NEWPORT
OREGON

CITY COUNCIL WORK SESSION AGENDA
Monday, June 20, 2016 - 12:00 PM
Conference Room A - 169 SW Coast Highway, Newport, Oregon 97365

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

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

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1. CALL TO ORDER

2. DISCUSSION / ACTION ITEM

2.A. Summary Report for the Work Session at Noon on June 20, 2016
City Manager Summary Report for Work Session Discussion Items.pdf

2.B. Discussion on Possible Recommendations to the League of Oregon Cities on Legislative Objectives for 2017
2016 Legislative Priority Packet.pdf

2.C. DIsscussion on Annexation/Bill Board Controls
PowerPoint Presentation - Annexation/Billboards

2.D. Review of Franchise Agreement with Charter Communications
NewportOR Franchise Draft _ 2016.5.16 _ clean copy.docx

3. ADJOURNMENT

CITY MANAGER SUMMARY REPORT ON WORK SESSION

Meeting Date: June 20, 2016

Agenda Item:
Summary Report for the Work Session at Noon on June 20, 2016

Background:
On Monday, June 20 at noon in Conference Room A, we have schedule several items for discussion by the City Council. Please note that we will provide lunch at this meeting.

Discussion on Possible Recommendation to the League of Oregon Cities on Legislative Priorities for 2017
Attached under that agenda item is communication form the League of Oregon Cities regarding their request to have communities prioritize legislative priorities for 2017 legislative year. I have also provided that information to our various department heads and have asked them to priorities these legislative issue from their perspective as well. We will be discussing legislative priorities at the staff meeting prior to the work session and will provide a compilation of those comments to share with the City Council discussion at noon.

An action item has been scheduled on this issue for the regular City Council meeting. We will provide a supplemental report for the Council's consideration at the regular meeting for approving the legislative priorities for 2017.

Discussion on Annexation/Billboard Controls
This relates to a goal identified by the City Council for the 2015-16 fiscal year. As you recall there was a goal that dealt with number of aspects that dealt with the appearance of the community. The annexation issue dealt with properties in the South Beach area that are outside the city and have dilapidated structures on those sites. Furthermore, this area of South Beach is a checker board of incorporated and unincorporated property within the city. It gets confusing from a law enforcement emergency response standpoint as to which jurisdiction has authority. It is appropriate for the Council to review and understand the issues of annexation and from a policy standpoint make a determination on how the city should proceed with annexation in the South Beach area included in the city urban boundary's.

In addition, there so as a desire to discuss the city's billboard controls. We will review those controls with the City Council the Council can discuss future strategies regarding both annexation and billboard controls following those presentations.

Review Franchise Agreement with Charter Communications
City Attorney Steve Rich, City Recorder Peggy Hawker, and I met with Charter. We would like to review with the City Council the provisions of the draft contract and determine whether Council is prepared to move forward with approval with a new franchise agreement Charter Communications. This action could be scheduled for the July 18 City Council meeting for public hearing and approval if the Council is comfortable in proceeding with this proposed agreement.

Respectfully Submitted,

Spencer R. Nebel

LEAGUE of Oregon CITIES
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June 6, 2016

Dear Chief Administrative Official:

For the past three months, eight policy committees have been working to identify and propose specific actions as part of the League's effort to develop a pro-active legislative agenda for the 2017 session. They have identified 29 legislative objectives as set forth in the enclosed ballot and legislative recommendation materials. These objectives span a variety of issues and differ in the potential resources required to seek their achievement. Therefore, it is desirable to prioritize them in order to ensure that efforts are focused where they are most needed.

Each city is being asked to review the recommendations of the policy committees and provide input to the LOC Board of Directors as it prepares to adopt the League's 2017 legislative agenda. After your city council has had the opportunity to review the 29 proposals and discuss them with your staff, please return the enclosed ballot indicating the top four issues that your city council would like to see the League focus on in the 2017 session. **The deadline for response is July 22, 2016.** The board of directors will then review the results of this survey of member cities, along with the recommendations of the policy committees, and determine the League's 2017 legislative agenda.

Your city's participation and input will assist the board in creating a focused set of specific legislative targets that reflect the issues of greatest importance to cities. Thank you for your involvement, and thanks to those among you who gave many hours of time and expertise in developing these proposals.

Do not hesitate to contact me or Craig Honeyman, Legislative Director, with questions.
Sincerely,

Michael J. McCauley
Executive Director

INSTRUCTIONS

1. Each city should submit one form that reflects the consensus opinion of its city council on the **top four** legislative priorities for 2017.

2. Simply place an **X** in the space to the left of the city's top four legislative proposals (last pages of the packet).

3. The top four do not need to be prioritized.

4. Return by **July 22nd** via mail, fax or e-mail to:

Paul Aljets
League of Oregon Cities
1201 Court St. NE, Suite 200
Salem, OR 97301
Fax – (503) 399-4863
paljets@orcities.org

Thank you for your participation.

City of: ________________________________

*Please mark **4** boxes with an **X** that reflect the top 4 issues that your city recommends be the priorities for the League's 2017 legislative agenda.*

Legislation

Community Development	
A. Needed Housing Assistance Program	☐
B. Natural Hazard Land Use Reform	☐
C. DOGAMI Disaster Mapping	☐
D. Floodplain Technical Assistance	☐
Energy	
E. Green Energy Technology Requirement	☐
F. Funding Public Energy Projects	☐
G. Updates to Oregon Energy Code	☐
Finance and Taxation	
H. Property Tax Reform - Market Value / Local Control	☐
I. Property Tax Reform - Fairness and Equity	☐
J. Local Lodging Tax	☐
K. Nonprofit Property Tax Exemption	☐
L. Marijuana and Vaping Taxes	☐
General Government	
M. Restore Recreational Immunity	☐
N. Increase Local Liquor Fees	☐
O. Marijuana Legalization Implementation	☐
P. Mental Health Investments	☐
Q. Qualification Based Selection	☐
Human Resources	
R. Subsidy for Retiree Health Insurance Repeal	☐
S. PERS Reform	☐
T. Arbitration Reform	☐
U. Veterans Preference Clarifications	☐
Telecommunications	
V. Rights of Way	☐
W. Franchise Fees	☐
X. 9-1-1 Emergency Communications	☐
Y. Technology Funding	☐
Transportation	
Z. Transportation Funding and Policy Package	☐
Water/Wastewater	
AA. Funding Water System Resilience	☐
BB. Enhanced Prescription Drug Take-Back	☐
CC. Water Supply Development Fund	☐

Community Development

Legislation	Background
A. <u>Needed Housing Assistance Program</u> **Create state grants and technical assistance to cities working to develop housing development programs directed at new or innovative mans of providing housing solutions for low-income or senior populations.**	Cities are looking for new ways to serve the needs of a variety of people needing housing options and putting more resources toward housing projects. However, there is a need for state resources and assistance in implementing these programs. Funds that cities could access could be used to assist in land purchases for leasing for long-term low income housing, incentives for creating single story housing for seniors, tiny housing development, and planned developments that serve a range of incomes. Technical assistance to other cities should help a city determine what programs or planning options are available tools to help cities reach the goals set in the comprehensive plan.
B. <u>Natural Hazard Land Use Reform</u> **Create process for communities to move the UGB from an identified hazard area to resource lands and planning for replacing significant urban areas lost after a natural disaster.**	As science has better located some hazards areas and as regulations impact the expected development of other areas, cities need to find ways to respond more efficiently to address long-term planning for development. This requires a simplification of the process for changing the location of development, including adding new areas to the UGB, to account for lost development capacity. There also needs to be a streamlined process for a city to identify areas of new development should a disaster remove a large portion of the buildable land supply if a disaster should strike.
C. <u>DOGAMI Disaster Mapping</u> **Increase funding for DOGAMI to complete comprehensive disaster mapping of cities, including landslide and floodplain risk identification, and natural hazard related evacuation planning for additional potential risks such as tsunami or wildfire inundation.**	The Oregon Department of Geology and Mineral Industries (DOGAMI) provides a number of technical resources to cities to identify hazards that could impact development. The department is also an integral partner in creating plans for the emergency response for many disasters that could occur in the state. Increasing funds for comprehensive maps will help with long-term planning for hazard mitigation, resilience, and survival.
D. <u>Floodplain Technical Assistance</u> **Provide DLCD funding for technical assistance to cities implementing required changes to floodplain development management practices from FEMA.**	Because of the recent release of the Biological Opinion from the National Oceanic and Atmospheric Administration Fisheries Service related to the National Flood Insurance Program's potential to impact endangered species, there is a need for cities to receive significant assistance in implementing any changes required by the Federal Emergency Management Agency. As the federal process moves forward, the state must provide resources to help cities update comprehensive plans and development codes. This issue will have a number of impacts and assistance in the form of model codes, staff resources, grants, and other expertise will be necessary for cities trying to implement any changes or additional work.

Energy

Legislation	Background
E. <u>Changes to 1.5 Percent Green Energy Technology Requirement</u> **Advance legislation to statutorily modify the existing "1.5 percent green energy technology for public buildings" requirement to allow for alternative investment options such as offsite solar or community solar projects.**	Oregon statute currently requires public contracting agencies to invest 1.5% of the total contract price for new construction or major renovation of certain public buildings on solar or geothermal technology. The requirement allows for offsite technology, but only if the energy is directly transmitted back to the public building site and is more cost-effective than onsite installation. Removing the requirement that an offsite project be directly connected to the public building project could result in increased flexibility for local governments to invest in solar projects that are more cost-effective and provide for increased solar energy generation. In addition, the League will work to allow 1.5 percent funds to be invested in alternative projects that provide a greater economic or social return on investment. As an example, a city could use the funds on a community solar project to benefit low-income residents rather than being required to invest in solar generation at the site of the public building project.
F. <u>Funding for Public Energy Projects</u> **Support enhanced incentives for public energy projects including grants for technical assistance, feasibility studies and resource recovery projects for energy and fuel generation.**	There are programs that exist in Oregon for the purpose of incentivizing energy projects including renewable energy generation, alternative fuel vehicles, and energy efficiency. Programs such as the Business Energy Tax Credit (BETC), which was discontinued in 2014, and the State Energy Loan Program have been important tools for incentivizing energy projects for local governments. However, as a result of scrutiny over the administration of these incentives including private loan defaults, these programs are either no longer available, such is the case with the BETC program, or are at risk of being discontinued. It is critical for municipalities to have ongoing access to incentive opportunities as energy projects can be difficult to pencil-out and even more difficult for smaller communities to finance. The state of Oregon should take into consideration that loans for public energy projects, including cities, are lower-risk and should not be penalized in light of recent scrutiny. In addition, investments in these projects often result in environmental, social and economic benefits including long-term savings for taxpayers and reductions in greenhouse gas emissions. The League will work to enhance funding, including grants for technical assistance and feasibility studies for communities that currently do not have access to resources. The League will also advocate for incentives for energy and fuel generation projects. Examples of projects that warrant funding incentives include methane capture for fuel or energy generation, investments in community solar projects, renewable energy generation, and energy efficiency improvements.

