



**CITY COUNCIL MEETING AGENDA
Monday, November 3, 2014 - 6:00 P.M.
Council Chambers**

The meeting of the Newport City Council will be held on Monday, November 3, 2014, at 6:00 P.M. The meetings will be held in the Council Chambers of the Newport City Hall, located at 169 S.W. Coast Highway, Newport, Oregon 97365. A copy of the agenda follows.

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

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

**CITY COUNCIL
Monday, November 3, 2014 - 6:00 P.M.
Council Chambers**

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

- I. Pledge of Allegiance**
- II. Call to Order and Roll Call**
- III. Public Comment**

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

V. Consent Calendar

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

- A. Approval of City Council Minutes from Regular Meeting of October 21, 2014 and the Joint Lincoln County Commission, Newport City Council and Port of Newport Commission Meeting of October 20, 2014 (Hawker)

VI. Public Hearing

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

- A. Public Hearing and Possible Adoption of Resolution No. 3693 - Supplemental Budget

VII. Communications

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

- A. Report from VAC Steering Committee - Request for an Extension for Report to Council
- B. From Salmon for Oregon - Appeal of Tourism Facilities Grant Denial

VIII. City Manager Report

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

- A. Report on Question from Rex Capri Regarding Sidewalk and Street Work
- B. Report on Fire Department Volunteer Compensation
- C. Report on Proposed Bicycle Pump Track at Coast Park
- D. Report on Agate Beach Wayside Project
- E. Report on Efforts to Maintain the US Coast Guard Newport Air Facility

IX. Report from Mayor and Council

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

X. Public Comment

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

XI. Adjournment

October 21, 2014
6:00 P.M.
Newport, Oregon

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

Staff present was City Manager Nebel, City Recorder Hawker, Community Development Director Tokos, Public Works Director Gross, and Police Chief Miranda

PLEDGE OF ALLEGIANCE

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

Allen asked why Saelens was absent. Nebel noted that when the meeting date changed, Saelens had a schedule conflict. MOTION by Allen, seconded by Beemer, to excuse both Sawyer and Saelens from this meeting. The motion carried unanimously in a voice vote.

PROCLAMATIONS, PRESENTATIONS, AND SPECIAL RECOGNITIONS

Proclamation - October - Domestic Violence Awareness Month. Roumagoux proclaimed the month of October as Domestic Violence Awareness Month in the City of Newport. CeCe Pratt, from My Sister's Place, accepted the proclamation, and distributed information regarding My Sister's Place. Pratt reviewed the work of My Sister's Place. She responded to Council questions.

CONSENT CALENDAR

The consent calendar consisted of the following items:

- A. Approval of City Council minutes from the Town Hall meeting of September 29, 2014, regular meeting, work session, and executive session of October 6, 2014.
- B. Ratification of the Mayor's appointment of Paul Stangeland to the Parks and Recreation Advisory Committee for a term expiring December 31, 2015.

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

ADDITION TO THE AGENDA

MOTION was made by Beemer, seconded by Swanson, to add the receipt of a land donation from Investors XII to the agenda under the City Manager's Report, Item E.

Nebel noted that the issue arose on Monday, and is necessary in order to finalize the plat. The motion carried unanimously in a voice vote.

PUBLIC HEARING

Public Hearing and Possible Adoption of Ordinance No. 2071 Creating a Local Tax on Recreational Marijuana and Marijuana-Infused Products, and on Resolution No. 3694 Setting a Tax Rate on Recreational Marijuana and Marijuana-Infused Products.

Hawker introduced the agenda item. Nebel reported that on October 6, 2014, the City Council scheduled a public hearing on an ordinance to establish a local tax on recreational marijuana. He added that this action was, in part, the result of attending the annual League of Oregon Cities Conference held in Eugene last month. He stated that one of the most active discussion issues, at the conference, related to Proposition 91 that would legalize recreational marijuana use within the State of Oregon. He noted that a number of Council members participated in various session regarding the marijuana initiative. He reported that a significant number of Oregon cities are enacting a local sales tax ordinance that would give local units of government the right to tax sales of recreational marijuana that occur within their jurisdiction. He added that it is recommended that an ordinance be approved with an effective date prior to the effective date of Measure 91 if that ballot initiative is approved by voters. He stated that Measure 91 would take effect 30 days after the November election date. He noted that if the City Council approves an ordinance at the October 21, 2014 City Council meeting, that ordinance would take effect prior to the effective date of any ballot initiative. He noted, however, that section 42 of Measure 91 gives the state the exclusive right to tax marijuana, and that Section 58 of the Measure 91 supersedes and repeals inconsistent charters and ordinances. He added that any conflicts between the initiative and local ordinances would likely be litigated.

Nebel reported that an ordinance has been drafted by Lauren Sommers, of Speer-Hoyt, on taxing marijuana within the city should Measure 91 pass. He noted that the way the ordinance is drafted, medical card holders purchasing medical marijuana from a state- authorized dispensary would be excluded from taxation. He added that the tax rate would be established by a separate resolution that could be modified from time to time. He stated that some municipalities are establishing a specific rate while others are establishing the current rate at 0% and will reevaluate that rate depending on the outcome of Measure 91.

Nebel recommended that Council hold a public hearing on Ordinance No. 2071 and Resolution No. 3694.

Roumagoux opened the public hearing at 6:22 P.M. She called for public comment. There was none.

Roumagoux closed the public hearing at 6:23 P.M. for Council deliberation.

Allen noted that the measure will take effect 30 days from the date it passes, and that Section 4 of the ordinance indicates that the ordinance will become effective 30 days after adoption. He added that if the ballot measure does not pass, Council will have to repeal this ordinance because it is based on the ballot measure. It was noted that this could be a discussion after the election.

Allen noted that the effective date of Resolution No. 3694 would need to be changed to reflect the effective date of the ordinance which would be November 20 if the ordinance is adopted at this meeting.

MOTION was made by Swanson, seconded by Allen, to read Ordinance No. 2071, establishing a tax on the sale of recreational marijuana and marijuana-infused products in the City of Newport, by title only, and place for final passage. The motion carried unanimously in a voice vote. Hawker read the title of Ordinance No. 2071. Voting aye on the adoption of Ordinance No. 2071 were Allen, Busby, Swanson, Roumagoux, and Beemer.

MOTION was made by Swanson, seconded by Beemer, to adopt Resolution No. 3694 establishing a tax rate of zero percent on the sale of recreational marijuana and marijuana-infused products in the City of Newport as amended in Section 2 to reflect an effective date of November 20, 2014. The motion carried unanimously in a voice vote.

COMMUNICATIONS

From the Business License Work Group - Report on Update to the Business License and Taxicab License Ordinances. Hawker introduced the agenda item. Nebel reported that the City Council has established a Business License Work Group to review and modify, where necessary, the city's business license and taxi license ordinances. Councilor Ralph Busby has chaired this effort. He added that the Business License Work Group thought it would be appropriate to provide an update to the City Council on efforts to clarify certain provisions of the business license, and to review changes to the process of issuing a taxicab endorsement.

Nebel noted that the most significant change to the city's taxi license code is that the language restructures the process to provide for a taxicab endorsement to be issued administratively without a hearing before the City Council. He added that the license process will be more consistent with other business licenses issued by the city, and it will reduce the burdens for applicants to meet in applying for these licenses. He reported that the Business License Work Group has made revisions to the draft ordinance relating to taxicabs, and that if Council is in agreement with these changes, they will be forwarded to legal counsel for review. He stated that if there are no significant changes, a hearing on the revised taxi license ordinance could be scheduled on the November 17, 2014 City Council meeting agenda.

Busby stated that Nebel covered the taxicab ordinance revision well, adding this it contains a reduction of the requirement to go before the City Council on a taxicab application. He reviewed the business license process including the composition of the working group and the consensus. He commended Tokos for his efforts with this revision. He noted that the working group discussed the business license ordinance thoroughly and came to a consensus on the changes presented tonight. He stated that there now needs to be public input.

Tokos reviewed the substantive changes, noting that the packet contains a marked up draft with an explanation of the changes. He added that the changes include clarification of language; when a license is required; exemptions; fees; not-for-profit renewal; businesses with multiple locations; how the city communicates with applicants; timely review and issuance of license; provides for fees to be set by Council resolution;

eliminates the requirement that administrative rules be prepared; and a new section that provides that evidence of doing business constitutes doing business.

Busby reported that two Planning Commissioners, Bob Berman and Rod Croteau, participated in the working group.

A discussion ensued regarding whether to hold public hearings on the business license and taxicab license ordinances. It was suggested that the ordinances be held for review by the incoming City Attorney, Steve Rich, when he begins working in December. It was noted that staff planned to send the ordinances to Speer Hoyt for review. Council concurred that after Speer Hoyt's review, Rich will be the final reviewer.

MOTION was made by Allen, seconded by Beemer, to hold public hearings on the revisions to both ordinances as suggested by the working group, and to make an effort to reach out to the stakeholders who might be affected by these revisions, including the current taxicab endorsement holder, and the prior taxicab endorsement applicant. The motion carried unanimously in a voice vote.

CITY MANAGER REPORT

Authorization to Initiate Proceedings to Withdraw Territory from the Seal Rock Water District. Hawker introduced the agenda item. Nebel reported that the city has been meeting with the Seal Rock Water District over the past year to discuss the withdrawal of land that is currently located in the city, served by city water, but remaining in the Seal Rock Water District. He stated that in 2007, the city entered into an intergovernmental agreement with the Seal Rock Water District which provided that the city provide water service to an area including much of South Beach. He added that this agreement did not address the withdrawal of properties from the district, and following this agreement, the Seal Rock Water District funded major improvements to their system with general obligation bonds in 2011 and 2012. He noted that these improvements have no benefit to the properties located in the city's water service area, however, the property owners are being required to pay this debt, which the district recognizes as unfair. He stated that the amended agreement does not hold the city or property owners responsible for any debt issued after 2008 should those properties be withdrawn from the district. He noted that the city would be responsible for a pro rata share of any debt that existed prior to 2008 for these properties in accordance with the amended agreement.

Nebel reported that ORS 222.520 authorizes the city to withdraw territory from a service district if it has been annexed to the city. He added that the statute requires that the governing body hold a public hearing, and following the public hearing, the city may, by ordinance, declare that properties located within the city be withdrawn from the district. He noted that this action is subject to a subsequent citizen-initiated referendum.

Nebel reported that the agreement between the city and the district provides a mechanism for repayment of debt issued prior to 2008. He stated that if this withdrawal is effective July 2015, the city will have an obligation to pay an amount of \$55,322.29 to address debt requirements for the property that is currently part of the city that would be withdrawn from the Seal Rock Water District.

Nebel reported that the city has the option of not withdrawing the property as a block and leaving it to the individual property owners to petition the board of county commissioners seeking a withdrawal pursuant to the provisions contained in ORS 198.

He added that this would create a piecemeal process that would be more convoluted to the district, the city, and Lincoln County.

MOTION was made by Swanson, seconded by Beemer, to initiate the withdrawal of property from the Seal Rock Water District that is located in the city limits of the City of Newport in South Beach, and set the date, time, and place for the public hearing on this question for November 17, 2014, at 6 P.M., in the City Council Chambers, located at 169 SW Coast Highway. The motion carried unanimously in a voice vote.

Report and Discussion on Electronic Messaging Sign for City Center. Hawker introduced the agenda item. Nebel reported that at the second meeting in August, a presentation was made by the City Center Newport Association to construct a large messaging sign on the NW corner of Hurbert Street and Highway 101 with the sign incorporating art deco elements in its design. He stated that following the public hearing in which there was testimony both for and against this proposed project, the City Council requested that staff work with the City Center Newport Association board of directors to review alternatives to the project as submitted. He noted that Council indicated that they did not necessarily have objections to a messaging sign being located somewhere in city center, however, the scale and location were problematic. He added that there was discussion about a much smaller scale project to clean up and green up the northwest corner of Hurbert Street and Highway 101. Nebel reported that he has since met with the City Center Newport Association board of directors to discuss the City Council action taken in August, and a number of alternate sign locations were discussed. He stated that the committee felt that the most desirable location would be on Highway 101 across from City Hall where the current clock tower is located. He added that the landscaping in place for the clock tower would provide an appropriate setting for the messaging sign, and that the clock could potentially be moved to the northwest corner of Hurbert Street and Highway 101 to clean up that location. He stated that other alternate locations include the small area that separates the Chevron station between City Hall and the Chevron dealership; the east side of Highway 101 at the corner of Abbey Street; and the corner of the Newport City Hall, which could be completed in conjunction with signage at City Hall.

Nebel reported that the City Center Newport Association indicated that the improvement of the northwest corner of Hurbert Street and Highway 101 has been the subject of various plans for improving the aesthetics of this important intersection. He stated that the plans included various designs and should be a starting point for discussions with the adjacent property owners who have been divided on the various concepts. He noted that the City Center Newport Association also felt that any improvements to the crosswalk, to be completed by ODOT, need to be considered in any design processes for this corner.

Nebel reported that he met with Tokos and Gross following this meeting to discuss these issues. He stated that the preferred location would require coordination with ODOT since this is state right-of-way. He added that the adjacent property has been recently acquired with potential plans for redeveloping that area, and that this is something that would need to be understood in looking at this primary location.

Nebel reported that he plans to schedule a meeting of property owners to discuss small scale improvements that could occur on that corner. He noted that if the city establishes a new urban renewal district on the north side of the bridge, there could be

more significant future projects that could impact the property. He stated that staff believes a small scale aesthetic improvement would be appropriate in the event that more significant projects might be contemplated as part of the long-term urban renewal district.

Nebel reported that he does not have a recommendation for the City Council, at this point, regarding either the sign or the improvements to the northwest corner of Hurbert Street and Highway 101. He added that it would be appropriate for the City Council to share any thoughts, ideas, and concerns they have with the options outlined in this report.

Nebel reported that \$90,000 remains for the potential community event sign and/or improvements to the northwest corner of Hurbert Street and Highway 101. He stated that he is planning a meeting to discuss what smaller scale project can be done on that corner. Allen asked about the timeline for meeting with the area property owners and sorting out these issues. Nebel stated that he would like to schedule meetings before the 2015/2016 budget process begins - either in December or January to discuss these issues. Allen suggested that a Council member attend the meetings with staff as well, and Nebel noted that this is a good idea. Allen volunteered to be the Council participant.

Discussion on the Announced Closure of the United States Coast Guard Air Facility.

Hawker introduced the agenda item. Nebel reported that on Monday, October 20, the city, in conjunction with Lincoln County and the Port of Newport, hosted a public forum to give the public an opportunity to express their views regarding the announcement by the commander of the 13th Coast Guard district of the closure of the air facility in Newport, Oregon. He noted that there was an exceptional meeting last night and to hear the varied services that are dependent upon this service by the community. He thanked Bob Jacobson who worked on behalf of the county, city, and port to moderate the meeting. He noted that the important thing to recognize is that Monday's meeting is not an end, but a beginning and the various groups need to work together to address the issue.

Nebel reported that the conveners of the forum (Lincoln County, City of Newport, and Port of Newport) met earlier today to discuss next steps regarding this matter. He added that it is appropriate to set the tone of where and how to move forward if Council is in agreement. He noted that the other unique issue is that Associated Cleaning Services has agreed to provide five years of free custodial services to the air facility if it remains in Newport.

Nebel noted that he had prepared several motions for Council consideration. Council discussed and revised the motions as follows:

MOTION was made by Allen, seconded by Beemer, to authorize the continuation of a collaborative effort between the City of Newport, Lincoln County, and the Port of Newport, working with other stakeholders including the current and former members of the Fishermen's Wives, and to the extent possible, the Oregon congressional delegation, Oregon Coastal Caucus, and Oregon governor's office to continue efforts to reverse the decision relating to the closure of the air facility in Newport. The motion carried unanimously in a voice vote.

MOTION was made by Beemer, seconded by Allen, to direct the City Manager to send a letter to the appropriate federal officials requesting that the closure of the United States Coast Guard Newport Air Facility be delayed until a proper determination can be

made relating to the benefits of continued operation of this facility and then further assess keeping the facility open permanently. The motion carried unanimously in a voice vote.

MOTION was made by Allen, seconded by Beemer, that a complete package of information be compiled from the joint meeting of Lincoln County, the City of Newport, and the Port of Newport with that information being shared with the Oregon congressional delegation, Commander for the Thirteenth U.S. Coast Guard District, the Commandant of the U.S. Coast Guard, the Vice-Commandant of the U.S. Coast Guard, the U.S. Secretary of Homeland Security, and other federal officials to convey the need to reverse the decision to close the air facility in Newport. The motion carried unanimously in a voice vote.

MOTION was made by Beemer, seconded by Allen, to request that the Mayor and City Manager prepare letters of appreciation to Michelle Longo Eder, Ginny Golbrisch, Sarah Skamser, Jennifer Stevenson, Carol DeMuth, and others, on behalf of the City Council, for their advocacy related in working to reverse the decision of the U.S. Coast Guard to close the Newport Air Facility. The motion carried unanimously in a voice vote.

A brief discussion ensued regarding the offer from Associated Cleaning Services.

Discussion and Possible Appointment of a Council Liaison to the City Emergency Planning Committee. Hawker introduced the agenda item. Nebel reported that in 2013, an internal administrative committee was established to develop appropriate responses to emergencies that could occur in the city. He noted that since the first of the year, this committee has been meeting on a regular basis and has been making significant progress on a variety of matters including setting up an emergency operations center in City Hall. He stated that Swanson has suggested that it may be appropriate for the City Council to consider appointing a liaison to this administrative committee. He added that based on the important integration of services during an emergency that would impact elected officials through providers in the city organization, he believes this would be an appropriate consideration by Council. He reported that Swanson has expressed an interest in serving in this capacity. He noted that as an alternative, Swanson also mentioned that City Council could rotate its service with this committee similar to what is being done with City Employee Administrative Committee. He stated that the decision on appointment of a liaison is a Council decision.

MOTION was made by Beemer, seconded by Allen, to establish a Council liaison to the city's administrative Emergency Planning Committee. The motion carried unanimously in a voice vote.

MOTION was made by Beemer, seconded by Allen, to appoint Swanson to serve as the City Council liaison to the city's administrative Emergency Planning Committee. The motion carried unanimously in a voice vote.

Discussion and Possible Approval of a Land Donation from Investors XII. Hawker introduced the agenda item. Nebel reported that the issue before Council is the consideration of an agreement with Investors XII, LLC identifying the portion of their property that the city is acquiring for right-of-way and easement purposes, along with the portion that Investors XII, LLC is donating to the city. He stated that the right-of-way is needed so that SW Abalone Street can be extended as envisioned in the South Beach Urban Renewal Plan and proposed plat of Sunset Dunes.

Nebel reported that the city desires to obtain 30,941 square feet of road right-of-way, and a 1,836 square foot permanent public utility easement from Investors XII, LLC, in order to construct planned transportation improvements in South Beach. He added that the right-of-way and easement are depicted on the concept map for the plat of Sunset Dunes. He stated that an appraisal by William E. Adams, MAI, MRICS, dated July 25, 2014, establishes a value for the right-of-way of \$12.00 per square foot and a value for the easement of \$3.60 per square foot.

Nebel reported that the Newport Urban Renewal Agency has authorized a payment to Investors XII, LLC in the amount of \$147,682 for right-of-way and has contracted with the City of Newport to construct the transportation improvements. He stated that the payment amount was determined to be the value of the right-of-way and easement being acquired, less the value of the land Investors XII, LLC gains through the vacation of a portion of SW Anchor Way.

Nebel reported that on Monday, October 20, 2014, the managing partners of Investors XII, LLC indicated that they misunderstood how the compensation package was being structured. He stated that they would prefer that a value for the land that Investors XII, LLC will receive as a result of the vacation of a portion of SW Abalone Street not be factored into the transaction. He stated that as an alternative, they propose that the compensation amount remain at \$147,682 with the city accepting a donation of the balance of the land. He noted that this may provide Investors XII, LLC with a tax benefit that they would not otherwise receive given how the compensation proposal is currently structured.

Nebel reported that this donation agreement has been added to the Council agenda at this late date because of the timing of when the issue was raised by Investors XII, LLC and the impact that a delay would have on finalizing the plat of Sunset Dunes. He added the plat is currently being signed by the three property owners (OMSI, Investors XII, LLC, and Richard Murry). He noted that funds have been transferred to escrow for right-of-way payments, all of the conveyance documents have been finalized, and the parties have prepaid taxes, and therefore, timing is of the essence. He stated that it is also worth emphasizing that the donation agreement does not change the amount of money Investors XII, LLC will receive from the Urban Renewal Agency and city.

MOTION was made by Allen, seconded by Beemer, to enter into the right-of-way donation agreement with Investors XII, LLC as included in the attached packet. The motion carried unanimously in a voice vote.

