



AGENDA & Notice of Work Session for City Council

The City Council of the City of Newport will hold a work session on Monday, June 15, 2015, at 12 P.M. The work session will be held in Conference Room A at City Hall, located at 169 S.W. Coast Highway, Newport, Oregon 97365. A copy of the agenda follows.

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

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

CITY COUNCIL WORK SESSION Monday, June 15, 2015 - 12:00 P.M. Council Chambers

- A. Call to Order
- B. Discussion on Possible Land Donation to Habitat for Humanity
- C. Presentation on the Coastal Resilience Grant from NOAA by Jenny Demaris & Sue Graves
- D. Adjournment



CITY MANAGER'S REPORT AND RECOMMENDATIONS

Meeting Date: 6/15/15

Agenda Item:

12:00 PM Work Session, Conference Room A

Background:

On Monday, June 15th at noon, we will be holding a City Council Work Session in Conference Room A on two issues. The first issue will be discussion on a possible land donation to Habitat for Humanities. Sally Bovet will be at the work session to discuss this issue. The Planning Commission has reviewed this request in light of the time and energy that has been spent on addressing housing issues within the City of Newport. The Planning Commission recommends that the City Council consider a land donation agreement in order to provide affordable workforce housing within the City of Newport as one of the City's efforts to address this identified need.

In addition, Councilor Laura Swanson has suggested the City Council hear a presentation from Jenny Demaris, Lincoln County Emergency Coordinator and Sue Graves, Safety Coordinator for Lincoln County School District, regarding a one million dollar (\$1,000,000) grant request to NOAA for developing a Coastal Resilience Plan from Lincoln County. This could be a timely opportunity to continue efforts at advancing our emergency planning preparedness in Lincoln County in the City of Newport.

No formal action is anticipated on either of these items at the work session. If there is consensus on submitting a letter of support on the grant request, Mayor Roumagoux and I can proceed in providing a letter of support.

Respectfully submitted,

Spencer R. Nebel
City Manager

Memorandum

To: Newport City Council

From: Derrick Tokos, Community Development Director 

Date: June 9, 2015

Re: Land Donation Agreement with Habitat for Humanity

Enclosed is a draft copy of a land donation agreement between the City of Newport and Habitat for Humanity of Lincoln County. The document calls for Habitat to construct five owner occupied affordable housing units over a period of 4 years on vacant, city-owned residential property. The City would turn over title to the properties sequentially, as units are completed and ready for occupancy. Habitat would then place restrictions in the Trust Deed for each property limiting the resale value to an amount attainable by an individual or family making 80% of the area's median family income. This restriction would be kept in place for 20-years to ensure long term affordability of the units. The properties Habitat for Humanity is interested in are included in an exhibit map attached to the agreement.

Sally Bovett, Executive Director, Habitat for Humanity of Lincoln County had previously approached the City Council to make it known that the organization is interested in building affordable homes in Newport and to share the difficulties they have faced in obtaining developable property in the area. Ms. Bovett submitted a proposal letter to the Planning Commission on March 2, 2015, which the Commission considered at its March 19, 2015 meeting. The Commission had a number of questions that Ms. Bovett addressed in a May 1, 2015 revised proposal. After holding a May 26, 2015 work session on the revised proposal, the Commission felt comfortable moving ahead with a donation agreement, which they reviewed in draft form, and support letter on June 8, 2015. The draft donation agreement has been reviewed by the City Attorney.

The City of Newport does not possess an adequate supply of affordable housing. This burdens individuals and families who reside or are looking to relocate to our community and, if not addressed, will negatively influence the long-term growth of our economy. Over the last few years, the City has pursued a number of strategies to increase the number of affordable housing units in Newport and this donation agreement builds upon those efforts.

This work session is an opportunity for City Council members to review and discuss the donation agreement before it is scheduled for consideration and potential adoption at a future public meeting. Sally Bovett is planning to attend to field questions that may come up.

Attachments:

- Planning Commission letter of support
- Draft donation agreement
- Habitat for Humanity proposal, dated 3-2-15 (amended 5-1-15)
- Minutes from the 3-19-15 and 5-26-15 Planning Commission work sessions
- Draft minutes from the 6-8-15 Planning Commission meeting

CITY OF NEWPORT
169 SW COAST HWY
NEWPORT, OREGON 97365



phone: 541.574.0629
fax: 541.574.0644
thecityofnewport.net

COAST GUARD CITY, USA

mombetsu, japan, sister city

To: Newport City Council

From: Newport Planning Commission

Date: June 8, 2015

RE: Land Donation Agreement with Habitat for Humanity of Lincoln County

Dear Council Members,

Over the last few months, we have had the pleasure of working with Habitat for Humanity of Lincoln County ("Habitat") on a proposal they have made to construct affordable, owner occupied housing in Newport. Habitat is interested in constructing five units over a four year period and has funding in place for the first build, a two unit duplex. They are asking that the City donate land for the project.

As a Commission, we have invested considerable time and energy in updating the City's housing inventories. We have worked collaboratively with area employers, residents, and other stakeholders to better understand housing needs within our community and with your help and support the City has taken meaningful steps to fulfill its obligation to ensure adequate housing is available and affordable to Newport residents at all wage levels. Much of what we have accomplished to date has been through changes to City zoning regulations to make available additional housing options (i.e. Accessory Dwelling Units, Park Model RVs, etc.). However, in order for the City to realize an adequate supply of affordable housing, it must pursue more proactive and creative strategies.

That is how we view this potential partnership. The Commission has evaluated the properties that Habitat is interested in, and has worked with them to craft a donation agreement for your consideration that sets out terms under which the lots would be transferred, and puts in place protections to ensure long term affordability of the units. This partnership with Habitat addresses a critical need within our community and has our full support. We strongly recommend that you move forward with the agreement.

Sincerely,


Jim Patrick, Chairman
On behalf of the Planning Commission

Attachments:

Draft Land Donation Agreement



**LAND DONATION AGREEMENT
BETWEEN
CITY OF NEWPORT
AND
HABITAT FOR HUMANITY OF LINCOLN COUNTY**

This Land Donation Agreement (“**Agreement**”) made and entered into this _____ day of _____ 2015, by and between the City of Newport, a political subdivision of the State of Oregon, hereinafter known as (“**City**”) and Habitat for Humanity of Lincoln County, a non-profit corporation under ORS 65.001(35) (“**Habitat**”).

RECITALS:

WHEREAS, City lacks an adequate supply of affordable housing, as documented in the 2011 Newport Housing Needs Analysis; and

WHEREAS, as a consequence, it is difficult for individuals and families to find housing within the city limits, which negatively influences long term growth of the economy; the City’s ability to attract and retain employees and employers; emergency response times by emergency personnel living outside the city; and reinvestment in the economy by community members who spend more on housing; and

WHEREAS, consistent with Goals 1 and 2 of the Housing Element of the Newport Comprehensive Plan, City is committed to actively participating in the development of affordable, owner-occupied housing; and

WHEREAS, to this end, as authorized by ORS 271.330 and Newport Municipal Code Section 2.25.090, City intends to relinquish title to City-owned real property identified as Lot 7 and Lot 8, Block 40; a portion of Lot 13 and Lot 14, Block 41; and Lot 3 and Lot 10, Block 33 Case and Bayley’s Second Addition to the City of Newport (“**Property**”) at no cost to Habitat for the construction of owner-occupied, affordable housing units; and

WHEREAS, Habitat, as a qualified non-profit organizations under ORS 271.330(2)(b)(A), is an ideal partner for City in that the organization has a proven track record of constructing affordable, owner-occupied housing units in Lincoln County. Further, Habitat will place restrictive language in the trust deeds that it records against the Property once units are constructed that will limit the resale value of the new homes to an amount attainable by an individual or family making 80% of the medium family income. Such a limitation will remain in place for a period of 20-years to ensure long term affordability; and

WHEREAS, Habitat further possesses the organizational capacity to perform all necessary due diligence and project management services, including but not limited to unit design, construction and sale; provision of Housing and Urban Development (HUD) approved

homebuyer education; and ensuring ongoing affordability for future buyers through enforcement of the terms and conditions in documents of conveyance and security instruments; and

WHEREAS, Habitat oversees volunteer work crews and affords private contractors the opportunity to participate in the construction of housing units according to a competitive bid process, such process being independent of city or state public contracting procedures; and

WHEREAS, the construction of affordable housing places otherwise vacant land on the property tax rolls, which allows City to recover the value of the donated property through tax receipts over time; and

WHEREAS, Habitat's goal is to construct at least five (5) owner-occupied units over the four (4) year term of this Agreement.

IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES above mentioned, for and in consideration of the mutual promise hereafter stated, as follows:

1. RECITALS. The Recitals to this Agreement set forth above are hereby incorporated herein.
2. PURPOSE: This Agreement describes the respective responsibilities of each party in providing for the development of owner-occupied, affordable housing units within the City of Newport.
3. TERMS OF THIS AGREEMENT: This Agreement shall be effective on the date that it is signed by all parties. Unless extended as provided in this Section 3 or terminated earlier pursuant to Section 10, with the exception of Habitat's continuing obligations, the term of this Agreement shall be for a period of four (4) years. This Agreement may be extended for a period of one (1) year upon written mutual consent of all parties. Upon expiration or termination, this Agreement shall automatically be extended to govern Habitat's completion of any work previously initiated hereunder.
4. AFFORDABLE HOUSING DEFINED: For the purpose of this Agreement, the term "affordable housing" means housing constructed by or for Habitat, which is marketed and sold to an individual or family making between 40 and 80 percent of median family income and at least one household member employed in Lincoln County.
5. HABITAT RESPONSIBILITIES: Habitat will assign staff with knowledge and training in the development of affordable housing units to perform the following general duties:
 - A. Administrative Services
 - i. Coordinate projects;
 - ii. Develop and manage project budgets;
 - iii. Coordinate with other contracts (e.g. accounting, legal);
 - iv. Provide financing to potential homebuyers;
 - v. Conduct marketing efforts for the sale of each unit;

- vi. Provide or coordinate homebuyer training courses and manage the application process for prospective buyers; and
- vii. Maintain ongoing affordability of the owner-occupied units by recording terms and conditions in documents of conveyance and security instruments with resale restrictions satisfactory to the City, against each lot that is subject to a build and by enforcing said terms and conditions to ensure that the resale restrictions are applied to each subsequent sale for a period of 20-years from the date the homes are constructed.

B. Real Estate Development Services

- i. Obtain land use and building permits required for site development in accordance with City of Newport Ordinances;
- ii. Prepare all necessary contracting documents (RFP, contract, notices, etc.);
- iii. Oversee the contractor selection and award process;
- iv. Collect necessary documentation from selected contractor per contract terms;
- v. Manage construction from design, site preparation to occupancy of the units;
- vi. Perform routine progress meetings on site as required;
- vii. Maintain submittals and project documents;
- viii. Serve as single point of contact to the City, contractor, key stakeholders;
- ix. Ensure that land use/building permit and contract terms are satisfied;
- x. Provide regular project updates to the City and general public; and
- xi. Coordinate activities for sale of homes.

C. Additional duties will be performed as mutually agreed upon by Habitat and City to carry out the objectives of this Agreement.

6. CITY OF NEWPORT RESPONSIBILITIES: City agrees to provide the following resources to Habitat to facilitate construction of affordable housing on the Property:

A. Through this agreement, the Newport City Council declares that the Property is not needed for public use and should be utilized for affordable housing for a period of at least 20 years consistent with Oregon Revised Statute 271.330, provided utilities and street improvements on the Property are protected for public use as described herein.

B. City shall make the Property available to Habitat to construct affordable housing units at no cost. Property is to be transferred to Habitat on a lot-by-lot basis as affordable housing units are constructed with conveyance occurring at such time as Habitat obtains certificates of occupancy. Additional deed and sale terms beyond those required by this Agreement may be negotiated by the parties prior to transfer of an individual City lot to Habitat.

C. Portions of the Property contain public utilities and street improvements, including Lot 7 and 8, Block 40 and Lot 10, Block 33 Case and Bayley's Second Addition to the City of Newport. City will allocate staff time to assist Habitat in reconfiguring the Property

and/or putting easements in place to ensure that utilities and street improvements remain under public ownership and control.