Energy (Continued)

Legislation	Background
G. <u>Require Updates to Oregon Energy Code</u> **Require the Oregon Building Codes Division (BCD) to engage in more frequent review of the state's energy code to reduce greenhouse gas reductions and ensure that Oregonians can more affordably and efficiently heat their homes and businesses.**	Oregon's statewide energy code for commercial and residential buildings is an important tool for achieving greenhouse gas reductions through decreased energy consumption while helping to ensure that Oregonians are able to more efficiently and affordably heat their homes and businesses. Federal law requires each state to certify that their state energy code is equivalent to federal model energy codes. While Oregon was once a leader in energy code adoption and implementation, the state is now in a position of falling behind the federal code. This is due, in large part, to a decision made by the Oregon Building Codes Division in 2013 which changed the code cycle from a three-year update to a six-year update. Major code changes, including adoption of national codes, will now occur every six years with minor changes occurring every three years. This change will impact Oregon's ability to keep pace with federal standards and new technologies in energy efficiency. The League will work to support efforts to align new construction building codes with the state's climate goal timelines. In addition, the League will support efforts to establish a periodic review schedule to ensure that Oregon more frequently updates the state energy code in order to reflect federal code requirements. Also, the League will encourage the state to set specific targets for increased energy efficiency in residential and commercial building construction with specific goals for increasing energy efficiency standards for affordable housing projects and increasing use of net-zero and passive house building requirements. Finally, the League will work to require BCD to make regular reports back to the legislature to update on energy code implementation and goals.

Finance and Tax

Legislation	Background
H. <u>Property Tax Reform – Market Value / Local Control</u> **A legislative constitutional referral to reform the property tax system:** **a) to achieve equity, transitions to a market based property tax valuation system; and** **b) to restore choice, allows local voters to adopt tax levies and establish tax rates outside of current constitutional limits in their taxing jurisdictions.**	Property taxes are regulated largely by Measure 5 (1990) and Measure 50 (1997), as provided in the Oregon Constitution. Measure 50 established a new method for assessing property, discounting the assessment at 10 percent of the real market value and calling this assessed value. Assessed value is capped at an annual growth limit of 3 percent. As a state total, due to the limits and market changes, the gap between real market value and assessed value has now grown to nearly 25 percent over the past 20 years. This gap varies widely on a property by property basis, creating considerable property tax inequities for properties that sell for similar prices in a city. In short, Oregon property taxes have become disassociated from real market value and the result is considerable inequity. For FY 2014-15, 60 percent of cities, 97 percent of counties, and 89 percent of school districts had some compression. This means that the Measure 5 caps of $5 per $1000 for education and $10 per $1000 for general government on real market value have been exceeded in most taxing jurisdictions. The caps are over 25 years old and were set low as voters were anticipating a sales tax to be coupled with it. Voters can no longer vote for the services they desire due to these caps. With looming PERS costs increases, paying for services with the present restrictions will become very difficult in some cities.
I. <u>Property Tax Reform – Fairness and Equity</u> **A bill that pursues statutory modifications to the existing property tax system that enhances the fairness and adequacy of the current system.**	There are some adjustments to the property tax process and calculations that can be done statutorily. These include altering the changed property ratio statute and the statutory discount given to property owners who pay their taxes by November 15th. New property is added to the tax rolls using a county-wide ratio (assessed value to real market value) for determining the discount to apply to the real market value and that could be changed statutorily to a city-wide ratio in taxing districts who elect the change.

Legislation	Background
J. <u>Local Lodging Tax</u> **A lodging tax bill, the outcome of which, would:** **a) Provide jurisdictions greater flexibility to spend local lodging tax revenue to plan for and provide services and infrastructure related to tourism;** **b) Reduce or eliminate the required reimbursement charge that a lodging tax collector is allowed to retain for filing a local lodging tax return; and** **c) Improve efficiency and collection of local lodging taxes in cooperation with the state.**	State law restricts how local lodging tax revenues may be expended. Post 2003, any new taxes or any tax increase requires a 70 percent revenue dedication to tourism promotion or tourism-related facilities. In addition, state statute provides that cities may not lower the actual percentage of lodging tax revenues that were dedicated to tourism prior to 2003. This means that cities have varied percentages of restricted local lodging taxes revenues. These numbers are arbitrary as they were set based on circumstances in 2003 that have often greatly changed. In addition, the legislative history shows that the legislature intended to provide some revenue flexibility and provide that certain infrastructure (roads, sewer lines, etc.) would qualify as tourism-related but the statutes need revision and clarification. State law requires local governments to provide a 5 percent collector reimbursement charge if they impose a new lodging tax or tax increase after January 1, 2001. This is a deduction from the taxes that would otherwise be due. The state also provides a 5 percent collector reimbursement charge for state lodging taxes. In addition, local governments that had a reimbursement charge, must continue it. Thus, cities have very different reimbursement requirements—some are at zero, others are at 5 percent, and some are in between. When coupled with the state deduction, the deduction seems too generous. The Oregon Department of Revenue now collects state lodging taxes throughout the state and could collect and enforce local lodging taxes at the same time if given statutory authority. Local governments could then enter into voluntary agreements with the state to delegate the collection. This option could make collection much more efficient and cost-effective for some local governments. In addition, cities continue to struggle with collections and auditing, particularly from online companies and private home rentals (through Airbnb, etc.) and this area of the law could be improved.

Finance and Tax (Continued)

Legislation	Background
K. <u>Nonprofit Property Tax Exemption</u> **Clarify and reform the statutory property tax exemption provided to nonprofit entities to address cost-benefit concerns for the continued full exemption in light of cost of city services provided to nonprofits and the changing services and business models of some nonprofit entity types.**	Nonprofit organizations that are charitable, literary, benevolent or scientific are provided a property tax exemption that will cost more than $194 million in the 2015-17 biennium. In addition, exemptions for the property of nonprofit religious organizations costs more than $113 million for the biennium. For many cities, much of the city is exempt from property taxes due to the public property exemption and these nonprofit exemptions. This includes hospitals, nursing homes, etc. The Legislature has formed a work group to look at the nonprofit property tax exemption issue as the nature and number of nonprofits is changing and the administration of the exemption has become complex for county tax assessors. Nonprofit entities require significant services, including transportation, water, sewer, police, fire, etc. Thus, the legislature is looking at property taxes more as a service tax and considering how the full exemption could be adjusted to have nonprofits pay for their fair share of costs of services or otherwise meet a benefit test for continuing an exemption.
L. <u>Marijuana and Vaping Taxes</u> **Defend against restrictions and preemptions regarding local marijuana and vaping taxes and advocate for appropriate state shared revenue levels and distribution formulas for state marijuana taxes and potential vaping taxes.**	There are no revenue use restrictions on local marijuana taxes, but the local marijuana tax rate is capped at 3 percent. There are no restrictions on local governments imposing a vaping tax. The state has not imposed a tax on vaping products to date but is considering a tax. Often when the state imposes a tax (for example, cigarette or liquor), the state preempts local governments from also imposing a tax. 10 percent of state marijuana taxes will be distributed to cities after state administrative costs. Distributions will be made per capita for revenues received prior to July 1, 2017. After July 1, they will be distributed based on the number of the various marijuana licenses issued in a city. Cities that prohibit establishments for recreational marijuana producers, processors, wholesalers or retailers will receive no state shared revenue. Likewise, cities that prohibit a medical marijuana grow site or facility will receive no state shared revenue.

General Government

Legislation	Background
M. <u>Restore Recreational Immunity</u> **Cities should enjoy protection from unreasonable litigation when offering recreational opportunities to the public.**	ORS 105.682 grants that a land owner is not liable for any personal injury, death or property damage that arises out of the use of their land for recreational purposes as long as no fee is charged in order to access that property. This statute allows cities to operate parks and trails without fear of lawsuit. However, in the recently decided Oregon Supreme Court case, *Johnson v Gibson,* It was held that even though the landowner may be immune from liability, their employees are not. As a result, two employees of the City of Portland were found liable for injuries sustained by a jogger in a park, employees who are indemnified by their employer. The practical effect of this ruling is that the immunity previously enjoyed by cities that allowed for robust park development have been eroded to the point of being non-existent. This priority directs LOC staff to seek to amend the ORS 105.682 to restore that immunity.
N. <u>Increase Local Liquor Fees</u> **Cities play an important role in the review and investigation of liquor license applicants and should be able to recoup costs associated with that role.**	ORS 471.166 allows cities to adopt fees that are “reasonable and necessary to pay expenses” associated the review and investigation of liquor license applicants. However, the same statute limits the amounts of those fees to between $25 and $100 depending on the license or approval being sought by the applicant. This priority is to pursue changes to this statue that allow cities to recoup the actual costs associated with performing their role in the liquor licensing process and allowing for periodic increases.

General Government (Continued)

Legislation	Background
O. <u>Continue Marijuana Legalization Implementation</u> **Allow for civil enforcement of marijuana laws.** **Ensure equitable distribution of marijuana shared revenues.** **Eliminate limitations on shared revenue use.**	One of the promises made by marijuana legalization advocates is that illicit sales and production of marijuana would shift into a legalized and regulated market. This has occurred to a large extent but many producers and retailers continue to seek the financial benefits or participation in the marijuana industry while avoiding the inconvenience of its regulatory framework. This priority seeks legislation that gives the Oregon Liquor Control Commission (OLCC) the same civil and administrative authority to prevent unlicensed sales and production of marijuana as it has in regards to liquor. Beginning in 2017, state shared revenue from marijuana will be distributed to cities based in the number of OLCC licensed commercial marijuana entities exist in their jurisdiction. This priority is to alter that arrangement so that is it distributed on a per capita basis to ensure equitable distribution among cities that are incurring costs. Measure 91 required that money distributed by the state to cities be used exclusively for costs associated with marijuana legalization. Tracking a dollar though a city's general fund and determining if a service was related to marijuana is inefficient if not impossible, and is not imposed for the receipt of liquor revenue. This priority is to advocate for legislation that removes this burden.
P. <u>Protect Mental Health Investments Made in 2015</u> **Oregon made significant and strategic investments in protecting and caring for the mentally ill in 2015 that should be maintained.**	The Legislature increased access to mental health care and expanded existing, proven programs designed to de-escalate police contacts with the mentally ill. Those programs could be vulnerable in a difficult budget environment made challenging by increased PERS rates. This priority is defensive in nature and seeks to preserve investments that are improving the lives of mentally ill Oregonians.
Q. <u>Remove Qualification Based Selection Mandate</u> **Cities should be allowed to consider cost when making initial contract award decisions when hiring architects and engineers.**	Cities are currently required to use a procurement method that prevents the consideration of cost when contracting with architects and engineers for public improvements. Instead, cities must base their initial selection for these services based solely on qualifications and can only negotiate the price after an initial selection is made. This mandate is not a cost effective means for procuring services and is poor stewardship of the public's dollars. This priority is to seek the removal of this mandate.