REPORT FROM MAYOR AND COUNCIL

Allen noted that the effective date for Resolution No. 3694, setting the tax rate for recreational marijuana and marijuana-infused products should be November 20, 2014.

Roumagoux reported that she gave a welcome speech to the Oregon Coast Chapter of Military Officers Association of America at its charter meeting.

Roumagoux reported that she performed the ribbon cutting for the Eternal Beauty Salon which was formerly Jerilyn's.

Roumagoux reported that she gave the opening remarks, and performed the ribbon cutting, at the recent rededication of the airport.

Roumagoux reported that she participated in an interview on KXL regarding the October 20 meeting on the Coast Guard's announced closure of the air facility in Newport.

Roumagoux reported that she attended the October 20 meeting at Oregon Coast Community College regarding the Coast Guard's announced closure of the air facility in Newport. She complimented Nebel for organizing the meeting, and noted that there were approximately 300 attendees and that testimony went well.

Swanson reported that she attended the rededication of the airport which was very interesting.

Swanson reported that she attended a recent meeting of the City Employee's Committee.

Swanson reported that she attended a recent meeting of the Audit Committee.

Busby reported that he attended the rededication of the airport.

Busby reported that he attended a recent meeting of the Public Arts Committee. He noted that the group is involved with the One Percent for the Arts Program relative to the construction of the new municipal swimming pool.

Beemer reported that he attended the airport rededication.

Beemer reported that he attended the October 20 meeting at which the announced closure of the Coast Guard air facility was discussed.

Beemer reported that the Port had completed much of its needed dredging, but that there are pylons sticking up from the bottom of the bay that are impeding completion of the dredging. He noted that the plan is to dig around the pylons and cut them off, and that the cost for this work could be \$500,000.

Allen reported that he attended a FINE meeting on October 7 that was a joint meeting with the Southern Oregon Ocean Resource Coalition, a group with similar goals from the south coast. He noted that there was discussion about federal mapping and developing strategies to collaborate along the coast with respect to federal agencies.

Allen reported that he attended a recent meeting of the Audit Committee. He noted that the auditors were in attendance and were completing the field work. He reviewed the timeline for the audit, noting that the audit will be completed and filed on time. He stated that between the first and second City Council meeting in January, the Audit Committee will meet and review the audit with Murzynsky and Nebel with the auditors participating by telephone. He noted that the Audit Committee will be proactive and review issues and compile a report to present to the City Council on January 20, 2015. He added that the City Council will accept the audit report after the Audit Committee presentation to Council.

Allen reported that he attended an OPAC meeting that was held in Newport on October 16. He noted that the letter, from OPAC, that he read at the Coast Guard meeting on Monday had been generated at this meeting. He noted that OPAC is organizing a forum on national marine sanctuaries to be held in Bandon in March or early April of 2015.

Allen reported that he attended the recent veteran's lunch at the Senior Center. He noted that he sat next to a Korean War veteran and the veteran's daughter who was a Navy nurse.

Allen reported that he attended the rededication of the airport.

Allen reported that earlier today, he had attended the keynote luncheon speech at a two-day technology conference organized by John Lavrakas. He added that the conference is promoting blue technology and blue jobs. He encouraged other Councilors to attend what they could of this conference.

Allen reported that he would be going to Florence tomorrow to attend the West Coast Governor's Alliance on Ocean Health, and that he would have a report at the next meeting.

PUBLIC COMMENT

Robert Legree, operations manager for Associated Cleaning Services, stated that public relations was not the intent of the offer to provide free custodial services to the Coast Guard if the Newport air facility was retained. He noted that his company would work through the Coast Guard Auxiliary which would allow this type of donation. He reiterated that the thought behind the offer was the firm being a leader and not public relations. He added that the cost was determined from providing services to this facility in the past.

ADJOURNMENT

Having no further business, the meeting adjourned at 7:40 P.M.

Margaret M. Hawker, City Recorder

Sandra N. Roumagoux, Mayor

October 20, 2014
5:30 P.M.
Newport, Oregon

The City Council of the City of Newport met in a joint meeting with the Lincoln County Commission and the Port of Newport Commission on the above date in the Oregon Coast Community College Commons, at the main campus in Newport.

In attendance from the City of Newport: **David Allen, Richard Beemer, Laura Swanson, Sandra Roumagoux, Ralph Busby, and Mark Saelens.** Dean Sawyer was excused. Staff present was **City Manager Nebel, City Recorder Hawker, Fire Chief Murphy, and Police Chief Miranda.**

In attendance from Lincoln County: **Terry Thompson.** Staff in attendance was **Wayne Belmont, County Counsel, Kim Herring, Administrative Assistant, and Casey Miller, Public Information Officer.**

In attendance from the Port of Newport: **Walter Chuck, Ken Brown, JoAnn Barton, Dean Fleck, and David Jincks.** Staff in attendance was **Kevin Greenwood, General Manager.**

Community members in attendance: **Marilyn Greene, Mark Flores, Kelley Retherford, Sherry Kasper, Mike Sorensen, Vella Sorensen, Sherry Rowland, James Rowland, Russell Harley, Cynthia Renner, G. Perry, James Burke, Judith Chey, Eugene Law, Sheri Fixler, Jeremy Powell, Russell Johnson, James Franklin, Chris Burkman, Tom McNamara, Will Williams, Dennis Bartoldus, Carol DeMuth, Mike Becker, Andy Long, Stewart Lamerdin, Wendy Engler, Toni Mitchell, Doug Alldridge, Toby Mitchell, Alicia Billings, John Holt, Alan Baird, Kay Moxness, Barbara Leff, Jay Robinson, Tom Divis, Bev Divis, Yale Fogarty, Rob Wienert, Barbara Dudley, Wayde Dudley, Marcia Rowley, Shannon West, Mariah Colmenero, Lynnette Mattes, Katherine Howard, Theresa Wisner, Don Williams, Jim Lynn, Andrew Bartoldus, Patsy Brookshire, Jan Stevenson, Mary Coelho, Kemper Mirick, Grant Mirick, Leonard Bruce, Leanne Dordan, Julie Hollen, Bob Daugherty, Aaron Chappell, Carlos Lazaro, Lorna Davis, Sue Keese, George Lewis, Sandy Hayden, Jen Rozewski, Charisa Lockman, Charlotte Carter, Elliott Crowder, Barbara Burgess, Karen Dunlop, Sammy Butts, Kim Savage, Tia Retherford, Brian Clancy, Laurie Rau, Laura Syron, Linda Neigebauer, Leslie Brown, Dennis Cannon, Gretchen Kazeber, Dennis Lloyd, Jan Novak, Mark Cholewinski, Nina Crites, Kimberly Jones, Rick Bronw, David Enyeart, Carol Ritchey, Duane Barnhart, Wes Gromlich, Jim Kusz, Janet Wood, Richard Wood, Susan Sturm, Kelly Greer, Samui Payment, Carol Fisher, Pat Lewis, Gretchen Nelson, Marcia Tharp, Paul Stangeland, Gary Lahman, Jill Marks, Mark Marks, Marion Moir, Randy Butts, Cindy McConnell, Mark McConnell, Stan Parker, Teresa Rippy, Josh Erwin, Mary Larkin, Doug Kerr, James Oeden, Kurtis Hair, Ray Woodruff, Glen Butler, Amanda Clendenin, Mike Eastman, Ralph Grutzmacher, Kerry Kemp, Dortha Derickson, Craig Putman, Judie Germain, Nancy Fitzpatrick, Pahl Scharping, Margaret Mortimer, Joe Joncas, Joan Haines, John Haines, Cathy Devereaux, Brad Feammelli, Dan Hellin, Mike de Sosa, Janet Louise Voss, John Ray, Elizabeth Atly, Pamela Garland, Eric Wedel, Storm Wedel, Karen Naill, Sam Naill, Karen Rozewski, Taya Keese, Bruce Wellaw, Sue Martin, Robert Brittsman, Frances Clause, Amanda Reeves, Jo Byriel, Barbara Berge, Sally Carr, Jeff Pridgeon, Kristine Castillo, Olivia Brown, Cheryl**

Davis, Kay Skaggs, Robert Bierwirth, Michelle Branam, Stephen Lovin, Sara Fixler, Joshua Burter, Jason Eibner, Julie Hanrahan, Mark Hanrahan, Joseph Huff, Susan Andersen, Briane Greene, Lars Robison, LeOra Johnson, Debra Smith, James Hanselman, Joann Ronzio, Rod Doubleday, Heather Hessler, Lori Galvan, Johnny Law, Greg Krutzikowsky, Barbara Frye, Sally Lockyear, Bette Perman, Jeff Hollen, Christie Burns, Elinor deSosa, Jacque de Sosa, Marvin Sannes, Brian Hudson, Kate Heasley, Sara Skamser, Jhn McKinney, Roberta Baxter, Janet Jackson, Glen Butler, Yale Fogarty, Jay Bozievich, Eric Sherman, Kinder Cottrell, Robert Keller, Rhonda Harman, Dennis Bishop, John Garland, Bekki Wagner, Sylvia Pauly, Alan Holzapfel, Lindsay Clark, Terry Obteshka, Eileen Obteshka, Mike Pettis, Bruce Mate, Dac Wilde, Bill Bain, Wessel Lewis, JoDana Bright Taylor, Jesse Burrows, Joshua Williams, Jennifer Stevenson, Jim Geisinger, Jim Gohlsdorf, Don Baker, William Mortimer, Charlie Plybon, Deborah Boone, Bud Shoemake, Jan Power, Tracy Shaw, Rob Murphy, and Robert Waddell.

CALL TO ORDER - BOB JACOBSON

Bob Jacobson stated that two hours have been allotted for what could be a very long program tonight. He welcomed everyone in attendance. He stated that the topic of tonight's meeting is perhaps the most important topic in a while as it is a matter of life and death for mariners - both commercial and recreational. He added that he hopes through public comment and the petitions that Carol DeMuth has collected with over 15,000 signatures, that the Coast Guard will reverse this important decision. He stated that the purpose of this meeting is to offer testimony regarding the closure of the U.S. Coast Guard Air Facility in Newport.

Jacobson read the testimony guidelines. He noted that this meeting is being taped and a copy of the tape would be made available to the U.S. Coast Guard and the Congressional delegation in Washington, D.C.

Jacobson recognized Carol DeMuth, the organizer of a petition that contains upwards of 15,000 signatures in support of retaining the U.S. Coast Guard Air Facility in Newport.

Jacobson made introductions including the three entities who organized the meeting: **Terry Thompson**, Commissioner, and **Wayne Belmont**, County Counsel from Lincoln County, **Kevin Greenwood** from the Port of Newport, and **Spencer Nebel**, City Manager of the City of Newport. He introduced **Kaety Jacobson** and **Ruby Moon**, from the Extension Office, who were instrumental in organizing this meeting. Jacobson also introduced U. S. Congressman **Kurt Schrader**, **Kate Gauthier**, representing Senator **Jeff Merkley's** office, **Fritz Graham**, representing Senator **Ron Wyden's** office, Senator **Arnie Roblan**, and Representative **David Gomborg**, and Representative **Debra Boone** from Clatsop County.

U.S. CONGRESSMAN SCHRADER INTRODUCES REAR ADMIRAL RICHARD T. GROMLICH, COMMANDER OF THE THIRTEENTH U.S. COAST DISTRICT

Congressman Kurt Schrader stated that he appreciated everyone showing up for this meeting, and the Admiral agreeing to attend. He noted that he was glad that the D.C. Coast Guard had changed its attitude toward participation in this meeting. He stated that he and Admiral Gromlich have to leave at approximately 7:30 P.M., but that representatives from their offices will stay and hear testimony. He added that if participants do not get a chance to speak, or would like to leave written testimony, that

this information be given to Jacobson so that we can try to convince D.C. of the need for the air facility to remain open. He asked that if someone has specific questions, that they be given to Jacobson so that they can be researched and hopefully get the Coast Guard to change the situation.

Schrader introduced Admiral Richard Gromlich. He reported that Gromlich has served in North Bend and also at the Charleston, South Carolina location where they are also looking at budget cuts. He stated that Gromlich graduated from Coast Guard Academy in 1983, worked his way through the ranks, and is a respected member of the Coast Guard. He noted that Gromlich is responsible for the Pacific Northwest which is a large and tough area, and that he has experience with weather and other conditions in Oregon. He welcomed Gromlich.

Admiral Richard Gromlich thanked the Oregon congressional delegation and state and local officials who had offered a personal invitation to him to attend this meeting. He thanked everyone for their continued support of the Coast Guard. He thanked the City of Newport for being a Coast Guard City - one of only 16 in the country. He noted that the city has shown support for military members and their families, and stated that he appreciates how much that means in communities along the Oregon and Washington coasts. He stated that he was fortunate to have been stationed at North Bend from 1990 to 1994. He added that he was in North Bend when the air facility in Newport was located in an "old, beat up trailer," and in 1994 when the new facility was built and the Coast Guard began to stand 24-hour, seven days per week watches. He stated that he lived in North Bend and understands the coastal storms, sneaker waves, and rogue waves. He added that he understands the environment on the Oregon and Washington coasts and is committed to ensuring that the Coast Guard, whatever happens, is able to respond and do what it does best. He stated that the decision to close of the air facility in Newport was a part of the budget submission for fiscal year 2014 that was submitted by the President. He added that the Coast Guard is authorized to close the two facilities as a part of its appropriations bill for last year. He emphasized that this is a tough environment with sequestration, continuing resolutions, and declining budgets. He stated the Coast Guard constantly has to make very difficult decisions that are hard and personal, but that those tough decisions are made at the highest levels of the organization, and the final decision to close these air facilities was made by the Commandant of the Coast Guard. He stated that the air facility in Newport will close on November 30, 2014, and, even at his level of the Coast Guard, he cannot do anything about it as far as that closure date or offer to delay the closure. He added that he must carry out the closure. He noted that he expects that many people in attendance had probably come expecting to hear something different, and he apologized that he is unable to tell attendees anything different. He stated that the Coast Guard followed its processes in the closure of this facility, and that he regrets that the process broke down particularly in dealing with state and local citizens. He reiterated that the process was followed, and the process attendees are involved in now is to make concerns heard so that officials higher up the chain can hear those concerns understand the impact of the decisions that have been made. He stated that there are some people who do not think that he should be standing here tonight, but he emphasized that he needs to hear the concerns and comments, and he assured attendees that he was listening. He added that since the decision to close the air facilities was announced, he has listened to the news; read the newspapers; monitored websites; monitored blogs; looked at the petition; and attended the stakeholder meeting. He stated that "we are listening and will

continue to listen.” He introduced the local Coast Guard officers in attendance, including: **Todd Trimpet of U.S. Coast Guard Station North Bend; Ryan O’Meara of U.S. Coast Guard Station Yaquina Bay; and Carlos Hessler of U.S. Coast Guard Station Depoe Bay.** Gromlich stated that regardless of what happens, these Coast Guard members will continue to serve, and the Coast Guard will be there to answer the call.

U.S. CONGRESSMAN SCHRADER INTRODUCES GINNY GOBLIRSCH WHO WILL PROVIDE THE HISTORY OF, AND REASONS FOR, THE UNITED STATES COAST GUARD AIR FACILITY AT THE NEWPORT MUNICIPAL AIRPORT

Ginny Goblirsch read the following statement:

“I have been asked to address the history of our air station and its importance to our community.

First, I want to be very clear that our remarks tonight are not in any directed toward local and district USCG personnel. They are the epitome of professionalism, service, and sacrifice. They provide outstanding service to our communities and are the reason why the Coast Guard is held in such regard by the public. We will fight hard to keep them. Our comments are directed solely to you, Admiral Zukunft, USCG Commandant, Washington, D.C., as the person who made the decision to close the Newport USCG air station.

We are frustrated. Your own personnel would tell you closing the Newport air station is a mistake. They know the conditions here. While they, of course, will continue to respond to emergencies at sea, they will do so knowing full well they do not have the backup from a quick response helicopter. We have asked you to keep the station open; yet you remain silent. We meet here tonight to express our concerns, but you are absent.

In 1985, after a series of accidents, the capsizing of the F/V Lasseigne with the loss of all three crewmembers ignited this community. We said enough and demanded that a USCG quick response helicopter unit be stationed at the Newport airport. Sidney Lasseigne and Newport Fishermen’s Wives with widespread community support and the support of our congressional delegation were ultimately successful. The capsizing of the F/V Lasseigne was a clear example of why an immediate response USCG helicopter was needed on the central Oregon Coast. I’d like to share just a little bit of the final report from that accident with you.

At 7:24 A.M., on November 15, 1985, the Coast Guard received an emergency call from Kenneth Lasseigne, skipper of the F/V Lasseigne. It was clear that the skipper understood he was in a serious crisis situation as he was taking on water and listing. Four minutes later at 7:28 A.M., he reported that he could not get into the fish hold to find where the water was coming from. He reported his correct location as 20 miles off Siletz Bay, north of Newport. The Coast Guard told him to have everyone put on life jackets and he replied, “Got ‘em on.” This was the last transmission from the vessel. Multiple assets were launched - helicopters from Astoria and North Bend, and lifeboats from Stations Depoe Bay and Newport. The Astoria helicopter arrived on scene first at 8:38 A.M., slightly over one hour after the first transmission. They found the vessel capsized and two men - Kenneth Lasseigne and Randy Bacon floating nearby. Randy appeared to still be alive and was flown to North Lincoln Hospital which has a unit specializing in the treatment of hypothermia. Doctors and nurses tried for three hours to revive him but were unsuccessful. Kenneth had slipped below the water with one arm still attached to his life

jacket. He was retrieved by the lifeboat from Depoe Bay and was deceased. The third person, Jean Yves Guinsbourg, was never found.

The official report concluded that at the time of the capsizing, the seas were of the type to be expected and overcome off the Oregon coast in November. Cause of death - hypothermia and drowning. This is a classic case of sudden capsizing with little or no time to properly don survival gear. Had the helicopter been on scene quicker, there was an excellent chance that those young men could have been saved.

Accidental cold water immersion is not limited to the commercial fishing fleet - it includes anybody on or near the water. Quick response and rescue are key to surviving cold water immersion. The Newport-based helicopter has saved many lives over the years.

During the 1986 campaign, the Commandant told us that we were not eligible for this service because we did not fit the national standard for placement of SAR helicopter air bases. That national standard is two hours for a search and rescue helicopter to arrive on scene. Thirty years later, it remains the same. It is way past time to change the standard to reflect real conditions particularly when considering response times in cold versus warm waters. The Coast Guard's own research and actual accidents have shown time and time again, one hour is too long for our region - never mind two. The standard called for here where the water is very cold, the sea very rough, and the coastline very rocky should be 30 minutes at most. Yet, you use that old standard to justify the closure of the air station today.

The USCG, like any of the rest of us, will always have budgetary issues. In 1986, our Congressional delegation led by Representative Les Aucoin, and later Senator Mark Hatfield, went to work passing an act of congress appropriating 15 million dollars to the Coast Guard so they could construct and operate the air base in Newport. The city and county donated services and land and we worked together to realize a satisfactory solution for our needs. Today, we again ask that you work with us and our representatives in congress to keep the air station open and address the issues which threaten its continued operation.

So, what is so different now that justifies the closure? A lot and nothing. Accidents continue to happen - people end up in the water and people die in the water if they are not rescued quickly - minutes count around here. We have not grown thicker skins. Last week, five tourists, trapped on the rocks with an incoming tide, were successfully rescued because the helicopter arrived on scene in 20 minutes. Had they been out there longer, the rising tide and rough seas would have swept them away to almost certain death.

The central Oregon coast continues to grow. There are more fishermen, more visitors, more boaters. The recreational fleet is venturing even further out to sea for albacore tuna and halibut. People flock to our beaches which, while beautiful, are rife with hidden dangers - rocky shores, sneaker waves, strong winds, and brutal currents. The NOAA western Pacific fleet now calls Newport its homeport, our international terminal has been rebuilt and soon will begin maritime commerce operations. We are a major deep-water port for our region.

You blame congress for having to show consolidation of assets yet remain silent about the ramifications of the air station closure. You say search and rescue missions are a Coast Guard priority while you gut basic services.

We've reviewed your budget documents; looked at your research regarding cold water survival; and revisited your fundamental core mission for which you are known and are undoubtedly and deservedly most proud. You exist first and foremost to "Protect those on the sea, and rescue those in distress." I'll bet most of the fine men and women who enlist in the Coast Guard do so because they want to save lives - not pluck the dead from the sea.

