofit	Contract Name:	Safe Haven Hill Tsunami Retrofit

Contractor is directed to proceed promptly with the following change(s):

Mobilization cost to remove concrete barrier, delay due to FEMA funding processes. Re-mobilized excavator to project site to load the barriers.

Attachments: *[List documents supporting change]*
Contractor pricing

Purpose for Work Change Directive:
Directive to proceed promptly with the Work described herein, prior to agreeing to changes on Contract Price and Contract Time, is issued due to: *[check one or both of the following]*

☐ Non-agreement on pricing of proposed change.

☒ Necessity to proceed for schedule or other Project reasons.

Estimated Change in Contract Price and Contract Times (non-binding, preliminary):

Contract Price $ 389.15 [increase] [~~decrease~~].
Contract Time 0 days [increase] [decrease].

Basis of estimated change in Contract Price:

☐ Lump Sum ☐ Unit Price
☐ Cost of the Work ☐ Other

RECOMMENDED:	AUTHORIZED BY:	RECEIVED:
By:	By:	By:
Engineer (Authorized Signature)	Owner (Authorized Signature)	Contractor (Authorized Signature)
Title: Aaron Collett (PE/PM)	Title: Mr. Jayson Buchholz – Senior Project Manager	Title: President
Date: 5-6-16	Date: 5-9-16	Date: 5-12-16

Approved by Funding Agency (if applicable)

By: Date:

Title:

KSH CONSTRUCTION CO.

CHANGE ORDER / EXTRA WORK PROPOSAL

Work Description: Mob/De-Mob Excavator to Remove Conc. Barrier

Date(s) of Work: April 29, 2016

LABOR

		Hrs		Rate	Total
1	Supervisor/Foreman		ST Hrs	76.54	$0.00
			OT Hrs	106.39	$0.00
2	Operator	1	ST Hrs	71.54	$71.54
			OT Hrs	98.22	$0.00
3	Laborer		ST Hrs	44.90	$0.00
			OT Hrs	61.22	$0.00
	Total Labor				$71.54
	Markup 22%				$15.74
	Subtotal				$87.28

MATERIAL

	Description	Qty	Unit	Rate	Total
1					$0.00
2					$0.00
3					$0.00
4					$0.00
5					$0.00
	Total Material				$0.00
	Markup 15%				$0.00
	Subtotal				$0.00

EQUIPMENT

	Description	Qty	Unit	Rate	Total
1	KSH Service Truck w/ Small Tools		HRS	18.00	$0.00
2	Pick-up w/ Small Tools		HRS	12.00	$0.00
3	Cat 314 Exc.		HRS	45.00	$0.00
4	Cat 314 Exc. (STANDBY)		HRS	35.00	$0.00
5	Cat 420 Backhoe		HRS	30.00	$0.00
6	Cat 420 Backhoe (Standby)		HRS	15.00	$0.00
7	Cat 304 Mini Exc		HRS	35.00	$0.00
8	Cat 304 Mini Exc (Standby)		HRS	20.00	$0.00
	Total Equipment				$0.00
	Markup 15%				$0.00
	Subtotal				$0.00

TRUCKING

	Description	Hrs	Rate	Total
1	Truck w/ Tilt Trailer	2.5	105.00	$262.50
2				$0.00
3				$0.00
	Total Trucking			$262.50
	Markup 15%			$39.38
	Subtotal			$301.88

SUBCONTRACTOR

	Description	Qty	Unit	Rate	Total
1					$0.00
2					$0.00
3					$0.00
4					$0.00
5					$0.00
	Total Subcontractor				$0.00
	Markup 10%				$0.00
	Subtotal				$0.00

GRAND TOTAL **$389.15**

EJCDC
ENGINEERS JOINT CONTRACT DOCUMENTS COMMITTEE

Work Change Directive No. 15

Issued By: _____ Effective Date:05/06/16

Date of Issuance: May 6, 2016

Owner:	City of Newport	Owner's Contract No.:	
Contractor:	KSH Construction Co.	Contractor's Project No.:	
Engineer:	Civil West Engineering Services, Inc.	Engineer's Project No.:	2302-033
Project:	City of Newport – South Beach Safe Haven Hill Tsunami Retrofit	Contract Name:	Safe Haven Hill Tsunami Retrofit

Contractor is directed to proceed promptly with the following change(s):

Provide signs and striping per the striping and signage plan provided. Thermoplastic pricing is also provided on a LF basis.