7. TIMING OF DEVELOPMENT: Habitat may initiate construction on a lot where public services on or adjacent to the lot have been placed on land, rights-of-way, or easements controlled by the City of Newport. Habitat shall obtain certificates of occupancy for each affordable housing unit within eighteen (18) months of the date a building permit is issued, unless an alternative timeline is authorized in writing by City.
8. DISPOSITION OF TRANSFERRED PROPERTY: Each City parcel conveyed to Habitat shall be subject to a deed restriction requiring that such property be used expressly for affordable housing purposes for a period of at least 20 years from the date a certificate of occupancy is issued. The deed restriction shall further include a reversionary interest in City, ensuring that ownership of the transferred property will return to City in the event that the use limitation, or any other term or condition, is violated.
9. AFFORDABILITY ASSURANCE: Once a certificate of occupancy is obtained for a unit, and the subject lot is transferred, Habitat agrees to record and enforce a trust deed against the lot that restricts resale to an amount attainable by an individual or family making 80% of median family income for a period of 20-years.
10. TERMINATION: This agreement may be terminated upon written mutual consent of all parties specifying the termination date, or by any party upon 30 days' prior written notice.
11. DISPUTE RESOLUTION: If any disputes, disagreements, or controversies arise between City and Habitat pertaining to the interpretation, validity, or enforcement of this Agreement, upon the request of City or Habitat, the dispute shall be submitted to binding arbitration under the Oregon Uniform Arbitration Act, ORS 36.600 et seq. Arbitration shall be requested by delivering to the other party a written request for arbitration. Within five (5) days of receipt of such request, the parties shall select a mutually agreeable arbitrator and designate mutually agreeable rules of arbitration. If the parties cannot agree upon an arbitrator within five (5) days, an arbitrator may be appointed by the presiding judge of the Lincoln County Circuit Court, upon the request of either party. If the parties have not designated mutually agreeable rules of arbitration at such time as the arbitrator is appointed, the arbitrator shall adopt rules for the arbitration. The arbitrator's decision shall be binding upon the parties.
12. WORKER'S COMPENSATION: Habitat and its subcontractors, if any, are subject employers under the Oregon Workers' Compensation laws and shall comply with ORS 656.017, which requires them to provide Workers' Compensation coverage for all their subject workers.
13. INDEMNITY:
 - A. Habitat shall hold harmless, indemnify, and defend City from any and all liability, actions, claims, losses, damages, or other costs including attorney fees and witness costs (at both trial and appeal level, whether or not a trial or appeal ever takes place) that may

be asserted by any person or entity arising from, during, or in connection with the performance of its duties described in this Agreement, except liability arising out of the sole negligence of the other. If any aspect of this indemnification shall be found to be illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of the indemnification provision.

- B. City shall hold harmless, indemnify, and defend Habitat up to the limits of the Oregon Tort Claims Act, from any and all liability, actions, claims, losses, damages, or other costs including attorney fees and witness costs (at both trial and appeal level, whether or not a trial or appeal ever takes place) that may be asserted by any person or entity arising from, during, or in connection with the performance of its duties described in this Agreement, except liability arising out of the sole negligence of the other. If any aspect of this indemnification shall be found to be illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of the indemnification provision.

14. COMPLIANCE WITH NON-DISCRIMINATION REQUIREMENTS: Habitat will not unlawfully discriminate against any employee or person served in its performance of this agreement. Further, Habitat agrees to:

- A. Comply with Title VI of the Civil Rights Act of 1964 (42 USC 2000d) in regard to persons served; and
- B. Adhere to Title VII of the Civil Rights Act of 1964 (42 USC 2000e) in regard to employees or applicants for employment; and
- C. Conform to the requirements of the Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973; and
- D. Satisfy the requirements of the Americans with Disabilities Act; and
- E. Prevent any funds from this agreement from being used to sponsor, promote, or otherwise to engage in political activities.

15. ASSIGNMENT: Habitat may assign any of its responsibilities under this Contract upon receipt of City's prior written consent, which consent shall not be unreasonably withheld.

16. AMENDMENTS: No amendments to this Agreement shall be effective unless made in writing and signed by all parties. There are no understandings, agreements or representations, oral or written regarding this Agreement except as specified or referenced herein.

17. SEVERABILITY: If any court of competent jurisdiction shall hold any provisions of this Agreement invalid or unenforceable, such holding shall not invalidate or render unenforceable any other provision hereof.

18. ENTIRE AGREEMENT: This Agreement constitutes the entire agreement between the parties. There are no understandings, agreements, or representations, oral or written, not specified herein regarding this Agreement.

19. EXECUTION: This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, and all of which shall constitute but one and the same agreement. City shall provide each party with a set of all executed counterparts. By signature of their authorized representatives below, the parties to this agreement acknowledge that they have read this Agreement, understand it, and agree to be bound.

20. NOTICE: All notices required by this agreement must be in writing and delivered to the parties at the addresses set forth below.

Habitat for Humanity of Lincoln County
Executive Director
227 NE 12th Street
PO Box 1311
Newport, OR 97365

City of Newport
Community Development Director
169 SW Coast Highway
Newport, OR 97365

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum on the dates show hereunder.

CITY OF NEWPORT

HABITAT FOR HUMANITY

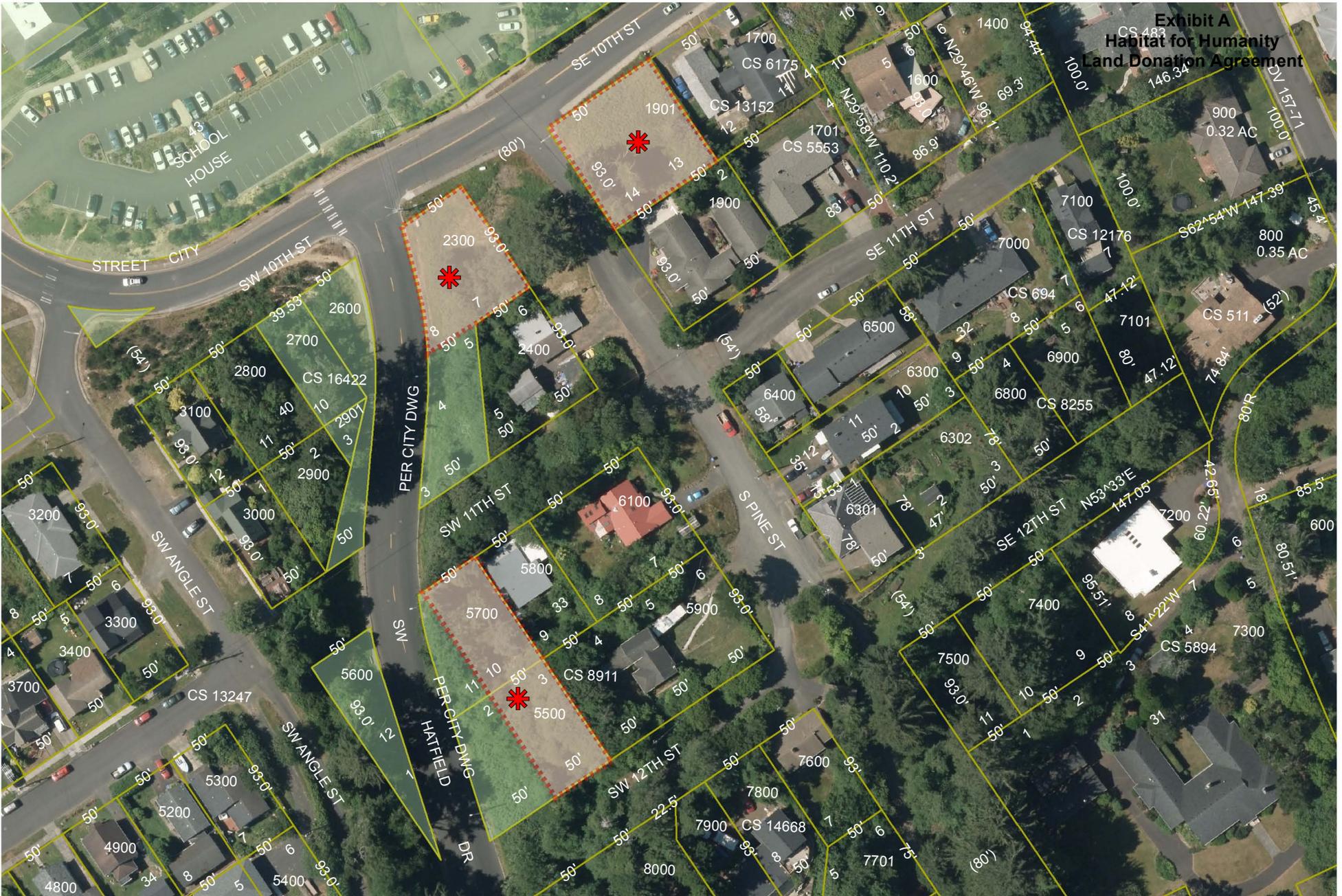
By: _____
Name: Spencer Nebel
Title: City Manager
Address: 169 SW Coast Highway
Newport, OR 97365

By: _____
Name: Sally Bovett
Title: Executive Director
Address: 227 NE 12th Street
Newport, OR 97365

Date: _____

Date: _____

**Exhibit A
Habitat for Humanity
Land Donation Agreement**



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

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

Lots To Be Donated

Other City Owned Lots

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

0 50 100 200 Feet

N



Work Session June 15, 2015

15



*Now More Than Ever.
Help Build It!*

March 2, 2015

City of Newport

169 SW Coast Hwy

Newport, Oregon 97365

Re: Proposal by Habitat for Humanity of Lincoln County to build low-income, affordable housing on City of Newport owned land parcels.

Lincoln County, and specifically, Newport, Oregon, has a huge shortage of affordable housing. This shortage of affordable housing often forces residents to live outside of the Newport area where land and rent is somewhat cheaper, forcing large amounts of a family's income to be spent on transportation costs getting to and from their job. Habitat for Humanity of Lincoln County would like to partner with the City of Newport to build several units of affordable housing in Newport.

Organizational History

Habitat for Humanity of Lincoln County (an affiliate of Habitat for Humanity International) operates as a private non-profit organization building/rehabbing affordable homes and providing critical home repairs for low-income families, and through our two ReStores offers low-cost building materials, furniture and appliances, while diverting millions of pounds of useable and recyclable materials from our local landfill.

Since 1995, Habitat for Humanity of Lincoln County has built 14 homes: four in Lincoln City, two in Siletz, two in South Beach, four in Toledo and two in Waldport. On average, Habitat for Humanity homes are three bedroom, one and one half bath, single family homes of approximately 1,100 square feet. Four of these homes have been built in the past three years and all of these homes have been built on time and on budget. Habitat for Humanity of Lincoln County is a proven builder of cost efficient, well built homes for low-income families.

Po Box 1311, Newport, OR 97365

Phone: (541) 574-4437 Fax: (541) 574-4421 www.habitatlincoln.org

Work Session June 15, 2015

Habitat for Humanity of Lincoln County builds simple, decent and affordable housing through the use of volunteer labor and donated materials/services which help to keep the build costs down. **Habitat for Humanity homes are not free.** Once complete, these homes are sold to qualifying homeowners whose annual income is approximately \$24,000 - \$36,000 (30 – 60% of the Average Median Income) who would otherwise be unable to obtain conventional financing, through a 30 year, zero-percent loan. Mortgage payments are set at no more than 30% of a family's annual income, allowing for affordable monthly payments that free up money for child care, medicine and other necessities. These homes are then put on the County tax rolls generating much needed property tax revenue. Monthly mortgage payments are then paid to Habitat for Humanity of Lincoln County, helping to keep the building program sustainable.

When a Habitat for Humanity home is complete, the home is sold to the homeowner for the cost of the home build. A Habitat for Humanity of Lincoln County home often has a higher market value than the cost to build, due in part to donated materials/services and volunteer labor, which helped to keep the build costs down. An independent Realtor then provides a market analysis of what the home is actually worth. For example, if the average cost of a 1,000 square foot home is \$100,000 to build (including land), and the market analysis shows that the home is actually worth \$150,000, the Habitat for Humanity homeowner is sold the home for \$100,000, and receives no equity of the difference between the sale cost of \$100,000 and the market value of \$150,000, until the beginning of the sixth year of their loan. After the sixth year, the homeowner will receive 10% equity per year, until the sixteenth year where they gain 100% of the equity in their home. In addition, Habitat for Humanity of Lincoln County has the right for first refusal if a Habitat for Humanity home is offered for sale. These safe guards help to make sure that a Habitat for Humanity home is not flipped, and these low-income homes are kept affordable.

Proposal

Due to the shortage of affordable, buildable land in Newport, Habitat for Humanity of Lincoln County has been unable to build any affordable housing units there. Habitat for Humanity of Lincoln County has identified three lots owned by the City of Newport (see attachment) located in Newport, which would be suitable to build low-income, affordable housing. These lots are located within walking distance to many city services, are zoned for multiple housing (duplex) and are currently not on the County tax roll.

Habitat for Humanity of Lincoln County is asking the City of Newport for a donation of these properties for the purpose of building low-income, affordable housing. Once completed, these homes will be sold to a qualifying family and added to Newport's affordable housing stock. In addition to the donation of these parcels, Habitat for Humanity of Lincoln County is applying to the City of Newport for a \$100,000 zero-percent loan from the revolving low-income housing fund. In order to keep the costs down and to help keep these homes affordable, a zero-percent loan, with the City of Newport, with a six month grace period and repayment plan of five years is desired.

If the City of Newport were to donate these parcels to Habitat for Humanity of Lincoln County, and a loan from the City of Newport's affordable housing fund was made available by June 2015, funds would be available to begin construction on at least one lot (zoned for a duplex) in FY 2015 – 2016, with additional construction to follow in FY 2016 – 2017, and again in FY 2017 – 2018 (depending on funding). The goal for Habitat for Humanity of Lincoln County is to build several low-income and affordable housing units on these lots, which have a mixture of single family homes and duplexes in the area, within the next five years.

Conclusion

The City of Newport has a desperate need for more affordable low-income housing. Habitat for Humanity of Lincoln County is the only agency currently building owner occupied, low income housing in Lincoln County, and has a proven record of successfully building these homes on time and on budget.

By partnering with Habitat for Humanity of Lincoln County through a donation of these parcels of land (currently not on the County tax rolls) and a \$100,000 loan from the revolving affordable housing fund, the City of Newport is making an investment toward the building of low-income, affordable housing, which will result in several new homes being added to the affordable housing stock and the generation of substantial property tax revenue once these homes are put on the County tax rolls.