The language in the budget justification presented to congress is misleading at best. You say, *"The budget requests \$6.75 billion to operate and maintain Coast Guard assets and sustain essential front-line operations."* Further, *"Operational efficiencies that scale cutter, boat, and aircraft hours will reduce resources required for fuel and variable maintenance with no anticipated impact to operation. Safety of life (search and rescue), urgent security activities, and operational hours dedicated to meet minimum proficiency standards will be preserved."* Hogwash. Air stations Newport and Charleston are specifically line itemed for cuts that you say will save \$6 million between the two. So what's that - \$3 million for Newport? Your budget cuts Coast Guard lifesaving services in half for the entire Oregon coast with direct impacts to northern California and southern Washington. Your decision guts local police, fire, and search and rescue operations all along the coast.

Transferring the two helicopters from here to another region simply moves the costs of flying and maintaining the helicopters from here to there. It saves you nothing and costs us everything. Is this what you mean by "consolidation of assets?"

We have the right to be heard. Thousands of people have asked that the decision be reversed. Stakeholders and the public need to have a place at the table when your ability to perform lifesaving missions is jeopardized. We understand the issues facing the Coast Guard are complex and challenging. Don't make the situation worse by simply closing the air station. Work with us instead of against us to address your basic service challenges. We are the U.S. Coast Guard's strongest supporters. We want to be your partner; not your adversary. By working together, we can ensure the Coast Guard's next 30 years are the best yet in meeting your lifesaving mission.

Thank you."

Goblirsch asked that the Coast Guard reverse its decision and allow the Congressional delegation, stakeholders, and members of the public, the opportunity to meet with the highest ranking Coast Guard members to discuss these issues so they can understand what it is really like on the ground. She stated that if the Coast Guard will not listen to its Admiral in the Thirteenth District and the Captains in North Bend, she asked what stakeholders can do. She added that she is disturbed as to how this issue has been handled. She stated that she has gone through the budget and justification and there was never a discussion about impacts at the local levels in cold water areas. She noted that Congress was reassured that assets would be able to fill in the gap and there would be no disruption to service. She added that this is not just right. She stated that is not honest and cannot be tolerated for the Coast Guard's basic service. She asked the Coast Guard to serve the public along the coast.

COMMENTS FROM PUBLIC OFFICIALS

Senator Arnie Roblan stated that he grew up in Port Angeles, and lived in Coos Bay, and both communities are heavily dependent on the fishing and timber industries. He

added that these two dangerous occupations depended on the Coast Guard to rescue people. He stated that North Bend will also be losing helicopters, and that he hopes the Coast Guard can arrive at a better conclusion.

Representative David Gomberg stated that the federal delegation is being asked to carry the message to Washington, D.C. He thanked everyone for attending. He noted that Newport is home to the largest commercial fishing fleet in Oregon; the larger charter fleet in Oregon; and the destination of many tourists who encounter sneaker waves, rocks, and currents. He added that he has not seen any tourists in survival suits. He stated that the first responders are concerned about the lack of Coast Guard assistance. He reported that the Newport Airport is the only airport of the three (including North Bend and Astoria) that is above the tsunami inundation zone. He noted that logic suggests that the air station be located at the Newport Airport - out of the tsunami inundation zone. He urged the Coast Guard to delay this decision and to ultimately overturn what will ultimately be a bad decision.

Representative Debra Boone, from Tillamook, thanked the Coast Guard. She stated that she supports the mission of maintaining the Coast Guard Air Facility at the Newport Airport. She asked that a strong message be sent that this facility remain in Newport.

PUBLIC COMMENT

David Jincks read the following letter, written by Heather Mann, Executive Director, of the Midwater Trawlers Cooperative, into the record:

“Dear Commandant Zukunft:

Please accept these comments on behalf of the Midwater Trawlers Cooperative (MTC). MTC represents 23 midwater trawl catcher vessels that participate in several fisheries including both the at-sea and shoreside whiting and traditional bottom trawl fisheries on the west coast, and Pollock, cod, and other groundfish fisheries in the Bering Sea and Gulf of Alaska.

On behalf of the MTC member vessel owners, skippers, crew, and their families, I am writing to strongly urge you to reverse your decision to eliminate the Coast Guard’s air rescue helicopter station currently located in Newport. This is simply a matter of life or death for our fishermen, and I am convinced that lives will be lost if you remove this critical service in our area.

As you are more than well aware, the water temperatures in the Pacific Ocean off of Oregon are extremely cold. The average temperature in January is 49 degrees. The difference between fifteen minutes in the ocean for a human being and one hour in the water is basically the difference between a search and rescue mission and a search and recovery mission.

All of the compelling reasons to originally site the station in Newport not only still exist, they are even greater. Newport is home to a large and diverse commercial and recreational fishing fleet. While I appreciate that technological advances have improved the search capabilities of the Coast Guard, there is still no better way to find a person in the water than human eyes on the scene from a helicopter. Mariners who end up in the water can be quickly separated from their vessel due to currents and other factors. Technological electronic advances are virtually meaningless in these situations.

Over the last century, we have lost well over 100 commercial fishermen from Lincoln County. Please do not put our community in the position where more lives will be lost. Especially not to save money - surely there must be some other area where the budget could be trimmed. How much is one human life worth? To add insult to injury, I am stunned that you made the decision to cease helicopter operations on the first day of the crab season. This is a slap in the face to not just those going out on the water for this dangerous fishery, but to their families and community as well.

On December 11, 2001, we lost a vessel on the opening day of the Dungeness crab fishery. Four souls were lost that day. As a board member of the Newport Fisherman's Wives, I personally spent individual time with each of the families that lost a loved one. To this day, I am haunted by the overwhelming grief that those families faced then and even now. I do not want families to be in that position - especially when there are things that can be done to prevent these tragedies. I pray no one ever has to look into the eyes of a grieving wife and her children and tell them the chopper just did not make it in time."

Jincks stated that he has been a mariner for 48 years, and spent his whole life on the ocean as a commercial seaman, commercial fisherman, and recreational fisherman. He reported that he has personally experienced the loss of vessels and crew. He added that he lost a vessel in the best of conditions where the entire crew donned survival suits and stepped off the vessel into a life raft and all survived; and noted that even in the best of conditions this is tough. He added that this is the ideal situation, but noted that very seldom, in maritime tragedies, do you see the ideal situation. He reported that most of the time, maritime tragedies occur in severe weather, heavy weather, where vessels are stressed, the crew is stressed, and the captain is stressed. He added that he has experienced one of these losses too. He reported that there were three people on board, and two crew were recovered in their survival suits in which they had drowned. He noted that the survival suit is not the tremendous safety factor that people think it is, but it is the best thing that mariners have going for them. He added that there are many variables with the survival suits. He noted that in this tragic accident, the crew entered the water rapidly; their vessel failed; it was cold water, and the captain's suit was empty. He reported that he told their families that they were not coming home. He added that the captain of the vessel were not recovered, and he told the family, noting that it was a tough one because his mom and dad were my mom and dad.

Jennifer Stevenson, President of the Newport Fisherman's Wives read the following into the record:

"I would like to thank our federal, state, county, and city representatives for attending this important town hall meeting, as well as the Port of Newport. I am pleased that the USCG reconsidered sending Rear Admiral Gromlich, and we hope you will send our message back to the Commandant in D.C.

Our community has shown their disapproval of this hasty decision to close our Newport Air Station. Our online petition is now over 15,000 signatures and hundreds more have signed our paper petition.

As a second generation member of the Newport Fishermen's Wives, my mother was on the "original" board that spearheaded the placement of the Newport Air Station and fundraised for placement of the hospital helicopter pad. To this day, whenever the helicopter flies over, I recognize Newport Fishermen's Wives efforts and the unneeded

loss of life that had to occur before placement of the Air Station in Newport. Since then, numerous air rescues have been attributed to saving lives. We are lucky to have such brave Coast Guard service men and women serving here in Newport, a "Coast Guard City." The Newport air unit gives needed support to our Coast Guard cutters during water rescues and is backup to our local responders. I can say the City of Newport and the Newport Fishermen's Wives are very proud of our Coast Guard.

Having grown up in a proud fishing family, we are aware of the dangers accompanying this livelihood. My mother carried on with family affairs during my father's fishing absence. This is typical in most fishing families. The "what if" scenario was never talked about. I continue by her example and feel lucky that my generation of fishing families have the support of the Newport Coast Guard air unit. I can only imagine the insecurity that will be caused by its absence. While our fishing fleet has embraced new technologies and fishing methods to enhance safety, and even though the Coast Guard has improved response time, the technology is still not available to give us the kind of coverage we need without a local helicopter.

The Oregon coast will always be an unsafe and unforgiving environment that requires the deepest respect. A respect established early in my youth with the loss of Ken Lasseigne, the uncle of my close friend. Their family's pain was evident to me even as a child, as I watched this family continue on the best they could, but nothing could replace their son, a husband, a father. Our small fishing community rallied around the family as Sydney Lasseigne poured her grief into campaigning for the Newport Air Station. She never blamed anyone for their loss, but never wanted anyone else to experience the same overwhelming pain.

Timing of the Coast Guard Air Station closure, one day before the start of the Dungeness crab season, identified as one of the most dangerous fisheries in the nation is ill-advised and a gamble with human lives. It is very common for high surf and bar closures to occur during this time, all the more reason for the Newport air station not to be closed.

This year, as the boats cast their lines, their farewells will be felt a little longer, with the knowledge that our Newport Coast Guard helicopter air station is empty.

We are but servants to the sea, allowed to make a decent living for our families in hopes to watch them grow. As president of the Newport Fishermen's Wives, the hardest part of my job is placing another name on our memorial, writing a check of support, and greeting another grieving family at our annual Blessing of the Fleet.

I would like to close with a Fishermen's prayer, God grant that I may live to fish; Until my dying day. And when it comes to my last cast, I then most humbly pray, When in the Lord's safe landing net; I am peacefully asleep. That in His mercy I be judged; As big enough to keep.

On behalf of the Newport Fishermen's Wives, I would present the signatures of 18,000 petition signers, and numerous letters of support. Admiral Gromlich could you please assure these petitions are presented to the Commandant in Washington, D.C.?"

Michele Longo Eder read the following statement into the record:

"To Admiral Zukunft: My name is Michele Longo Eder.

People from all walks of life enjoy the central coast. Ocean kayakers and surfers ride the waves. Families stroll the sands. Hundreds of recreational fishermen, in individual or charter vessels, make thousands of trips across the bar, going miles offshore, in search

of that halibut or tuna. We're home to NOAA's Pacific Fleet. Government scientists and Oregon State University students ply our waters.

All these ocean-going groups have been served by the presence of Newport's rescue helicopter. Of significance to me is the crucial importance of the helicopter to the safety of our commercial fishing fleet. My husband and son and our crew fish for Dungeness crab and sablefish out of Newport. Over 250 commercial fishing vessels call Newport home, and twice that many vessels, from California to Alaska, travel the seas and come to Newport to deliver fish.

Still, the Coast Guard has slated Newport's helicopter for elimination, effective the first day of Dungeness crab season, a fishery recognized by both the Coast Guard and the National Institute of Occupational Safety and Health, as one of the deadliest in the nation.

In justifying the cut, the Coast Guard stated that the helicopter in North Bend will only be an hour's flight time away, and that is within the "national standards." May be for the Gulf of **Mexico**. But certainly not for the frigid waters of the Pacific Northwest. And that hour of flight time - it will be longer than that after incident verification, asset allocation, and pre-flights checks.

What happens when you are overboard in the waters of the Pacific? You might have 30-60 minutes of "useful consciousness." Hypothermia sets in almost immediately. Your arms and legs are no longer of any use to you. Unless timely rescued, you die a **tortuous death**. Fighting for your life in panic, you gulp salt water into your lungs, causing spasms, which cuts off air supply, and buildup of lactic acid occurs. You experience severe burning pain. Convulsions ensue. Heart failure occurs. And, all that time - you know you are going to die.

In 2001, our son Ben Eder and three of our crew members, Rob Thompson, Jared Hamrick, and Steve Langlot, died at sea when our crab vessel capsized on the first day of the season. They were in the ocean for an hour before their overturned boat was discovered by another fishing vessel and the Coast Guard notified. Our men had been in the freezing waters too long to survive. Please stop - **STOP**- telling people that arriving in an hour will be fine.

Admiral, we urge you to restore funding in your budget for this essential life-saving flight. Your budget document? Yes, I've skimmed the 500 pages or so. It's been publically stated by the Coast Guard that it will save six million dollars and 27 personnel if the Newport rescue facility is closed. Really? That's not accurate. The budget document itself states that the six million purportedly saved is for **both** the Charleston **and** Newport air facilities. And that's just one example of misrepresentations made to the public by the Coast Guard's administration. And in case the Admiral says he cannot find room in his budget to fund our air facility, let me make a few suggestions: Admiral - Maybe the Coast Guard doesn't need to build a new small arms shooting range in Virginia that is in your budget for 2015, and will cost over **eight million dollars**. Maybe, just maybe, the Senior Executive Service personnel you employ and already pay **\$242,000** annually - maybe **they** don't need that raise this year that you have included in your budget. Maybe one of those many defense contractors - like Booz Allen - hired to build multimillion dollar assets, just maybe you could trim them back a bit - certainly enough to fund our air facility. Oh, and that "Motion Picture and TV office - maybe that could be cut back, too. **Don't tell me Congress has forced the closure of the Newport Air Facility by cutting your budget - tell me instead that funding the Coast Guard's core mission of search and rescue is of the highest priority to you.**

As Ginny Goblirsch has done previously, I served as a member of the Coast Guard's very own National Commercial Fishing Vessel Safety Advisory Committee. Dan Hardin, the 13th District Safety Examiner, Ken Lawrenson, Mike Rudolph, Curt Farrell - we have opened our homes, our boats, and our hearts to them because we trust they, and you, would walk with us to help improve safety at sea. And, when things go wrong out there, as they sometimes do, we trust that the rescue helicopter will be there in minutes.

The commercial fishing industry has made significant advances in safety. We have survival suits and life rafts. EPIRBs to locate vessels. We take safety classes. We train and we drill. We voluntarily have our vessels examined for safety. But **nothing replaces a swift rescue.**

In closing, let me say that we are very grateful for the Yaquina Bay Station's Coast Guard presence and service in our community. In fulfilling your mission of search and rescue, your risk your **own lives** to try and save a stranger. That is the highest calling. But we need, and **you** need, to take the message to the Admiral that he must give you the tools with which to carry out your life saving missions."

Josh Williams, Chief, Depoe Bay Fire Department made the following statement:

"Closing the Newport Air Facility is a mistake. I believe this closure will ultimately cost someone their life. I do not understand how the USCG can be happy with a one hour response time, especially when our communities have response times that are much faster.

How will your national standards be compared for the non-mariner? What about the people stranded in coves with an incoming tide; what about the person who is clinging to the side of a cliff; and what about the people stranded on rocks? Faster helicopters and improved beacons will not help in these instances.

The rescue that occurred on October 11 in Depoe Bay is a prime example of why this USCG helo must stay. You can state all the facts you want about two hour standards, but I can tell you from an emergency responder who was on scene, that two hours would have been far too long.

The helicopter from Newport was on scene quickly enough to save these people's lives. Now you are asking the local public, and fire/rescue agencies to simply stand idle for an hour plus response. I refuse to stand idle and watch our resources be redistributed.

How am I to feel as a coastal Fire Chief knowing that when I have someone in the water, my local Coast Guard unit will come to the scene, but has not been trained or equipped to enter the water to effect a rescue. I have been told that the risk is too great to enter the surf around here, and that you can only train someone to be really good at so many things. This is how I feel about our local fire and rescue personnel. We cannot do more!

There are only a handful of fire agencies in Lincoln County that enter the water, and as we have learned at least one of these agencies may be rethinking their deployment practices, knowing that the USCG is so far away.

As a coastal Fire Chief, the USCG helicopter is my Plan A, and unfortunately, there is no Plan B in my playbook.

Admiral, do you know why I do not allow Depoe Bay firefighters in the water? Other than the obvious danger factor, I don't have to because I know the USCG will be on scene soon. Please do not change that. The public and local rescuers are depending on your quick response."

Williams submitted the following letter, to Admiral Zukunft, for the record:

"Please reverse your decision to close the USCG Air Station Newport, Oregon. There must be another way for the USCG to save money without placing lives in danger. The closure of this Air Station will increase response time on the central Oregon coast from approximately 15 minutes to 60 minutes or more. In my line of work, we do what we can to reduce response times, not increase them.

I am not a polished politician, I am not a metropolitan Fire Chief, I am not used to writing letters to Congressmen, State Representatives, and especially the Admiral of the United States Coast Guard, but this is a cause worth fighting for. The people of this Fire District and this part of the Oregon coast need the assets of the USCG.

The Depoe Bay Fire District serves a small coastal town which caters to tourists. We are protected by volunteer firefighters supplemented by a small career staff. We fight fires, respond to medical calls, car accidents, and often to homes where people just may need some companionship. We are not equipped for - nor are we trained for - water rescue. We rely on the USCG for that and they do a fantastic job.

We were notified on October 2, 2014 that the Air Station in Newport, Oregon would be closed effective November 30, 2014. Now fast forward to a little over a week later, October 11, 2014. My fire district was dispatched to a report of eight people stuck on the rocks just north of Depoe Bay, Oregon.

As it turns out, there were six people on the rocks when the fire district arrived. Several of the individuals decided to jump into the water and struggled to swim to shore. Luckily, they made it. Unfortunately, one young victim was pulled from the surf unconscious, to be given rescue breaths by a caring bystander.

This is where your decision impacts the rubber meeting the proverbial "road." Upon dispatch, I immediately requested assets in the form of a USCG helicopter. I did this first because I know my area and these people were in serious danger - incoming tide, 15-foot waves, and very cold water. Secondly, I know that time is of the essence, and visitors to the coast are not often prepared for the dangerous surf condition we often experience and hypothermia is a likely possibility.

We arrived to find six individuals trapped by an incoming tide and large waves. One young man decided to jump into the ocean rather than wait for rescue. He was lucky. Had the current swept him out, there were 18-foot breakers waiting to greet him with the power of destruction that would have been no match for a human body. Our Assistant Chief led the operation, dealing with the victims who were pulled from the surf, as our firefighters assessed the victims on the rocks. Luckily, I had requested a USCG helicopter, and luckily, they were in Newport.

Within ten to fifteen minutes of my arrival, the USCG was saving these people from an uncertain future. They were scared, and could not climb any higher on the rocks. We were thirty minutes from a full tide with 18-foot breakers. This was a dangerous situation and one we face often. I believe the outcome would have been very different if the response time was one hour, versus fifteen minutes.

Years ago, the Newport Fishermen's Wives worked hard to get the helicopter here because they understood the need. They will work just as hard, or harder, to keep it here now. The impact on us will be significant; it will often be painful, and it will be felt often.

There has been a lot of emphasis on saving the mariner, and the USCG insistence that emergency locator beacons make it easier to find vessels in distress. It was stated that the helicopters are faster, and the national standard of two hours will be met. With all

due respect, those arguments do not hold water when it comes to the tourist or resident at the central Oregon coast. One hour in our water could mean death. Our water is too cold and too rough for the surfer in distress or the summertime visitor who does not know our ocean, or the people climbing rocks during high tide.

Please do not remove the USCG helicopter and the fine men and women who make these rescues possible. We hold the United States Coast Guard in the highest regard. We respect what you and your men and women do on a daily basis, but we cannot support this move. As of this past Saturday, you can bet there are five grateful citizens who would agree.”

Jim Geisinger, Executive Vice President, Associated Oregon Loggers, Inc. read the following letter into the record:

“On behalf of the Associated Oregon Loggers (AOL), we would like to express our strong opposition to the Coast Guard plans on closing the air base and moving the chopper back to North Bend on November 30, 2014. It means the closest air rescue support would be nearly an hour from Newport.

Our Association represents approximately 1,000 companies that harvest and manage Oregon’s 30 million acres of forestland. Our sole purpose is doing everything within our power to assist members in their quest for success. We believe success requires a well-planned safety/health program that includes effective, timely rescue if needed.

The missions of Group/Air Station North Bend include maritime search and rescue, enforcement of laws and treaties, providing aids to navigation, and marine environmental protection. In addition, the air station frequently assists federal, state, and county agencies by responding to calls for assistance with inland searches and medical evacuations of injured loggers. Coast Guard officials say it was a tough decision to close the air station, but say it’s the result of an appropriations act in Congress.

The fishermen’s wives first brought the helicopter with its four-person crew to Newport after a series of fishing tragedies in the 1980s. If the helicopter is moved, Coast Guard boats and crews will remain in Newport, but without the chopper. Emergency response times to far out locations will be much more challenging. With no helicopter stationed in Newport, it will cut off all inland rescues. These calls will have to be performed by other rescue personnel, costing valuable time. If a patient has a life threatening injury, they can be transported to a Level One Trauma Center within an hour after the injury their odds of survival is increased. It is also important to know that the rescue helicopter is equipped with a higher level of care than land ambulances. A logger can contact the helicopter company directly or through the 911 system.