Human Resources

Legislation	Background
R. <u>Repeal Requirement to Subsidize Retiree Health Insurance</u> **Public employers should not subsidize the health insurance of former employees when reasonable, cost competitive options exist.**	ORS 243.303 mandates that local governments provide retirees with access to health insurance and requires that they be placed in the same risk pool as active employees. As retirees are approximately 2.5 times more expensive to insure than active employees this mandate results in employers and current employees subsidizing the health insurance costs of former employees. This subsidization, according the Government Accounting Standards Board, must be shown on an audit as long term liability, thus creating an inaccurate perception of a city's financial condition. Further, this requirement could be described as anachronistic as individuals are now able to purchase health insurance under the Affordable Care Act. This priority is to eliminate ORS 243.303 from Oregon's laws.
S. <u>PERS Reform</u> **PERS benefits should be adjusted where legally allowable and investments should be maximized to ensure a sustainable and adequate pension system.**	The PERS unfunded liability stands at $22 billion and employer rates are anticipated to approach 30 percent of payroll in the coming biennium. Rates are expected to remain at that level for the next twenty years. This is not sustainable. This priority is to seek any equitable changes to benefits that will reduce employer rates while not pursuing options that are legally tenuous or counterproductive. Additionally, changes are to be sought to the investment portfolio that will maximize returns through improved risk management and efficiencies.

Human Resources (Continued)

Legislation	Background
T. <u>Arbitration Changes</u> **Public employers should have greater influence over the disciplining of their employees.**	Currently under the Public Employee Collective Bargaining Act, contested employee discipline matters must be submitted to an outside arbitrator for adjudication. Decisions by arbitrators are binding unless the conduct was a violation of public policy as defined by the state, there was serious criminal conduct or an egregious inappropriate use of force. This priority is to seek the following changes to the statue: • Arbitrator decisions should also comply with local policies; • Decisions should comply with policies related to any inappropriate use of force a; • Arbitrator decisions should recognize all criminal misconduct related to employment not just “serious”; • Employer disciplinary decisions as it regards employees who are supervisors as defined by the EEOC and BOLI should be given more weight.
U. <u>Veterans Preference Clarifications</u> **Requirements that veterans be given preference in public sector hiring should be clear and unambiguous for the benefit of veterans and employers.**	The State of Oregon requires and the League agrees that honorably discharged veterans deserve special consideration in public sector hiring. However, statutes describing how this is to be accomplished are unclear and ambiguous. Vague statutes do not serve the interests of employers or veterans. This priority seeks a clear definition of “preference” in the statute, ensure that recently separated veterans receive the consideration necessary for them to successfully enter the workforce and establishes clarity as to when the preference is to be applied.

Telecommunications, Cable & Broadband

Legislation	Background
V. <u>Rights of Way</u> **Oppose legislation that preempts local authority to manage public rights-of-way and receive compensation for their use.**	In its commitment to the protection of Home Rule and local control, the League consistently opposes restrictions on the rights of cities to manage their own affairs. From time to time, in the context of franchise fee and rights-of-way management authority discussions, proposals to restriction to this authority arise. These include a statewide franchise policy and revenue collection system as well as limiting the ability of cities to charge fees of other government entities. This is contrary to local government management authority, the ability to enter into agreements with service providers either by agreement/contract or ordinance and to derive revenues from business fees charged to users of public rights-of-way.
W. <u>Franchise Fees</u> **To ensure market fairness and equity, prepare legislation for possible introduction repealing ORS 221.515 (HB 2455 -7 in 2013, and HB 2172 in 2015) to remove franchise fee rate and revenue restrictions which currently apply to incumbent local exchange carriers but not to competitive local exchange carriers.**	Oregon statute currently contains a discrepancy between how cities collect franchise fees from incumbent local exchange carriers (ILECs) and competitive local exchange carriers (CLECs). ORS 221.515 limits cities collecting franchise fees from ILECs to a maximum of 7 percent of revenues derived from dial-up services, which represents only a portion of ILEC total revenues due to the addition of a broader array of customer services. There is no such rate cap or revenue restriction on CLECs, hence the discrepancy. In the past the League has worked with CLECs to "level the playing field." Repeal of ORS 221.515 would accomplish that.
X. <u>9-1-1 Emergency Communications</u> **Support legislation enhancing the effectiveness of the state's emergency communications system through an increase in the 9-1-1 tax and/or a prohibition of legislative "sweeps" from accounts managed by the Oregon Office of Emergency Management.**	The League worked with other stakeholder groups in 2013 to extend the sunset date on the statewide 9-1-1 emergency communications tax to January 1, 2022 (HB 3317). In 2014, the League also worked to pass legislation including prepaid cellular devices and services under the 9-1-1 tax (HB 4055). As concerns mount with regard to disaster preparedness and recovery and as new upgrades to communications technology becomes available, it is apparent that state and local governments do not have the resources necessary to address challenges or take advantage of opportunities. Additional funding is needed and the practice of periodically sweeping funds out of the state's emergency management account for other uses should cease. It is worthy of note that the practice of "sweeps" disqualifies the state from receiving federal funds for emergency communications. It is unknown how many federal dollars have been foregone as a result of this policy.

Telecommunications, Cable & Broadband (Continued)

Legislation	Background
Y. <u>Technology Funding</u> **Seek additional funding to assist for cities in:** • **Increasing high speed broadband deployment and close the digital divide.** • **Purchasing upgraded emergency management communications equipment.** • **Providing local match money for federal funding programs, such as high speed broadband deployment.**	The deployment of broadband throughout the state of Oregon is critical to economic development, education, health and the ability of citizens to link with their governments. Additional funding, from various sources, including the state and federal government, needs to be allocated for this purpose. The need becomes even more acute when consideration is given to the certainty of a major seismic event. Often federal assistance comes with the requirement of a state or local match which is problematical for cities. A state mechanism for providing matching fund assistance would be helpful to those communities seeking to take control of their broadband destiny.

Transportation

Legislation

Z. <u>Comprehensive, Multi-modal Transportation Funding and Policy Package</u>

The League of Oregon Cities proposes that transportation infrastructure be raised to the same level of importance as other utilities, and be funded at a level capable of maintaining appropriate standards of operation and service. Therefore, the League will help draft and advocate for a comprehensive, inter-modal and statewide transportation funding and policy package that:

1. **Provides a significant increase in resources available for the preservation and maintenance of city streets by:**

   - **Substantially increasing the state gas tax and licensing and registration fees.**
   - **Indexing the state gas tax.**
   - **Continuing efforts to identify and implement alternative funding mechanisms (VMT, tolling, public-private partnerships, etc.).**
   - **Disaster resilience and seismic upgrades for all transportation modes.**
   - **The completion of transportation projects begun but not yet completed due to lack of funding or changes in funding criteria.**
   - **Providing additional funding for voluntary jurisdictional transfer.**
   - **Funding transportation enhancements such as bike-ped facilities.**
   - **Increasing funding for the statutory Special City Allotment program while maintaining the 50%-50% ODOT/city split.**
   - **Repealing the referral requirement (2009 Jobs and Transportation Act) on cities seeking to create/increase local gas tax.**

2. **Addresses statewide needs relating to intermodal transportation through:**

   - **Additional funding for transit operations and capital projects.**
   - **Additional funding for freight rail capital projects and operations (*Connect*Oregon, short-line rail and transload facilities).**

Background

Maintenance and preservation needs have outpaced the resources available for streets, roads and highways. In its March, 2016 Infrastructure Survey Report the League identifies a $3.7 billion capital need for highway and non-highway transportation projects ($2.6 billion highway / $1.1 billion non-highway). In addition, the report shows, for the 120 cities that participated, an aggregated street budget shortfall for operations and maintenance of approximately $217 million per year. Safety and disaster resilience were cited as major challenges and needs by most cities. Cities also expressed support for a voluntary jurisdictional transfer program (the sensible alignment of highway facilities and management responsibility) provided the availability of adequate funding to facilitate the transfer and to maintain the asset.

Given the threat that inadequate funding represents to investments already made in the transportation system, the League will insist on a transportation package that increases and makes more sustainable the ability of all government jurisdictions to preserve and maintain these assets. Notwithstanding its emphasis on the need to preserve and maintain existing streets, the League of Oregon Cities agrees that the state's transportation system and the policy and funding programs that support it must be multimodal and statewide in scope. The League will therefore work to pass legislation in 2017 that addresses funding and policy initiatives relating to all modes (streets, bike/ped, transit, rail, aviation and marine) and in so doing address such issues as:

- Connectivity and capacity (especially truck mobility/rail)
- Safety for all users across all modes
- Resiliency and recovery (seismic retrofit across all modes)
- Jobs and economic development
- Impact on climate change
- Active transportation and public health
- Transportation access available on an equitable basis to all Oregonians
- Continuing and extending *Connect*Oregon
- Ensuring adequate <u>new</u> revenues for program/equipment such as the Oregon Department of Motor Vehicles technology upgrade
- Creative solutions to ongoing challenges (dedicated non-roadway fund, increased local authority to fund transit, bike-ped funding, etc.)