Attachments: *[List documents supporting change]*
Contractor pricing

Purpose for Work Change Directive:

Directive to proceed promptly with the Work described herein, prior to agreeing to changes on Contract Price and Contract Time, is issued due to: *[check one or both of the following]*

☐ Non-agreement on pricing of proposed change.

☒ Necessity to proceed for schedule or other Project reasons.

Estimated Change in Contract Price and Contract Times (non-binding, preliminary):

Contract Price $ 5,441.21 [increase] [~~decrease~~].
Contract Time 0 days [increase] [decrease].

Basis of estimated change in Contract Price:

☒ Lump Sum ☐ Unit Price
☐ Cost of the Work ☐ Other

RECOMMENDED:	AUTHORIZED BY:	RECEIVED:
By:	By:	By:
Engineer (Authorized Signature)	Owner (Authorized Signature)	Contractor (Authorized Signature)
Title: Aaron Collett (PE/PM)	Title: Mr. Jayson Buchholz – Senior Project Manager	Title: PRESIDENT
Date: 5-6-16	Date: 5-9-16	Date: 5-12-16

Approved by Funding Agency (if applicable)

By: Date:

Title:

15

KSH CONSTRUCTION CO.

CHANGE ORDER / EXTRA WORK PROPOSAL

Work Description: Addt'l Signs & Striping Assoc. w/ ODOT Permit for Soldier Pile Wall

Date(s) of Work: April 21, 2016

LABOR

		Hrs		Rate	Total
1	Supervisor/Foreman	3	ST Hrs	76.54	$229.62
			OT Hrs	106.39	$0.00
2	Operator		ST Hrs	71.54	$0.00
			OT Hrs	98.22	$0.00
3	Laborer	3	ST Hrs	44.90	$134.70
			OT Hrs	61.22	$0.00
	Total Labor				$364.32
	Markup 22%				$80.15
	Subtotal				$444.47

MATERIAL

	Description	Qty	Unit	Rate	Total
1					$0.00
2					$0.00
3					$0.00
4					$0.00
5					$0.00
	Total Material				$0.00
	Markup 15%				$0.00
	Subtotal				$0.00

EQUIPMENT

	Description	Qty	Unit	Rate	Total
1	KSH Service Truck w/ Small Tools	3	HRS	18.00	$54.00
2	Pick-up w/ Small Tools	3	HRS	12.00	$36.00
3	Cat 314 Exc.		HRS	45.00	$0.00
4	Cat 314 Exc. (STANDBY)		HRS	35.00	$0.00
5	Cat 420 Backhoe		HRS	30.00	$0.00
6	Cat 420 Backhoe (Standby)		HRS	15.00	$0.00
7	Cat 304 Mini Exc		HRS	35.00	$0.00
8	Cat 304 Mini Exc (Standby)		HRS	20.00	$0.00
	Total Equipment				$90.00
	Markup 15%				$13.50
	Subtotal				$103.50

TRUCKING

	Description	Hrs	Rate	Total
1				$0.00
2				$0.00
3				$0.00
	Total Trucking			$0.00
	Markup 15%			$0.00
	Subtotal			$0.00

SUBCONTRACTOR

	Description	Qty	Unit	Rate	Total
1	Sign Sub (see attached)	1	LS	1,742.50	$1,742.50
2	Striping Sub - 8" White Thermo (see attached)	101	LF	5.90	$595.90
3	Striping Sub - 4" Yellow Thermo (see attached)	75	LF	7.00	$525.00
4	Striping Sub - Mob (see attached)	1	LS	1,585.00	$1,585.00
5					$0.00
	Total Subcontractor				$4,448.40
	Markup 10%				$444.84
	Subtotal				$4,893.24