Logger rescued by Coast Guard. . .A U.S. Coast Guard helicopter crew made a dramatic rescue of a logging accident victim in western Oregon on July 15, 2013. . .The Coast Guard and firefighters executed a complicated rescue of an injured logger near Gales Creek. The logger was working in the bottom of a ravine when he suffered two broken legs after a long log hit him. After getting the 6 A.M. call, fire crews were able to reach him about 800 feet down the steep ravine. The Newport stationed Coast Guard also responded. The helicopter crew lowered a stretcher to the scene of the accident, and then lifted the victim to safety. The tall trees surrounding the accident made for a complicated rescue, but the Coast Guard helicopter with its hoisting capability rushed the victim to Oregon Health and Sciences University Hospital.

Thanks for letting AOL provide this written and oral testimony.”

Jim Gahlsdorf, Gahlsdorf Logging, Inc., read the following into the record:

"I am representing my own interests as an owner and an employer. I am representing other loggers and their employees along with our logging association as an active past president of Associated Oregon Loggers. I am also representing my fellow members of the Oregon OSHA Forest Activities Advisory Committee (FAAC). The committee is made up of consultants, engineers, educators, labor contractors, public agency and timberland owner's representatives, and loggers. The FAAC meets quarterly with Oregon OSHA to discuss and advise on issues and regulations affecting forest workers in Oregon.

We are all very concerned about the effects of re-positioning of the Newport helicopters. We believe the decision will result in decreased availability and increased response time for getting immediate medical attention to injured forest workers when all of our efforts were not enough to prevent a worker from getting seriously injured. Coast Guard helicopters provide a very unique service that commercial air ambulance services do not. Primarily hoist capability for lifting but also marginal weather and night flight operation.

My company is based in Rickreall, just west of Salem. I have thirty employees and have been in business since 1985. We may have another 10 to 20 subcontractors working as fallers and independent truckers. Our operations are a mix of cable and ground based systems and we operate on both industrial private and public timberlands in the Cascade and Coast Ranges. Currently, we have two cable logging operations operating west of Dallas, thirty miles northeast of Newport. On any given day, there would be up to thirty people on these two sites including truck drivers and timber fallers.

Slopes on these two projects are moderate to steep - 30 to 100 percent. Some of the ground is very brushy and includes rock bluffs. The distance from a road is up to 1,500 feet. On some projects, it would not be unusual for workers to be one-half mile from the nearest road with a 1,500 foot drop in elevation.

We have been involved in six situations that necessitated the use of helicopter evacuations due to the remote location of our projects and either the long response time for ground medical providers or the rapid transport of the injured worker. One of these required hoist capability due to the slope, brush, and distance from the nearest road. The Coast Guard was requested but was almost two hours out. We needed to use alternative methods that were higher risk for the victim and the rescuers.

When hoist capability, night time or marginal weather operation is required, there are only two providers - the Coast Guard and the National Guard. The National Guard is not on standby or active patrol as is the Coast Guard. If the National Guard is conducting flight operations training, then they are readily available. Otherwise, it may be up to a two hour delay on call out if the crew and helicopter are not operating and must be called in and pre-flight done. Coast Guard is set up for immediate response, similar to a municipal fire station.

The coverage zone of the Newport station is roughly from Florence to Pacific City, about 85 miles, and east to the I-5 corridor, 45 miles. Steeper slopes generally only extend east about 36 miles. That area is approximately 3,000 square miles or two million acres. There are estimated to be 100 cable logging operations in this zone, operating in conditions previously described. Along with the loggers and timber fallers, there are other forest workers right alongside. These include tree planters, thinning crews, and foresters.

There are easily 2,000 workers in this area, out on remote often steep ground, and up to 2,500 feet from the nearest road.

I, and the people I am representing, strongly urge reconsideration on the decision to move the helicopters. Certainly the service and aid to maritime workers and recreationists is well known and greatly appreciated. With regard to thousands of forest workers, there is no substitute for the capabilities and availability of the Coast Guard helicopters stationed in Newport.”

Brian Hudson, a member of the Salmon and Trout Advisory Committee, reported that he serves a representative for the mid-coast, a territory that ranges from Florence to Lincoln City. He noted that he is a retired member of the military and has an understanding of how the military processes work. He added that part of his work is to bring fishermen to the coast. He stated that there is nothing positive in the decision to close the Coast Guard’s Newport Air Facility. He emphasized that the decision was made without the benefit of public input.

Kate Heasley, representing private recreational users, reported that her husband found himself stranded on a sand bar in Alsea Bay with an incoming tide. She stated that the Coast Guard was alerted to the water rescue at 1:30 P.M., and the helicopter arrived at 2:02 P.M. from North Bend. She reported that this was ten minutes too late to rescue her husband. She stated that the proposed closure of the Coast Guard Air Facility in Newport guarantees that her story will be the story of countless other families, and she urged reconsideration of the decision to close the facility.

Sara Skamser read the following statement into the record:

“My name is Sara Skamser. I am a former commercial fisherman; past president of the Newport Fishermen’s Wives and co-owner of Foulweather Trawl.

We are all here tonight to show our congressional delegation, the governor’s office, and the Coast Guard commanders that we deserve to be a part of this conversation.

We are asking for a delay to carrying out the orders to close the air facility in Newport so this can be revisited with the participation of local and regional representation.

It boggles the mind that the United States Coast Guard has done an about face on the safety of our fishermen and the greater maritime community in Oregon.

We have come to rely on the air facility in Newport which has been manned courageously and professionally for almost 30 years.

In the same 30 years, the fishing fleet has worked at increasing the quality of vessel equipment, crew safety, and survival training, and first aid while also leading the way in innovations in harvesting wild caught seafood sustainably for consumption throughout the globe.

All the growth and innovations in our maritime community here in Newport has come from strong leadership within the fishing, research, governmental, and higher education communities working in collaboration and by having open conversations with each other.

You may say I am a dreamer. . . .

But my hope is that future headlines read: “Newport Fishermen, ocean users, and federal government work together to overcome sequester budget cuts to keep helicopter facility in Newport”.”

Willie Mortimer, representing the American Red Cross, spoke in support of keeping the air facility in Newport. He stated that his organization is unable to serve unless the Coast Guard can get people to shore.

Don Baker, Fire Chief, North Lincoln County Fire and Rescue District, submitted the following letter for the record:

“As Chief of a fire district whose water rescue team relies largely upon the assistance of USCG air support, I was greatly concerned to learn of the proposed removal of their helicopter from Newport. As well as greatly reducing the potential ocean hazards to our local fleet of fishermen and residents and visitors to the coast who enjoy boating and water recreation, we as a department depend upon them to assist our efforts. Their flight crew has a much greater vantage point from which to spot victims in the open water, and coordinating their efforts with ours leads to more frequent and successful rescues. It is also our policy not to launch rescue water craft in high surf conditions and/or severe weather until we have visual confirmation of the victim from the USCG helicopter.

We’ve trained with the Coast Guard and have come to rely upon our USCG partners to be our guardians and factor into our risk assessment prior to engaging a rescue. This vital air resource assist in our determination to complete our mission in water rescue and often aids in areas that surface teams or water rescue personnel cannot reach in coves, rocks, or beyond our safe operational reach.

The helicopter also assists us with land search and rescue efforts, steep angle cliff rescues, and/or locating seriously injured people in difficult terrain and transporting them to safety.

The Coast Guard’s air support in Newport plays a critical role in the preservation of life along this geographically hazardous coastline, and I would not like to see the lives of local residents and visitors be put in jeopardy with its removal.”

Baker stated that his department deploys water rescue swimmers on a model that was put together with the Coast Guard. He noted that the fastest boat out of Depoe Bay is about forty minutes out. He added that he does not believe that the Coast Guard has thought out the impact on local resources. He stated that locating victims is best done by helicopter due to the shorter operational time to arrive on scene. He encouraged the Coast Guard to consider how their resources impact other local rescue resources, and reverse its decision to remove the air facility from Newport.

Charlie Plybon, Oregon Policy Manager for the Surfrider Foundation, read the following letter into the record:

“For the record, my name is Charlie Plybon, and I’m the Oregon Policy Manager for the Surfrider Foundation. We are a non-profit organization dedicated to the protection and enjoyment of oceans, waves, and beaches, and I’m here tonight on behalf of our Newport, Siuslaw, and Portland Chapters in strong opposition to the Coast Guard decision to close the air facility and helicopter service in Newport. As an organization, we feel that this closure will put many ocean recreational users, visitors, and beach-goers at a greater risk along the central coast. While we stand by our local ports and fishing community in opposition to this decision, we feel that the ocean recreational community, beach-goers, and visitors to the central Oregon coast have not been appropriately factored into the Coast Guard’s analysis for closing the Newport air operations and consolidating its resources in North Bend.

Surfrider Foundation participated in the stakeholder meeting on October 15 where the Coast Guard provided an overview and partial analysis for the decision. Surfrider finds two fundamental flaws in this analysis that we feel need to be addressed prior to any move of the Coast Guard air operations from Newport.

1. A downward trend in USCG search and rescue operations was detailed on a national and west coast-wide scale that we do not believe translates locally and more importantly is not reflective of high priority rescues of the shoreside and non-boater recreational users. If we were to remove at-sea boater rescues and analyze this statistic for shoreside recreational rescues, we believe that trend is actually going up, creating a greater demand for these resources on the central coast. Anecdotally, we heard from all of our local fire and rescue that these types of recreational rescues are trending up. Further, in speaking with Commander Mark Hiigel of USCG following last week's meeting, he also confirmed that he believed the number of these types of recreational and visitor rescue events are increasing. Surfrider Foundation conducted a Recreational Ocean Use Study for the state's Territorial Sea Planning process and found that the highest concentrations of recreational use occur within Lincoln County when comparing beach and ocean activities amongst other coastal regions. Further supporting this concentration of recreational use are the Oregon Parks and Recreation visitor counts, which demonstrate Lincoln County as highest in coastal park visitation. Surfrider Foundation formally requests that these statistics be provided as they relate to shoreside and non-boater recreational rescues and appropriately factored into risk analysis for closing air facility operations in Newport.
2. The nature of non-boater and shoreside recreational rescues are such that they do not align with risk analysis associated with cold water exposure and hypothermia. The case was demonstrated in crystal clear high definition news coverage just two weeks ago at Fogarty Creek State Park. I don't believe we need to recount those events, but it's an all too common occurrence where a good time at the beach turns deadly in a matter of minutes; not an hour; and certainly not two. These individuals are not equipped with radios, immersion suits, and likely have no cold-water survival training. We ask that a further analysis of cold water survival be examined and considered for recreational users in these extreme shoreside and surf conditions.

In summary, Surfrider Foundation is deeply concerned with the risk analysis and assessment of non-boater recreational ocean and beach users and feels that this has been completely left out of this decision making process. We stand by our local ports and fishing community in their concerns for the closing of the Newport air operations, as it puts those lives in danger. As the general trend of search and rescue increases for non-boater recreational users, loss of these resources would not only put these users at a greater risk in the area of highest concentration of use on the Oregon Coast, but it would also put the lives of other local emergency responders at risk that depend on helicopter operations support."

John McKinney spoke in opposition to the closure of the USCG air facility in Newport. He read the following:

"My name is John Boehner

And I come from Ohio.
I am the King of Congress.
Watch me rollin' in the dough.
I'm worshipped down on K Street.
I keep the stuff here moving S-L-O-W.

I've got a friend in Mitch McConnell
In case you didn't know
We kid, and call him "Turtle."
Watch us rollin' in the dough.

My crew here in the Congress
Line their pockets of silk with gold.
They don't care for you, or me! (It seems).
Watch 'em rollin' in the dough.

I can't rule this place alone
There's a split in the G.O.P.
We've got an unruly herd of cats
In a party they call TEA.
They too, we pray, are wanted
Down on K Street and on C.
They don't go along or get along.
But on one thing we agree. . .
There's just one percent of us
Worth rollin' in the dough.

We said we'd break Obama
But it seems that he won't go.
We lost sight of our mission.
Oops, we were rollin' in the dough.

Now I'm not wanted by the Country
Nor by most of Ohio
For forgettin' about the People,
But there's one thing you should know,
It's not my fault, we got "Occupied."
Rollin' in the dough."

Roberta Baxter spoke in opposition to the announced closure of the U.S.C.G. Air Facility in Newport. She noted that the closure of this facility will have a negative impact on tourism in Lincoln County.

Glen Butler spoke in opposition to the announced closure of the U.S.C.G. Air Facility in Newport. He noted that the closure of this facility means that response time will be more than simply an hour as there is on-scene time that needs to be factored into the calculation.

David Allen, Newport City Council and Vice Chair of the Oregon Ocean Policy Advisory Council, read the following letter into the record:

“The Oregon Ocean Policy Advisory Council (OPAC) is the state’s legislatively mandated marine policy advisory body to the Governor, state agencies, and local governments. Although we are not an advisory body to the federal government, we do want to provide comments on the proposal to close the helicopter Air Facility at Newport, Oregon. This is not just a local issue - it has statewide and regional implications.

Fishermen from all along the coast, residents and visitors alike, fish off the central Oregon coast. This includes commercial as well as charter, sport, and recreational fisheries. Citizens from throughout the state and elsewhere recreate on the central Oregon coast. This includes activities such as surfing, kayaking, and others. In addition, a growing ocean research fleet, both federal and state vessels, has a significant presence on the central Oregon coast.

Closing the Air Facility at Newport could result in loss of life due to the slower response time resulting from deploying a helicopter from the remaining Air Stations at either Astoria, Oregon or North Bend, Oregon. The Air Facility at Newport was opened to fill a gap in quick response coverage on the Oregon coast. Closing this facility would result in longer transit times to marine casualties or accidents on the central Oregon coast, and greatly reduced search times once the helicopter does arrive. The water temperatures off the Oregon coast are generally between 50-59° Fahrenheit year round. At these temperatures, a victim’s survival time in the ocean is measured in minutes. Adding an additional 45 minutes in response time could change a USCG flight from a lifesaving mission to one of recovering bodies.

In the ports of Newport and Depoe Bay, charter boat operators carry hundreds of passengers each day. As a practical matter, it would be difficult if not impossible to equip boats and educate passengers in the use of cold-water immersion suits. As such, response time is critical and remains a huge issue.

Moreover, Lincoln County is host to the most visited coastal state park in Oregon, serving over one million visitors annually. As the general trend of search and rescue increases for non-boater recreational users, closing the Air Facility at Newport would not only put these users at greater risk in the area of highest concentration of use on the Oregon coast, but it would also put the lives of other local emergency responders at risk that depend on helicopter operations support.

Furthermore, closing the Air Facility at Newport would impact other USCG stations in the region, putting at risk both rescuers and victims alike. And unlike Astoria and North Bend, the Air Facility at Newport is outside the tsunami inundation zone in the event of a major earthquake. That alone should be reason enough to retain the Air Facility at Newport.

We understand that with the additional responsibilities for homeland security, the USCG has had to stretch its budget. Please let us know what can be done to encourage Congress to fully fund the search and rescue needs of the USCG.

The USCG’s national standard for helicopter on-scene response time is two hours. This standard is applied nationwide. Survival rates are variable with cold-water immersion being the most likely scenario where loss of life occurs in an hour or less, depending on conditions. We ask that informed stakeholders have the opportunity to review this standard and work in partnership with the USCG to further refine response-time standards

based, at least in part, on average water temperatures - cold versus warm - in each USCG district.

As Admiral Zukunft states in his COMMANDANT'S DIRECTION 2014 document, which can be found at http://www.uscg.mil/seniorleadership/DOCS/CCG_Direction_2014.pdf, the U.S. Coast Guard will ensure readiness for all missions, maintain operational focus on prevention and response, and pursue excellence in mission execution and support.

With that said, OPAC unanimously supported at its October 16, 2014 meeting that USCG readiness for missions continue to include the helicopter Air Facility in Newport, Oregon."

Bud Shoemake, General Manager of the Port of Toledo, spoke in opposition to the announced closure of the U.S.C.G. Air Facility in Newport. He stated that the closure of this facility will cost lives.

Jan Power, Vice Chair of the Port of Alsea Commission, spoke in opposition to the announced closure of the U.S.C.G. Air Facility in Newport. She read the following letter from the Port of Alsea Board of Commissioners:

"The Port of Alsea Board of Commissioners strongly opposes the closure of the Newport Coast Guard Helicopter Base.

The Port of Alsea District includes most all of south Lincoln County. Recreational tourism is the backbone of our economy. There are a multitude of federal and state parks, with access to miles of ocean beaches, which draw people from across the county and around the world. Alsea Bay alone supports 50,000 boater use days per year. Although we have good support from the Central Oregon Coast Fire and Rescue District inside Alsea Bay, there is no faster response to an accident or disaster outside of the bay and along our beaches than the Coast Guard helicopter. Many lives have been saved because of the location of the Newport Coast Guard Helicopter Base.

We urge you to reconsider this closure. A closure of this magnitude would have a significant impact on our community."

Yale Fogarty spoke in opposition to the announced closure of the U.S.C.G. Air Facility in Newport. He reported that there has been a big investment in the international terminal, and the shipping business is about to ramp up, and this is an inopportune time to close this important facility.

Eric Sherman reported that he is a local electrician who decided to attend this meeting because he is confused. He asked why, if the budget is a concern, the Coast Guard is refurbishing a facility that will be closed.

Fritz Graham, from Senator Wyden's office, stated that the delegation had written a letter asking the Commandant to reverse the decision to close the base. He read the following letter into the record:

"In light of the United States Coast Guard's (USCG) recent decision to close the Air Facility in Newport, Oregon, effective December 2014, we are writing to formally invite you to attend the public meeting scheduled for Monday, October 20, from 5:30 P.M. to 7:30 P.M. at the Oregon Coast Community College in Newport, Oregon. If you are not

able to attend, we ask that you send a senior representative from the Seattle district office in your place that can address the public as well as relay their concerns to you.

The coastal community felt denied any kind of opportunity to express an opinion on the closure. Rightfully so, there is anxiety over the impact on response times that this decision will produce. At a briefing held on Friday, October 10, 2014 in Washington, D.C. senior members of the USCG assured Oregon delegation staff that a senior member of the USCG Seattle district office would be participating in the public meeting to be held in Newport on Monday, October 20. We appreciate the commitment by the USCG to have senior staff from the district office present in order to provide the community with much needed information on the decision to close the Newport Air Facility and to explain the capabilities of the remaining USCG assets located in Newport and North Bend.

Newport is a “Coast Guard City” and we join the community in our respect for the work that the USCG does to protect mariners and public safety. However, we believe that the relationship between the USCG and the community of Newport is a partnership that should also be valued. Toward that end, we respectfully urge you to consider this invitation and the opportunity it provides for a discussion with concerned community members.”

Katie Gauthier, from Representative Merkley’s Office, reported that this office had conversations with the Commandant about safety. She reported that Representative Merkley will continue to work with Schrader and Wyden. She noted that Representative Merkley plans to be in Newport later this week.

Jackie Mikalonis, representing Governor Kitzhaber’s office, read the following letter, from Governor Kitzhaber, into the record:

“I learned recently that within a matter of weeks the United States Coast Guard (USCG) intends to close its Air Facility in Newport, Oregon. The USCG deemed aerial search and rescue capability from Newport to be a priority when the facility was approved in 1986, and the range and volume of maritime uses from that port have expanded dramatically since that time. I am very concerned this proposed November 30 closure could seriously compromise life safety off Newport in Oregon’s cold and often treacherous waters.

Newport’s importance as a commercial fishing port equals that of Coos Bay and Astoria, where USCG intends to maintain aerial operations. This closure would take effect on the cusp of the opening of Oregon’s Dungeness crab season, the state’s top value fishery, which the federal government has recognized as among the highest risk occupations. Newport launches thousands of recreational fishing trips, among them the recreational halibut fishery that can draw upwards of 500 boats in a single day, ranging 30 miles offshore. Similarly, the rapidly growing recreational albacore fishery sees boats traveling 20 to 70 miles offshore. When you add the home porting of the National Oceanic and Atmospheric Administration and Oregon State University research fleets, the reopening of the international shipping terminal, and the many non-fishing recreational visitors drawn to waters off Newport, I am compelled to urge you to reconsider this decision that effectively cuts search and rescue capabilities.

The State of Oregon enjoys a strong and collaborative working relationship with the USCG, and we value your agency’s vital role in ensuring we have safe and vibrant coastal communities. Maintaining a rapid response capability from the Port of Newport is an

important part of that role. Please contact my staff, Gabriela Goldfarb at 503.387.5232 or gabriela.goldfarb@oregon.gov regarding this matter.”