• **Additional funding for passenger rail operations, equipment and capital projects (federal matching money and AMTRAK Cascades).** **3. Does not:** • **Preempt local government ability to self-generate transportation revenues for street maintenance and preservation.** • **Change the dedication of State Highway Fund dollars to highway, road and street projects contained in Article 8, Section 3a of the Oregon Constitution.** • **Reduce cities 20% share of the State Highway Fund.** • **Create unfunded mandates requiring cities to undertake specific programs, such as greenhouse gas reduction scenarios.** • **Further complicate the planning and regulatory process that currently governs the project delivery process.**	• Maximizing local benefits of the federal FAST Act in Oregon

Water & Wastewater

Legislation	Background
AA. <u>Funding for Water System Resilience</u> **Secure dedicated funding for water and wastewater system resilience and emergency preparation. This would include additional funds to plan for and upgrade water systems to increase seismic resiliency and funding to better position communities to better prepare for water supply shortages due to drought, climate change or other emergency scenarios.**	In general, Oregon's drinking water and wastewater systems are woefully underprepared for a catastrophic earthquake event. Restoration of water supply following such an event is critical for fire suppression, first aid, and for human health and safety. In 2013, the Oregon Resilience Plan provided estimates for service recovery of water and wastewaters systems in the event of a Cascadia earthquake under current infrastructure conditions. According to the plan, the estimated the timeframe for service recovery in the valley ranges from one to twelve months. For the coast, service recovery is estimated between one to three years. In addition to risks associated with significant natural disaster events, recent drought conditions in Oregon have demonstrated the need for emergency supply planning and coordination with other water users to better address water supply challenges. It is critical that communities are able to acquire alternative and back-up water supplies from multiple sources in order to better prepare for supply shortages or emergency situations, such as natural disasters or supply contamination. The League will work to identify and secure low-interest loans or grants to seismically upgrade drinking water and wastewater system infrastructure and to help ensure that these systems are more resilient and better positioned to respond to water supply shortages resulting from drought, climate change, natural disasters, or other system failures.

Water & Wastewater (Continued)

Legislation	Background
BB. Promote an Enhanced Prescription Drug Take-Back **Advocate for enhanced prescription drug take-back program funding and additional collection locations to reduce contamination of water from unwanted prescription drugs.**	Unused prescription drugs are problematic from both a public health and safety perspective as well as from a water quality perspective. Drug take-back programs help to ensure that unused prescription drugs are properly disposed of which keeps them from being abused, keeps them out of the hands of children, and keeps them from entering Oregon's waterways. Unwanted prescription drugs are often flushed down the toilet and despite wastewater treatment systems, y can end up contaminating lakes, streams and rivers. In 2014, U. S. Drug Enforcement Administration (DEA) expanded the types of locations allowed to accept unwanted medications including retail pharmacies and drug manufacturers. Prior to 2014, drug-take back programs were primarily supported through police department drop boxes. The challenge in expanding prescription drug take-back programs is now focused on the cost of transporting unused drugs from the take-back location to the disposal site and in educating the public about responsible disposal opportunities. The League will work with a variety of stakeholders, including public health advocates, to identify additional funding mechanisms to increase drug take-back collection locations across Oregon. Funding should support the transportation and responsible disposal of unused prescription drugs. Funds should also be dedicated for enhanced education of disposal opportunities and the establishment of convenience standards to ensure that all Oregonians have reasonable access to drug take-back locations.
CC. Increased Funding for Water Supply Development **Support additional water supply funding through the state's Water Supply Development Account.**	According to a survey conducted by the League, Oregon's water and wastewater infrastructure needs for cities alone are estimated to be $9 billion over the next twenty years. In addition, the survey identified 66 percent of respondent cities as being in need of additional water supply storage. The 2015 drought highlighted the need for additional investments in water supply infrastructure, including storage and water delivery system efficiencies. Additional storage project investments are not only critical for adequate drinking water supply, they are an important tool for supplementing streamflows and habitat restoration. The League will work to secure additional funding for existing water supply development programs. This includes support for feasibility grants and for the state's Water Supply Development Account which provides funding for water supply storage, reuse, restoration and conservation projects.

South Beach Annexation Options/Billboard Controls

NEWPORT CITY COUNCIL

JUNE 20, 2016 WORK SESSION

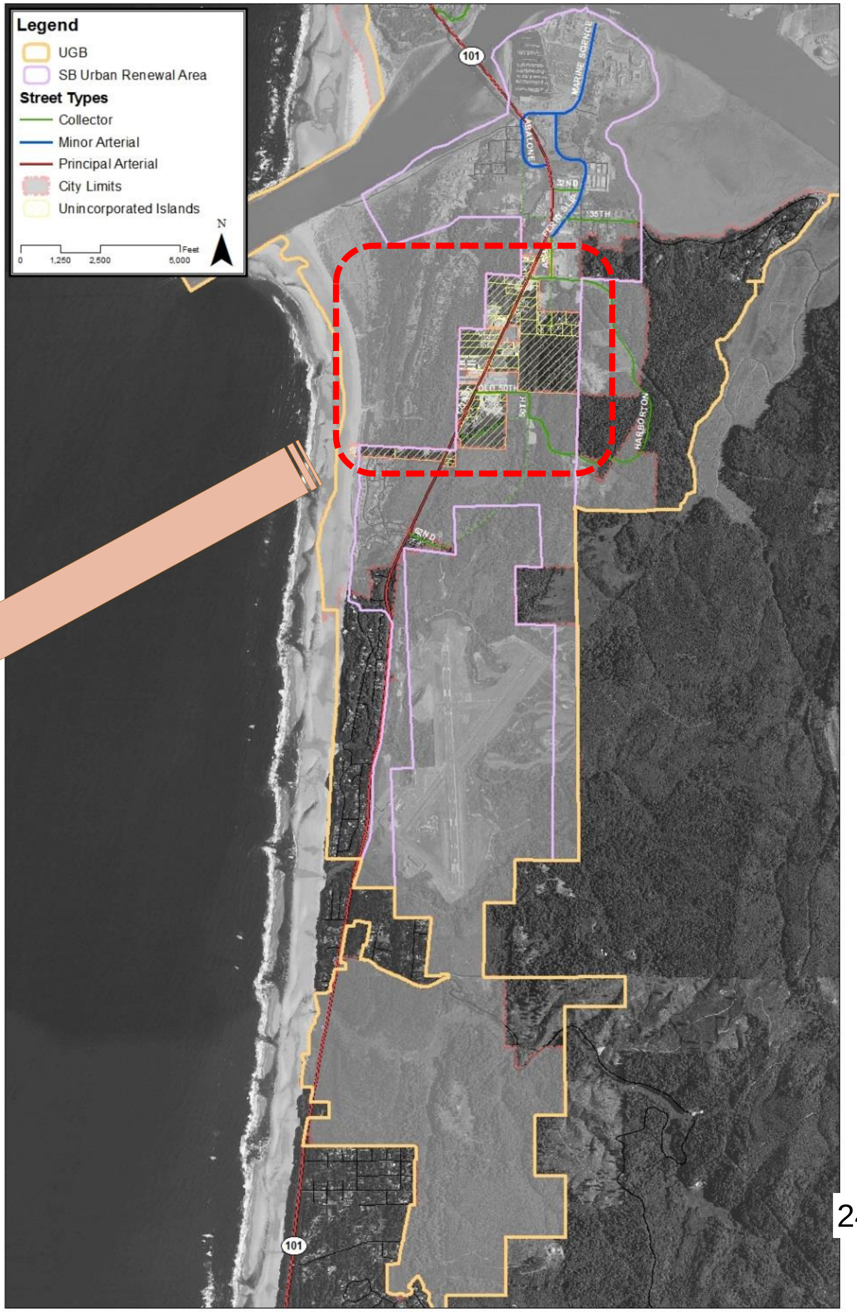
Council Goal

Pursue City beautification with flower plantings, stronger code enforcement, annexation of certain South Beach properties, and billboard ordinance modifications.

This presentation offers an overview of annexation tools available to the City and codes in place addressing billboards.

South Beach Urban Growth Boundary

Unincorporated Islands



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NMC Chapter 14.37 Annexations

Sets out process for petition initiated annexations.

Requires consent forms be submitted with the petition showing:

- At least half of the owners that control 50% of the land area <u>and</u> 50% of the assessed value support the petition; or
- More than 50% of the owners <u>and</u> 50% of the electorate in the territory to be annexed support the petition.

Territory must be inside UGB and contiguous to city limits.

Hearings required before Planning Commission and Council.

Zoning applied at time of annexation.

Code does not apply to city initiated annexations governed by ORS Chapter 222.

City Initiated Annexations (ORS Chapter 222)

City Council may initiate, by motion, a process to annex territory contiguous to the city limits and within the UGB.

May phase in property tax increases over a 10 year period.

Citywide vote must be held unless consents are obtained in a manner equivalent to the Municipal Code petition process.

When put to a vote, a majority of the votes cast in the territory <u>and</u> a majority of the votes cast in the city must support annexation.

The above does not apply when the Oregon Health Authority finds that a danger to public health exists (e.g. septic system contamination) or the territory is surrounded by the city limits.

Annexation of Unincorporated Islands

Unincorporated "islands" include territory not within a city that is surrounded by the corporate boundaries of the city, or by the corporate boundaries of the city and the ocean shore, a river, a creek, or the bay.

The city may annex such islands after holding at least one public hearing for which notice has been mailed to each record owner of real property in the territory proposed to be annexed.

For property zoned for, and in, residential use when annexation is initiated by the city, the city must specify an effective date for the annexation that is at least three years and not more than 10 years after the date the city proclaims the annexation approved.

Property subject to delayed annexation becomes part of the city immediately upon transfer of ownership.