If there is any further information that we can provide you, please don't hesitate to let us know. Habitat for Humanity of Lincoln County is looking forward to a fruitful partnership with the City of Newport in the building of low-income, affordable housing.



Sally Bovett

Executive Director

SW 10th Street Properties



- **Description:** Vacant residential properties
- **Zoning:** R-2/ "Medium Density Single Family Residential"
- **Size:** 31,800 sq. ft. (four tax lots)
- **Market value:** \$181,110 (2014)
- **Services:** All available
- **Original Purpose:** City Hall overflow parking and construction of Hatfield Drive. Road is built and overflow parking is not ideal due to location
- **Constraints:** Slope on the parcels adjacent to Hatfield. Terrain is less of an issue along 10th Street and there may be an opportunity to partially vacate Pine Street (80' ROW)

May 1, 2015

City of Newport

Newport, Oregon

Re: Revised Proposal by Habitat for Humanity of Lincoln County to build low-income, affordable housing on City of Newport owned land parcels.

Lincoln County, and specifically, Newport, Oregon, has a huge shortage of affordable housing. This shortage of affordable housing often forces residents to live outside of the Newport area where land and rent are somewhat cheaper. These residents are then forced to spend huge amounts of their income on transportation costs getting to and from their job. Habitat for Humanity of Lincoln County would like to partner with the City of Newport, in the building of several units of affordable housing in Newport, on land we are requesting to be donated to Habitat for Humanity of Lincoln County for this purpose.

Organizational History

Habitat for Humanity of Lincoln County (an affiliate of Habitat for Humanity International) operates as a private non-profit organization building/rehabbing affordable, low-income housing and providing critical home repairs for low-income families. Through our two ReStores, we offer low-cost building materials, furniture and appliances, while diverting millions of pounds of useable and recyclable materials from our local landfill.

Since 1995, Habitat for Humanity of Lincoln County has built 14 homes; four in Lincoln City, two in Siletz, two in South Beach, four in Toledo and two in Waldport. Four of these homes have been built in the past three years and all of these homes have been built on time and on budget. Habitat for Humanity of Lincoln County is a proven builder of affordable, well built homes for low-income families.

Application Process

Habitat for Humanity homes are not free. To qualify for a Habitat for Humanity of Lincoln County home, you must be a resident of Lincoln County for a minimum of one year, have an annual income of approximately \$24,000 - \$36,000 (30 – 60% of the Average Median Income), have an established need for housing, put in the required 500 hours of sweat equity on your home, and be willing and able to partner with Habitat for Humanity of Lincoln County.

Nationally, conventional home loans have a default rate of around 11%. Due to the rigorous family selection process, nationally Habitat for Humanity homes has a less than 2% default rate, showing just how successful this home ownership program is. This means that families pay their affordable monthly home mortgage on time, and are left with enough for their other necessities such as heat, food and medical costs.

When land and funding for the build has been obtained, posters and information are disseminated throughout the county through radio ads, newspapers, at both of our ReStores, on our website and Facebook pages. Informational meetings are held throughout the county, where applications are made available. The Family Selection Committee reviews all applications, and site visits are conducted by the Family Selection committee to determine a family's need for housing. In addition, families must pass a criminal history and credit check.

Cost of Habitat for Humanity of Lincoln County home build/rehab

On average, Habitat for Humanity homes are three bedroom, one and one half bath, single family homes of approximately 1,100 square feet. The cost of land for these homes has averaged around \$25,000 (outside of Newport) and the cost to build is around \$70 per square foot (\$77,000), for a total cost of \$102,000. While volunteer labor is used for many aspects of Habitat for Humanity home builds/rehabs including: demolition, framing, painting, landscaping, there are some parts of a home build that volunteers do not do. Those areas include foundation, electrical, plumbing and roofing work, where sub-contractors are contracted and paid for this work. In addition, site development costs are not donated and these fees must also be paid to the city.

Once complete, these homes are sold to the homeowner through a 30 year, zero-percent loan, and mortgage payments are set at no more than 30% of a family's annual income, allowing for affordable monthly payments. Having an affordable monthly mortgage payment frees up money for child care, medicine and other necessities. These homes are then put on the County tax rolls generating much needed property tax revenue. The estimated property tax revenue generated when these homes are complete and put on the property tax rolls is approximately \$2,000 per year, per home (the exact amount would be determined after the duplexes are built and the assessed). For two duplexes, this would result in \$8,000 per year, and over the next 20 years, \$160,000 in property tax revenue will be generated. Currently all of these properties are not on the County tax rolls.

Cost of a conventionally built home and regular financing

A conventionally built home (without any donations of materials/services or labor) square foot cost runs around \$125, for a build cost of \$137,500, plus the cost of the land. In contrast to a Habitat for Humanity of Lincoln County home, income requirements to be eligible for a conventional home loan is much, much higher, and a down payment of 20% is required, with interest on these home loans is running between 3.5% - 5% (depending on credit), increasing the cost of the home build and home loan.

Proposal

Due to the shortage of affordable, buildable land in Newport, Habitat for Humanity of Lincoln County has been unable to build any affordable housing units there. Habitat for Humanity of Lincoln County has identified three lots owned by the City of Newport (see attachment) in Newport, which would be suitable to build low-income, affordable housing on. Two of these lots are flat, and would be suitable to build a duplex on each lot. The third lot is sloped, and may only accommodate one home build. These lots are located within walking distance to many city services and are currently not on the County tax roll.

Habitat for Humanity of Lincoln County is asking the City of Newport for a donation of these properties for the purpose of building low-income, affordable housing. Once completed, these homes will be added to Newport's affordable housing stock. In addition to the donation of these parcels, Habitat for Humanity of Lincoln County is applying to the City of Newport for a \$100,000 loan from the revolving low-income housing fund, through a five year, zero-percent loan. This money would be used to build these low-income and affordable homes.

Without receiving a loan from the City of Newport's affordable housing funds, Habitat for Humanity of Lincoln County has funding to build one duplex in FY 2016 -2017 for an estimated cost of \$150,000 (\$75,000 per duplex, not including land cost), but it will take several years to obtain additional funding for the rest of the duplex/home builds. A loan of \$100,000 from the City of Newport affordable housing fund would facilitate the building of two duplexes per year, resulting in these affordable housing units being built much sooner, resulting in property tax revenue.

The goal of this proposal is to build as many units of low-income, affordable housing on these lots as possible, and we would build one duplex (approximate cost of duplex \$150,000) on one flat lot in FY 2016 – 2017, obtain a \$100, 000 loan from the City of Newport's affordable housing fund and additional \$50,000 in funding for the second duplex, and build that duplex on that second flat lot in FY 2017 – 2018. Once those two duplexes are complete, then funding for the third home would be obtained, and that home would be built on the sloping lot in FY 2018 - 2019. Habitat for Humanity of Lincoln County has previously built a duplex on property in South Beach, with each homeowner being responsible for paying for homeowners insurance, property

taxes, upkeep and maintenance of their side of the duplex. This project would add four, and possibly five, low-income homes to the Newport housing stock, and would give families, who would otherwise be unable to obtain conventional financing, the opportunity to become homeowners.

The City of Newport has a requirement for any donation of land made for the building of affordable housing to stay affordable for 20 years. Habitat for Humanity of Lincoln County will put in the Trust Deed at the time of closing, restrictions on keeping these properties affordable for 20 years.

History of land donations

The City of Lincoln City has previously donated four parcels of land to Habitat for Humanity of Lincoln County for the purpose of building low-income housing. All four of those lots have had homes built on them, and all are currently providing property tax revenue as a result.

Conclusion

The City of Newport has a desperate need for affordable housing stock for low-income families. Habitat for Humanity of Lincoln County is the only agency currently building single family, low income housing in the county, and has a proven record of successfully building these homes on time and on budget. The donation of these parcels of land (currently not on the County tax rolls) for the building of low-income housing will result in several new homes being added to the affordable housing stock in Newport, and the generation of substantial property tax revenue once these homes are put on the County tax rolls.

In addition, the City of Newport will be fulfilling their requirement to build simple, decent and affordable low-income housing in Newport by partnering with Habitat for Humanity of Lincoln County to build these homes.

MINUTES
City of Newport Planning Commission
Work Session
Newport City Hall Conference Room A
March 9, 2015
6:00 p.m.

Planning Commissioners Present: Jim Patrick, Rod Croteau, Lee Hardy, Gary East, Bill Branigan, and Bob Berman.

Planning Commissioners Absent: Mike Franklin (*excused*).

PC Citizens Advisory Committee Members Present: Dustin Capri (*Suzanne Dalton, resigned*).

City Staff Present: Community Development Director (CDD) Derrick Tokos and Executive Assistant Wanda Haney.

Tokos distributed an email from Advisory Committee member Suzanne Dalton giving her resignation from the committee. He also handed out a couple of documents for the discussion regarding Urban Renewal. Chair Patrick called the Planning Commission work session to order at 6:01 p.m. and turned the meeting over to CDD Tokos.

A. New Business.

1. **Habitat for Humanity proposal to build low-income, affordable housing on City-owned land.** Tokos noted that included in the packet was a letter from Sally Bovett, Executive Director for Habitat for Humanity of Lincoln County, in which she provided information about their organizational history. What they would like to do is enter into an arrangement with Newport where the City would provide the lots shown on the map that was attached and make them available to Habitat for construction of affordable housing. Habitat would also like to dip into the City's revolving loan fund to help finance the construction of those homes and would like a 5-year repayment period. Tokos had hoped that Bovett would be in attendance. He thought that she may have gotten mixed up on the time and will be at the regular meeting. He said this is an opportunity for the Planning Commission to provide questions that he can take back to Bovett.

Berman asked if this was unsolicited. Tokos noted that when Dick Beemer was on the City Council, he made a point that Habitat would be a partner outside the Land Trust to get units going. Beemer had talked to Bovett. Until recently, Bovett was also a member of the Land Trust Board. Habitat hasn't had an opportunity to build in Newport for years because the land prices are just too high; and this would be an excellent opportunity for them to actually do that.

Capri asked if there's an option to give them one instead of three. Tokos said it also could be set up so they don't get access to another one until one is done; they could be given sequentially. Capri was concerned that the City may have a need at some time for some of these lots with all the development happening around City Hall. Tokos said it's unlikely that the City will do anything with them. With 10th Street we would have to make sure that any development is set back a little bit because of the couplets. He doesn't see us doing anything with those lots. It's not supportable for parking for employees with 10th Street the way it is; it's too dangerous.

Berman asked if the City could give them the property but not the loan. He wondered if they would still consider proceeding. Tokos said Habitat may very well consider it without the loan. The loan doesn't do them any good without the property.

Croteau asked Tokos what the upside and the downside were. Tokos said the upside is that Habitat for Humanity is a known commodity. They have name recognition. They have a lot of support in the construction; they will get volunteers to do the build. For the City, the upside is we would have affordable housing. The downside is that there's no guarantee the property would stay affordable in perpetuity. At the time of build, it would go to a needy family. After fifteen years, they could turn around and sell it close to market. Patrick noted that according to the letter, the owner gets 10% equity after the sixth year; and then on the sixteenth year they receive 100% equity. Tokos said the downside right now is the way the City has its rules. It's set up right now that if the City donates the property for free, it has to be used for that purpose for twenty years; and their timeframe is too short. Hardy asked if they can modify their timeframe. Tokos said the City could probably modify it too. That's a policy question. When you give away land with the expectation that affordable housing will be provided, there's an expectation that it will last for a while; we'd certainly want more than two to five years.

Hardy wondered how they qualify an individual that might apply. She asked if Tokos had any sense of what their criteria are. It was noted that the letter states qualifying homeowners are within 30-60% of the average median income. Hardy wondered what the other qualifying factors are; credit worthiness, ongoing employment potential, and self-improvement isn't a bad thing. That's

why she wonders why it's a bad thing for them to gain from the sale down the road; as long as it's within a reasonable timeframe. Branigan said that Habitat does loan qualification. Hardy said but she would like to know how they make that decision.

Berman said there are several references in the letter to duplexes. He wondered if that implies that they intend to build duplexes. Tokos said they may. Berman asked how that would work in ownership. Patrick said they sell two units the same as you would townhouses or mini-condominiums. Tokos noted that Habitat is really not interested in the third piece further down Hatfield because there is so much slope with that one. They are more interested in the two lots up on 10th Street. The piece closer to the Rec. Center was picked up by Urban Renewal in the past for parking. The other along Hatfield was surplus when the property was acquired for the road. The market value for the four tax lots was \$181,000 in the County records two years ago. The County doesn't update their records very well because it's under City ownership, and we're not getting any tax revenue off them; so it's low priority for the Assessor's attention.

Berman asked if there is anyone capable of doing a projection of what the tax revenue might be over this 16-year period. Tokos said we could ask Habitat to do that as part of their proposal. He believes that as soon as we donate it to Habitat, they start paying taxes on it. He doesn't think they have an agreement right now with the Assessor for that holding period when they're holding it vacant while they get the unit ready. He said the Commission could ask Bovett about that. Patrick said that would be interesting. He thought that first lot is probably worth at least \$40 thousand. Capri said it's a strange concept to grasp to think that the City would essentially give \$180 thousand worth of land to an individual; that's what it becomes really. Patrick said we'd be giving it to four individuals if they built two sets of duplexes; but one of these properties might not even be buildable. Tokos thinks we have three lots. There are two on the north side; and there's a third full lot before you get into the sloped part. Croteau said it may be \$100 thousand worth of property, but that doesn't do anything unless someone's paying taxes on it.