Representative Schrader stated that he was impressed with the testimony that he has heard this evening. He reported that the delegation believes that what it is seeing is totally unacceptable. He added that this is about lives. He stated that the USCG standards across the country are difficult to understand. He added that it is credible for the USCG to place an air facility outside the tsunami inundation zone. He noted that the issue extends beyond fishing and recreation, but also to the timber industry. He requested a shoreside data breakdown. He added that the delegation is going to ask the USCG to delay the closure of this air facility due to a lack of communication and inadequate information on which to base a closure of this nature. He emphasized that the USCG does not have sufficient information to effect this closure in December. He asked that the USCG keep money in its budget so that the Admiral can make a better informed decision to keep the helicopter in Newport. He noted that he needs community support, and asked that letters and petitions continue to be sent to the delegation and Admiral Zukunft.

A short break was taken at approximately 7:30 P.M., and Congressman Schrader and Admiral Gromlich departed.

Following the break, Bob Jacobson called the meeting back to order and served as moderator.

When the meeting resumed, **Ginny Goblirsch** reported that it is unclear whether the six million dollar savings covers both Newport and Charleston, South Carolina, or simply Newport. She stated that the two helicopters stationed in Newport are moving elsewhere, and that one will be held in storage. She stated that the budget savings do not translate if the helicopters will be responding to this area from somewhere else.

“The city donated land,” **Goblirsch** said. “The fire truck was deployed for every take-off and landing. The community did whatever it needed to do to accommodate them.” There’s another word for what this community is feeling - deceived. As recently as April, the community was assured that closure of the air station was off the table. And then, without so much as a warning, no public meeting, no input from the community, surprise...

Of course, now that thousands from over the U.S. have signed a petition to keep the air station open, how that our Congressional delegation, state legislators, county and city officials are raising hell, suddenly they want to hold a meeting - no doubt to sell us on the idea that this move to save six million dollars annually really is a reasonable idea.

I’d say, save your breath. It’s ignorant, it’s insulting and it seems to ignore the fact that every year, the helicopter crew saves half a dozen or more lives and on an average is dispatched close to 50 times.

Tracy Shaw, representing the Seal Rock Fire District, spoke in opposition to the announced closure of the U.S.C.G. Air Facility in Newport. He submitted the following letter, addressed to Rear Admiral Gromlich, for the record:

“This letter is a request for reconsideration on the Coast Guard’s decision to remove the rescue helicopter stationed in Newport, Oregon.

I am the Fire Chief of Seal Rock Rural Fire Protection District, a position which the citizens of Seal Rock continue to rely on for their safety. Every year, thousands of tourists travel our section of the Oregon coast, enjoying the scenic views, playing on the shores of the Pacific Ocean, fishing from charter fishing vessels, and utilizing their own watercraft for various other activities along the coast. As you are well aware, it takes teamwork to keep our citizens safe. The team that is in place on the coast to help maintain their safety includes a variety of dedicated and trained personnel, my District's jet-skis, your ships, and your rescue helicopter. Eliminating the helicopter breaks an important part of that chain and puts my personnel at increased risk of injury or death. That increased risk forces us to rethink our rescue protocols, perhaps resulting in increased water-related deaths.

Our water rescue mission is accomplished with personal watercraft. We rescue victims from the surf line to deep water; places where your ships cannot navigate. We count on our US Coast Guard partners as backup when we are in the water. In a rescue situation, we have two personal watercraft and two or three trained firefighters in the water. This is risky work. They rely on your helicopter being there should they have any problems or need assistance to affect a rescue. For example, we had a recent mission to rescue four individuals on a sailboat that ran aground. This call was at dusk and without the lighting from your helicopter, we would have not been able to safely rescue those people from the vessel. In other cases, people frequently venture onto rocks in the surf, places we cannot reach by rope or personal watercraft. The only way to rescue those people is with the helicopter. Just like many in boats, these people are not usually dressed appropriately for cold water and wet weather, so hypothermia sets in within minutes. Having your helicopter stationed close by permits their rescue before they succumb to the cold.

Although the number of rescues in this area appear to be small (18 in the last year), in the grand scheme of things how insignificant is one life saved. This aircraft is irreplaceable. A fire protection district funded by 1,600 residents does not have the resources to fund a similar service that highly trained U.S. Coast Guard personnel and this aircraft currently provide.

The Fire Service's mission is to save lives and protect property. We thought the U.S. Coast Guard's mission was complementary to our own.

If there is anything we can do to help reverse this decision, do not hesitate to contact us.

I thank you for your dedication and service to our country."

Rob Murphy, Fire Chief for the City of Newport, spoke in opposition to the announced closure of the U.S. Coast Guard Air Facility in Newport. He reported that the Newport Fire Department is also comprised of rescuers, but that it is primarily responsible for the local area. He noted that the department prioritizes public safety as its number one mission, and does not understand why the federal government does not prioritize in this manner as well. He asked how much a life is worth.

Murphy submitted the following letter, to Rear Admiral Gromlich, into the record:

"I am asking you to reconsider your agency's decision to remove the rescue helicopter stationed in Newport, Oregon. To be blunt, this decision will greatly increase the chances of loss of life, despite still meeting the national response criteria of two hours. The added hour of response time to fly from Astoria or North Bend will translate directly into delayed medical care for the seriously injured, increased hypothermia for those who are rescued alive, and for many who can't survive the extra hour in our frigid waters, they shall perish.

The USCG rescue helicopter and the fine men and women trained to operate it represent a unique and irreplaceable emergency resource. There is simply nothing local emergency agencies can do to replace that resource that will soon be over an hour away. As you well know, in the business of emergency response, time is critical. A delayed response can decrease survival rates exponentially. Our agency responds with the Coast Guard dozens of times in an average year. This year, we have responded with the Coast Guard 18 times. Since 2004, we have responded with the Coast Guard 87 times; most of those responses have involved the helicopter from Newport. The responders of Station Yaquina Bay and the Newport Airport Coast Guard aircrew are a valuable part of the local emergency response community. There are some victims that we cannot access by foot or rope, and the station boats can't get in close enough to shore. There have been several incidents where we have used the helicopter to rescue victims on the ends of the jetty. Often this is the only means to remove these victims due to the dangers of having to move an injured victim over the rocks of the outer jetties. Their lives rest in the hands of a Coast Guard aircrew who can reach them before the tide, hypothermia, or increased injury can.

It should be noted that aside from assisting in surf rescues, cliff rescues, missing diver/hiker/swimmer events, and marine emergencies, the rescue helicopter has another important function: they are often the only ones capable of rescuing our responders should something go horribly wrong. The Station Yaquina Bay boat and beach crews, our firefighters, local and state police, all rely on knowing there is a nearby and timely helicopter rescue response available. The decision to move this resource further away adds considerable risk for local responders from all agencies and may result in a lower level of response from local responders due to safety concerns resulting from this closure.

Those of us on the ground here know that having the helicopter stationed in Newport has saved lives; we have seen it with our own eyes, time and time again. We are understandably stunned by this decision, and respectfully request that you reconsider it. No one wants to rewrite this request each time a life is lost that we know could have been saved if the helicopter would have arrived in 15 minutes instead of over an hour.

I have spoken with several Fire Chiefs in Lincoln County and they all share my view, including Chief Tracy Shaw of Seal Rock Fire District, and Chief Don Baker of North Lincoln Fire and Rescue in Lincoln City. They have also written letters opposed to the removal of the Newport Helicopter. I sincerely hope you reconsider your decision to close the U.S. Coast Guard Air Station at Newport, Oregon. I would welcome the opportunity to discuss this matter further with you. Thank you for your consideration."

Robert Waddell, representing Tradewinds Charters, spoke in opposition to the decision to remove the U.S.C.G. Air Facility from Newport. He reported that this company serves more than 10,000 customers annually. He stated that additionally, there are more than 100,000 recreational and sport fishing customers annually. He reported that Newport is the largest commercial port in Oregon and that the numbers should speak for themselves.

Mark Marks, a research biologist, spoke in opposition to the decision to remove the U.S.C.G. Air Facility from Newport. He reported that in addition to commercial, sport, and recreational fishing, and beach-goers, there is a large scientific community that depends on the U.S.C.G. helicopter. He stated that there need to be rescue assets on the ground

here, and the he cannot fathom the logic in removing the helicopter from Newport. He urged the decision be overturned.

Kinder Cottrell, a commercial fisherman, spoke in opposition to the decision to remove the U.S.C.G. Air Facility from Newport. He stated that the helicopter is what saves fishermen on the water and urged that it be kept in Newport. He reported that in the early 1980's, the loss of life in the Bering Sea led to the implementation of rules and regulations for fishermen, including requirements for EPIRBS, personal flotation devices, life rafts, survival suits, and additional training. He stated that what is the easiest is not always the best. He added that everyone is willing to help look for a solution, but asked that the situation be remedied.

Dennis Bishop spoke in opposition to the decision to remove the U.S.C.G. Air Facility from Newport. He stated that the Coast Guard helicopter is a must. He added that survival time at sea is at best 30 to 45 minutes, and response time is the difference between survival and recovery. He noted that the government has regulated many safety issues for boats, and the removal of the helicopter would be the removal of the only safety net that is proven and tested. He stated that commercial fishermen have training in safety, gear, and knowledge, but sport boats have no such training, and virtually no equipment to survive once in the water. He added that there are better places to cut costs rather than cutting the chances of survival of someone trying to make a living in an industry that already has its share of hazardous conditions. He cited as an example, the people who had to be rescued at Fogarty Creek last week. He stated that the closure of the air facility is a death sentence to many people.

Sylvia Pauley, a groundfish observer out of Newport, stated that in her profession, she has a personal bias in keeping the air facility open. She suggested that in addition to the obvious lifesaving capabilities provided by the helicopter, it is also a benefit to homeland security and fisheries enforcement. She urged the Coast Guard to find the funding to keep the air station open.

Alan Holzapfel stated that he and his wife are residents of Cascade Head Ranch overlooking the Salmon River bar. He stated that they have personally witnessed several rescues from Cascade Head and the Three Rocks area. He added that the Salmon River estuary is heavily used by fishermen, crabbers, kayakers, boaters, and other recreational water craft, and many are using the Knight Park County boat ramp for access to the ocean. He apologized to the local Coast Guard personnel who are actually responsible for providing the all-important lifesaving mission, to have to bear the brunt of public outrage over the proposed closure of the Newport air facility. He asked, other than Admiral Gromlich, where the Coast Guard staffers are who put this ill-conceived idea together. He stated that they are the people who should hear this testimony and take into account the results of their proposed action. He added that, as a former search and rescue helicopter pilot, he would be pleased to take issue with the budget data supporting this proposed action. He stated that even without having access to it, he could state with certainty that the increased response time to Cascade Head Ranch, Three Rocks, and Newport, from either North Bend or Astoria would not only increase fuel costs for each response, but would provide a much reduced time on station for any rescue attempts. He stated that he

fully supports Ms. Eder's suggested budget review items. He added that the whole issue has already been most eloquently set forth by Lori Tobias in the October 17 issue of the Oregon Coast Today which he would like to enter into the written testimony a copy of here article which says, in part, "with regard to trying to convince the local citizens of the estimated six million dollar savings, Ms. Tobias says, "I'd say, save your breath. It's ignorant, it's insulting, and it seems to ignore the fact that every year, the helicopter crew saves half a dozen or more lives and on average is dispatched close to 50 times."

The article from Oregon Coast Today, written by Lori Tobias, and entitled "Up in the Air" which was entered into the record by Alan Holzapfel follows:

"There were four of us on the little plane flying back from a press trip to an island off the coast of Australia.

The pilot sat in front of me. Arlyn, a writer from the James Beard Foundation, was beside me and behind us was a woman from China who had given herself the American moniker Belinda Sunshine. It was growing dark, nothing but water below us. Suddenly, Arlyn grabbed my arm and turning to me, demanded in her New Yorkese, "Whatsa matta with the pilot?"

"What do you mean, what's the matter with the pilot," I asked.

"He's slumped over the wheel," she said.

I leaned forward and sure enough, it appeared she was right. In that instant, I felt a terror like I'd never known as I grasped the reality that there was no one going to walk on that plane and rescue us.

We were on our own. Me, Arlyn and Belinda Sunshine. I have never felt so helpless in my life.

Helpless. It's a good word to describe how many are feeling on the Central Oregon Coast these days since the U.S. Coast Guard announced it will close down the Newport Air Station Nov. 30 - the day before the start of crabbing season, a season that often sees the loss of at least one fishing vessel and the call to rescue others.

With the closure, helicopter help will be at least an hour away. By then, it will likely be recovery operation rather than a rescue.

And it's not just the fishing fleet that will be imperiled. Barely a week after the announcement, the helicopter crew plucked five tourists from the rock at Fogarty Creek. If they'd had to wait an hour, the surf no doubt would have already washed them away.

And consider this note posted on Facebook from a man who identified himself as a retired Coast Guard helicopter rescue swimmer: ". . . I've spent many nights at that facility, responded to boaters in distress, pulled men with broken bones out of the surrounding forests and at the base of cliffs. I have friends that have been lowered into Devil's Punchbowl to rescue a surfer that couldn't have held on the time it would take to respond from North Bend. I've looked into the faces of family members of victims that may have been survivors if I had gotten there sooner."

The air station in Newport opened in 1987 - thanks to the Newport Fishermen's Wives and others in the community. That effort came after three fishermen died when the F/V Lasseigne went down. Ginny Goblirsch, former president of the Newport Fishermen's Wives, told me the call for help came at 7:33 A.M. By the time the helicopter arrived, it was 8:33 A.M. Two men were dead of hypothermia; the third was never found.

It took an Act of Congress in 1986 to open the air station.

I was lucky that evening in Australia. Reacting purely on instinct, I grabbed the pilot's shoulder and demanded, "What's the matter with you?"

He turned slowly in his sea, "I was writing in my log book," he said, none too happily. We landed safely with a nervous laugh and a story to tell.

I like to think this story, too, will end on an up note, and in the future we'll share our own tale of the little town that could - and did.

On the other hand, nearly 30 years ago, it took an Act of Congress.
Works for me."

Lindsay Clark spoke in opposition to the announced closure of the U.S. Coast Guard Air Facility in Newport. She stated that she has lived in Newport for 63 years and has personally witnessed the helicopter rescuing a tourist. She noted that her grandfather was a commercial fisherman, and her son has been a commercial fisherman for 19 years here and in Alaska. She stated that we need to maintain the helicopter in Newport, adding that the logging community also uses the helicopter for serious accidents. She noted that when she walks down the Fishermen's Walk, she hopes that no more names will be added due to the lack of a helicopter.

Terry Obteshka spoke in opposition to the announced closure of the U.S. Coast Guard Air Facility in Newport. He expressed thanks for the opportunity to express his concerns about the Coast Guard's decision to close down its Newport air rescue facility. He stated that he is a Newport resident, commercial fisherman, sport fisherman, and small business owner. He noted that those who depend on the Coast Guard are his friends and neighbors. He added that he served 18 months on the Coast Guard Cutter Storis out of Kodiak, Alaska. He stated that he participated in search and rescue and medivac missions on the Bering Sea. He noted that he is a strong advocate of the Coast Guard and its mission to saving lives and property at sea. He stated that his concern is that this is the first time that he has personally witnessed budgetary concerns trumping public safety. He added that closing down the air rescue facility is shortsighted and ignorant to the facts and will probably result in loss of life. He encouraged the Coast Guard to step back and research the success stories resulting from the quick response by the local helicopter. He stated that Newport is home to Oregon's largest offshore commercial fishing fleet; thousands of sport boats fishing out of Newport during the summer, many of which go up to 60 miles offshore for tuna; and other ocean users including surfers, beachcombers, and visitors playing in the water. He noted, in closing, that Newport has had a great relationship with the Coast Guard; Newport is a Coast Guard City; and six million dollars is pocket change. He asked that on behalf of Newport's hardworking commercial fishermen, sport fishermen, surfers, and other ocean users that the Coast Guard rescind its decision to close Newport's air rescue facility. He stated that this is a safety issue; not a budget issue.

Mike Pettis stated that he comes from a commercial fishing family. He reported that commercial fishermen have updated equipment for a better chance of survival; they participate in classes and drills; and have their vessels boarded by the Coast Guard for compliance checks. He asked that the Coast Guard reconsider its decision to remove the helicopter as this is the best chance of survival.

Bruce Mate, Director of the Marine Mammal Institute at the Hatfield Marine Science Center, spoke in opposition to the announced closure of the U.S. Coast Guard Air Facility

in Newport. He stated that he has researchers and students going to sea in OSU's 85 foot vessel, Pacific Storm. He added that this summer, the boat responded to a mayday message from a 75 foot fiberglass vessel just 1.5 miles away in Southern California, and reached three folks as their vessel burned to the water line in eight minutes. He stated that he is also an instrument-rated pilot who flies over the ocean looking for small and large mammals at sea, so he is aware of some of the challenges of spotting. He reported that students are trained with a head-sized object to show how fast such things disappear. He stated that time is the enemy. Mate reported that his wife is a retired intensive care nurse who has told him many times that a potential victim is not dead until they are "warm and dead." He emphasized that getting potential victims to our hospital, via helicopter, is part of the critical link of changing the outcome. He added that it is fair to say that the way the federal (or President's) budget gets made is that agencies offer up the programs that they least value. He stated that he is aware that the Coast Guard representatives in attendance were not those who made such value decisions, but that some folks "upstream" have made that judgment. He noted that this is not a partisan issue, it is a safety and humanitarian issue. He reported that OMSI is building a facility, in Newport, to educate kids about the sea. He added that OSU is developing a Marine Studies Initiative to bring 500 of our sons and daughters to Newport to learn about the ocean. He stated that some of these kids will be too naïve and will be at risk. He added that as an ocean user, an employer who sends folks to sea, and a friend and neighbor of central coast fishermen, the Coast Guard finds the means to keep the helicopters in in Newport where it is needed and respected.

Dac Wilde spoke in opposition to the announced closure of the U.S. Coast Guard Air Facility in Newport. He stated that the Coast Guard is an integral part of existence on the central Oregon coast, and is appreciated.

Wessel Lewis spoke in opposition to the announced closure of the U.S. Coast Guard Air Facility in Newport. He stated that he is a fisherman and a deckhand on a boat. He stated that he is one of those saved by the Coast Guard and noted that closing the air facility means a death sentence.

Marvin Sannas spoke in opposition to the announced closure of the U.S. Coast Guard Air Facility in Newport. He stated that he is a sailor, and that the Coast Guard has lost sight of its mission.

Terry Thompson, Lincoln County Commissioner and commercial fisherman, recommended that the Coast Guard not get in a fight with the community, but rather to same time, money, and grief, because the community will win this.

Jessie Burrows spoke in opposition to the announced closure of the U.S. Coast Guard Air Facility in Newport. She read the following from a plaque located at the seawall in Depoe Bay, "To the sons and daughters of Depoe Bay: The courage to succeed. The sea is dangerous and the storms terrible, but the obstacles have never been sufficient reason to remain ashore. It is with an iron will that they embark on the most daring of all endeavors. To meet the shadowy future without fear and conquer the unknown. In memory of Richard Staunten." Burrows stated that she feels that fishing has been our

proud heritage. She noted that the longstanding tradition of bringing in sustenance through commercial fishing is at the cost of our fellow man. She added that we never know if these people will come home, but we go on with courage and with pride. She stated that knowing the traditions and commerce outweigh the risks. She added that we give our lives to provide the products people enjoy in local restaurants and beyond. She reported that she saw three men going down who were pulled from the freezing winter waters by the helicopter. She added that they were hypothermic and had only minutes to live. She stated that Depoe Bay is one of the most dangerous channels to pass through. She noted, in closing, that besides unwitting visitors who don't understand our treacherous waters, we stand to lose so many more husbands, sons, daughters, and wives.

Bob Jacobson stated that he fished commercially for forty years in the Bering Sea, Oregon, and Washington, and the toughest thing to deal with are the accidental deaths in the industry. He added that fishermen are very competitive, but when it comes to safety, will help a fellow fisherman. He stated that they expect the same of the Coast Guard. He reiterated that the Coast Guard helicopter offers the best chance for survival in event of an accident. He stated that there were outstanding presentations this evening, and urged everyone to keep the e-mails and other communications coming to continue the awareness of the concern regarding the closure of the Coast Guard Air Facility in Newport.

WRITTEN COMMENTS SUBMITTED DURING THE MEETING

The following written comments were received at the meeting:

From the **Tillamook County Fire Defense Board**:

"It is the position of the Tillamook County Fire Defense Board that we express our concern and disapproval with the decision to remove the USCG rescue helicopter from Newport, Oregon.

The question or concern is how many lives may be sacrificed due to this decision?