GRAND TOTAL $5,441.21

***** ADDITIONAL THERMO STRIPING TO BE BILLED AND PAID ON A LF UNIT PRICE BASIS AS MEASURED IN THE FIELD. QTY'S QUOTED ARE BASED ON BEST AVAILABLE**

EJCDC
ENGINEERS JOINT CONTRACT DOCUMENTS COMMITTEE

Work Change Directive No. 16

Issued By: _____ **Effective Date:**06/29/16

Date of Issuance: June 29, 2016

Owner:	City of Newport	**Owner's Contract No.:**	
Contractor:	KSH Construction Co.	**Contractor's Project No.:**	
Engineer:	Civil West Engineering Services, Inc.	**Engineer's Project No.:**	2302-033
Project:	City of Newport – South Beach Safe Haven Hill Tsunami Retrofit	**Contract Name:**	Safe Haven Hill Tsunami Retrofit

Contractor is directed to proceed promptly with the following change(s):

Please see the attached price proposals for extending the 3" electrical conduit onto 2 private/residential properties. Please note that there are 2 tabs with separate/individual pricing. 1 is for Dianna's property and the other is for he duplex at 27th.

Attachments: *[List documents supporting change]*
Contractor pricing

Purpose for Work Change Directive:
Directive to proceed promptly with the Work described herein, prior to agreeing to changes on Contract Price and Contract Time, is issued due to: *[check one or both of the following]*

☐ Non-agreement on pricing of proposed change.

☒ Necessity to proceed for schedule or other Project reasons.

Estimated Change in Contract Price and Contract Times (non-binding, preliminary):

Contract Price	$ 3,864.24	[increase] [~~decrease~~].
Contract Time	0 days	[increase] [decrease].

Basis of estimated change in Contract Price:

☒ Lump Sum ☐ Unit Price
☐ Cost of the Work ☐ Other

RECOMMENDED:	AUTHORIZED BY:	RECEIVED:
By:	By:	By:
Engineer (Authorized Signature)	Owner (Authorized Signature)	Contractor (Authorized Signature)
Title: Aaron Collett (PE/PM)	Title: Mr. Jayson Buchholz – Senior Project Manager	Title: PRESIDENT
Date: 6-29-16	Date: 7-1-16	Date: 7-5-16

Approved by Funding Agency (if applicable)

By: Date:

Title:

EJCDC
ENGINEERS JOINT CONTRACT DOCUMENTS COMMITTEE

Work Change Directive No. 16

Issued By: _____ Effective Date:06/29/16

Date of Issuance: June 29, 2016

Owner:	City of Newport	Owner's Contract No.:	
Contractor:	KSH Construction Co.	Contractor's Project No.:	
Engineer:	Civil West Engineering Services, Inc.	Engineer's Project No.:	2302-033
Project:	City of Newport – South Beach Safe Haven Hill Tsunami Retrofit	Contract Name:	Safe Haven Hill Tsunami Retrofit

Contractor is directed to proceed promptly with the following change(s):

Please see the attached price proposals for extending the 3" electrical conduit onto 2 private/residential properties. Please note that there are 2 tabs with separate/individual pricing. 1 is for Dianna's property and the other is for he duplex at 27th.

Attachments: *[List documents supporting change]*
Contractor pricing

Purpose for Work Change Directive:
Directive to proceed promptly with the Work described herein, prior to agreeing to changes on Contract Price and Contract Time, is issued due to: *[check one or both of the following]*

☐ Non-agreement on pricing of proposed change.

☒ Necessity to proceed for schedule or other Project reasons.