Patrick said he also would say to give them one of those more buildable lots; and do it conditionally. Also, they have something in here about the right-of-way; and he's not sure that right-of-way is being used at all. Tokos said there is a public road there. There's an 80-foot right-of-way; but the roadway is much narrower than that. It serves homes back there.

Croteau asked what the Commission is expected to do here. Make a recommendation on this? Tokos said it would become a more formal proposal to the Commission to make a recommendation to the City Council. This is an opportunity to look for additional information in that proposal before you act on it. Croteau thought we need to get Bovett in here to answer some of these questions. He is kind of favorably disposed to the idea, but there have been some issues raised about qualification. Hardy said qualification in terms of how do you predict an individual's capacity to produce income. They do that in property management to a certain extent. She would be curious to see what Habitat's parameters are. Patrick said also what their track record is. He only knows of one owner. She was a renter, but now owns a house and runs a business. So, there's a path there.

Berman said if they do get into a foreclosure situation that sounds like an expensive operation. Tokos believes that they do carry it so it would end up going back to Habitat. Again that's something that Bovett could speak to. Even though she's not here, we're capturing everything that's being said and putting it down to make sure she gets that information and then she's in a position where she can come with an answer. Then we could start to work this closer to a point where a formal recommendation could be made.

Berman thought it was fair to say that there's enough agreement that this might be a good idea to go to the next step. Hardy said at least try it once. Patrick said he also would like to hear what they've done elsewhere. Have they gotten donated land before? Tokos said yes, Lincoln City donated to Habitat. He thinks it was four lots. Capri asked if they developed all of them. Tokos didn't know. He knew they had developed some. Capri asked if there can be something that says they have to develop. Patrick agreed that if we were going to do this, he thought there should be a rider saying that if we give it to them they have to develop them in a certain number of years. Tokos said that could be part of an agreement.

Berman asked how big the fund is that this \$100 thousand comes out of. Tokos said it probably has about \$160 thousand right now. Croteau said let's ask what their loan history is then. Tokos said that's fair. He thinks the Commission may want to probe a little more in the way of terms. What are the terms they're looking for? This is pretty light. They could probably map that out in greater detail for you.

East said this goes beyond affordable, workforce housing. This is really low-income and people who are in substandard housing. Tokos noted that he would say that we're on solid footing though that this would provide an opportunity for folks who work in this community to own a home. We have a lot of folks, especially those in the service industry, who would fall in this income range.

Patrick didn't really get how the \$100 thousand works. Hardy asked what they would use the money for; materials? She said because they say they have volunteers; what does that mean? East said he and Patrick did two in Toledo about ten years ago. Habitat has groups of people working. They organize people in the community to come in and do pretty much all of the labor. They will have work parties come in at certain stages of construction. They will even bring in Habitat affiliates from other cities.

Their client or whoever they're building for has to spend a certain amount of time as well; every build point they have to spend so much time. Hardy asked what about the \$100 thousand; what do they use that for? East said it's for materials, permits, things that are not donated. Not everything can be donated. Tokos said the City can't waive permit costs. You can pay them with other sources though. Building permitting is fee-supported by State Statute. Berman said, but as far as the SDCs there's an action item somewhere to take a look to see whether we can use that as a little grease on workforce housing. Tokos said, it's not eliminating them; you can defer them or pay them out of other resources. You may be able to trim them down a little bit. Patrick said that he just didn't like that whole \$100 thousand revolving fund being flushed out. He's more amenable to donating the land. He noted that we already have the Land Trust and asked how this differs from the Trust. And what do we get for \$100 thousand? Berman said we committed ourselves for \$90 thousand to the Land Trust; or is that out of a different pot? Tokos said that's general fund money, and there's no commitment to the Land Trust whatsoever for those lots at this point. Berman said this was also potential land for the Trust because these were mentioned during the discussion. Tokos said there's no proposal on the table from the Land Trust; and he doesn't know if one will be made by the Trust. Branigan asked if the City would be better served to try to sell the property. Tokos said that will certainly be raised at the Council level. But the flip side is we can sell a lot and there's no guarantee that whoever buys it is going to build on it anytime soon. We won't get a lot of tax revenue off of it vacant. Even if they build on it, you'll get tax revenue; but how much more will you get out of that. And now you're selling it at market rate. You've achieved no other policy objective whatsoever. Patrick said he also wouldn't mind if they went and got a couple of realtors to give us the market value on it so we actually know what the real market value is. Croteau agreed that's worth knowing.

Berman said it seemed to him to achieve the objective, that duplexes would be much better than single-family. He wondered if that's the kind of thing the City can throw into an agreement; maximize the number of units that are built. The biggest bang for our buck kind of thing. Hardy asked who gets to develop all of the joint maintenance agreements, and how do you operate the property. Croteau said that Habitat has to have a handle on that. Hardy said if you have party walls, you have joint maintenance issues.

Patrick said he likes the Land Trust, but this is a known thing. Tokos said Habitat has name recognition out there. He said it's a fair argument to say this is a lot of value for not a lot of people; but on the flip side, we have obligations on the books to do something to ensure that we have housing available to the full range of folks who live in our community. We're not doing anything materially for those who are working in this community and are living with limited means. We can start to get at it with varying strategies. Don't look at this as the end-all be-all; but one small step in conjunction with other steps that are being taken. Croteau said it's a good beginning. It's likely to be successful. Hardy said we can at least see how it works. Croteau thinks we're doing the right thing.

Capri wondered if Habitat does apartment buildings. Tokos said that's a good question but thinks it's unlikely that they do. Habitat is certainly not looking at doing something that the Housing Authority of Lincoln County would be doing. Tokos noted that the lots on 10th are zoned R-2; so you're not going to get apartments in there. You are looking at duplexes and single-family homes under the existing zoning. Patrick said he's not even sure there's enough square footage there for a duplex in the first place, unless we waive some of our requirements. Capri said you could definitely get one on the upper lot. Tokos thought so too because there are two full lots there. Also that local street there is an 80-foot wide dedicated right-of-way; and there's no way on earth that the City would ever need that kind of width on that street. Capri asked, so you would vacate a portion of that? Tokos said yes we could a little bit. It probably wouldn't be the worst thing. He thinks further down we have somebody's garage halfway into it. It's just one of those situations. A lot of those are older homes back in there.

Tokos said it's possible that Bovett will show up at the regular meeting; and if she does, hopefully the Commissioners will have an opportunity to ask her a few questions specifically. Otherwise, Tokos will plan on getting these notes distilled and to Bovett and ask that she refine her plan and come back before the Planning Commission for more questions and answers.

B. Unfinished Business.

1. Discussion regarding recommendations to the City Council on the North Side Urban Renewal District. Tokos noted that included in the packet was a schedule for moving this forward. The City Council will consider a couple of resolutions on March 16th to get this thing rolling. This is an opportunity for the Commission to help frame what those resolutions say in draft form before they go in front of the City Council. This packet of information he provided includes the City's fiscal impacts. Tokos provided this same package to each of the taxing entities with their own specific scenario. He met with David Bigelow from the hospital last week; and he will be meeting with Wayne Belmont and Doug Hunt from the County later this week. They already met with each of the taxing entities once, but this set of information just gives them a better picture of the likely fiscal impacts. Once the City Council adopts the resolutions, we will go ahead and get a consulting firm. It could be ECONorthwest, or it could be somebody else; he will have to put out a request for quotes. An advisory committee will be formed to help put the plan together. The target is to have the plan in place by October of this year so that the first increment would come off FY 2016/17. That would all be a public process in putting the plan together.

Tokos wasn't going to go through the fiscal impacts. He assumed the Commissioners had all had a chance to look at them. He wanted to just go through the handout he just passed out that showed a bulleted list. He didn't have a chance to get the resolutions drafted; but he got the contents put together. That should be enough for this discussion, and he hopes that it will provide whether or not this looks like it's going in the right direction or whether the Commission thinks there are suggestions to be made. Essentially how he is framing the resolutions is first to provide context as in any resolution. First he notes that the Urban Renewal Agency was created in 1972. The first plan implemented was in 1973, and then the South Beach Plan in 1982. The first one, the Newport Urban Renewal Plan, shut down effectively in FY 2009/10 and technically closed in 2013. Next he noted that there was an Economic Opportunity Analysis conducted in 2012, which contained a recommendation that the City evaluate the feasibility of creating an urban renewal district focused on the US 101 and 20 corridors that could address underutilization of commercial/industrial properties and infrastructure deficiencies in those areas. He also could throw in the Housing Study also picked that up, but he doesn't know if it specifically referenced Agate Beach. With the exception of the City Center, the targeted areas have not benefitted from Urban Renewal in the past. Then he goes on to note that the feasibility study was performed in 2014, and the three options evaluated were all found to be potentially viable. Outreach has been conducted with the affected taxing entities and key stakeholders. The resolution would then go on to indicate that an advisory committee is being created to assist the City in developing the plan. The committee shall consist of, and at this point he has identified twelve individuals representing the following: Lincoln County, the Hospital District, LCSD, OCC, and the Port of Newport; which are all taxing entities, and he figured should all have a seat at the table. The County and the Hospital also have projects that could potentially be put in the plan as well. The only taxing entity that's not represented is Linn/Benton/Lincoln Educational District; but they don't really care. They're a small player. They indicated that they didn't want a presentation on this; it didn't impact them that much.

Berman asked if the Fire Department isn't a taxing entity. Tokos said no. Outside the City of Newport you have the Rural Fire Protection District; but that doesn't apply here because everything being organized here would be inside the city limits. Other members would be from the Chamber of Commerce, the Yaquina Bay Economic Foundation to get some of that business interest engaged here, Central Lincoln PUD because line undergrounding is one of the focus areas and we'd want them at the table (if not them, he's still thinking a utility representative would make sense), City Center Business Association since that's the one area we have where a formal business association falls within the boundary, somebody from the Agate Beach area (a neighborhood representative or someone who resides in that area), a Planning Commission member, and a City Council member. Tokos said that's what he thought would be a meaningful makeup. That's twelve individuals; it's not too large so that it will be unwieldy but large enough that it seems representative. The staff representatives would be from Public Works and Community Development, and Finance for that matter. Berman said that strikes him as a few too many people; but he can't think of anybody to take out. Patrick said if you have twelve members, you'll be lucky to see eight. Tokos said our Economic Opportunity Analysis committee was in the range of twelve or fourteen members; and at any given meeting you had about seven or eight. Capri said it helps if you don't take anyone out too because he knows people can challenge it later and say they weren't involved. Tokos said these are all major players in our community; and so if at the end of the day they're comfortable with how the plan is structured, he thinks that's going to go a long way in making our City Council comfortable that this is the right thing to do.

Croteau asked when Tokos would plan to bring in the consulting firm. Tokos said he would be putting that request for quotes out before the end of the month to get them under contract by the end of April. He said given the dollar amount, he has to get three quotes. Capri said since ECONorthwest has already done all of the work, it would be crazy to go with someone else. Tokos said they're probably going to provide the most favorable quote. Capri said wouldn't it derail it if you suddenly switched because of all the work done. Tokos said it probably wouldn't derail it, but he agreed that there's value in continuity.

Going on through the bullet list for the resolution, Tokos said the next one is that the advisory committee is to develop the project plan consistent with Statute. He may put a little bit more about what those elements are, but that's what they would be charged with doing. The list of projects included in the feasibility study shall be used as a starting point. Emphasis should be given to projects that stimulate economic activity, have been vetted with the public, and that are likely to draw match funds. Those would be the priority areas.

Next, he noted that the Council would desire that the advisory committee use the larger option. That's the feedback that he got from the joint work session that they wanted the Agate Beach in there. The committee would be given the flexibility to make minor modifications to the boundary as long as the overall acreage isn't significantly increased. They could move it around, add a property here, take one out there; but not change it in a fundamental way. That's going to be important too so that we can move the process along and not get off onto another discussion of different alternatives.

The committee should examine the cost to administer the plan in a manner that will allow the Agency to keep the project plan on schedule and how those costs will be paid for. That will likely mean recommendations for putting some costs in there to pay for staff, which is commonly done with urban renewal plans and is necessary if you're going to make sure your plan gets ramped up and shut down within the timeframe it's supposed to and not languish as the first one did from 1973 to 2013.

Going back a ways, Capri said when the committee is looking at the boundary lines, like at Hwy. 20 and Harney for example there is a canyon that's included but the Elks Lodge isn't; can they adjust it for that. Tokos said they could. He said he knows the school district wants to include the Prep Academy so that Eads could potentially be a project. There will be discussions like that. Little things like that are exactly what could be done.