The removal of the rescue helicopter from Newport will have an effect on public safety for the entire central coast of Oregon. With helicopters from Astoria and North Bend now required to cover the central coast, adequacy of coverage will decrease while response times increase. Increased areas of responsibility will increase response time, inevitably contributing to potential loss of human life.

Tillamook County is well experienced as Lincoln County, in the number of incidents annually requiring the assistance of the USCG. Their response and resources come from various locations adequately spaced along the Oregon coast to ensure the highest level of service for the preservation of human life.

Please reconsider this decision and look for alternative areas to save budget dollars without risking the lives of Oregonians."

From **Jim Kusz**, District Captain, North Lincoln Fire and Rescue District #1:

"The USCG helicopter in Newport gives me, as District Safety Officer and former Water Rescue Team Leader "peace of mind;" the absence of a local air asset not only may greatly increase the potential for death to exposure with our fleet of fishermen, surfers

and recreational ocean-going tourists; it puts all our coastal rescuers at higher risk. This change (if it occurs) will spark discussion with our operations I'm sure; since it is part of our protocol to contact the Coast Guard whenever we launch our Surf Rescue PWC's (Personal Water Craft) Kawasaki "Jet Skis" for a rescue. We've trained with the Coast Guard and have come to expect our USCG partners to be our guardians and lifeguards so that we can safely and more aggressively complete our mission in water rescue and often assist in areas that surface teams or water rescue personnel cannot reach in areas in coves or rocks. More importantly may be the rapid response we've had with non-water rescues; search and rescue of lost hunters; steep angle cliff rescues; and extraction of seriously injured loggers in difficult terrain.

There is no greater tool for spotting a victim in the water or on land than the USCG helicopter, through coordinated efforts the USCG air operations have greatly aided our agency and other fire districts along the coast.

Finally, it is North Lincoln Fire and Rescue's policy in high surf conditions and in severe weather NOT to launch a rescue PWC until we have confirmed visually the location of the victim or victims, from the shore (usually high vantage point) or from the air in communications with the USCG HH-65 helicopter. A PWC in the open ocean can be within feet of a victim and never even see them, even in small ocean swells. District Thirteen is an extremely dangerous geographic part of the USCG nationwide mission and their aid to our efforts and our rescuers safety is "mission critical."

We hope that the USCG air support remains on the central Oregon coast!"

From Laurel Kincl:

"As a private citizen, I urge you to do the right thing and provide appropriate rescue services for Newport. As a health and safety professional, I work with the fishermen to protect and prevent injuries and fatalities. As they do their part to prevent disasters, they still need the service to rescue them. Please reconsider and keep the helo in Newport."

From Laura Syron:

"As a public health professional, I believe the decision to close the air station will harm the community. Please reconsider."

From: **William D. Bain**:

As an active duty Naval officer, I was supply officer of the USS Walker based at Long Beach, and subsequently assistant supply and fiscal officer at the Naval Postgraduate School at Monterey. I continued my service for 25 years more, retiring in 1990 at the rank of SC Captain, and was often involved in budgeting and service delivery, including training, readiness, and support of the U.S. Navy and reserve components.

Budgetary decisions in normal times are never fun. In tight times, they are near impossible, but still must be made. There are always "trade-offs" - and it is unthinkable to have a trade-off of lost lives of mariners to effect a "saving" in closing the Newport Coast Guard Air Facility. For that matter, there are other means at hand to rebalance the funds, as additional flight hours will be absolutely required, with even fewer aircraft, and stretched personnel, putting all at risk, not just the threatened mariners who can be put in

harm's way all too easily. The net savings simply cannot be the final number! If desired, I would be happy to take a "recall" to duty to assist the USCG leadership in finding solutions to these challenges."

From **Gretchen Kazeber**:

"I work at the Yaquina head Outstanding Natural Area BLM and can tell you if it weren't for the helo, I don't know how the surfers that frequently get stranded on the rocks off of Yaquina Head would have been rescued. These are cliffs with rocky edges that create large waves inaccessible to swimmer and boat rescue."

ADJOURNMENT

Having no further business, the meeting adjourned at 8:37 P.M.



Agenda Item #
Meeting Date

VI.A.
November 3, 2014

CITY OF NEWPORT AGENDA ITEM SUMMARY
City Of Newport, Oregon

Issue/Agenda Title: Resolution No. 3693 providing for a supplemental budget and making appropriations increases and changes including appropriation decreases for the Fiscal Year 2014-15

Prepared By: Gazewood Dept Head Approval: _____ City Mgr Approval:

Issue Before the Council: The purpose of this resolution is to adopt a supplemental budget to make and/or increase appropriations in the General, Parks and Recreation, Streets, Water and Room Tax funds and to decrease appropriations in the Proprietary Capital Projects Fund, specifically, the Water Projects Activity 602-6210. This supplemental budget requests appropriation authority in excess of 10 percent of the estimated expenditures in the Room Tax Fund compared to the adopted budget for that fund and establishes a new appropriation line-item within the capital outlay category of expense in the Proprietary Capital Projects Fund for the water construction activity account. Pursuant to Oregon Local Budget Law, a public hearing is required for this Supplemental Budget.

Key Facts and Information Summary: ORS 294.473 requires a supplemental budget with a public hearing when the estimated expenditures differ by more than 10 percent from the expenditures from the most recent amended budget prior to the supplemental budget and/or the supplemental budget will create a new fund or a new appropriation category. The hearing must be published not less than five days before the meeting. Such publication appeared in the October 29, 2014 edition of the Newport News Times. The budgeted fund issues subjected to ORS 294.473 are summarized as follows:

1. Additional appropriation authority is requested in the Room Tax Fund and the estimated expenditures within the Fund differ by more than 10 percent with the proposed budget adjustment; and
2. A new appropriation line-item within the capital outlay category of expense is being established in the Proprietary Capital Projects Fund within the Water Projects Activity (602-6210).

Fiscal Notes: (1) **The General Fund** proposed appropriation increase totals \$192,687 of which \$177,687 provides for a transfer of funds from the Room Tax Fund with the offset appropriated to the contingency account. The FY 2013-14 room tax revenues exceeded projections by \$329,050 with 54% of these revenues allocable to the General Fund. This supplemental budget provides for the eligible share of room tax monies to be transferred to the General Fund. In addition, appropriations are increased by \$15,000 due to receipts of grant funds from Lincoln County and the Oregon DLCD to complete the City and County joint study on additional Oregon State Student Housing in the Newport area. (2) **The Parks and Recreation Fund** requires a \$4,700 appropriation increase to complete the purchase of furniture which crosses fiscal years and funded by excess beginning fund balance. (3) **The Streets Fund** requires an appropriation change of \$27,000 to provide funding of a fence at the City Public Works Shop and Water Tanks site in order to curtail vandalism and theft of City property. This

amount is the Streets Fund share of total estimated costs of \$54,000 and the \$27,000 budget increase is offset by a corresponding decrease in the contingency account. The net effect of this appropriation transfer is zero; (4) **The Water Fund** proposed appropriation increase totals \$332,569 of which (a) \$176,154 provides for the transfer of unexpended FY 2013-14 construction projects within the Water Fund to finance the projects allocated to the Proprietary Capital Projects Fund - Water Projects Activity 602-6210; (b) increase of \$27,000 is the Water Fund share of the total estimated costs of \$54,000 for the installation of fencing at the City Public Works Shop and Water Tanks site; and (c) the remaining amount of \$129,415 is allocated to the contingency account. Such appropriation increases totaling \$332,569 are supported by actual beginning fund balance in excess of the FY 2014-15 budgeted beginning fund balance. (5) **The Room Tax Fund** proposed appropriation increase totals \$441,481 of which (a) \$129,873 provides for the unexpended FY 2013-14 City grant funding for OCCA/PAC; (b) increase of \$177,687 provides for a transfer to the General Fund as noted in **Item (1)** above; and (c) the remaining amount of \$133,921 is allocated to the contingency account. Such appropriation increase totaling \$441,481 are supported by actual beginning fund balance in excess of the FY 2014-15 budgeted beginning fund balance. (6) **The Proprietary Capital Projects Fund** reflects a proposed net appropriation decrease of \$(8,151) within the Water Projects Activity (602-6210) and subject to the changes detailed as follows:

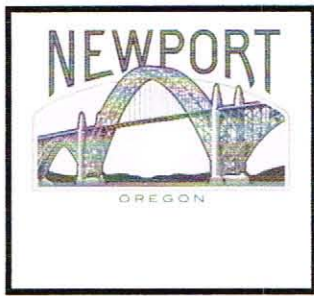
- (a) Line-item appropriation decreases totaling \$(488,790) for two Capital Outlay projects due to unexpended carryover balances below appropriated levels for FY 2014-15 for the two projects (Big Creek Dam Assessment and NE 71st St. Water Tank/Pump Station);
- (b) Line-item appropriation increases totaling \$132,140 for two Capital Outlay projects due to unexpended carryover balances above appropriated levels for FY 2014-15 for the two projects (Lakewood Hills Pump Station Replacement and Water Rights Revisions);
- (c) Line-item appropriation decrease of \$(400,000) for a Capital Outlay project budgeted at \$500,000 that was replaced by the Candletree Pump Station Replacement project with estimated cost of \$100,000;
- (d) New line-item appropriation of \$140,000 in Capital Outlay for the Water Treatment Plant unexpended carryover project;
- (e) Provide for additional appropriation authority of \$22,667 in Materials & Services for the Strategic Grant Consulting Services contract previously underfunded; and
- (f) Shift freed-up Water Bond budgeted funds totaling \$585,802 from specific projects above to unallocated and other eligible Water Bond projects designation.

Staff Recommendation: Staff recommends the adoption of the supplemental budget and making appropriation changes in the six funds as detailed on Attachment "A" to Resolution No. 3693.

Proposed Motion: I move to adopt Resolution No. 3693 with Attachment "A", a resolution adopting a supplemental budget for fiscal year 2014-15 and making appropriations and changes.

Exhibit - 1: Amended Budget Pursuant to Resolution No. 3693

Exhibit - 2: Adjusted Funding of Proprietary Capital Projects - Water Projects Activity 602-6210



Agenda Item #
Meeting Date

VI.A.
November 3, 2014

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City Of Newport, Oregon

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1. Additional appropriation authority is requested in the Room Tax Fund and the estimated expenditures within the Fund differ by more than 10 percent with the proposed budget adjustment; and
2. A new appropriation line-item within the capital outlay category of expense is being established in the Proprietary Capital Projects Fund within the Water Projects Activity (602-6210).

Fiscal Notes: (1) The General Fund proposed appropriation increase totals \$192,687 of which \$177,687 provides for a transfer of funds from the Room Tax Fund with the offset appropriated to the contingency account. The FY 2013-14 room tax revenues exceeded projections by \$329,050 with 54% of these revenues allocable to the General Fund. This supplemental budget provides for the eligible share of room tax monies to be transferred to the General Fund. In addition, appropriations are increased by \$15,000 due to receipts of grant funds from Lincoln County and the Oregon DLCD to complete the City and County joint study on additional Oregon State Student Housing in the Newport area. (2) The Parks and Recreation Fund requires a \$4,700 appropriation increase to complete the purchase of furniture which crosses fiscal years and funded by excess beginning fund balance. (3) The Streets Fund requires an appropriation change of \$27,000 to provide funding of a fence at the City Public Works Shop and Water Tanks site in order to curtail vandalism and theft of City property. This

amount is the Streets Fund share of total estimated costs of \$54,000 and the \$27,000 budget increase is offset by a corresponding decrease in the contingency account. The net effect of this appropriation transfer is zero; (4) The Water Fund proposed appropriation increase totals \$332,569 of which (a) \$176,154 provides for the transfer of unexpended FY 2013-14 construction projects within the Water Fund to finance the projects allocated to the Proprietary Capital Projects Fund - Water Projects Activity 602-6210; (b) increase of \$27,000 is the Water Fund share of the total estimated costs of \$54,000 for the installation of fencing at the City Public Works Shop and Water Tanks site; and (c) the remaining amount of \$129,415 is allocated to the contingency account. Such appropriation increases totaling \$332,569 are supported by actual beginning fund balance in excess of the FY 2014-15 budgeted beginning fund balance. (5) The Room Tax Fund proposed appropriation increase totals \$441,481 of which (a) \$129,873 provides for the unexpended FY 2013-14 City grant funding for OCCA/PAC; (b) increase of \$177,687 provides for a transfer to the General Fund as noted in Item (1) above; and (c) the remaining amount of \$133,921 is allocated to the contingency account. Such appropriation increase totaling \$441,481 are supported by actual beginning fund balance in excess of the FY 2014-15 budgeted beginning fund balance. (6) The Proprietary Capital Projects Fund reflects a proposed net appropriation decrease of \$(8,151) within the Water Projects Activity (602-6210) and subject to the changes detailed as follows:

- (a) Line-item appropriation decreases totaling \$(488,790) for two Capital Outlay projects due to unexpended carryover balances below appropriated levels for FY 2014-15 for the two projects (Big Creek Dam Assessment and NE 71st St. Water Tank/Pump Station);
- (b) Line-item appropriation increases totaling \$132,140 for two Capital Outlay projects due to unexpended carryover balances above appropriated levels for FY 2014-15 for the two projects (Lakewood Hills Pump Station Replacement and Water Rights Revisions);
- (c) Line-item appropriation decrease of \$(400,000) for a Capital Outlay project budgeted at \$500,000 that was replaced by the Candletree Pump Station Replacement project with estimated cost of \$100,000;
- (d) New line-item appropriation of \$140,000 in Capital Outlay for the Water Treatment Plant unexpended carryover project;
- (e) Provide for additional appropriation authority of \$22,667 in Materials & Services for the Strategic Grant Consulting Services contract previously underfunded; and
- (f) Shift freed-up Water Bond budgeted funds totaling \$585,802 from specific projects above to unallocated and other eligible Water Bond projects designation.

Staff Recommendation: Staff recommends the adoption of the supplemental budget and making appropriation changes in the six funds as detailed on Attachment "A" to Resolution No. 3693.

Proposed Motion: I move to adopt Resolution No. 3693 with Attachment "A", a resolution adopting a supplemental budget for fiscal year 2014-15 and making appropriations and changes.

Exhibit - 1: Amended Budget Pursuant to Resolution No. 3693

Exhibit - 2: Adjusted Funding of Proprietary Capital Projects - Water Projects Activity 602-6210

CITY OF NEWPORT
AMENDED BUDGET PURSUANT TO ADOPTION OF RESOLUTION NO. 3693

	Adopted Budget FY 2014-15	Resolution No. 3693	Amended Budget FY 2014-15
GENERAL FUND - 101			
Community Development Department	292,367	15,000	307,367
Other Departments	9,800,118	-	9,800,118
Transfers to Other Funds	1,382,782	-	1,382,782
Contingency	489,605	177,687	667,292
Total Appropriation	11,964,872	192,687	12,157,559
Unappropriated Ending Fund Balance	1,230,249	-	1,230,249
Total Requirements	13,195,121	192,687	13,387,808
STREETS FUND - 302			
Street Maintenance	677,452	27,000	704,452
Storm Drain Maintenance	665,321	-	665,321
Transfers to Other Funds	62,190	-	62,190
Contingency	130,613	(27,000)	103,613
Total Appropriation	1,535,576	-	1,535,576
Unappropriated Ending Fund Balance	164,427	-	164,427
Total Requirements	1,700,003	-	1,700,003
WATER FUND - 303			
Water Distribution	938,246	27,000	965,246
Other Departments	1,639,315	-	1,639,315
Transfers to Other Funds	955,658	176,154	1,131,812
Contingency	175,000	129,415	304,415
Total Appropriation	3,708,219	332,569	4,040,788
Unappropriated Ending Fund Balance	244,315	-	244,315
Total Requirements	3,952,534	332,569	4,285,103
PARKS & RECREATION FUND - 401			
Administration	151,152	4,700	155,852
Other Departments/Programs	1,207,297	-	1,207,297
Contingency	128,763	-	128,763
Total Appropriation	1,487,212	4,700	1,491,912
Unappropriated Ending Fund Balance	-	-	-
Total Requirements	1,487,212	4,700	1,491,912
ROOM TAX FUND - 403			
Materials & Services	965,020	-	965,020
Capital Outlay	200,000	129,873	329,873
Transfers to Other Funds	352,316	177,687	530,003
Contingency	56,950	133,921	190,871
Total Appropriation	1,574,286	441,481	2,015,767
Unappropriated Ending Fund Balance	45,388	-	45,388
Total Requirements	1,619,674	441,481	2,061,155
PROPRIETARY CAPITAL PROJECTS FUND - 602			
Proprietary Water Projects	5,274,869	(8,151)	5,266,718
Proprietary Wastewater Projects	3,473,225	-	3,473,225
Contingency	1,000	-	1,000
Total Appropriation	8,749,094	(8,151)	8,740,943
Unappropriated Ending Fund Balance	-	-	-
Total Requirements	8,749,094	(8,151)	8,740,943

CITY OF NEWPORT
ADJUSTED FUNDING OF PROPRIETARY CAPITAL PROJECTS - WATER PROJECTS ACTIVITY 602-6210

				FY 2014-15 Adopted Budget	FY 2014-15 Approp Adjustment	FY 2014-15 Adjusted Approp	Transfer From Water Fund	Transfer From Capital Projects	Water Bond	OWRD Supply Grant	Transfer From Water GOB Debt Service	Interest Earnings
WATER PROJECTS												
PPI	13011	Strategic Grant Consulting Services - Chase Park Grants		26,433	22,667	49,100	49,100					
		Revenue Bond Issuance Costs		80,000	-	80,000			80,000			
SC1	14011	2014 Water SCADA System Implementation Project		94,000	-	94,000			94,000	-		
W2	11025	Big Creek Dam Assessment (Phase II & III)		401,890	(7,759)	394,131		44,016		250,000	100,115	
W3	11018	NE 71st Street Water Tank and Pump Station - Phase 2		1,747,586	(481,001)	1,266,585			1,166,585			100,000
W4	12013	Lakewood Hills Pump Station Replacement		525,911	118,653	644,564			644,564			
W5	13014	Water Rights Revisions (Rocky Creek and Big Creek)		-	13,487	13,487	13,487					
W7	13029	Fixed-based Metering System (Year 1 of 3)		500,000	-	500,000			500,000			
W9	14013	WTF Hallway Expansion		30,000	-	30,000	20,926				9,074	
W10	14014	Old WTF Demolition/construction of Storage Gargage		200,000	-	200,000			200,000			
W11	14015	Water Distribution System Flushing Plan		40,000	-	40,000	40,000					
W12	14016	Candletree Pump Sttion Relacement (Design)		500,000	(400,000)	100,000			100,000			
	14017	Calgon Carbon Garnulate Activated Carbon Vessel Model 12-30		283,000	-	283,000			283,000			
	14018	Emergency Generator		326,250	-	326,250			326,250			
	10010	Water Treatment Plant		-	140,000	140,000	140,000					
		Unallotted Projects for Water Bond Funding		519,799	585,802	1,105,601			1,105,601			
Water Projects - Appropriation				5,274,869	(8,151)	5,266,718	263,513	44,016	4,500,000	250,000	109,189	100,000

RECONCILIATION OF PROPRIETARY CAPITAL PROJECTS FUND			
Water Projects	5,274,869	(8,151)	5,266,718
Wastewater Projects plus Contingency of \$1,000	3,474,225	-	3,474,225
Total Fund Appropriation	8,749,094	(8,151)	8,740,943

CITY OF NEWPORT
RESOLUTION NO. 3693

**A RESOLUTION ADOPTING A SUPPLEMENTAL BUDGET FOR FISCAL YEAR 2014-15,
MAKING APPROPRIATIONS AND CHANGES**

WHEREAS, the City of Newport's 2014-15 budget requires the making and changes of appropriations including appropriation increases, decreases and transfers for specific funds; and

WHEREAS, under the provisions of Oregon Local Budget law, fund accounts are required to reflect sufficient authorized appropriations consistent with available resources; and

WHEREAS, the General Fund and Parks & Recreation Fund are the recipients of additional revenues and an increase in appropriations are requested; and

WHEREAS, a transfer of appropriations is necessary for the Streets Fund for fencing of facilities; and

WHEREAS, the Water Fund and Room Tax Fund has actual beginning fund balance in excess of budgeted fund balances and such excess is needed to be appropriated for unexpended FY 2013-14 carryover projects funding for the same fund or provision for other funds and to provide for fencing of water related facilities; and

WHEREAS, the Room Tax Fund appropriation request exceeds 10 percent; and

WHEREAS, the Proprietary Capital Projects Fund for Water capital project activities requires changes in appropriation increases and decreases, including a new line-item project requiring appropriation, and such line-item projects are detailed in Attachment "A", incorporated herewith, and resulting in a net appropriation decrease of \$(8,151); and

WHEREAS, ORS 294.473 requires a supplemental budget with public hearing when the estimated expenditures differ by more than 10 percent, and/or will create a new fund or a new appropriation category; and

WHEREAS, a public hearing was held in accordance with ORS 294.473;

THE CITY OF NEWPORT RESOLVES AS FOLLOW: that this supplemental budget is hereby adopted and hereby provides for (1) appropriation authority increases of \$192,687 for the General Fund and amends the budget to \$13,387,808; (2) appropriation authority increases of \$4,700 for the Parks and Recreation Fund and amends the budget to \$1,491,912; (3) transfer of appropriation authority of \$27,000 for the Streets Fund and makes no change in total budget requirements of \$1,700,003; (4) appropriation authority increases of \$332,569 for the Water Fund amends the budget to \$4,285,103; (5) appropriation authority increases of \$441,481 for the Room Tax Fund and amends the budget to 2,061,155; and (6) appropriation changes of increased appropriation for certain specified construction projects with decreased appropriation for certain specified construction projects resulting in a net appropriation decrease of \$(8,151) for the Proprietary Capital Projects Fund - Water Projects Activity Account and amends the fund budget

to \$8,740,943. Attachment "A" sets forth the supplemental budget requirements for the six funds and such Attachment "A" is incorporated herein..