Estimated Change in Contract Price and Contract Times (non-binding, preliminary):

Contract Price	$ 3,864.24	[increase] [~~decrease~~].
Contract Time	0 days	[increase] [decrease].

Basis of estimated change in Contract Price:

☒ Lump Sum ☐ Unit Price
☐ Cost of the Work ☐ Other

RECOMMENDED:	AUTHORIZED BY:	RECEIVED:
By:	By:	By:
Engineer (Authorized Signature)	Owner (Authorized Signature)	Contractor (Authorized Signature)
Title: Aaron Collett (PE/PM)	Title: Mr. Jayson Buchholz – Senior Project Manager	Title:
Date: 6-29-16	Date: 7-1-16	Date:

Approved by Funding Agency (if applicable)

By: Date:

Title:

5HH-16

KSH CONSTRUCTION CO.

CHANGE ORDER / EXTRA WORK PROPOSAL

Work Description: Trench, Place Conduit, Restore Rock Pavers, Replace Conc. at Dianna's

Date(s) of Work: TBD

LABOR

		Hrs		Rate	Total
1	Supervisor/Foreman	1	ST Hrs	76.54	$76.54
			OT Hrs	106.39	$0.00
2	Operator	7	ST Hrs	71.54	$500.78
			OT Hrs	98.22	$0.00
3	Laborer	10	ST Hrs	44.90	$449.00
			OT Hrs	61.22	$0.00
	Total Labor				$1,026.32
	Markup 22%				$225.79
	Subtotal				$1,252.11

MATERIAL

	Description	Qty	Unit	Rate	Total
1	Ready-Mix Concrete - Short Load	1	CY	237.00	$237.00
2	Misc. form lumber, stakes, cure, incidentals, etc.	1	LS	50.00	$50.00
3	Seed (Avg., Common, Grass Seed, locally available)	1	LS	20.00	$20.00
4					$0.00
5					$0.00
	Total Material				$307.00
	Markup 15%				$46.05
	Subtotal				$353.05

EQUIPMENT

	Description	Qty	Unit	Rate	Total
1	KSH Service Truck w/ Small Tools	10	HRS	18.00	$180.00
2	Pick-up w/ Small Tools	1	HRS	12.00	$12.00
3	Cat 314 Exc.		HRS	45.00	$0.00
4	Cat 314 Exc. (STANDBY)		HRS	35.00	$0.00
5	Cat 420 Backhoe	1	HRS	30.00	$30.00
6	Cat 420 Backhoe (Standby)		HRS	15.00	$0.00
7	Cat 304 Mini Exc	6	HRS	35.00	$210.00
8	Cat 304 Mini Exc (Standby)		HRS	20.00	$0.00
	Total Equipment				$432.00
	Markup 15%				$64.80
	Subtotal				$496.80

TRUCKING

	Description	Hrs	Rate	Total
1				$0.00
2				$0.00
3				$0.00
	Total Trucking			$0.00
	Markup 15%			$0.00
	Subtotal			$0.00

SUBCONTRACTOR

	Description	Qty	Unit	Rate	Total
1					$0.00
2					$0.00
3					$0.00
4					$0.00
5					$0.00
	Total Subcontractor				$0.00
	Markup 10%				$0.00
	Subtotal				$0.00

GRAND TOTAL $2,101.96

*** CONDUIT & SWEEPS PROVIDED BY OTHERS
*** NATIVE BACKFILL MATERIAL
*** SEED TO BE LOCALLY AND COMMERCIALLY AVAILABLE AND COMMON GRASS/LAWN SEED

SHH-16

KSH CONSTRUCTION CO.