The next point is that the Urban Renewal Agency has the authority to take less than the full increment that they otherwise would be entitled to collect in any given year. There may be a desire for policy reasons to do that. Particularly, when you look at some of these years like 2024 or 2025, you're looking at a pretty substantial hit to the City's general fund. They may not be able to absorb that. It may be do we take a partial increment in urban renewal or do we lay off a police officer, or a firefighter, or some other City staff. That's not a pleasant conversation for policymakers. Part of this is for the Agency to take a look at that; and then consider how the exercise of that authority might impact plan implementation and whether or not the plan should include some guidance for how that's to be done. How that authority is to be exercised and how it impacts the plan schedule. Patrick said if you take a partial increment, then you don't get it back, right? Tokos confirmed that; it's gone. Berman asked if you can pick and choose from which taxing authority you want a partial and from which you want a full. Tokos said no. Berman asked, you'd just say something like I only want 75% of what I would have otherwise. Tokos said that's correct; and then it's proportionately distributed to the various taxing entities. Patrick thought we need a plan for doing that. We may want to build in some room to do that; it'd be easier. Tokos said that was his thought. He said that none of the other taxing districts, outside of the Community College, have expressed a problem with this. The Community College is just razor thin on their budget so they have concerns with any impact. The biggest hit though is to the City Council. He doesn't know if they fully understand that or we've conveyed it in a manner where they can fully understand what that might be down the road. Recognizing that they have the capacity to do a partial increment, which wasn't something that was available in 1973 or 1982, might be the best way to address it. We're assuming growth is going to happen a certain way; but we don't have a perfect crystal ball for what 2024 is going to look like. It might be best just to build in that by the way the Agency has this authority, if you exercise it, these are considerations that need to be made so that everybody knows if this is done, this is what it's going to mean. Berman asked when Nebel puts together a budget for a given fiscal year, and it comes up short, he could suggest to the Council in their role as the Urban Renewal Agency that they may not want to take their full share so he can have some more money to run the city government. Capri said the budgets always tight. Tokos said even if the budget isn't tight, there's always going to be enough "asks" to make it tight.

Berman asked if there would be an opportunity for the County to make a request that the Urban Renewal Agency only take a portion because the County needs money also. Tokos said yes; that's why he put this bullet in here. He thinks there's a place for some guidance to be developed as to how that particular tool is handled so that there's some structure to it. Patrick thought if you're going to do it, you're going to have to build your list, you're going to have to prioritize it and say that the ones down at the bottom of the list are most likely to get axed off the list or we're going to drop something off the list in order to make this work. So anytime you want to take a partial increment, these are the things that get axed off the list, and they drop out. If you set it up that way, it will make it better because they will make a choice. Berman agreed they will see a correlation; the trade-off. Patrick said he was thinking that if we do build a list like that we should build in some room to do that so they do have that opportunity. You can put some stuff in there that might be a little marginal; especially on economic payback. Capri said also some projects cost more than what they anticipated; and that could kick some of the other things off. Patrick said that utilities have no economic payback at all; not in a dollar figure. You're not going to get tax money for them. Berman said on the other hand, the growth rate may come in higher in which case to still do all of the projects on the list, you maybe can get by a few years in a row taking only a partial and still have enough money to do all of your projects. Tokos said that's a fair point. That's where you start weighing do you take less in your increment or do you go ahead and take the full increment in the expectation that you can retire the district early. There's the flip side of it too; you may not have enough increment to do all of the projects anyway, which is not uncommon. You just don't get all the projects. Tokos said that he can add that the plan needs to speak to how projects are to be prioritized.

The next bullet was that in establishing a process for minor and major plan amendments, the advisory committee should identify how affected stakeholders can be effectively engaged as a part of the Agency's decision-making process. This gets the Planning Commission out of the box of how to make a recommendation on whether or not there should be a second advisory committee or the Planning Commission should be the second advisory committee. That seems like a reasonable thing to kick into this process. Let the advisory committee as part of the planning process sort that out. Patrick said that actually makes more sense than the Planning Commission because that would bring in more players. Tokos said the Statute requires that the plan has language that speaks to what is a minor amendment, what is a major amendment, and the process by which minor amendments would be accomplished. Major amendments too; but major has Statutory rules. Major amendments by Statute have to go to the Planning Commission. Patrick wondered if we had done any major amendments to the South Beach plan. Tokos said yes, number 5 that extended the district for ten years. That was the last major amendment that's been done. He thinks there's been two. At one point the maximum level of indebtedness was increased. If you extend a district, add more than a certain amount of acreage, or increase your maximum indebtedness; it's an automatic major amendment under State law. Patrick said, and minor amendments, we get a lot of those don't we. Tokos said that's common; that's appropriate. You don't want to define your project list so tight now because you don't know what some of these opportunities are going to be. Patrick said there were lots

of things in South Beach that were never on the list. All that stuff that went in for NOAA. Tokos said that's because they had some foresight at the time to just say "improvements to existing rights-of-way." That was a broad category that allows you to go back with a minor amendment and start to pin it down. The same with Coho/Brant; that also came out of the improvements to existing rights-of-way category where we then did a Coho/Brant Refinement Plan and came back in with minor amendments. Patrick said we'll have to be sure we put that same type of language in there.

The next thing to include is that the maximum indebtedness for projects is not to exceed \$42 million over the life of the plan. That would basically be covering the large option.

Finally, the objective is to complete the plan so the initial increment can be drawn in FY 2016/17. That way we're working off this fiscal year's tax roll and not have to deal with next year's. Patrick said that's the increment that gets drawn and the first projects kick in when. Tokos said probably two to three years later. Berman asked if most of those wouldn't be planning efforts; feasibility studies for various projects. Tokos said it's hard to say. He thinks it depends on how the phasing of the plan is put together. Certainly it's not going to be your biggest project. He knows that the Hospital is probably going to be going out with a bond measure in May. If that passes, maybe doing some water infrastructure work in that area becomes a priority. Patrick said also on the planning side talking about the Hospital, we probably need to nail down what we're thinking about doing with the couplet. Tokos said the Hospital is anticipating that street being that potential couplet. That's part of the conversation he had with Bigelow. While they have reservations with it, they have accounted for it more or less in their design and haven't loaded any facilities so close to 9th Street as part of their design that it would be an issue. Part of their primary concern is a very legitimate one; which is that they have facilities on both sides of that road, and how do people cross safely. Berman asked if a project could be an overhead crosswalk. Capri said there have been studies where they put those in and have actually tracked, and people still walk on the road because they don't like walking up the stairs. Tokos said it likely would be something similar to what we're doing on 101 now, which would be to do some bump-outs and narrow the distance that they have to cross, and they have pedestrian-activated signals or something of that nature so it's really clear someone is there. Patrick wondered if the study was the same for tunnels. Tokos said too, it's a matter of distance. The distance is not so great there that people will look at that and just want to cross it. Even if you add a small tunnel, people will still cross at grade. He said he could see a tunnel when you're talking about an interstate. Croteau said or you're moving patients back and forth. Patrick said, and they're not. Tokos said they're not designing their facility that way. Patrick said that's more support services on the other side; not patient care.

Tokos said that's his thought on the resolution. He asked if the Commissioners had any feedback. Does that seem reasonable in terms of how it's outlined? Everyone thought it definitely did. Tokos asked if everyone was generally in agreement with the content. The consensus was that it's fine.

2. Review amendments to the off-street parking code (NMC 14.14) to eliminate the return of the "payment-in-lieu-of" system. Berman asked if it's just one page that the Commission was reviewing. Tokos said he kept it simple. Berman had a question regarding the first paragraph under the staff comments on item C. It reads, "Uses within a special area are not required to provide the parking required in this section" and then the rest has been dropped. So he wondered if Tokos is saying any new uses don't have to provide any parking. Tokos said no, that sentence continues after the markup with "if a parking district. . ." That's meant to continue. It's not two paragraphs; it's one sentence. Capri had a question on the Bay Front special area. He wondered if this would help the property next to the coffee house that used to be a house, and it's on commercial land. He knows people have tried to go in there, but the biggest issue is they can't provide any parking; and to go buy a spot somewhere else makes it cost-prohibitive. Tokos said at the end of the day, that's what we're shooting for. Tokos explained that we have three parking districts, and those are actually economic improvement districts. The first of which is about to sunset; and that's Nye Beach, which sunsets on July 1, 2015. Right now the way the parking code's structured if that sunsets, payment-in-lieu-of providing off-street parking comes back into play; and nobody wants that. That is the primary purpose of this. The discussion that the Commission has had on this is that every business owner in these areas recognizes that there isn't enough land to provide for off-street parking on private property; and there hasn't been for a very long time. City assets are relied upon to provide that parking that otherwise would be provided by businesses like those along Hwy. 101 and 20, Fred Meyer, and Walmart; and businesses in these three areas can't provide. The problem is that there's no funding mechanism in place to pay for the maintenance of those public spaces. The cost estimate for the work to be done to resurface and redo the Nye Beach Turnaround was in sum about \$100 thousand; and there's no funding source for that. It's unreasonable to expect the business owners to pay 100% through business license surcharges. Tokos noted that economic improvement districts really weren't designed to be kept in place in perpetuity. This was actually a creative use of that. Ideally they're set up as we have "A," "B," and "C" capital projects we want to do in a business district, this is what they cost, this is the schedule for getting them done, so we're going to do a business license surcharge in "x" amount to pay for it, and then shut it down and it goes away.

Tokos said the discussion we had was what we really need to do is have a parking study. That study needs to assess the three areas that rely on City assets. It needs to look at how these parking areas are utilized in terms of turnover rates, frequency of use, and percentage of use both during peak and off-peak periods. We need to put together a capital projects list of what we expect needs to be done in these areas; either in terms of strictly maintenance or maintenance plus, say on the Bay Front, construction of a structure for parking. And then look at the various tools we can use. Do the turnover and utilization rates warrant metered

parking? Tokos is quite confident that the Bay Front and Nye Beach do; the City Center probably not. Some portion of room tax could be used for these purposes. There's probably still a place for a business license surcharge so that businesses are contributing in some capacity. For example maybe the Port is making contributions so the fishermen get a lot down on the Bay Front that is an orange-tagged lot that they have the right to park in. Tokos said he will make every effort to get that study funded this fiscal year so that the parking assessment can happen for on-season and off-season.

Capri noted the boundary and asked if it was moved there to include residential. Tokos said he wasn't actually depicting what's on the books already. The black line is what he put together as the parking district. The orange line is the special area that's in the zoning code. He expanded it over on the east side a little bit to go out to Moore Drive instead of Fogarty to pick up the Port property. The end game is if we can get that kind of financing in place, and the Council creates a district with maybe just one advisory committee and not three that has the management of this revenue stream to maintain these public parking assets; then we do away with off-street parking entirely in these areas. If we didn't have off-street parking requirements, that Bay Front property that Capri had mentioned and many others could be developed more robustly. He said but we have to have parking down there too. Croteau thought there really are two issues involved; maintenance is of high demand, and you've outlined three mechanisms to help fund that. As far as meters, Croteau would like to get a better idea about enforcement costs. Tokos said that would be part of the study. Croteau said the longer-term thing is that if you're going to address parking, we're going to need structures here and there. So a fund really needs to build; even if it's small. He thinks you have to take the long view for parking; especially on the Bay Front. The amount of ground is limited; even if spots turn over fast, for many months of the year it's tough. Capri said, and there's really only the one street on the Bay Front too. Tokos said there are pretty severe slopes on side streets on the Bay Front, and there's a lot of folks that just can't maneuver those areas comfortably. Croteau said he would opt to take the longer view.

Patrick said he would like to combine all three districts. He thinks that makes more sense. Nye Beach has the maintenance issue, but probably you're not going to build any structures there. For a structure to get built over here, you may end up using Nye Beach to help fund what goes on there. Another mechanism he thought of is, when we finally nail down our LIDs, we also have an option to triple fund this thing. You can't build it out of any one of them. Berman said if you have one definition of this is the parking district, and all three areas are in that, the businesses in Nye Beach that just need to pay for paving a lot will be unhappy about kicking in high dollars to pay for major construction on the Bay Front. Tokos said we can get there by ensuring that there is appropriate representation on an advisory committee. Also, we have a few issues. For one thing, he thinks that you get greater flexibility if you don't break it down by district to do what strategically makes sense in the community. Also as far as staff resources; three committees are harder to staff than one. Also, we have a hard time getting these committees to meet in the first place. Croteau said you don't have to have a universal surcharge either. You could adjust that by area. Tokos agreed that the price could be different by area. He said the beauty of the City Center, assuming an Urban Renewal Plan goes into effect, we're looking at a corridor study coming down the pipe. That sure would be handy data to have in terms of the parking need when you're looking at monkeying around with the streets. Berman said part of that whole Urban Renewal Plan with the couplet would have to involve the design of the road beds, and he assumes that includes the parking. Tokos said the study would give you some data to help inform how much parking we need to replace and how heavily this area is being utilized. Capri said there will be public input challenge too with meters on the Bay Front. He knows that there used to be meters on the Bay Front a long time ago. There's the story that a fisherman went down and ripped off every single one of them. He thinks metered parking is necessary; but central Oregon coast people just aren't used to it. Patrick noted as he has said before, you don't park at the beach on the east coast or in California without paying. It was noted that tourists will be fine with it; it's the locals that will have a problem. Croteau said take a city like Boston or New York and find somebody who rips out a meter, that's a good enforcement measure right there; it's some income for the City.

Tokos said if the language looks okay, he will get this going with DLCD so we can get this in place before July 1st and the Nye Beach district expires. Everyone was fine with that.