ORS 222.750

South Beach Unincorporated Islands

56 Tax Lots

31 Separate Owners

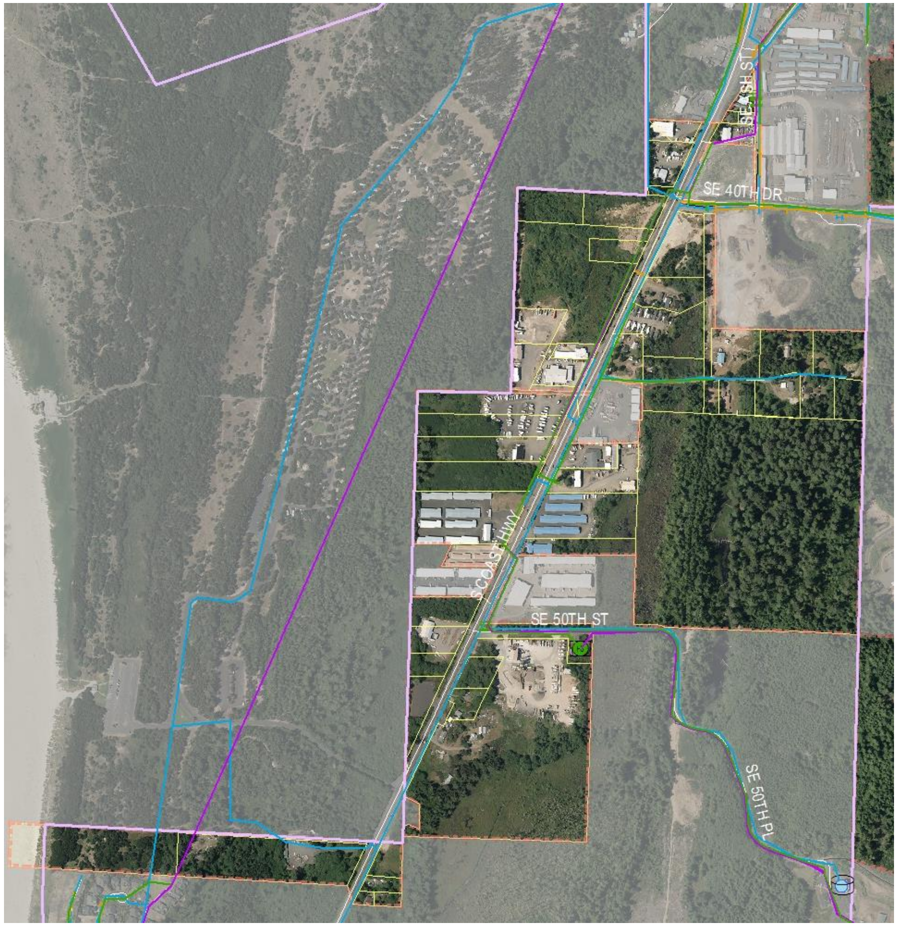
398.02 Acres (excluding ROW)

$14,108,692 (2015 Assessed Value)

$61,851 Estimate of Additional Annual Property Taxes

($4.3839/$1,000 assessed. City rate less rural fire and county library)

Services Available to Island Parcels



Water service available to all properties via main located along US 101

Sewer service available south to SE 50th Street

Extension of sewer service to airport possible with final phase of South Beach Urban Renewal Plan

Planned Future Street Improvements

1. Signalization of SE 40th and US 101 Intersection
2. Extension of Ash Street south of SE 40th
3. Realignment of SE 50th to match up with South Beach State Park Entrance

30

Environmental Constraints

Properties substantially impacted by wetlands

State will require mitigation before land can be developed

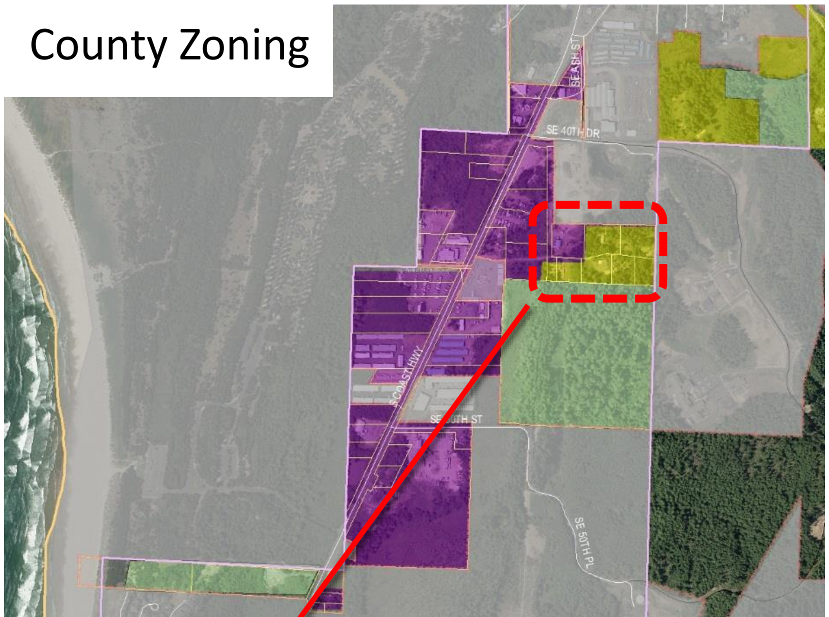
City has no imminent plans to retrofit with structural storm drainage improvements and such a system would be expensive

31

Land Use Designations

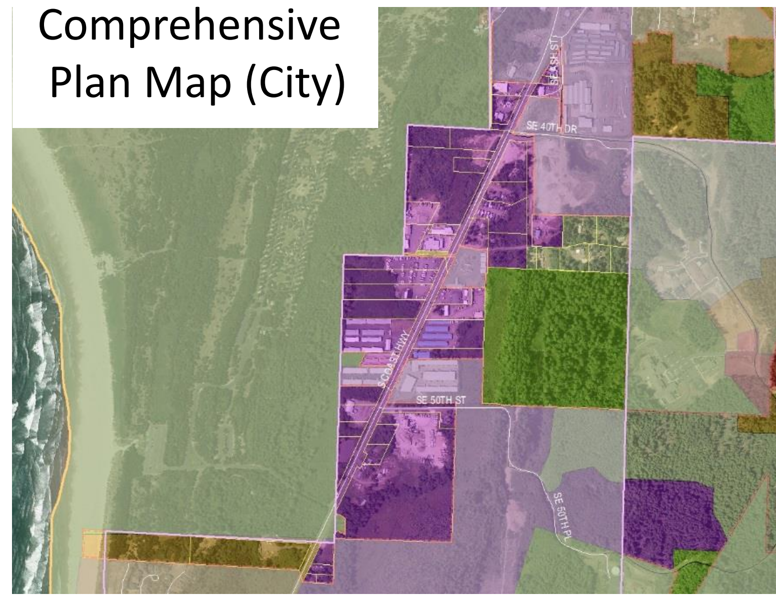
County and City are generally consistent. Most of the property is industrial (purple), with some residential (yellow), and public (green)

County Zoning



An effective date for the annexation of this area would have to be at least 3 years out

Comprehensive Plan Map (City)



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Other Unincorporated Island Areas

Only one unincorporated area outside of South Beach is surrounded by the City

Could complicate future extension of sewer service to Mclean Point

Annexation date for the residential property would be deferred at least 3 years

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Tax Comparison

4535 S Coast Hwy

Date Annexed: 12/19/13

FY 13-14	FY 14-15
AV: \$579,680	AV: \$597,060*
Taxes: \$7,481.39	Taxes: \$11,340.08

* Includes value of new warehouse building.

Rationale in Support of Annexation

More efficient provision of public services

- Helps emergency service providers who struggle with coordinating responses due to the checkerboard pattern of properties inside and outside of the city limits.
- Encourages owners to utilize water and sewer services that have been installed and are available for connections.
- Eliminates regulatory challenges to planned extension of services such as new streets, water sewer and storm drainage improvements since the properties would all be under the city's jurisdiction and regulations.

Gives the city oversight over future land uses

- Properties are currently under County land use planning jurisdiction even though they are within the city's UGB. City is investing in its infrastructure to support urban levels of development and should have influence over the pattern of development to ensure the area grows in a manner that fully leverages those investments.

Payment for services rendered

- The parcels benefit from city services and the critical mass of businesses and residential properties inherent to an "urban" environment. It is fair that they pay the same taxes.

Rationale Against Annexation of the Islands

Petition process facilitates annexation when an owner is ready to develop the property in an urban manner. Owner then bears the annexation costs… not the general public.

Existing rules that compel owners to annex in order to obtain sewer service, or expand their use of existing sewer connections, may be adequate to ensure an urban pattern of development doesn't occur until properties are in the city.

Environmental constraints, namely wetlands, limit the development potential of the properties.

City has no clear plan to guide future uses once annexed. Properties would annex as industrial. City light industrial zone allows a broad and extensive range of commercial, industrial, and institutional uses.

Will increase taxes on property owners who may view that as unfair because they are not in a position to take full advantage of urban zoning and urban scale services available to their parcels.

Annexation Process and Expenses

Preparation of tax impact statements for each of the affected properties.

Preparation of a metes and bounds legal description and survey map of the area being annexed. Review by Assessor and Dept. of Revenue.

Mail notices and legal publications for initial outreach meting and public hearings before the Planning Commission and Council.

Development of an annexation ordinance.

Amendment to the City's IGA with the Seal Rock Water District and payment of funds to the district to address its bond obligations.

- Assessed value of the "island" parcels is such that the City will likely be responsible for about $60,000 to be paid out over the remaining term of the District's 2007 GO Bond (refunded in 2013).

Question for the City Council

Is the Council interested in initiating annexation proceedings for unincorporated property and, if so, which properties does it want to evaluate?

Billboard Controls

Newport does not define the term "billboard." Signs are regulated under Chapter 10 of the Municipal Code and they are subject to building codes.

Commercial, industrial, and public zoned parcels are limited to a maximum of 200 sq. ft. of display area (all signs).

Residential areas have a much smaller allowance for display area (typically 20 sq. ft.).

The State of Oregon regulates "outdoor" advertising signs when visible from the highway. This is in addition to city standards. Outdoor advertising signs are signs for which compensation is given or received.

Nonconforming Signs

Signs exceeding 200 sq. ft. are non-conforming.

Cannot be enlarged, expanded, or replaced.

May be repaired provided the cost does not exceed 50% of the replacement value.

Must be removed when abandoned or the sign is no longer structurally sound.

View North US 101– South Beach

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Issues with Billboards

Popular given the large number of the businesses and attractions in Newport located outside of the US 20 and US 101 corridors.

Such signs have a significant impact on the visual appearance of the city and are likely to be an obstacle to revitalization of highway oriented business districts.

Current rules amortize existing billboards so the owners realize investment backed expectations and the signs go away over time. Requires political will to maintain rules (e.g. city lifted them in 1993 to allow replacement in I-1 zones (Ord. 1683)).

An alternative strategy is to compensate owners and remove the signs. The Newport Northside Urban Renewal Plan envisions funding an initiative of this nature.

Question for the City Council

What, if any, action does the Council want staff to take related to billboards?

FRANCHISE AGREEMENT
CITY OF NEWPORT, OREGON

This Franchise Agreement ("**Franchise**") is between the City of Newport, Oregon, hereinafter referred to as the "Grantor" and Falcon Telecable, a California Limited Partnership, locally known as CHARTER COMMUNICATIONS, hereinafter referred to as the "Grantee."