This resolution will become effective immediately upon passage.

Adopted by the Newport City Council on November 3, 2014.

Sandra Roumagoux, Mayor

Attest:

Margaret M. Hawker, City Recorder

CITY OF NEWPORT, OREGON

**ATTACHMENT "A" - RESOLUTION No. 3693 ADOPTING A SUPPLEMENTAL BUDGET
MAKING APPROPRIATIONS AND CHANGES FOR FISCAL YEAR 2014-15**

General Fund			
Resource	Amount	Expenditure	Amount
Transfer from Room Tax Fund	177,687	Contingency	177,687
Revised Total Resources	13,372,808	Revised Total Requirements	13,372,808

Comments: To increase General Fund appropriation by \$177,687 for transfer of funds from the Room Tax Fund with the offset appropriated to Contingency. The FY 2013-14 room tax revenues exceeded projections by \$329,050 with 54% of these revenues allocable to the General Fund. This supplemental Budget provides for the eligible share of room tax monies to be transferred to the General Fund.

General Fund			
Resource	Amount	Expenditure	Amount
Department of Land Conservation & Development (DLCD) Grant	7,500	Professional contract	15,000
Lincoln County Contribution	7,500		
Revised Total Resources	13,387,808	Revised Total Requirements	13,387,808

Comments: To increase General Fund appropriations by \$15,000 for receipt of funds from Lincoln County and DLCD to complete the City and County joint study on additional Oregon State Student housing in the Newport area.

Parks and Recreation Fund			
Resource	Amount	Expenditure	Amount
Beginning Fund Balance	4,700	Furniture	4,700
Revised Total Resources	1,491,912	Revised Total Requirements	1,491,912

Comments: To increase Parks & Recreation appropriations by \$4,700 to complete purchase of furniture which crossed fiscal years.

Streets Fund			
Resource	Amount	Expenditure	Amount
		Capital Outlay	27,000
		Contingency	(27,000)
Revised Total Resources	1,700,003	Revised Total Requirements	1,700,003

Comments: To transfer contingency in order to provide the capital to install a fence at the City Public Works Shop and Water tanks in order to curtail vandalism and the continued theft of City property.

Water Fund			
Resource	Amount	Expenditure	Amount
Beginning Fund Balance	332,569	Transfer to Prop CP Fund - Water (602-6210)	176,154
		Capital Outlay	27,000
		Contingency	129,415
Revised Total Resources	4,285,103	Revised Total Requirements	4,285,103

Comments: To Increase Water Fund appropriation by \$176,154 to provide for the transfer of unexpended FY 2013-14 construction projects within the Water fund to finance the projects allocated to the Proprietary Capital Projects Fund - Water Projects activity. Such transfer is supported by actual beginning fund balance in excess of FY 2014-15 budgeted beginning fund balance. An additional \$27,000 of the beginning fund balance will be transferred to capital in order to provide for the installation of fencing at the City Public Works Shops and Water Tanks. Additionally, \$129,415 of the excess beginning fund balance is applied to increasing the contingency account appropriation.

Room Tax Fund			
Resource	Amount	Expenditure	Amount
Beginning Fund Balance	441,481	Other Capital Expenses - OCCA/PAC	129,873
		Transfer to General fund	177,687
		Contingency	133,921
Revised Total Resources	2,061,155	Revised Total Requirements	2,061,155

Comments: To increase Room Tax Fund appropriation by \$441,481 to provide for FY 2014-15 budget authorization of \$129,873 in unexpended FY 2013-14 city grant funding for OCCA/PAC. An addition appropriation authority is provided for a transfer to the General Fund due to FY 2013-14 room tax revenues in excess of budgeted revenues by \$329,050. The General Fund is entitled to 54% of this excess revenue and this supplemental budget provides for that transfer to the General Fund. Additionally, \$133,921 of the excess beginning fund balance is applied to increasing the contingency account appropriation.

Proprietary Capital Projects Fund			
Resource	Amount	Expenditure	Amount
Water Capital Projects - 6210		Water Capital Projects - 6210	
OWRD Water Supply Grant	250,000	Capital Outlay - Construction Projects	
FEMA Grant	(250,000)	11025 - Big Creek Dam Assessment	(7,759)
Transfer from Water Fund	176,154	11018 - NE 71st St Water Tank/Pump Stat	(481,001)
Transfer from Capital Projects	(184,305)	12013 - Lakewood Hills Pump Stat. Replac	118,653
		13014 - Water Rights Revisions	13,487
Total Water Capital Projects - 6210	(8,151)	14016 - Candletree Pump Station Replace	(400,000)
		10010 - Water Treatment Plant	140,000
		13011 - Strategic Grant Consulting Svcs	22,667
		Other Eligible Water Bond Projects	585,802
		Total Water Capital Projects - 6210	(8,151)
Revised Total Resources	8,740,943	Revised Total Requirements	8,740,943

Comments: To adjust appropriations in the Proprietary Capital Projects Fund for the Water Capital Projects activity by a net reduction of \$8,151. Such appropriation adjustments provide for FY 2013-14 unexpended construction projects to be carried over to FY 2014-15 for appropriation and to adjust previously appropriated projects to reflect adjusted unexpended project cost levels. Specific grant funding sources are corrected and in certain instances Water Bond funding replaces transfers from the capital projects fund where necessary.

CITY OF NEWPORT
AMENDED BUDGET PURSUANT TO ADOPTION OF RESOLUTION NO. 3693

	Adopted Budget FY 2014-15	Resolution No. 3693	Amended Budget FY 2014-15
GENERAL FUND - 101			
Community Development Department	292,367	15,000	307,367
Other Departments	9,800,118	-	9,800,118
Transfers to Other Funds	1,382,782	-	1,382,782
Contingency	489,605	177,687	667,292
Total Appropriation	11,964,872	192,687	12,157,559
Unappropriated Ending Fund Balance	1,230,249	-	1,230,249
Total Requirements	13,195,121	192,687	13,387,808
STREETS FUND - 302			
Street Maintenance	677,452	27,000	704,452
Storm Drain Maintenance	665,321	-	665,321
Transfers to Other Funds	62,190	-	62,190
Contingency	130,613	(27,000)	103,613
Total Appropriation	1,535,576	-	1,535,576
Unappropriated Ending Fund Balance	164,427	-	164,427
Total Requirements	1,700,003	-	1,700,003
WATER FUND - 303			
Water Distribution	938,246	27,000	965,246
Other Departments	1,639,315	-	1,639,315
Transfers to Other Funds	955,658	176,154	1,131,812
Contingency	175,000	129,415	304,415
Total Appropriation	3,708,219	332,569	4,040,788
Unappropriated Ending Fund Balance	244,315	-	244,315
Total Requirements	3,952,534	332,569	4,285,103
PARKS & RECREATION FUND - 401			
Administration	151,152	4,700	155,852
Other Departments/Programs	1,207,297	-	1,207,297
Contingency	128,763	-	128,763
Total Appropriation	1,487,212	4,700	1,491,912
Unappropriated Ending Fund Balance	-	-	-
Total Requirements	1,487,212	4,700	1,491,912
ROOM TAX FUND - 403			
Materials & Services	965,020	-	965,020
Capital Outlay	200,000	129,873	329,873
Transfers to Other Funds	352,316	177,687	530,003
Contingency	56,950	133,921	190,871
Total Appropriation	1,574,286	441,481	2,015,767
Unappropriated Ending Fund Balance	45,388	-	45,388
Total Requirements	1,619,674	441,481	2,061,155
PROPRIETARY CAPITAL PROJECTS FUND - 602			
Proprietary Water Projects	5,274,869	(8,151)	5,266,718
Proprietary Wastewater Projects	3,473,225	-	3,473,225
Contingency	1,000	-	1,000
Total Appropriation	8,749,094	(8,151)	8,740,943
Unappropriated Ending Fund Balance	-	-	-
Total Requirements	8,749,094	(8,151)	8,740,943

CITY OF NEWPORT
ADJUSTED FUNDING OF PROPRIETARY CAPITAL PROJECTS - WATER PROJECTS ACTIVITY 602-6210

WATER PROJECTS			FY 2014-15 Adopted Budget	FY 2014-15 Approp Adjustment	FY 2014-15 Adjusted Approp	Transfer From Water Fund	Transfer From Capital Projects	Water Bond	OWRD Supply Grant	Transfer From Water GOB Debt Service	Interest Earnings
PPI	13011	Strategic Grant Consulting Services - Chase Park Grants	26,433	22,667	49,100	49,100					
		Revenue Bond Issuance Costs	80,000	-	80,000			80,000			
SC1	14011	2014 Water SCADA System Implementation Project	94,000	-	94,000			94,000	-		
W2	11025	Big Creek Dam Assessment (Phase II & III	401,890	(7,759)	394,131		44,016		250,000	100,115	
W3	11018	NE 71st Street Water Tank and Pump Station - Phase 2	1,747,586	(481,001)	1,266,585			1,166,585			100,000
W4	12013	Lakewood Hills Pump Station Replacement	525,911	118,653	644,564			644,564			
W5	13014	Water Rights Revisions (Rocky Creek and Big Creek)	-	13,487	13,487	13,487					
W7	13029	Fixed-based Metering System (Year 1 of 3)	500,000	-	500,000			500,000			
W9	14013	WTF Hallway Expansion	30,000	-	30,000	20,926				9,074	
W10	14014	Old WTF Demolition/construction of Storage Gargage	200,000	-	200,000			200,000			
W11	14015	Water Distribution System Flushing Plan	40,000	-	40,000	40,000					
W12	14016	Candletree Pump Sttion Relacement (Design)	500,000	(400,000)	100,000			100,000			
	14017	Calgon Carbon Garnulate Activated Carbon Vessel Model 12-30	283,000	-	283,000			283,000			
	14018	Emergency Generator	326,250	-	326,250			326,250			
	10010	Water Treatment Plant	-	140,000	140,000	140,000					
		Unallotted Projects for Water Bond Funding	519,799	585,802	1,105,601			1,105,601			
Water Projects - Appropriation			5,274,869	(8,151)	5,266,718	263,513	44,016	4,500,000	250,000	109,189	100,000

RECONCILIATION OF PROPRIETARY CAPITAL PROJECTS FUND			
Water Projects	5,274,869	(8,151)	5,266,718
Wastewater Projects plus Contingency of \$1,000	3,474,225	-	3,474,225
Total Fund Appropriation	8,749,094	(8,151)	8,740,943

CITY MANAGER'S REPORT AND RECOMMENDATIONS



Agenda #: VII.A.
Meeting Date: November 3, 2014

Agenda Item:

Report from VAC Steering Committee - Request for an Extension in Time to Complete the Report to the City Council on VAC Operations

Background:

Councilor Mark Saelens and I have been meeting regularly with the Visual Arts Center (VAC) Steering Committee to work through the three priorities that Council had requested in a future report from the Committee. The Committee originally had indicated that the report would be provided to the City Council in December 2014. The Steering Committee is requesting an extension to complete the report in February 2015, with it beginning presented to the Council at the March 2, 2015, Council meeting. Overall, the VAC Steering Committee has taken its responsibilities very seriously, including the preparation of this report. The Steering Committee has developed a governance model which will be part of the report presented to both the OCCA and the City Council. The Committee is continuing to work on the financial model for more sustainability of the VAC building and activities. The Committee is also working on operational plans that will increasing the usage of the facility with corresponding increase in rent payments to offset expenses for this facility. Councilor Saelens and I met with the VAC Steering Committee on October 28, with a recommendation from me to the Steering Committee that the Committee request an extension to complete this report in February 2015 for presentation to the City Council in March 2015. One of the primary reasons for doing this is that we have had delays from a city staff standpoint in providing some key financial information necessary for this effort. Finance Director Mike Murzynsky is deep into various issues relating to his first audit of the city. Mike needs to play a role in this process and will have some time to do that this next month (November). Furthermore, I have been helping the Committee with several concepts and I owe them a report which was delayed in part because of the efforts required in retaining the US Coast Guard Air Facility at the Newport Municipal Airport which has taken me away from some of the other work that I wanted to do on behalf of the VAC Steering Committee.

I have been very encouraged by the constructive nature of these meetings. I believe that the end result will be good for the VAC and the City of Newport. I also believe that it is better for the VAC Steering Committee to get the issues right rather than get a premature report to the City Council. The Steering Committee was in agreement with my suggestion for requesting an extension in providing this report to the Council.

Recommended Action:

I recommend that the City Council approve the following motion:

I move that the request for an extension by the Visual Arts Steering Committee to submit a report to the City Council be extended with the report being completed in February 2015, and presented to the City Council at the March 2, 2015, City Council meeting.

Fiscal Effects:

The submission of the report at this time will be will in advance of the City Council's consideration of budgetary issues for the 2015-16 fiscal year.

Alternatives:

None recommended.

Respectfully Submitted,

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

Spencer R. Nebel, City Manager



OREGON COAST COUNCIL FOR THE ARTS
Newport Visual Arts Center
733 NW Beach Dr., Newport, OR 97365

October 28, 2014

To: Mayor and City Council:

As you are aware, a Steering Committee has been working closely with City Manager Spencer Nebel and Council Liaison Mark Saelens to develop a Strategic Plan that will redefine the way in which the City of Newport Visual Arts Center will function in years to come.

The Committee will be recommending the creation of a governing committee that will help OCCA and the City Council address, with one voice, the concerns and issues that occur with the operations of this important community asset.

The Committee is currently discussing financial issues that will help make the VAC more self-sustaining over time and will expand the usage of the spaces within the facility in order to both maximize the use of the building and increase revenue generation for maintenance and program growth at the VAC.

Due to the City completing its own audit with a new Finance Director and with unexpected demands on the City Manager's time we will not have the necessary data to adequately complete this work for presentation to the City Council in December.

We would respectfully request an extension in time to complete the operational plan in February 2015 for presentation to the City Council at the first meeting in March. This timing will provide this data in advance of the development of the City's 2015-16 fiscal year budget.

We appreciate the support that the City Council has given to the VAC and we are eager to complete this important task.

Respectfully Submitted,

Chair VAC Steering Committee

Cc: OCCA
Spencer Nebel, City Manager

November 3, 2014

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Agenda Item: From Salmon for Oregon - Appeal of Tourism Facilities Grant Denial

Background:

As you may recall, the appeal by Salmon for Oregon was originally scheduled to take place on Monday, October 6, 2014. At this meeting Salmon for Oregon was not present and in reviewing our emails with Jim Wright we did not specifically notify him that this matter was going to take place at this meeting. As a result, the item was rescheduled for the October 20, 2014 meeting. Furthermore, with the joint meeting between the City, Lincoln County and Port of Newport on the US Coast Guard announced closure of the air facility taking place on this date, the regular City Council meeting was moved to Tuesday, October 21, 2014. In discussing this with Mr. Wright he indicated that he would prefer that this matter be considered on November 3, 2014, since he had a conflict with the 21st. As a result, we have scheduled this appeal for the November 3rd City Council meeting. On behalf of Jim Wright and Margaret Dailey, the task force representative that has been at the previous Council meetings to represent the Tourism Facilities Grant Task Force, we apologize for the confusion regarding the scheduling this appeal.

The Tourism Facilities Grant Review Task Force met on July 14, 2014, and reviewed four applications for funding including an application from Salmon For Oregon Association, Inc. for the Spring Chinook program in Yaquina Bay. The task force recommended against funding the Salmon for Oregon project due to the vagueness of the proposal, no solid revenue source to continue funding this program in out years, this project was not a perfect fit for this funding, and the application was incomplete. In reviewing each of the proposals for funding. The task force identified a series of questions relating to each proposal. The task force indicated that answers were not given to all questions requested by the task force from Salmon for Oregon regarding their proposal. There were concerns with their proposal including that permits had not yet been obtained, a question on whether net pens would qualify as real property under the State law, and there was no demonstrated support for continued operation of the net pens. Certain information was requested and was not provided in the form requested by the task force.

The task force concluded that Salmon for Oregon had significant omissions in their responses to questions asked and as a result the task force did not recommend funding for this request.

The recommendation from the task force went before the City Council on September 2, 2014. Three grants were awarded, and the Salmon for Oregon Association, Inc. grant was not awarded by the City Council. Jim Wright, Executive Director for Salmon for Oregon Association had submitted a letter indicating that they would like to appeal the recommendation of the task force. In his letter of appeal. Mr. Wright focused on the legal questions of whether Room Tax Funds could be spent for this purpose. Mr. Wright indicated that the task force applied a very narrow definition in relations to tourism facilities and he cites the 2008 Oregon Department of Justice opinion OP-2008-3 by indicating the following: "Parsing the words, the relevant definition of "improve" is to "increase the value of (land or property) by bringing under cultivation, reclaiming for agriculture or stock raising, erecting buildings or other structures, laying out streets, or installing utilities (as Sewers)."

In reviewing the minutes from the task force, the fit of the project as meeting a tourism facility was only one item of several that the task force expressed concerns about. A subsequent request was made to

Mr. Wright to respond to the specific task force questions as part of his appeal of the City Council's previous decision.

The City Council has been supportive of the Spring Chinook project for Yaquina Bay and has provided previous financial support in the amount of \$5,000 to Salmon for Oregon Association, Inc. for the administration of the implementation of this project.

In reviewing the recent responses from Jim Wright to the questions from the task force, there are several specific things that remain outstanding issues that need to be addressed prior to recommending any grant award for this project. Question #2 from the task force report was not adequately responded to outlining what relationships Salmon for Oregon would have with state agencies in the operation of this facility. While it was indicated that ODFW is supportive of this initiative, the specific role of ODFW with Salmon for Oregon is not clearly defined with the response. In addition, there is a statement that the annual operating costs is \$55,000 but there is no breakdown of what those costs would be. Question #9 has not been adequately addressed since the Port of Newport has not entered into any agreement with Salmon for Oregon regarding the placement of pens on the Port of Newport property. Question #10 relates to water quality issues for the purpose of rearing Salmon in the pens in Yaquina Bay. There is no indication that any analysis has been done to determine whether the fish will experience any problems at a port location. Question #15 asks about the long-term sustainability of this project as well as long-term revenue sources to cover the funding of \$55,000 in annual operating expenses. It is inferred that state legislation is going to be introduced to fund these types of projects, however short of that legislation being introduced and passed by the state legislature, there are no other indications about how this operation would be sustained over time. Another issue requiring further explanation is that the financial report seems to show the overall total of income is resulting in a deficit of \$2,418. Does Salmon for Oregon have an operational plan to keep the organization financially viable to maintain this operation of the fish rearing pens over the next ten years? Finally, the tax information that was submitted seems to indicate several issues with the 2013 filing and page 2 of schedule A form 990 appears to not be included with the submitted material.

There is a legal question that the City Council may want to request a legal opinion on whether there are any impediments for the city using the Room Tax for the purchase of rearing pens. In reviewing the information submitted by Jim Wright, I believe that this would be an eligible expense for Room Tax revenues. I will also indicate that I am not an attorney versed in municipal law and it may be appropriate to request a specific opinion on this specific question, should the Council wish to go forward with this project.