C. **Adjournment.** Having no further discussion, the work session meeting adjourned at 7:01 p.m.

Respectfully submitted,



Wanda Haney
Executive Assistant

MINUTES
City of Newport Planning Commission
Regular Session
Newport City Hall Council Chambers
Tuesday, May 26, 2015

Commissioners Present: Jim Patrick, Rod Croteau, Lee Hardy, Mike Franklin, and Gary East.

Commissioners Absent: Bob Berman and Bill Branigan (*both excused*).

City Staff Present: Community Development Director (CDD) Derrick Tokos and Executive Assistant Wanda Haney.

A. Roll Call: Chair Patrick called the meeting to order in the City Hall Council Chambers at 7:00 p.m. On roll call, Hardy, Croteau, Patrick, Franklin, and East were present; Berman and Branigan were absent but excused.

B. Approval of Minutes.

1. Approval of the Planning Commission regular meeting minutes of April 27, 2015.

MOTION was made by Commissioner Croteau, seconded by Commissioner Franklin, to approve the Planning Commission meeting minutes of April 27, 2015, as presented. The motion carried unanimously in a voice vote.

C. Citizen/Public Comment. No public comment.

D. Consent Calendar. Nothing on the Consent Calendar.

E. Action Items.

1. Appoint a Planning Commission member to serve on the Project Advisory Committee for the Local Improvement District (LID) Implementation Plan.

Franklin asked what the time commitment was for this committee. Tokos said there should be about a half dozen meetings during the daytime beginning late June and running over the next six months. Franklin said he would volunteer as the Commission's representative.

F. Public Hearings.

Patrick opened the public hearing portion of the meeting at 7:02 p.m. by reading the statement of rights and relevance. He asked the Commissioners for declarations of conflicts of interest, ex parte contacts, bias, or site visits. Commissioner Hardy declared a fiduciary relationship with the applicant of the third hearing. Croteau, Franklin, East, and Patrick all declared site visits. Patrick called for objections to any member of the Planning Commission or the Commission as a whole hearing this matter; and none were heard.

1. **File No. 2-CUP-15.** A request submitted by Noble Estate Vineyard & Winery (Mark Jurasevich, agent) for approval of a request for a conditional use permit in order to operate a retail outlet for wine, ocean/beach photography, fishing gear, and handcrafted glass seascapes at 145 SW Bay Blvd. Any retail use that is permitted outright in the Tourist Commercial (C-2) district is allowed in the W-2 district following issuance of a conditional use permit.

Patrick opened the public hearing for File No. 2-CUP-15 at 7:04 p.m. by reading the summary of the file from the agenda. He called for the staff report. Tokos noted that the Commissioners had received additional testimony from the applicant Mark Jurasevich, the owner of Noble Estates. They also had at the desk copies of emails from Janet Webster and Cris Torp, which included Tokos' response; and the applicant has this information as well. Tokos explained that the conditional use application is for approval to convert a 1400-square-foot single-family residence into a retail commercial establishment for the purpose of wine tasting, the sale of wine, and the sale of other specialty retail items including photography, fishing gear, handcrafted glass items, and things of that nature. The residence on

the Bay Front does not have any off-street parking as the Commissioners would have noted on their site visits. Tokos noted that the relevant approval criteria for a conditional use has four standards that have to be met, which are addressed in detail in the staff report. He also noted that he had the entire application with him should anybody need that information. Tokos listed the criteria. Conditional Use Permits are either handled administratively or if the use generates more than fifty new vehicle trips, then it requires Planning Commission review. This use generates more than fifty new vehicles trips as outlined in the staff report; and that is why this is before the Planning Commission.

Tokos explained that the first criterion relates to the adequacy of public facilities. The code identifies public facilities, which basically are provided by the City such as water, sewer, storm drainage, and electricity by the PUD. All are available and serving the property. The staff report goes into greater detail. The second criterion is that the request complies with the requirements of the underlying or overlay zone. There are some provisions of the Bay Front Plan ensuring that the use maintains or enhances the historic quality of the area. The applicant has not indicated any proposed changes to the exterior at this time. The third criterion is probably the most relevant, which is that the use doesn't have an adverse impact greater than existing uses on nearby properties. Adverse impacts are nuisance-type things. The adequacy of off-street parking has historically been addressed under this. Very limited off-street parking is available. Most parking is in public rights-of-way on streets or in public lots. Under the city's off-street parking code, when there's new development or a change of use that intensifies the use, those standards trigger off-street parking requirements. That's typically handled with the addition of off-street spaces. On the Bay Front, there are provisions in the code because of the limited opportunity for off-street spaces to be constructed. There used to be the payment-in-lieu-of provision. That has evolved into parking districts, which is similar but just funded differently. Businesses in the area pay business license surcharges, which are used for parking improvements. There is an allowance on the Bay Front that when there is a change of use or a new development, they get five off-street spaces for "gratis" for being part of the district. Tokos said the Commission can reasonably find that no additional off-street parking is required. He noted that there is the comment from Janet Webster with the Bay Front Parking District of why wine tasting is considered just specialty retail instead of a drinking establishment. If the Commission views the use in that manner, then the applicant wouldn't have sufficient off-street parking. Tokos' view was that it's largely dependent upon scale. He has seen some wine tasting facilities that are obviously specialty-retail-oriented and others that are bars. He views this as more specialty retail. We have other tasting rooms on the Bay Front, in Nye Beach, and the Rogue distillery in South Beach is comparable. There is the wine tasting on the second floor of the gallery on the Bay Front that is all retail-oriented, with the wine tasting being a very small part. There are those where the footprint is larger where it's predominantly wine tasting and not much else and there is the sale of product consumed on site rather than getting to buy a bottle to be consumed off-site. Tokos said there is an interpretation to be made here. Tokos said if the Commission is uncomfortable with the proposal with the additional seating, probably the best angle for tackling that is to eliminate the seating and just leave it to the bar, then the opportunity for considering it a wine bar is diminished. Tokos said he didn't know if that was necessary; the Commission has to make their own judgement. Tokos noted that he provided a draft set of findings and conditions of approval should the Commission find that the request satisfies the criteria. If the Commission adds any conditions, they need to be specific about what that would be so that Tokos can incorporate them into a revised final order and findings.

Proponents: Mark Jurasevich, Noble Estate owner, 29210 Gimpl Hill Rd, Eugene, OR 97402, came forward to testify. Jurasevich noted that he had prepared a handout that had been distributed to the Commissioners. He said that the wine tasting industry is a unique business. They have customers that would like to taste the wines. Then they usually buy bottles and take them home to enjoy with dinner. He said they attract a nice clientele. This business would be good for tourism. He said that they would appreciate the opportunity to set up a tasting room in Newport.

Croteau asked if the applicant plans on serving food. Jurasevich said hopefully cheese plates with crackers; no full meals. Hardy asked how much time a taster spends in the establishment. Jurasevich said probably an hour or two. In the past, they have closed their tasting rooms at 9 p.m., which relieves the traffic in the later evening. Hardy asked what their overall hours of business would be. Jurasevich explained usually noon to 9 p.m. Hardy asked, so you would have five or six people tasting for about an hour or two at any one time. Jurasevich said yes; they are hoping to receive quite a bit of foot traffic from the Embarcadero and the neighborhoods too. Patrick noted that in the application Jurasevich is asking for noon to 10 p.m. He asked Jurasevich if he would have any objection to removing some of the seating. Jurasevich said they are hoping for approximately 20-25 or 30 chairs. Patrick said he counts 20 on the site plan. Franklin asked if the outside deck would be utilized for seating; and Jurasevich confirmed that. Franklin said, then potentially it could be 50 seats. Jurasevich said yes that would be the maximum. They hope that people could come by and enjoy a full glass of wine. Patrick wondered what OLCC says about wine tasting rooms;

do they have any criteria? Jurasevich said not per square footage; he has to submit to them how many total chairs of seating they would have. He noted that the City Council would be signing off on his application. Franklin said it becomes 75% of seating for a drinking establishment when using the deck. Tokos said he was considering half for retail space. He wasn't aware that the deck was being proposed for that use. He said it's a matter of interpretation. The Commission may want to limit it to the seating that is shown. It can always be revised in the future. There are twenty seats shown on the site plan right now. Patrick said that is where he is. Jurasevich said it would be nice to separate the seating between the inside and outside. Patrick said if the Commission limited the seating to 20 seats, there would be no objection if Jurasevich moved the seating outside during the summer. Franklin thought that it had to be that with a certain number of seats, OLCC requires a different type of permit.

Tokos said this is a judgement call on the Commission's part, at what point do you view this as a bar? East said that if most of the area in the establishment is for seating and very little for retail; it's kind of a push at that point. Patrick said probably in this picture, it's now 50/50. Franklin said the only way to harness this is to come down to a particular number of seats allowed whether the deck is open or not. East said it could be used for overflow seating possibly. Patrick said he wouldn't mind if they moved the seats outside. East said it's a great spot to watch the marina. Patrick wondered where the Commission thought they should draw the line; on seats, or on square footage. He would do it on one of those. It will be applied again. He said maybe if it's wine tasting, it's limited to an area to display retail wines and very limited seating. East said maybe three to four tables with four seats each, and the rest designated to retail items. The bar itself is an area where you possibly have ten people standing with retail wines displayed behind that and they can taste different varieties and purchase it. There's always a little snack like cheese and crackers. Hardy asked what about basing it on a percentage of gross sales and separate it between retail and wine. Tokos said that's very hard to enforce. His suggestion is that the number of seats is a better way to go with the flexibility to move them around. The plan shows 20; and in his view that's a reasonable place to go. Patrick said that would give us a benchmark for the future; it's 20 seats and must be less than 50% of the total area. Franklin asked Jurasevich at their other locations what's the percentage that is used for wine tasting or drinking compared to retail. Is retail more prevalent? Jurasevich said the other two facilities are about 80% wine-related and 20% with other retail items. The tasting room in Yachats is about the same. He said at this facility, to meet the Commission's requirements, there will be more retail. Tokos said it's reasonable for the Commission to look at this site plan and based on that, less than 50% is dedicated to wine tasting and the balance to art and other retail. He can draft that into the findings so the Commission can sign off on that based on the number of seats. He can show as a recommendation not to exceed 20 seats. Based on that information the Commission will not have trouble finding that it's a retail use as opposed to a bar. The Commission can frame it that way. Franklin asked if the Commission would call out how it's set up. Patrick said 20 seats, we don't care how. Croteau said it feels like a wine tasting room to him. If it's a wine bar, he expects a menu. That's the difference. This is a reasonable number. This has the smell of wine tasting rather than a bar to him. East said they could have stacks of wine bottles for sale. Croteau thought that the percentage of space and number of seats gives an objective standard as a definition of wine tasting for the Commission's purposes.

Patrick wondered if we could say no food service or no full kitchen equipment. Tokos said one way would be to limit it to the sale of products not prepared on the property. They don't prepare cheese there. That's simple enough; no food preparation. Food not prepared on premises. They can serve cheese plates, which isn't made on site. Jurasevich said they have to have a food license with the Department of Agriculture, and they limit it to just cutting cheese and breads; but no cooking. Patrick agreed that our criteria for tasting rooms could be no cooking.

Franklin asked if they plan to put a wall or railing around the deck, and was told that it's already installed.

There were no other proponents present wishing to testify.

Opponents and Interested Parties: There were no opponents or interested parties present to testify, so Jurasevich waived his rebuttal.

Patrick closed the hearing at 7:30 p.m. for Commissioner deliberation. East thought that with the conditions that were talked about, he is all for it. He thinks it's a good way to go. Franklin felt the same way. Croteau said we have a definition, and he is good with that. Hardy summarized that it's less than 50% applied to wine tasting, the balance to retail, no limits to the time customers will be there, the parking over-run is taken care of, no food cooked on site, and no more than 20 seats. She said she sees no problem with that. Patrick thought that is doable; no cooking, 50% retail, and no more than 20 seats. Tokos asked if the Commissioners wanted to approve the final order with those

modifications, and he will make the changes for Patrick's signature; of if they wanted to see it in two weeks. The Commissioners had no problem with Tokos making those changes and Patrick coming in to sign it.

MOTION was made by Commissioner Croteau, seconded by Commissioner East, to approve File No. 2-CUP-15. With the conditions specified. Tokos clarified that his motion included the proposed conditions already in the draft final order; and Croteau confirmed that. The motion carried unanimously in a voice vote.

MOTION was made by Commissioner Croteau, seconded by Commissioner Franklin, to approve the final order for File No. 2-CUP-15 as amended. The motion carried unanimously in a voice vote.

2. **File No. 3-CUP-15.** A request submitted by Anthony Hauser for approval of a conditional use permit per Newport Municipal Code (NMC) Chapter 14.25.020(E) for a vacation rental in a residence where the requirements per NMC 14.25.050 for off-street parking spaces cannot be met. The subject property is located at 619 NW Alpine (Assessor's Map 11-11-05-CC; Tax Lot 6300).