WHEREAS, the Grantor finds that the Grantee has substantially complied with the material terms of the current Franchise under applicable laws, and that the financial, legal and technical ability of the Grantee is sufficient to provide services, facilities and equipment necessary to meet the future cable-related needs of the community, and

WHEREAS, having afforded the public adequate notice and opportunity for comment, Grantor desires to enter into this Franchise with the Grantee for the construction and operation of a cable system on the terms set forth herein; and

WHEREAS, the Grantor and Grantee have complied with all federal and State-mandated procedural and substantive requirements pertinent to this franchise renewal;

NOW, THEREFORE, the Grantor and Grantee agree as follows:

Definition of Terms

Terms. For the purpose of this franchise the following terms, phrases, words and their derivations shall have the meaning ascribed to them in the Cable Communications Policy Act of 1984, as amended from time to time (the "Cable Act"), unless otherwise defined herein. When not inconsistent with the context, words used in the present tense include the future, words in the plural number include the singular number, and words in the singular number include the plural number. The word "shall" is mandatory and "may" is permissive. Words not defined shall be given their common and ordinary meaning.

"Cable System," "Cable Service," and "Basic Cable Service" shall be defined as set forth in the Cable Act

"Board/Council" shall mean the governing body of the Grantor.

"Cable Act" shall mean the Cable Communication Policy Act of 1984, as amended, 47 U.S.C. §§ 521, et. seq.

"FCC" shall mean the Federal Communications Commission and any successor governmental entity thereto.

"Franchise" shall mean the non-exclusive rights granted pursuant to this Franchise to construct operate and maintain a Cable System along the public ways within all or a specified area in the Service Area.

"Gross Revenue" means any revenue, as determined in accordance with generally accepted accounting principles, received by the Grantee from the operation of the Cable System to provide Cable Services in the Service Area, provided, however, that such phrase shall not include: (1) any taxes, fees or assessments collected by the Grantee from Subscribers for pass-through to a government agency, including, without limitation, the FCC user fee, the franchise fee, or any sales or utility taxes; (2) unrecovered bad debt; (3) credits, refunds and deposits paid to Subscribers; (4) any exclusions available under applicable State law; and (5) any PEG (as defined in Section 13 hereof) recovered from Subscribers. "Person" shall mean an individual, partnership, association, organization, corporation, trust or governmental entity.

"Service Area" shall mean the geographic boundaries of the Franchise Authority, and shall include any additions thereto by annexation or other legal means, subject to the exception in Section 6 hereto.

"State" shall mean the State of Oregon.

"Street" shall include each of the following located within the Service Area: public streets, roadways, highways, bridges, land paths, boulevards, avenues, lanes, alleys, sidewalks, circles, drives, easements, rights of way and similar public ways and extensions and additions thereto, including but not limited to public utility easements, dedicated utility strips, or rights-of-way dedicated for compatible uses now or hereafter held by the Grantor in the Service Area, which shall entitle the Grantee to the use thereof for the purpose of installing, operating, repairing and maintaining the Cable System.

"Subscriber" shall mean any Person lawfully receiving Cable Service from the Grantee.

Grant of Franchise

Grant. The Grantor hereby grants to the Grantee a nonexclusive Franchise which authorizes the Grantee to erect, construct, operate and maintain in, upon, along, across, above, over and under the Streets, now in existence and as may be created or established during its terms; any poles, wires, cable, underground conduits, manholes, and other conductors and fixtures necessary for the maintenance and operation of a Cable System. Nothing in this Franchise shall be construed to prohibit the Grantee from offering any service over its Cable System that is not prohibited by federal, State or local law.

Term. The Franchise and the rights, privileges and authority hereby granted shall be for an initial term of ten (10) years, commencing on the Effective Date of this Franchise as set forth in Section 15.10. This Franchise will be automatically extended for an additional term of five (5) years from the expiration date as set forth in Section 15.10, unless either party notifies the other in writing of its desire to not exercise this automatic extension (and enter renewal negotiations under the Cable Act) at least three (3) years before the expiration of this Franchise. If such a notice is given, the parties will then proceed under the federal Cable Act renewal procedures.

Police Powers and Conflicts with Franchise. The Grantee agrees to comply with the terms of any lawfully adopted generally applicable local ordinance necessary to the safety, health, and welfare of the public , to the extent that the provisions of the ordinance do not have the effect of limiting the benefits or expanding the obligations of the Grantee that are granted by this Franchise. This Franchise is a contract and except as to those changes which are the result of the Grantor's lawful exercise of its general police power, the Grantor may not take any unilateral action which materially changes the explicit mutual promises in this contract. Any changes to this Franchise must be made in writing signed by the Grantee and the Grantor. In the event of any conflict between this Franchise and any Grantor ordinance or regulation that is not generally applicable, this Franchise shall control.

Cable System Franchise Required. No Cable System shall be allowed to occupy or use the streets or public rights-of-way of the Service Area or be allowed to operate without a Cable System Franchise.

Franchise Renewal

Procedures for Renewal. The Grantor and the Grantee agree that any proceedings undertaken by the Grantor that relate to the renewal of the Grantee's Franchise shall be governed by and comply with the provisions of Section 626 of the Cable Act, or any such successor statute.

Indemnification and Insurance

Indemnification. The Grantee shall, by acceptance of the Franchise granted herein, defend the Grantor, its officers, boards, commissions, agents, and employees for all claims for injury to any Person or property caused by the negligence of Grantee in the construction or operation of the Cable System and in the event of a determination of liability shall indemnify and hold Grantor, its officers, boards, commissions, agents, and employees harmless from any and all liabilities, claims, demands, or judgments growing out of any injury to any Person or property as a result of the negligence of Grantee arising out of the construction, repair, extension, maintenance, operation or removal of its wires, poles or other equipment of any kind or character used in connection with the operation of the Cable System, provided that the Grantor shall give the Grantee written notice of its obligation to indemnify the Grantor within ten (10) days of receipt of a claim or action pursuant to this section. In the event any such claim arises, the Grantor shall tender the defense thereof to the Grantee and the Grantee shall have the right to defend, settle or compromise any claims arising hereunder and the Grantor shall cooperate fully herein. If the Grantor determined in good faith that its interests cannot be represented by the Grantee, the Grantee shall be excused from any obligation to represent the Grantor. Notwithstanding the foregoing, the Grantee shall not be obligated to indemnify the Grantor for any damages, liability or claims resulting from the willful misconduct or negligence of the Grantor or for the Grantor's use of the Cable System, including any PEG channels.

Insurance.

The Grantee shall maintain throughout the term of the Franchise insurance in amounts at least as follows:

Workers' Compensation	Statutory Limits
Commercial General Liability	$1,000,000 per occurrence, Combined Single Limit (C.S.L.) $2,000,000 General Aggregate
Auto Liability including coverage on all owned, non-owned hired autos Umbrella Liability	$1,000,000 per occurrence C.S.L.
Umbrella Liability	$1,000,000 per occurrence C.S.L.

The Grantor shall be added as an additional insured, arising out of work performed by Charter, to the above Commercial General Liability, Auto Liability and Umbrella Liability insurance coverage.

The Grantee shall furnish the Grantor with current certificates of insurance evidencing such coverage upon request.

Service Obligations

No Discrimination. Grantee shall not deny service, deny access, or otherwise discriminate against Subscribers, channel users, or general citizens on the basis of race, color, religion, national origin, age or sex.

Privacy. The Grantee shall fully comply with the privacy rights of Subscribers as contained in Cable Act Section 631 (47 U.S.C. § 551).

Service Availability

Service Area. The Grantee shall continue to provide Cable Service to all residences within the Service Area where Grantee currently provides Cable Service. Grantee shall have the right, but not the obligation, to extend the Cable System into any other portion of the Service Area, including annexed areas. Cable Service offered to Subscribers pursuant to this Franchise shall be conditioned upon Grantee having legal access to any such Subscriber's dwelling unit or other units wherein such Cable Service is provided.

New Development Underground. In cases of new construction or property development where utilities are to be placed underground, the Grantor agrees to require as a condition of issuing a permit for open trenching to any developer or property owner that such developer or property owner give Grantee at least thirty (30) days prior written notice of such construction or development, and of the particular dates on which open trenching will be available for Grantee's installation of conduit, pedestals and/or vaults, and laterals to be provided at Grantee's expense. Grantee shall also provide specifications as needed for trenching. Costs of trenching and easements required to bring service to the development shall be borne by the developer or property owner; except that if Grantee fails to install its conduit, pedestals and/or vaults, and laterals within five (5) working days of the date the trenches are available, as designated in the written notice given by the developer or property owner, then should the trenches be closed after the five day period, the cost of new trenching is to be borne by Grantee.

Annexation. The Grantor shall promptly provide written notice to the Grantee of its annexation of any territory which is being provided Cable Service by the Grantee or its affiliates. Such annexed area will be subject to the provisions of this Franchise upon sixty (60) days ‘written notice from the Grantor, subject to the conditions set forth below and Section 6.1 above. The Grantor shall also notify Grantee in writing of all new street address assignments or changes within the Service Area. Any identified Subscriber addresses shall be included in Grantee’s franchise fee calculations within ninety (90) days after receipt of the annexation notice, which shall include the addresses that will be moved into the Service Area in an Excel format or in a format that will allow Grantee to change its billing system. If the annexation notice does not include the addresses that will be moved into the Service Area, Grantee shall include the identified Subscriber addresses in the franchise fee calculations within ninety (90) days after it receives the annexed addresses as set forth above. All notices due under this section shall be sent by certified mail, return receipt requested to the addresses set forth in Section 15.5 with a copy to the Director of Government Affairs. In any audit of franchise fees due under this Franchise, Grantee shall not be liable for franchise fees on annexed areas unless and until Grantee has received notification and information that meets the standards set forth in this section.

Construction and Technical Standards

Compliance with Codes. All construction practices and installation of equipment shall be done in accordance with all applicable sections of the National Electric Safety Code.

Construction Standards and Requirements. All of the Grantee’s plant and equipment, including but not limited to the antenna site, head end and distribution system, towers, house connections, structures, poles, wire, cable, coaxial cable, fixtures and appurtenances shall be installed, located, erected, constructed, reconstructed, replaced, removed, repaired, maintained and operated in accordance with good engineering practices and performed by experienced maintenance and construction personnel.

Safety. The Grantee shall at all times employ ordinary care and shall use commonly accepted methods and devices preventing failures and accidents which are likely to cause damage.

Network Technical Requirements. The Cable System shall be designed, constructed and operated so as to meet those technical standards adopted by the FCC relating to Cable Systems contained in part 76 of the FCC’s rules and regulations as may be amended from time to time, regardless of the transmission technology utilized.

Performance Monitoring. Grantee shall test the Cable System consistent with the FCC regulations.

Conditions on Street Occupancy

General Conditions. Grantee shall have the right to utilize existing poles, conduits and other facilities whenever possible, and shall not construct or install any new, different, or additional poles, conduits, or other facilities on public property without obtaining all legally required permits of the Grantor.