CHANGE ORDER / EXTRA WORK PROPOSAL

Work Description: Hand Trench, Place Conduit, Restore Landscape, Replace Conc. at 27th Duplex

Date(s) of Work: TBD

LABOR

		Hrs		Rate	Total
1	Supervisor/Foreman	1	ST Hrs	76.54	$76.54
			OT Hrs	106.39	$0.00
2	Operator	8	ST Hrs	71.54	$572.32
			OT Hrs	98.22	$0.00
3	Laborer	8	ST Hrs	44.90	$359.20
			OT Hrs	61.22	$0.00
	Total Labor				$1,008.06
	Markup 22%				$221.77
	Subtotal				$1,229.83

MATERIAL

	Description	Qty	Unit	Rate	Total
1	Ready-Mix Concrete - Short Load	1	CY	237.00	$237.00
2	Misc. form lumber, stakes, cure, incidentals, etc.	1	LS	50.00	$50.00
3	Seed (Avg., Common, Grass Seed, locally available)	1	LS	20.00	$20.00
4					$0.00
5					$0.00
	Total Material				$307.00
	Markup 15%				$46.05
	Subtotal				$353.05

EQUIPMENT

	Description	Qty	Unit	Rate	Total
1	KSH Service Truck w/ Small Tools	8	HRS	18.00	$144.00
2	Pick-up w/ Small Tools	1	HRS	12.00	$12.00
3	Cat 314 Exc.		HRS	45.00	$0.00
4	Cat 314 Exc. (STANDBY)		HRS	35.00	$0.00
5	Cat 420 Backhoe		HRS	30.00	$0.00
6	Cat 420 Backhoe (Standby)		HRS	15.00	$0.00
7	Cat 304 Mini Exc		HRS	35.00	$0.00
8	Cat 304 Mini Exc (Standby)		HRS	20.00	$0.00
	Total Equipment				$156.00
	Markup 15%				$23.40
	Subtotal				$179.40

TRUCKING

	Description	Hrs	Rate	Total
1				$0.00
2				$0.00
3				$0.00
	Total Trucking			$0.00
	Markup 15%			$0.00
	Subtotal			$0.00

SUBCONTRACTOR

	Description	Qty	Unit	Rate	Total
1					$0.00
2					$0.00
3					$0.00
4					$0.00
5					$0.00
	Total Subcontractor				$0.00
	Markup 10%				$0.00
	Subtotal				$0.00

GRAND TOTAL $1,762.28

*** CONDUIT & SWEEPS PROVIDED BY OTHERS
*** NATIVE BACKFILL MATERIAL
*** SEED TO BE LOCALLY AND COMMERCIALLY AVAILABLE AND COMMON GRASS/LAWN SEED

STAFF REPORT
CITY COUNCIL AGENDA ITEM

Prepared by: Jayson Buchholz, P.E., Senior Project Manager

Title: Safe Haven Hill Tsunami Evacuation Improvements Change Order #4 with KSH Construction

Recommended Motion:

I move to approve and authorize City of Newport Public Works Department to execute Change Order No. 4 in the amount of $62,482 with KSH Construction.

Background Information:

The Safe Haven Hill Project has been completed and Change Order #4 updates the project financials, addresses quantity overruns, and credits back quantity underruns to provide a final project cost to the City Council and the Project folder. Aggregates, asphalt, excavation, sidewalk length, curb length, and ADA ramps were all overrun for the project at the request of the City. This Change Order also addresses WCDs 12-16 which directed the Contractor to change the striping to thermoplastic rather than paint, an additional ADA pedestrian ramp, traffic signs and undergrounding of utilities.

Fiscal Notes:

Throughout the project estimated quantities were occasionally underestimated or overestimated. The financial impact to the project due to these quantity over/underruns totaled $53,400 of which $85,463 were overruns and $32,062 were underruns.

The Safe Haven Hill Project contract value was initially $424,364 and after addressing the required ODOT change to the retaining wall ($255,219) and other project changes the final project cost was $714,183.

This project was funded through a FEMA grant with a 25% City match requirement. The financial breakdown of the project is as follows:

FEMA	$535,637.25
City	$178,545.75
Total	**$714,183**

The City appropriated $200,000 in South Beach Urban Renewal funds for this project.

Alternatives:

None

Attachments:

- Change Order 4 and associated WCDs