Patrick opened the public hearing for File No. 3-CUP-15 at 7:35 p.m. by reading the summary of the file from the agenda. He called for the staff report. Tokos noted that he had the staff report and the case file. He said that when the provisions for vacation rentals were revised, they typically are allowed in any existing home provided they can meet the endorsement standards that requires certain things. In this case, off-street parking is one thing that this unit may not have. There is an outlet where the applicant can apply for a conditional use permit if they can't meet one or more of the standards. The residence at 619 NW Alpine is on a dead-end stub where the right-of-way has "dedication uncertain." It was platted a very long time ago, and the exact location is unclear. The area in front of the home can accommodate a number of vehicles. It happens to be in an area shown on the maps as right-of-way. The owner and applicant in this case decided to file for a conditional use permit application rather than try to resolve the uncertain right-of-way. He is asking for relief so he can park where they historically have in front of his home. Tokos noted that the conditional use criteria are the same as the application the Commission just talked about; and he listed them. He noted that the Planning Commission has had other applications of this nature in Nye Beach because historically they don't have off-street parking. One of the factors we looked at in the past was what kind of impact it would have to nearby property owners. This is a dead-end stub street, and there's not a lot of traffic going up there. He said this seems pretty clear cut. This is not a high-traffic street with a high demand for on-street spaces. You don't have a lot of tourist traffic there. In all likelihood, a person would perceive this being parking for this property. Tokos thought that the Commission has ample grounds to grant the conditional use for those reasons.

Hardy asked if Tokos considered the impact for emergency vehicles. She wondered if they can get fire trucks up there and maneuver as needed. Tokos said there is an "as-traveled" roadway. With the depth that you have here, you would not have vehicles extending onto the as-traveled roadway. Croteau said it's shown as 20 feet. There is a large shrub in the northwest corner. They would have to park next to the neighbor's garage. He said it will impact the roadway a little bit. He asked if there's anything that precludes using the front yard as a parking lot. Tokos said that the code does have a provision that they reserve half of the front yard in landscaping to prevent people from clearing the front yard of landscaping in order to park cars. Croteau said that his concern is that basically the front yard will become a parking lot. Tokos said the applicant is not proposing to remove vegetation at this time. Croteau said there is the provision that 50% of the front yard is landscaped. Hardy said you can park on landscaping. Tokos agreed that the standard doesn't preclude you from parking on landscaping; it just says you can't pull it out.

Proponents: John Schmauder, 625 NW Alpine, came forward to testify. He noted that he has lived there for over 22 years, and most of the people on this street have been there over 20 years. The street as used is 25 or 30 feet wide even though the map shows it as a 50-foot easement. Of the four properties on the west side of Alpine, two have structures built in the street right-of-way. He and 619 Alpine park in what would be their front yards, which is really part of the street easement. They can't park on the street; it would block everybody. There isn't a lot of tourist traffic because they don't know where the street is. He said the property in question with some cleanup of the shrubbery could park three cars off-street in the front yard. He thinks it should be limited to no more than three while being rented. He doesn't know their intent and how many inhabitants they can have. He said they have lived there quite well amongst themselves. They can park three cars at the end of the street against the fence next to the condos. He said that the gentleman also present tonight that lives on the east side has off-street parking. The first one at the corner of 6th and Alpine has a garage. Schmauder would like to see the City make a resolution of where Alpine lies. He tried to get the power pole buried. After going to the City, he went to PUD and they said the pole is right in the middle of

the street easement. They end up with a very narrow street and very limited parking. If the City could restrict parking to the front yard on 619 and limit it to three vehicles, they would have space there. He has no real objection.

Croteau said if they have three cars parked there, you couldn't park on the street anyway. Schmauder said you could park on the street if you blocked those three in. He said he is in favor of the request on the condition that they park on the front yard and it's limited to three. He noted that that lot is 35 feet wide.

William Chenoweth, 626 NW Alpine, came forward to testify. He noted that he is the neighbor who has the garage. He said that Schmauder didn't make it clear that the power pole is a problem. It sticks almost to the middle of the street. He just recently had siding refinished. One vehicle was able to block up the street. He doesn't have an objection to what the applicant wants to do. The problem is if it's not a normal car like a vehicle with a boat trailer, the power pole and on certain days that parking lot for the ambulance building overflows. He's unsure you would get a fire truck up there anyway. The fire hydrant is right at the corner. He said the other thing to consider is that there is another piece of property that is vacant. They took the old home down and plan to rebuild. He suggested taking a look because the land slopes and there is a drainage issue. Two could easily park there; three maybe could, but not a long RV or trailer. There is one site at the end of 6th Street where they could unload a boat and then park in front of 619. He said he doesn't really have an objection to the request; but it is a place where it can be difficult driving in and out. The power pole is a problem. Two cars can't pass at that point. There are only three houses beyond that pole.

Croteau asked if the property where the house was taken down that Chenoweth referred to was on the east side. Chenoweth said it's between the ambulance property and his.

There were no other proponents present wishing to testify.

Opponents and Interested Parties: There were no opponents or interested parties present wishing to testify.

Patrick closed the hearing at 7:50 p.m. for Commission deliberation. Hardy thought that parking should be better defined in some of the conditions if this is approved. She said that 50% landscaping in the front yard sounds good until you park on the grass. She wondered if that's a concern. She said maybe we should set some definitions for that. She wonders if the street is too narrow for a fire truck or ambulance, which is right next door. Her concern is the fire truck getting in and out if everybody is home, and the power pole that should be a consideration. Croteau thought it might be entirely legal, but parking three cars in the front yard seems like a hillbilly solution to things and not respectful to the neighbors. It's already a very crowded and narrow street. Hardy asked what damage it would do. Croteau said none; other than appearance. The hillbilly solution is that if you don't have room, you put it in the front yard. Franklin thought that there's no other way around it other than parking in the front yard; and it has been happening for a long time. He doesn't see the power pole as much of an issue because there is still the transformer box there. He said that two cars should be the max at this location. You can fit three, but no one can get out of their car. If the vacation rental people offer a picture and let the renters know exactly where to park and be respectable of the neighbors. East asked how many bedrooms the house has. Tokos said three bedrooms. The way the vacation rental code works is that they have to have one off-street space per bedroom. There is no obligation that they have to use the off-street parking; that is their choice. Occupancy is two per bedroom plus two; so in this case, a maximum occupancy of six. Patrick said the reasoning behind the landscaping was because we didn't want them to take the front yards out and turn them into parking lots. He sees two spaces being closer to the intent of the code rather than taking the whole thing. East said three bedroom would be six people. They would have to figure some way for the additional traffic. He also thinks it should be limited to two. Croteau thought that two is fine, but enforcement is impossible. Two cars is a reasonable number for the amount of space. Franklin wondered if it will lower their maximum occupancy. Tokos said it's no different than all vacation rental endorsements, where occupancy is keyed off of the number of spaces available. If there are complaints about the number of cars parked there or occupancy, we look into it. Patrick said he feels more comfortable with two spaces; at least that's trying to stay closer to the 50% landscaped yard. He said it's just in a bad spot. He takes to heart the request for resolution of the road right-of-way; but he doesn't know that the Commission can do anything about that now. Tokos said nothing now.

MOTION was made by Commissioner Franklin, seconded by Commissioner Hardy, to approve File No. 3-CUP-15 with the stipulation that two is the maximum number of parking spots that will be allowed. The motion carried in a voice vote with Patrick, Hardy, East, and Franklin voting in favor, and Croteau opposed. Tokos asked if the

Commission wanted to vote on approval of the draft final order and findings with the amendment discussed now, and he could change it before Patrick signs it. The Commissioners had no problem with that.

MOTION was made by Commissioner East, seconded by Commissioner Hardy, to approve the final order for File No. 3-CUP-15, as amended. The motion carried unanimously in a voice vote.

3. **File No. 2-PD-15 / 3-PD-15 / 1-SUB-15.** A request submitted by Bonnie Serkin of Landwaves, Inc. (Elizabeth Decker of JET Planning, authorized representative) for approval of major modifications to the approved Preliminary Development Plan for Phase 1 of Wilder, and major modifications to the approved Final Development Plan for Phase I of Wilder, and amendments to the tentative subdivision plan for portions of Phase 1 of Wilder. The subject property includes Tax Lots 100 and 103 of Assessor's Tax Map 11-11-20 (Parcels 1 and 2, Partition Plat No. 2015-01) consisting of approximately 41.24 acres.

Patrick opened the public hearing for File No. 2-PD-15/3-PD-15/1-SUB-15 at 7:59 p.m. by reading the summary from the agenda. He called for the staff report. Tokos noted that the staff report he put together contains the approval criteria. The proposal is effectively for the next three phases of the Wilder development. He summarized that the criteria for the preliminary development plan are found in NMC 14.35.020, .030, and .070; for the final plan in 14.35.100, and for the tentative subdivision in chapter 13.05. Each standard is listed specifically in the staff report along with analysis primarily from the applicant along with staff commentary as well. Tokos said what the Commission has here is an application that meets or can meet approval standards at least in their view. A number of issues still need to be worked out, but that won't change the overall flavor of what the Commission is looking at as noted in the staff analysis. Public Works has not had a chance to do a complete review and provide their responses. Tokos suggested that the Commission take testimony tonight, hear the proposal, and ask questions; not make a decision tonight. Instead, carry this over to the next meeting with instructions to staff to work through the remaining issues in order to adopt the final order and findings at the next meeting potentially. At issue is the adequacy of utilities and street accesses as laid out and making sure as phases are aligned, infrastructure installed is adequate to serve that development and that there isn't just partial installation that causes issues. Another issue is to make sure the utility designs make sense and are reviewed and signed-off by Public Works. They haven't been able to do that. The latest set came in on the 20th. They would have enough time between now and June 8th. The preliminary plan requires they have the Public Works Director's letter that the streets are adequate. That's something we would love to have from the City Engineer before taking action on the final order and findings. There is some information in the staff report with respect to Phase 4. There is a wetlands there, and the primary concern is if the applicant tries not to mitigate that and have a stormwater management system, that the City wants it to be placed into a tract under City ownership as opposed to an easement. The applicant's concern is that it not be open to the public. The City's concern is that we have adequate access to maintain what we are being requested to. Tokos said we should be able to reach a happy medium where they can't install an obstruction with direct dedication and language making it clear that the general public doesn't have an opportunity to go in there. With a lot of stormwater systems, you can set it up so it's secure and fenced. The only issue with Phase 3 is with the cul-de-sac. The issue on Phase 2 is to make sure the phasing is logical such that as each phase is platted, they will have adequate street access and utilities. One of those phases, 2C or 2D employes a green alley, which is part of the kit of parts. That was part of the original plan and was approved. This requires two feet on each side; and it's important that that happens. The lots do not have front or rear yard setbacks. If they are asking on a case-by-case basis, we have to pick that off; which is a little tricky. It's cleaner to lock that up in an easement or with expansion of the right-of-way. Our Fire Department is comfortable with a layout that allows their ladder truck to maneuver. Public Works has turn ratios for that vehicle, but they haven't had time to confirm that. Public Works may have comments for the proposed stubs. With Phase 2C, we will have to sort through that and whether it's dedicated public right-of-way. Tokos said that those are the types of things that won't materially change what the Commission is looking at, but need to be worked through.

Tokos' recommendation is to take testimony and hear the applicant's presentation. Ask questions, and set this over to the next meeting with instructions to work through for possible adoption at the next meeting. Tokos noted that he did have additional material from the applicant, which he handed out to the Commissioners. He noted that Hardy doesn't stand to financially benefit, so she didn't have to recuse herself.

Proponents: Bonnie Serkin, Chief Operating Officer of Landwaves, 2712 SE 20th Ave, Portland, came forward to testify. She noted that the last time she was before the Commission with changes, she had said she wouldn't be back before five years; and she kept her promise. She noted that Wilder has really took off. Serkin said that several builders

in the previous phases have talked about building in future phases. The South Beach Church is interested in building on the far south end of the village center. Landwaves has broken ground on a coffee shop in the village center. Okseholt Construction is poised to begin 28 apartment units followed by six more single-family homes; and in between those, 20 micro-cottages. He already built six of them. Phase 3 are nine of the larger lots; about 10,000 square feet. One of the other builders is looking at those, Fowler Homes. Phase 4 is one of the parcels that OSU has been looking at for student housing; but it's also beautiful for single-family homes. Serkin said that is how it could happen. This could be a very busy few years.

Elizabeth Decker of Jet Planning, Landwaves representative, came forward to address the concerns raised in the staff report. Regarding emergency access, in Phase 3 the cul-de-sac is 40 feet to meet fire code standards. The parking was their error; they never intended to have it there. They prepared a turning diagram showing the pattern of emergency vehicles. Using the wheelbase of the City's largest fire truck, it showed they can make the turn. They will review this with the Fire Department and Public Works. They did additional equations about emergency access in the green alleys in 2C and 2D. The exhibit shows a turning diagram of how the trucks maneuver to reach all of those lots. Those lots have multiple accesses; the alleys are secondary accesses. They proposed rounded corners and eliminated one of the lots in order to make sure vehicles can maneuver. She said, as mentioned in the staff report, 2 feet are required on either side of the alley. That is in the kit of parts. In Phase 1 they dealt with that by recording a public utility easement. No structures are allowed in that easement. They can use the same approach. Regarding stormwater drainage in Phase 4, they have two options so they have flexibility in the future depending on how they actually develop. They could retain the wetland, which is an existing natural feature, and preserve it and put it to work. They would like to retain the wetland to make sure there is an option to mitigate. They are happy to work with the City to make sure there is a mechanism to ensure access for maintenance. The CC&Rs for Wilder prohibit altering wetlands or natural features. They have their own CC&Rs to ensure that wetland is taken care of. Another issue is the phasing adequacy of utilities in Phase 2. She had an exhibit of Phase 2B, 2C, and 2D showing how the utilities can be developed independently. Phase 2A is where the coffee shop is going to be. Ellis Street connects to College Way before the final plat, which provides a secondary access point for Phase 2B. Phase 2B is the phase where Okseholt is wanting to get started with apartments. He is very eager to start on that project and break ground this year. Both projects are guaranteed to move forward. If the final plat of 2B is proposed first, they will work with the City to make sure there are adequate services, and 2A will be completed. As a temporary fix, they could gravel a small portion of Ellis Street and add a condition to the apartment occupancies. Both are moving forward. They will make sure they tie together. There was additional concern for 2C and 2D and how they might stand independently. The apartments in 2B are on tap and will be built first. 46th Street will provide access to the southern part of 2C. For Phase 2C, 46th Street will be constructed first to serve the apartments. For the micro-cottages, it will be 46th, Fleming, or Geneva; depending on the driveway. There's a turnaround on Fleming and Geneva. If Phase 2C is first, they will complete the loop. If Phase 2D is first, Harborton is done; they will complete it with curb and gutter. It's served by 44th Street and accesses through Fleming Street. The turnaround would be constructed with 2D. They have the flexibility to make sure they have access to all blocks. The last issue was about the street lighting included in the utility plans. They proposed lights at each intersection; traditional lighting to make sure it's not too bright. They are looking at slightly different light fixtures than used in Phase 1. They are in consultation with the City and PUD and will do additional lighting analyses.