Underground Construction. The facilities of the Grantee shall be installed underground in those Service Areas where existing telephone and electric services are both underground at the time of system construction. In areas where either telephone or electric utility facilities are installed aerially at the time of system construction, the Grantee may install its facilities aerially with the understanding that at such time as the existing aerial facilities are required to be placed underground by the Grantor, the Grantee shall likewise place its facilities underground. In the event that any telephone or electric utilities are reimbursed by the Grantor or any agency thereof for the placement of cable underground or the movement of cable, Grantee shall be reimbursed upon the same terms and conditions as any telephone, electric or other utilities.

Construction Codes and Permits. Grantee shall obtain all legally required permits before commencing any work requiring a permit, including the opening or disturbance of any Street within the Service Area. The Grantor shall cooperate with the Grantee in granting any permits required, providing such grant and subsequent construction by the Grantee shall not unduly interfere with the use of such Streets. The Grantee shall adhere to all building and zoning codes currently or hereafter applicable to construction, operation or maintenance of the Cable System in the Service Area, provided that such codes are of general applicability and such codes are uniformly and consistently applied by the Grantor as to other public utility companies and other entities operating in the Service Area. Notwithstanding the above, the Grantee may set off any administrative permit fees or other fees required by the Grantor related to the Grantee's use of Grantor rights-of-way against the franchise fee payments required under Section 10.1 of this Franchise.

System Construction. All transmission lines, equipment and structures shall be so installed and located as to cause minimum interference with the rights and reasonable convenience of property owners and at all times shall be kept and maintained in a safe, adequate and substantial condition, and in good order and repair. The Grantee shall, at all times, employ ordinary care and use commonly accepted methods and devices for preventing failures and accidents which are likely to cause damage, injuries, or nuisances to the public. Suitable barricades, flags, lights, flares or other devices shall be used at such times and places as are reasonably required for the safety of all members of the public. Any poles or other fixtures placed in any public way by the Grantee shall be placed in such a manner as not to interfere with the usual travel on such public way.

Restoration of Public Ways. Grantee shall, at its own expense, restore any damage or disturbance caused to the public way as a result of its operation, construction, or maintenance of the Cable System to a condition reasonably comparable to the condition of the Streets immediately prior to such damage or disturbance.

Removal in Emergency. Whenever, in case of fire or other disaster, it becomes necessary in the judgment of the Grantor to remove any of the Grantee's facilities, no charge shall be made by the Grantee against the Grantor for restoration and repair, unless such acts amount to gross negligence by the Grantor.

Tree Trimming. Grantee or its designee shall have the authority to trim trees on public property at its own expense as may be necessary to protect its wires and facilities.

Relocation for the Grantor. The Grantee shall, upon receipt of reasonable advance written notice, to be not less than ten (10) business days, protect, support, temporarily disconnect, relocate, or remove any property of Grantee when lawfully required by the Grantor pursuant to its police powers. Grantee shall be responsible for any costs associated with these obligations to the same extent all other users of the Grantor rights-of-way are responsible for the costs related to the relocation of their facilities.

Relocation for a Third Party. The Grantee shall, on the request of any Person holding a lawful permit issued by the Grantor, protect, support, raise, lower, temporarily disconnect, relocate in or remove from the Street as necessary any property of the Grantee, provided that the expense of such is paid by any such Person benefiting from the relocation and the Grantee is given reasonable advance written notice to prepare for such changes. The Grantee may require such payment in advance. For purposes of this subsection, "reasonable advance written notice" shall be no less than ten (10) business days in the event of a temporary relocation and no less than one hundred twenty (120) days for a permanent relocation.

Reimbursement of Costs. If funds are available to any Person using the Streets for the purpose of defraying the cost of any of the foregoing, the Grantor shall reimburse the Grantee in the same manner in which other Persons affected by the requirement are reimbursed. If the funds are controlled by another governmental entity, the Grantor shall make application for such funds on behalf of the Grantee.

Emergency Use. If the Grantee provides an Emergency Alert System ("EAS"), then the Grantor shall permit only appropriately trained and authorized Persons to operate the EAS equipment and shall take reasonable precautions to prevent any use of the Grantee's Cable System in any manner that results in inappropriate use thereof, or any loss or damage to the Cable System. The Grantor shall hold the Grantee, its employees, officers and assigns harmless from any claims or costs arising out of use of the EAS, including, but not limited to, reasonable attorneys' fees and costs.

Service and Rates

Phone Service. The Grantee shall maintain a toll-free telephone number and a phone service operated such that complaints and requests for repairs or adjustments may be received at any time.

Notification of Service Procedures. The Grantee shall furnish each Subscriber at the time service is installed, written instructions that clearly set forth information concerning the procedures for making inquiries or complaints, including the Grantee's name, address and local telephone number. Grantee shall give the Grantor thirty (30) days prior notice of any rate increases, channel lineup or other substantive service changes.

Rate Regulation. Grantor shall have the right to exercise rate regulation to the extent authorized by law, or to refrain from exercising such regulation for any period of time, at the sole discretion of the Grantor. If and when exercising rate regulation, the Grantor shall abide by the terms and conditions set forth by the FCC.

Continuity of Service. It shall be the right of all Subscribers to continue receiving Cable Service insofar as their financial and other obligations to the Grantee are satisfied. However, notwithstanding anything to the contrary, Grantee may discontinue or refuse to provide Cable Service to any person that is abusive and/or exhibits threatening behavior toward the Grantee's employees or representatives.

Franchise Fee

Amount of Fee. Grantee shall pay to the Grantor an annual franchise fee in an amount equal to five percent (5%) of the annual Gross Revenue. Such payment shall be in addition to taxes of general applicability owed to the Grantor by the Grantee that are not included as franchise fees under federal law. Franchise fees may be passed through to Subscribers as a line item on Subscriber bills or otherwise as Grantee chooses, consistent with federal law.

Payment of Fee. Payment of the fee due the Grantor shall be made on a quarterly basis, within forty-five (45) days of the close of each calendar quarter and transmitted by electronic funds transfer to a bank account designated by Grantor. The payment period and the collection of the franchise fees that are to be paid to the Grantor pursuant to the Franchise shall commence sixty (60) days after the Effective Date of the Franchise as set forth in Section 15.10. In the event of a dispute, the Grantor, if it so requests, shall be furnished a statement of said payment, reflecting the Gross Revenues and the applicable charges.

Accord and Satisfaction. No acceptance of any payment by the Grantor shall be construed as a release or as an accord and satisfaction of any claim the Grantor may have for additional sums payable as a franchise fee under this Franchise.

Limitation on Recovery. The period of limitation for recovery of any franchise fee payable hereunder shall be three (3) years from the date on which payment by the Grantee was due.

Transfer of Franchise

Franchise Transfer. The Franchise granted hereunder shall not be assigned, other than by operation of law or to an entity controlling, controlled by, or under common control with the Grantee, without the prior consent of the Grantor, such consent not to be unreasonably withheld or delayed. No such consent shall be required, however, for a transfer in trust, by mortgage, by other hypothecation, or by assignment of any rights, title, or interest of the Grantee in the Franchise or Cable System to secure indebtedness. Within thirty (30) days of receiving a request for transfer, the Grantor shall notify the Grantee in writing of any additional information it reasonably requires to determine the legal, financial and technical qualifications of the transferee. If the Grantor has not taken action on the Grantee's request for transfer within one hundred twenty (120) days after receiving such request, consent by the Grantor shall be deemed given.

Records, Reports and Maps

Reports Required. The Grantee's schedule of charges for regular Subscriber service, its policy regarding the processing of Subscriber complaints, delinquent Subscriber disconnect and reconnect procedures and any other terms and conditions adopted as the Grantee's policy in connection with its Subscribers shall be filed with the Grantor upon request.

Records Required.

The Grantee shall at all times maintain:

A record of all written complaints received regarding interruptions or degradation of Cable Service, which record shall be maintained for one (1) year.

A full and complete set of plans, records and strand maps showing the location of the Cable System.

Inspection of Records. Grantee shall permit any duly authorized representative of the Grantor, upon receipt of advance written notice, to examine at Grantee's local office or another mutually agreeable location during normal business hours and on a non-disruptive basis any and all of Grantee's records maintained by Grantee as is reasonably necessary to ensure Grantee's compliance with the Franchise. Such notice shall specifically reference the subsection of the Franchise that is under review so that the Grantee may organize the necessary books and records for easy access by the Grantor. The Grantee shall not be required to maintain any books and records for Franchise compliance purposes longer than three (3) years, except for service complaints, which shall be kept for one (1) year as specified above. The Grantee shall not be required to provide Subscriber information in violation of Section 631 of the Cable Act. The Grantor agrees to treat as confidential any books, records or maps that constitute proprietary or confidential information to the extent Grantee makes the Grantor aware of such confidentiality. If the Grantor believes it must release any such confidential books or records in the course of enforcing this Franchise, or for any other reason, it shall advise Grantee in advance so that Grantee may take appropriate steps to protect its interests. Until otherwise ordered by a court or agency of competent jurisdiction, the Grantor agrees that, to the extent permitted by State and federal law, it shall deny access to any of Grantee's books and records marked confidential, as set forth above, to any Person.

Public Education and Government (PEG) Access

13.1 P.E.G. Channel. Grantee shall provide one (1) channel on the Cable System for the use by the Grantor for original, locally-produced, non-commercial, video programming for Public, Education and Government ("PEG") access programming. The PEG channel may be placed on of the lowest cost level of service.

13.2 Grantee's Use. In the event the Grantor does not use the channel, Grantee reserves the right to have the channel returned to the Grantee for the Grantee's use. Grantee shall provide Grantor with sixty (60) days prior written notice informing Grantor when programming levels set forth herein are not being maintained. Grantee reserves the right to utilize the PEG channel only after Grantor has been notified and Grantor has not maintained programming levels set forth herein within sixty (60) days from receipt of said notice. In the event the Grantee exercises its right to again utilize said PEG channel after the sixty (60) day period elapses, the Grantee shall notify its customers of Grantee's intention to utilize the PEG channel by providing customers with a thirty (30) day prior written notice. In addition, the Grantee may use the designated channel during those hours that the Grantor or other governmental, public or educational entity is not using the channel(s.)