There were no other proponents present wishing to testify.

Opponents and Interested Parties: There were no opponents or interested parties present wishing to testify.

Tokos recommended closing the hearing and continue to the next hearing date, June 8th when the Commission would have the ability to reopen the hearing upon request. If nobody wants that, the Commission can move on to deliberation.

MOTION was made by Commissioner Croteau, seconded by Commissioner East, to close the public hearing and continue to June 8th to allow resolution of the remaining issues. The motion carried unanimously in a voice vote.

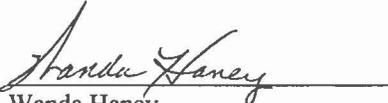
- G. **New Business.** No new business to discuss.
- H. **Unfinished Business.** No unfinished business.
- I. **Director Comments.**

1. With respect to Urban Renewal work, requests for quotes from consultants are due by the end of the month. Once a consultant is on board, we will look to initiate that process and get the citizen advisory committee formed. We are looking at the beginning of next fiscal year. The proposals are based upon trying to get the process done in fiscal year 2016-17. It's still on schedule, but we just won't start until the beginning of next fiscal year.

2. Patrick asked if anything is scheduled for the visioning process. Tokos said nothing is scheduled yet. City Manager Nebel is taking the lead on that.

J. **Adjournment.** Having no further business to discuss, the meeting adjourned at 8:26 p.m.

Respectfully submitted,


Wanda Haney
Executive Assistant

Draft MINUTES
City of Newport Planning Commission
Regular Session
Newport City Hall Council Chambers
Monday, June 8, 2015

Commissioners Present: Jim Patrick, Lee Hardy, Rod Croteau, Mike Franklin, and Bill Branigan.

Commissioners Absent: Bob Berman and Gary East (*both excused*).

City Staff Present: Community Development Director (CDD) Derrick Tokos and Executive Assistant Wanda Haney.

A. Roll Call: Chair Patrick called the meeting to order in the City Hall Council Chambers at 7:03 p.m. On roll call, Hardy, Croteau, Patrick, Franklin, and Branigan were present; Berman and East were absent but excused.

B. Approval of Minutes.

1. Approval of the Planning Commission work session and regular meeting minutes of May 26, 2015.

Commissioner Hardy noted a needed word correction in the regular meeting minutes. **MOTION** was made by Commissioner Croteau, seconded by Commissioner Franklin, to approve the Planning Commission work session and regular meeting minutes of May 26, 2015, as corrected. The motion carried unanimously in a voice vote.

C. Citizen/Public Comment. No public comment.

D. Consent Calendar. Nothing on the Consent Calendar.

E. Action Items.

1. Consideration of Draft Land Donation Agreement with Habitat for Humanity of Lincoln County. Tokos noted that there is a draft letter for consideration and possible adoption. There's also a draft land donation agreement that he would appreciate the Commission's feedback on. Sally Bovett asked if she needed to attend tonight's meeting; but Tokos told her that if she felt comfortable with the Commission's reaction following the last work session, she didn't have to attend. She would have been happy to be here, but she got a good feeling from the Commission at the last work session. Hardy had a question on the agreement. She noted that on page 1 in the next to the last paragraph it talks about limiting the resale value to 80% of medium family income. She wondered if we really want to say 50% of income as far as resale value. Are you talking about one year's income, ten years' income, or 20 years' income? Tokos will clean up the language to clarify that. Hardy noted that number 9 on page 4 needs the same clarification. Tokos said that's a good point, and he will clear that up. Croteau thought the agreement seems pretty clear and straight up. Tokos said that Habitat is very excited. We'll run this up the flag pole and see what happens. Croteau hopes with all the discussion we've had about this issue that the City Council will see their way clear to make this start. Patrick said at least do the donation. Get the first one done and then there'll be a good reason to give a donation on the second one.

MOTION was made by Commissioner Branigan, seconded by Commissioner Franklin, to approve the letter and draft once Tokos makes the appropriate wording corrections. The motion carried unanimously in a voice vote.

F. Public Hearings.

1. Continuance of File No. 2-PD-15 / 3-PD-15 / 1-SUB-15. A request submitted by Bonnie Serkin of Landwaves, Inc. (Elizabeth Decker of JET Planning, authorized representative) for approval of major amendments to the approved Preliminary Development Plan, Final Development Plan, and Tentative Plat for Phase 1 of Wilder. The Planning Commission held a public hearing on this matter on Tuesday, May 26, 2015.

Patrick noted that this a continuance of the hearing for File No. 2-PD-15/3-PD-15/1-SUB-15 from May 26th. Tokos explained that the applicant hasn't had a chance to digest Tim Gross' comments. He provided the Commission with Gross' memo of June 3rd to give a sense of where things stand. The applicant and the City will work through those. He thinks we'll end up in a position where the applicant will disagree with the City Engineer on some items. He is trying to get those focused and narrowed and related to approval criteria so the Commission can make a call as to which direction you think is appropriate. Tokos said he didn't have enough time to do that for tonight's meeting, considering when Gross provided his comments; but he thinks we're in good shape to have that for the next meeting. Tokos noted that Bonnie Serkin initially really wanted to be here to talk through these issues; but he convinced her otherwise. While she certainly could have done that because the Commission would have given her an opportunity to speak, it wasn't going to be something that's resolvable tonight; and it could be rather confusing and hard to connect the dots when you have so many issues in play. It's probably better to go through and whittle the list down until it's a small number. Then with that small number get it related to approval criteria and get the respective arguments laid out clearly so the Planning Commission can decide the most appropriate way to go.

Croteau thought he would like to see that. He said these issues really look fatal in a sense. Tokos said no, they're philosophical in some respects. There are some significant cost issues involved in some; particularly on some of the utility issues if they have to extend their service on Harborton because those lines are under pavement; and that's a big deal. Croteau asked then within the next two weeks the Commission will get a written response. Tokos said the Commission will get a set of findings and final order. How he sees this coming together is where there are points of disagreement, he will give the Commission alternative findings. That way the Commission can go with option one or option two. That's how he's going to try to frame it. Croteau thought that's reasonable.

With the record re-opened for any testimony, Fire Chief Rob Murphy, the only audience member present, was asked if he wanted to speak.

Interested Parties: Newport Fire Chief Rob Murphy thanked the Commission for having him and noted that he was asked to be here to provide his comments. He wanted to echo some of the concerns that Gross has on this project. Murphy said he's not opposed to the project, he just has some concerns; which for the Fire Department is access. It's the street widths, the corner, and the parking scheme especially with the angled parking and the depth of the parking. The Fire Department's concern is basically they want to be able to make the corners with their trucks. With the combination of the narrow streets, the tight corners, and the angled parking, he can foresee a situation where a car is parked incorrectly or it's a long vehicle and they won't be able to make the corners with their trucks. He said an example of that is NW Coast Street and Beach Drive underneath the arch. He can't get their trucks through it. He doesn't want to see that again. He said hopefully we can find solutions. He is willing to look at what they suggest. The Fire Department needs to be able to get trucks in there quickly to put the fires out. With examples of the fires we've had lately and with the winds like we have today, there's not much time to keep a fire from spreading from structure to structure; especially in this development where they put them close together. He needs to get in there quickly and get water on it quickly. Murphy said that Gross laid out his concerns very well as far as the specifics about where he has the emergency vehicle access in his June 3rd memo to Tokos on Fleming Street, on 42nd Place, and again that angled parking. You put that all together, and that's more Murphy's main concerns. Gross obviously has others dealing with utilities. Murphy's main concern is access.

Croteau said those are all legitimate concerns. He noted that they all came under Gross' memo. He wondered if that is something the Fire Chief would normally do or handle it through Public Works. Murphy said he would be happy to have a memo put in the record that reaffirms and agrees with the concerns Gross has. The Commissioners thought that would be helpful. Croteau said this is a very important issue, and instead of coming from Public Works, he would like to see it coming out of the Fire Department. Hardy agreed it's a public safety issue.

Patrick closed the public testimony and asked for a motion for continuance.

MOTION was made by Commissioner Croteau, seconded by Commissioner Branigan, to continue this matter until the June 22nd meeting of the Planning Commission. The motion carried unanimously in a voice vote.

G. New Business. No new business to discuss.

H. Unfinished Business. Tokos provided some updates on things that the Commission has dealt with previously.

1. The Local Improvement District (LID) project, on which Franklin was the designate, will have a kick-off meeting toward the end of the month. The consultant is doing data collection from the City now so they can start to ramp up. It may be the first part of July.

2. For the Urban Renewal Plan for Newport, the consultant selection has just finished. Croteau is manning that committee, and that will be ramping up soon.

3. It has been a while since we've heard anything regarding the grid-connected test facility, PEMAC, off the coast of Newport. They have been off addressing federal environmental rules and are still out there working through the regulatory process. They were here last week had held a stakeholders meeting with the Department of Energy representatives. It now looks like there's a competitor with Cal Poly San Luis Obispo as the lead. The Department of Energy reps met with Oregon State first and then were headed down to meet with Cal Poly. They're not as far along as OSU. As the Department of Energy gets closer to funding this, they will be putting it out for competitive proposals. They were noncommittal about dates, but his sense is it looks like they will be getting the funding announcement out within the next two years. It was a meet and greet with the stakeholders. We had an opportunity to share with the Department of Energy all of the leg work that's been done to get to this point. They heard from the City, from some key members of the fishing community talking about how they worked through the process of narrowing down the location, and from Central Lincoln PUD talking about how they could accommodate the grid connection. It was a productive meeting. It's been off our radar for a while because they've been dealing with environmental issues and not us; but it's continuing to move along. This is a priority for the Department of Energy. We'll see how it plays out.

4. The Nye Beach ad hoc group, which Franklin and Patrick attend, will be meeting on June 17th. Tokos will be getting materials out toward the end of the week so we can get that phase wrapped up and get it brought back to the full Commission.

5. All of the South Beach Urban Renewal projects will be announced and advertised for bid around the 15th; Abalone, 30th, Brant, 27th, Safe Haven Hill, and Ferry Slip. That's about \$4 million of construction all at once plus the parking area for the City Hall campus will be re-advertised and thrown in with that as well. We had only one bidder on that. Branigan thought that FEMA was doing Safe Haven Hill. Tokos explained that FEMA is funding Safe Haven Hill, and the City is doing it. FEMA is paying about 75% of the cost.

6. Franklin asked about the Agate Beach Wayside project. Tokos said they're putting together the specs on that, and next week we should have the 90% drawings. We've done our final open house on that, and now they're just getting into the details. We just received some of our final permitting; the wetland permitting and the ADA exception because it's not ADA accessible. We did a revised submittal to the State on that. Those funds have to be committed before September. It's done. At 90%, we're talking about moving a sign here or there or a minor adjustment to a manhole; no major changes. Actually the funds will be committed before September, it will bid a little after that, and construction will be in the spring. Patrick asked what about South Beach. Tokos said we will roll into construction on that one; it will go this year. He noted that Urban Renewal now owns the old Shones' property and have the remaining tenants under lease.

7. Patrick asked what the timeline is on OMSI. Tokos said they plan to open in April of next year. They will have the work done before then. It will be all finished. That's all moving ahead. They already have their foundations, and he thinks they have started framing on a couple of the structures. They're moving right along. Our Building Official is over there almost daily.

8. Patrick noted that they've finally scheduled their first Newport Visioning meeting that he volunteered for. That's coming up some time this month. He thinks the 23rd. Tokos wasn't notified but will ask.

9. Croteau asked, although we are continuing the Wilder matter, does the public testimony remain closed. Tokos thought at the opening of each continuance it's good to confirm that the hearing is still open for additional

testimony. As a matter of practice when you do a continuance, it's a good thing to say that up front so people know. Patrick said if you continue a hearing, it's still a hearing.

I. Director Comments. No further comments.

J. Adjournment. Having no further business to discuss, the meeting adjourned at 7:25 p.m.

Respectfully submitted,

Wanda Haney
Executive Assistant