13.3 Indemnification and Restrictions. The Grantor shall indemnify, save and hold harmless the Grantee from and against any and all liability resulting from the Grantor's use of the aforementioned PEG channel whether Grantor operates the PEG channel from Grantor's facilities or a third party's facilities. Grantee shall not be responsible for operating and managing the PEG channel including approving any PEG programming and/or for obtaining releases from programmers for any PEG programming. Grantor reserves the right to permit a third party to operate and manage the PEG channel on the Grantor's behalf. The PEG channel shall not be used for commercial purposes, including but not limited to advertising or leased access. Grantor agrees to notify any Person using PEG channels of these non-commercial use requirements, but shall not be responsible for any individual's exercise of free speech.

13.4 PEG Capital. Grantee shall provide a one-time PEG capital grant in the amount of eleven thousand dollars ($11,000), payable to the Grantor within sixty (60) days of the Effective Date. The Grantor agrees to use the PEG capital grant pursuant to federal law (47 U.S.C. §§ 542(g)). The PEG capital grant shall be for the exclusive use of the Grantor or its Designated Access Provider and shall not be used for purposes other than as consistent with federal law. The Grantor or its Designated Access Provider shall be responsible for installing, operating, maintaining and replacing the equipment purchased as necessary. The Grantee shall be entitled to recover such PEG capital grant from Subscribers, as permitted by law

13.5 PEG Insertion. After the effective date, any connections to the Grantee's headend and equipment to enable transmission of PEG access programming shall be requested in writing by the Grantor and shall be provided by Grantee as soon as reasonably possible. The cost for such connections and equipment shall be paid by the Grantor, and if allowed by law, may be paid for with the PEG fee set forth above. For the purposes of this subsection, "connections" means the physical connection between the PEG access origination point and the Grantee's headend, including cable, fiber (if used) and conduits. For purposes of this subsection, "equipment" means any equipment necessary to transport the PEG signal from outside the Grantor's building demarcation point to the Grantee's headend, as well as any equipment in the Grantee's headend necessary to transmit the programming to Subscribers, and the maintenance of all the foregoing.

Enforcement or Revocation

Notice of Violation. If the Grantor believes that the Grantee has not complied with the terms of the Franchise, the Grantor shall first informally discuss the matter with Grantee. If these discussions do not lead to resolution of the problem, the Grantor shall notify the Grantee in writing of the exact nature of the alleged noncompliance (the "Violation Notice").

Grantee's Right to Cure or Respond. The Grantee shall have thirty (30) days from receipt of the Violation Notice to (i) respond to the Grantor, contesting the assertion of noncompliance, or (ii) to cure such default, or (iii) if, by the nature of default, such default cannot be cured within the thirty (30) day period, initiate reasonable steps to remedy such default and notify the Grantor of the steps being taken and the projected date that they will be completed.

Public Hearing. If the Grantee fails to respond to the Violation Notice received from the Grantor , or if the default is not remedied within the cure period set forth above, the Board shall schedule a public hearing if it intends to continue its investigation into the default. The Grantor shall provide the Grantee at least twenty (20) days prior written notice of such hearing, which specifies the time, place and purpose of such hearing, notice of which shall be published by the Clerk of the Grantor in a newspaper of general circulation within the Grantor in accordance with subsection 16.5 hereof. The Grantee shall have the right to present evidence and to question witnesses. The Grantor shall determine if the Grantee has committed a violation and shall make written findings of fact relative to its determination. If a violation is found, the Grantee may petition for reconsideration before any competent tribunal having jurisdiction over such matters.

Enforcement. Subject to applicable federal and State law, in the event the Grantor, after the hearing set forth in subsection 14.3 above, determines that the Grantee is in default of any provision of the Franchise, the Grantor may:

Seek specific performance of any provision, which reasonably lends itself to such remedy, as an alternative to damages; or

Commence an action at law for monetary damages or seek other equitable relief; or

In the case of a substantial default of a material provision of the Franchise, seek to revoke the Franchise itself in accordance with subsection 14.5 below.

Revocation.

Prior to revocation or termination of the Franchise, the Grantor shall give written notice to the Grantee of its intent to revoke the Franchise on the basis of a pattern of noncompliance by the Grantee, including one or more instances of substantial noncompliance with a material provision of the Franchise. The notice shall set forth the exact nature of the noncompliance. The Grantee shall have sixty (60) days from such notice to either object in writing and to state its reasons for such objection and provide any explanation or to cure the alleged noncompliance. If the Grantor has not received a satisfactory response from Grantee, it may then seek to revoke the Franchise at a public hearing. The Grantee shall be given at least thirty (30) days prior written notice of such public hearing, specifying the time and place of such hearing and stating its intent to revoke the Franchise.

At the hearing, the Board shall give the Grantee an opportunity to state its position on the matter, present evidence and question witnesses, after which it shall determine whether or not the Franchise shall be revoked. The public hearing shall be on the record and a written transcript shall be made available to the Grantee within ten (10) business days. The decision of the Board shall be made in writing and shall be delivered to the Grantee. The Grantee may appeal such determination to an appropriate court, which shall have the power to review the decision of the Board *de novo*. The Grantee may continue to operate the Cable System until all legal appeals procedures have been exhausted.

Notwithstanding the above provisions, the Grantee does not waive any of its rights under federal law or regulation.

Upon revocation of the Franchise, Grantee may remove the Cable System from the Streets of the Grantor, or abandon the Cable System in place.

Miscellaneous Provisions

Force Majeure. The Grantee shall not be held in default under, or in noncompliance with the provisions of the Franchise, nor suffer any enforcement or penalty relating to noncompliance or default, where such noncompliance or alleged defaults occurred or were caused by circumstances reasonably beyond the ability of the Grantee to anticipate and control. This provision includes, but is not limited to, severe or unusual weather conditions, fire, flood, or other acts of God, strikes, work delays caused by failure of utility providers to service, maintain or monitor their utility poles to which Grantee's Cable System is attached, as well as unavailability of materials and/or qualified labor to perform the work necessary.

Minor Violations. Furthermore, the parties hereby agree that it is not the Grantor's intention to subject the Grantee to penalties, fines, forfeitures or revocation of the Franchise for violations of the Franchise where the violation was a good faith error that resulted in no or minimal negative impact on the Subscribers within the Service Area, or where strict performance would result in practical difficulties and hardship to the Grantee which outweighs the benefit to be derived by the Grantor and/or Subscribers.

Action of Parties. In any action by the Grantor or the Grantee that is mandated or permitted under the terms hereof, such party shall act in a reasonable, expeditious and timely manner. Furthermore, in any instance where approval or consent is required under the terms hereof, such approval or consent shall not be unreasonably withheld.

Equal Protection. If any other provider of cable services or video services (without regard to the technology used to deliver such services) is lawfully authorized by the Grantor or by any other State or federal governmental entity to provide such services using facilities located wholly or partly in the public rights-of-way of the Grantor, the Grantor shall within thirty (30) days of a written request from Grantee, modify this Franchise to insure that the obligations applicable to Grantee are no more burdensome than those imposed on the new competing provider. If the Grantor fails to make modifications consistent with this requirement, Grantee's Franchise shall be deemed so modified thirty (30) days after the Grantee's initial written notice. As an alternative to the Franchise modification request, the Grantee shall have the right and may choose to have this Franchise with the Grantor be deemed expired thirty (30) days after written notice to the Grantor. Nothing in this Franchise shall impair the right of the Grantee to terminate this Franchise and, at Grantee's option, negotiate a renewal or replacement franchise, license, consent, certificate or other authorization with any appropriate government entity.

Notices. Unless otherwise provided by federal, State or local law, all notices, reports or demands pursuant to this Franchise shall be in writing and shall be deemed to be sufficiently given upon delivery to a Person at the address set forth below, or by U.S. certified mail, return receipt requested, nationally or internationally recognized courier service such as Federal Express or electronic mail communication to the designated electronic mail address provided below. Grantee shall provide thirty (30) days' written notice of any changes in rates, programming services or channel positions using any reasonable written means. As set forth above, notice served upon the Grantor shall be delivered or sent to:

City of Newport, Oregon:

	______________________________
	______________________________
	______________________________
	______________________________
	______________________________
E-mail:	______________________________
Grantee:	Attn: Director, Government Affairs
	Charter Communications
	222 NE Park Plaza Drive, #231
	Vancouver, WA 98684
E-mail:	Marian.Jackson@Charter.com
Copy to:	Charter Communications
	Attn: Vice President of Government Affairs
	12405 Powerscourt Drive

St. Louis, MO 63131

Public Notice. Minimum public notice of any public meeting relating to this Franchise or any such grant of additional franchises, licenses, consents, certificates, authorizations, or exemptions by the Grantor to any other Person(s) to provide Cable Services, video services, or other television services utilizing any system or technology requiring use of the public rights of way shall be by publication at least once in a newspaper of general circulation in the area at least ten (10) days prior to the meeting and a posting at the administrative buildings of the Grantor.

Grantor shall provide written notice to Grantee within ten (10) days of Grantor's receipt from any other Person(s) of an application or request for a franchise(s), license(s), consent(s), certificate(s), authorization(s), or exemption(s) to provide Cable Services, video services, or other television services utilizing any system or technology requiring use of the public rights of way. Any public hearings to consider such application or request shall have the same notice requirement as outlined in Section 15.6 above.

Severability. If any section, subsection, sentence, clause, phrase, or portion of this Franchise is, for any reason, held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions of this Franchise.

Entire Agreement. This Franchise and any Exhibits hereto constitute the entire agreement between Grantee and the Grantor and they supersede all prior or contemporaneous agreements, representations or understandings (whether written or oral) of the parties regarding the subject matter hereof.

Administration of Franchise. This Franchise is a contract and neither party may take any unilateral action that materially changes the explicit mutual promises and covenants contained herein. Any changes, modifications or amendments to this Franchise must be made in writing, signed by the Grantor and the Grantee. Any determination by the Grantor regarding the interpretation or enforcement of this Franchise shall be subject to de novo judicial review.

Effective Date. The Franchise granted herein will take effect and be in full force from such date of acceptance by Grantee recorded on the signature page of this Franchise. The initial term of this franchise shall expire ten (10) years from the Effective Date defined herein, unless extended in accordance with Section 2.2 of the Franchise or by the mutual agreement of the parties. If any fee or grant that is passed through to Subscribers is required by this Franchise, other than the franchise fee, such fee or grant shall go into effect sixty (60) days after the Effective Date of this Franchise.

Considered and approved this ___ day of ____________, 2016.

City of Newport, Oregon

Signature:
___

Name/Title:
___

Accepted this ___ day of __________________, 2016, subject to applicable federal, State and local law.

Falcon Telecable, a California Limited Partnership
By: Charter Communications VII, LLC, its General Partner
By: Charter Communications, Inc., its Manager

Signature:
___

Name/Title:
___