The City Council has several potential actions that they could take, including denying the appeal for Salmon for Oregon. If this is done the City Council could schedule one last round of applications for the remaining \$26,000 in the Tourism Facility Grant funds sometime in the first part of 2015 which Salmon for Oregon could be invited to reapply. The City Council could grant the request for funding as requested in the appeal from Salmon for Oregon and provide the \$25,000 in Tourism Facility Grant funds, directing the City Manager to develop a grant agreement for the disbursement of these funds. It is my opinion that the best scenario would be to accept the letter of appeal from Salmon for Oregon but hold off on making a decision on granting the funds to Salmon for Oregon. This would give them an opportunity to fully respond to the information that may be requested by the City Council, and hold \$25,000 in funding to allow Salmon for Oregon to comply with the request for information by no later than April 30, 2015. If Salmon for Oregon is unable to satisfy the City Council by adequately responding to the questions posed by the City Council then the Council could create one last round of Tourism Facility Grant Funds if the project is ultimately denied.

I do believe that the task force did an excellent job in fully vetting the proposals for funding that were subsequently approved by the City Council. I am also in agreement with the task force that at this time the Salmon for Oregon proposal was not ready for consideration for approval. The proposal does provide a great opportunity to enhance the spring sports fishery on Yaquina Bay that could draw tourist to the City of Newport during the off-season for the Chinook Salmon run. This is a good project that is not ready to receive a funding commitment of Room Tax dollars from the City of Newport.

Recommended Action:

I recommend the City Council consider the following motion:

I move to retain the remaining \$26,000 in Tourism Facilities Grant funds through April 30, 2015 to allow the Salmon for Oregon Association, Inc. to provide the following information regarding their proposal for the placement of fish rearing pens in the Yaquina Bay. 1. Demonstrate the financial sustainability of the fish rearing program of a ten year period by showing a detailed estimate of operational costs and supporting revenue to financially sustain this operation; 2. Describe what organizations would be responsible for future maintenance and operation of the rearing facilities and what specific role Salmon for Oregon will play with this effort; 3. Secure specific authority and a location from the Port of Newport for the rearing facilities on port property and demonstrate that the water quality issues at this location will meet the rearing requirements for Salmon; 4. Describe required permitting and obtain authorization from any regulatory agencies that will be necessary for the rearing pens in Yaquina Bay; with the above information being provided to the City Council on or before April 30, 2015.

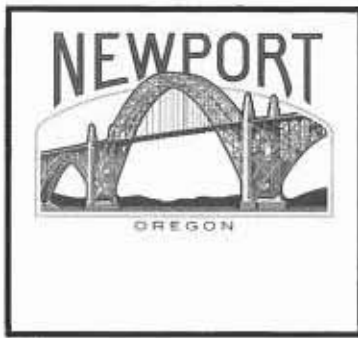
Fiscal Effects:

\$26,000 remains of the original \$1 million that was made available for tourism facilities in the City of Newport.

Alternatives:

Deny the appeal of Salmon for Oregon Association, Inc. for Tourism Facilities Grant funds for the acquisition and installation of two net pens for use in the Spring Chinook program in the Yaquina Bay and proceed with a final round of grants in 2015, or Uphold the appeal and grant the request to Salmon for Oregon Association, Inc. for \$25,000 in Tourism Facilities Grant funds acquisition and installation of two nets pens for use in the Spring Chinook program in the Yaquina Bay and direct the City Manager to develop a grant agreement for the disbursement of this funds.

Respectfully Submitted,
Spencer R. Nebel
City Manager



CITY COUNCIL AGENDA ITEM SUMMARY

Agenda Item # VII.B.

Meeting Date 11/3/14

City Of Newport, Oregon

Issue/Agenda Title: Hearing on the Appeal of Tourism Facilities Grant Review Task Force Recommendation by the Salmon for Oregon Association, Inc.

Prepared By: Hawker Dept Head Approval: ph City Mgr Approval: _____

Issue Before the Council: The issue before Council is consideration of an appeal by the Salmon for Oregon Association, Inc., of the City Council's decision of September 2, 2014, to uphold the recommendation of the Tourism Facilities Grant Review Task Force, which was not to fund the request from the Salmon for Oregon Association, Inc. for \$25,000 in tourism facilities grant funding.

Staff Recommendation: This is a City Council decision.

Proposed Motions: Potential motions include:

To Uphold the Appeal and Grant the Request: I move to uphold the appeal of the Salmon for Oregon Association, Inc., and grant the Salmon for Oregon Association, Inc., \$25,000 from tourism facility grant funds for the acquisition and installation of two net pens for use in its Spring Chinook program in Yaquina Bay, and direct the City Manager to develop a grant agreement for the disbursement of these funds.

To Deny the Appeal: I move to deny the appeal of the Salmon for Oregon Association, Inc., for tourism facility grant funds for the acquisition and installation of two net pens for use in its Spring Chinook program in Yaquina Bay.

To Consider at a Future Date: I move to retain the remaining \$26,000 in Tourism Facility Grant funds, for one year, and encourage the Salmon for Oregon Association, Inc., to reapply for funding in the amount of \$25,000 when further progress has been made toward bringing the project to fruition. I further move that if this project fails to obtain approval for funding, from the City Council, within one year, a decision be made by the City Council on the further use of these funds.

Key Facts and Information Summary: The Tourism Facilities Grant Review Task Force met on July 15, 2014 and reviewed four applications for funding, including that of the Salmon for Oregon Association, Inc. The Task Force, based on the hardcopies of the application submitted by the applicant, developed the following list of questions for the

Salmon for Oregon Association, Inc. that it requested responses to at its August 5, 2014 meeting:

1. Please provide a breakdown on the \$124,000 that you are showing as having already been spent.
2. Is this project proposed by a government agency? Please clarify the relationship of Salmon for Oregon with state agencies.
3. How many pens are being planned and what is the cost of each pen?
4. Please describe how the pens qualify as real property. Are they permanent fixtures?
5. What will the \$55,000 annual operating costs cover? Staff salaries, fish food, etc.?
6. Please explain the reference that one fish equals \$400 to the local economy.
7. How long will the pens last? Are they permanent fixtures?
8. If the project fails within ten years, who would own the pens? Or would the pens be removed?
9. Do you have an agreement with the Port of Newport to allow placement of the pens on Port property?
10. Have you water tested?
11. If the pens only need to be in the water for six weeks, are they removed from the water after six weeks?
12. Please thoroughly describe the economic impact of the project. The numbers do not have references.
13. Please provide empirical data from ODF&W?
14. If possible, provide numbers from the similar project at Winchester Bay.
15. Explain how this project is economically viable. What is the long-term revenue source?
16. Please provide a balance sheet, profit and loss statement, and a recently filed 990.

Jim Wright, appeared on behalf of the Salmon for Oregon Association grant application, at the August 5, 2014 meeting of the Task Force. He explained the request for \$25,000 to purchase two net pens for this project. He reviewed the status of the project and responded to Task Force questions. Discussion included: permits not yet obtained; whether net pens would qualify as real property under state statute; concerns over out-year revenue sources; copy of 990 and other financial documents were not provided; and other agency support. It was the unanimous consensus of the Task Force that the Salmon for Oregon Association, Inc. was nonresponsive to questions and requests for data; and concern regarding whether the request was for real property with a life of ten years or more. The Task Force did not recommend funding this request.

The City Council upheld the recommendations of the Task Force, and on September 2, 2014, did not recommend funding of this grant application for the Salmon for Oregon Association, Inc. Subsequently, the Salmon for Oregon Association, Inc., appealed the City Council's decision not to fund the request. The hearing on the appeal is tonight.

Subsequently, Jim Wright appealed the denial of funding and Council was scheduled to hear the appeal on October 6, 2014. There was a miscommunication, and the appeal date was continued to this evening.

The grant application stated as follows: "The applicant should respond in 12-point, single-spaced text. Ten double-sided hard copies of the complete application and one electronic copy on a flash drive must be delivered to the City Manager's Office by 5:00 P.M., on Monday, June 30, 2014. In reviewing the flash drive, it was found to contain the following documents: income/expense report; articles of incorporation; bylaws; and the quote from Ferguson Industrial Plastics Division for the net pens. This information, with the exception of the Ferguson quote, was not included in the hard copies required to be submitted in the application. It had been presumed that the electronic copy of the application matched the hard copy of the application.

Subsequently, Jim Wright has provided some additional information that is part of this packet including his responses to the Task Force questions, and additional information that he deemed pertinent to the application and appeal of the denial.

Other Alternatives Considered: None.

City Council Goals: None.

Attachment List:

1. Salmon for Oregon Association, Inc. Letter of Appeal
2. Salmon for Oregon Association, Inc. Application for Funding to the Tourism Facilities Grant Review Task Force
3. Letter to Salmon for Oregon Association, Inc., dated September 3, 2014 Relative to Appealing the City Council's Decision Regarding Funding of the Tourism Facilities Grant Application Submitted by the Salmon for Oregon Association, Inc.
4. Tourism Facility Grant Program Information
5. Tourism Facilities Grant Instructions and Application
6. Staff Report for September 2, 2014 City Council Meeting with Recommendations for Funding from the Tourism Facilities Grant Review Task Force
7. Tourism Facilities Grant Review Task Force Minutes of Meetings of July 15, 2014 and August 5, 2014
8. Response to Task Force Questions Received October 29, 2014
9. IRS Determination Letter Regarding Tax Exempt Status
10. Salmon for Oregon Articles of Incorporation

Fiscal Notes: There is currently \$26,000 of tourism facility grant funds remaining from the original allocation of \$1,000,000. If this grant is awarded, the funds will be reduced to \$1,000.

SALMON FOR OREGON ASSOCIATION, INC.

APPEAL OF RECOMMENDATION BY
TOURISM FACILITIES GRANT REVIEW TASK FORCE

**SALMON FOR OREGON
ASSOCIATION, INC.**

Sept. 4, 2014
Spencer Nebel, City Manager
City Of Newport
169 SW Coast Hwy
Newport, OR 97365

Dear Spencer,

In regards to notification of Salmon For Oregon Assoc., Inc. that the Newport Tourism Facilities Grant Review Task Force has not recommended an award of \$ 25,000 the Spring Chinook/Yaquina Bay program, this letter is to inform you of our intent to appeal that recommendation.

We believe that the committee did not fully grasp the significance of this project and applied a very narrow definition in relation to tourism facilities and did not consider the 2008 Oregon Department of Justice opinion OP-2008-3 relating to *Other Improved Real Property* contained on page 5 and 6 of that opinion. I have provided a copy of that opinion with this letter for review.

Quoting from page 5 of the opinion, *The first criterion is that the facility be "other improved real property." "Other" obviously means "other than" conference centers, convention centers and visitor information centers that fit within the categorical statutory definitions. Turning to "improved real property," there is no common definition of that phrase.*

Parsing the words, the relevant definition of "improve" is "to increase the value of (land or property) by bringing under cultivation, reclaiming for agriculture or stock raising, erecting buildings or other structures, laying out streets, or installing utilities (as sewers)."

Continuing on page 6, *The last criterion – that the property has "a substantial purpose of supporting tourism or accommodating tourist activities" – is the linchpin of the definition, being the one that makes the property "tourism-related." Each of the terms in this criterion requires careful consideration, beginning with "substantial purpose."*

With 100,000 spring chinook smolts being acclimated and released into the bay, we fully anticipate, based on past experience that 5,000 of them will return. Based on 2007 study of the Rouge River system, each caught salmon represented \$267 dollars (in 2014 dollars) to the local economy. 5,000 caught spring Chinook, at 267 dollars a salmon, at a minimum represents \$1,335,000 dollars to the local spring economy where none exists at this time.

We believe our request falls well within the opinions relating to Tourism Facilities Grants based on the definitions provided in the DOJ Opinion Request OP-2008-3.

James F Wright (Jim)
Executive Director
Salmon For Oregon, Assoc. Inc. a 501c(3)
503-749-1150

SALMON FOR OREGON ASSOCIATION, INC.

APPLICATION FOR FUNDING TO THE
TOURISM FACILITIES GRANT REVIEW TASK FORCE

**CITY OF NEWPORT
TOURISM FACILITIES GRANT APPLICATION**

Name of Applicant/Organization: Salmon For Oregon Association, Inc.

Mailing Address & City: PO Box 746, Lyons, OR 97358

Contact Person: James F Wright

Contact Phone No.: 503-749-1150 Contact Fax No.: 971-304-6690

Contact E-Mail Address: jameswright@mac.com

Name of Project: Spring Chinook Project/Yaquina Bay

Total Project Budget: \$55,000 per year for 5 years.

Amount Requested: \$25,000 for one year.

Authorization Signature: James F Wright

Title: Executive Director

General

Is the project proposed by a government agency? Yes ☐X No

OR

Is the project proposed by a non-profit organization? Yes ☐X No

(A non-profit agency is defined as a 501(c) organization)

This project is authorized by the Oregon Department of Fish and Wildlife, and Salmon for Oregon Association, Inc. a designated 501(c)3 is a stakeholder providing local community interaction, grassroots support, operational capacity, and volunteers for the project.

Will the project encourage people to travel to Newport from more than 50 miles away? Yes ☐X No

Will the project encourage people to spend the night in Newport? Yes ☐X No

Is the reason the project encourages visitors due to one or more of the following? (Check all that apply).

Business	<input type="checkbox"/>
Pleasure	<input checked="" type="checkbox"/> X
Recreation	<input checked="" type="checkbox"/> X
Arts	<input type="checkbox"/>
Heritage	<input type="checkbox"/>
Culture	<input type="checkbox"/>

Are you requesting funding for improved real property with a useful life of at least ten years? Yes ☒X No

Project Description

Summary description of the project The project itself is to support local economic development and growth through the establishment of a robust new salmon run where none exists at the present time. This project has been approved by the Oregon Fish Commission on June 6th 2014 in Salem, as part of the bigger ODFW Coastal Management Plan for Salmon and Steelhead. Our initial project proposes to acclimate 100,000 spring Chinook salmon fingerlings for six weeks in net pens in a place chosen by ODFW somewhere in lower Yaquina Bay, very likely the Port facilities. Once acclimated, the fish will be released to migrate to ocean feeding grounds and return to terminal recreational fisheries as catchable adults. This important new fishery will have virtually no impact (footprint) on in-stream habitat, with the goal of allowing both sport and commercial fishing a tremendous jump of three months on the currently calendared opening for existing salmon seasons. For those who might not understand this established salmon management practice, it is akin to stocking a lake with trout for local fishermen and the economy, and is currently being used in other areas of Oregon by ODFW. Required for this project is "net pens" specifically designed to accommodate the "smolts" during their acclimation process. That process takes about 6 to 7 weeks. These pens are a very important part of the project, and current pen designs are more ecologically friendly than past designs. It is the pens that we are asking the city to pay for. This is a one time cost as the pens will last ten years or more.

Business Plan and Budget (25 points)

What is the total cost of the project? \$275,000 over five years
\$55,000 per year in operation after one time start up costs of Net Pen purchase, peripherals, and install. Install will be contributed by volunteers. Dock slips (spaces) will be donated by Port upon agreement of location.

What is the amount requested from the city? \$25,000 one time payment
\$25,000 will pay for two new state-of-the-art ecologically friendly acclimation pens. See the blue print design attached as provided by Ferguson Industrial out of Washougal, WA.

What is the ratio of the request to the total cost? About 9:1

What funds have already been raised for the project?
Since it's founding in January of 2012, Salmon For Oregon has raised approximately \$124,000 in funds from mostly private but some public sources. Some donors include the Reynolds Family \$20,000, Tom Becker Sr. Family \$40,000, U Da Man \$12,500, Lincoln County \$5,000, City of Newport \$5,000, Englund Marine \$3500, Starker Forests \$3,000, Oregon Coast Bank \$3,000, Freres Lumber \$2500, Yaquina Bay Economic Foundation \$2500, Bob Jacobson 500, Tom Curry 300, Undersea Gardens 500, Bob Wehert 500, Anonymous \$5,000 etc. These monies were used over two years towards grassroots community outreach on the coast and government affairs in Salem. Working with ODFW and the Legislature, etc. to bring this project home for Yaquina Bay.

What funds remain to be raised for the project? \$275,000 for 5 years operational expenses

How are the remaining funds to be raised?
Through assistance from Senator Roblan's office with the legislature and with lottery funds, and through continued grant writing with Meyer Memorial Trust, Oregon Community Foundation, in addition to private industry and individuals.

Does the project provide a service that the city currently funds?

Yes No ☒ X

Does the project require continued support from the city? If yes, explain.

Yes No ☒ X

When do you anticipate completion of the project?

We anticipate final preparations to be completed by spring 2015, with permits issued and brood stock (eggs) taken, and the first acclimation of smolts to happen in the spring of 2016.

What is the plan for operations over a 3 - 5 year period?

This is a five year pilot program administered through ODFW with support from Salmon for Oregon and it's volunteers through an MOU and a STEP agreement. Salmon For Oregon will participate in the management of the project. Bob Jacobson, formally of OSU Oregon Sea Grant will be our liaison with the local ODFW biologists to deal with the scientific aspects of the project.

How does the project demonstrate financial stability?

Through support from the Oregon State Legislature, Lottery funds, NOAA, and contributions from established Oregon foundations, private industry, and individual donations

How does the project demonstrate a viable business plan?

This project is consistent with established acclimation programs already in operation by ODFW statewide using STEP organizations & volunteers. One of the most prominent is the spring Chinook project at Youngs Bay. One that we will model in many ways. Also, the Governor's massive spring Chinook project on the Columbia River.

Economic Impact: (20 points)

Are project funds to be spent locally on.

Planning	Yes <input checked="" type="checkbox"/> X	No <input type="checkbox"/>
Design	Yes <input checked="" type="checkbox"/> X	No <input type="checkbox"/>
Construction	Yes <input checked="" type="checkbox"/> X	No <input type="checkbox"/>
Post-Completion	Yes <input type="checkbox"/>	No <input type="checkbox"/>

How does the project create local jobs in all phases?

The work to be done on the infrastructure/net pens will be overseen and completed by an all volunteer group including members of the U Da Man group, the Longview Hills Fishing Club, and other interested parties yet to be determined. That same group of volunteers will also be involved in the monitoring aspects of the project from year to year

What is the projected economic impact?

The spring Chinook is a highly prized and well sought after fish. On any given year, a "springer" can bring up to \$25 per pound on the market and is one of the most popular salmon for sportsmen to catch and eat. This new "spring salmon run" will provide a tremendous additional contribution to our local coastal economy through the value of fish captured, fishing trips and related gear. Positive

economic growth will happen through increased tourism/lodging/guide services/charters, sport and commercial fishing, gear purchases, and their subsequent rollout dollar impacts.

It has been said, "A springer in the bay brings salmon fishing in May." With that, specific studies have concluded each springer caught represents from \$200 to \$400 dollars to the local economy. Increasing "fishing opportunity days" demonstrates an economic boost as each angler with a rod represents \$87 dollars a day to the local economy. The social and economic benefits from the project will bolster the Economy of the community in the near future, and increase as the project is improved through learning and refinement over time. The project will be conducted to limit or eliminate project salmon interaction with the natural salmon spawning in our coastal streams, thereby simultaneously supporting and complementing all salmon restoration efforts while providing great fishing opportunities.

Will the project create spin-off businesses?

It very likely could, with new guide services coming to town as well as fish and bait stores, equipment supply, etc. The project will most definitely enhance already existing sports tourism businesses such as hotels, motels, restaurants, seafood processing facilities, marine supply stores, Gas stations, etc.

Tourism Spending: (15 points)

How does the project encourage overnight stays?

How does the project encourage increased spending at local businesses?

How does the project increase the capacity for tourism?

As anglers plan their spring trips to Yaquina Bay in future years for spring Chinook fishing, hotels will receive requests for reservations at a time of year that is usually slow for tourism. Arriving the night before a big day or days of fishing, families accompanying them will spend time fishing as well, or in town at sites like the Oregon Coast Aquarium, the Hatfield Science Center, and the new OMSI. Restaurants will benefit from the spring fishing tourism boost as well as gas stations, convenience markets, grocery stores, marine supply stores, etc. This new fishery will establish Newport and Yaquina Bay as THE "spring salmon fishing spot" on the central Oregon coast.

Facility Usage: (Check all that apply) (10 points)

Is the project open year round: Yes No ☒ X

Is the project seasonal: Yes ☒ X No

Is the project off-season: Yes ☒ X No

The spring Chinook season goes 7 days a week from late April to early July

Who is the targeted tourist? (Check all that apply)

Families	<input checked="" type="checkbox"/> X
Adults 21+	<input checked="" type="checkbox"/> X
Seniors	<input checked="" type="checkbox"/> X
Groups	<input checked="" type="checkbox"/> X
Pleasure	<input checked="" type="checkbox"/> X

Will the project attract repeat visits?

Yes. Daily for three months.

What is the potential for repeat business?

During this spring Chinook three month fishing season, sportsmen will come to town, and locals will fish as often as their ODFW permits allow them to. A successful trip for a sportsperson and his or her family or group, can be a real plus for the returning fisherman. Newport offers so much else, this can truly be a yearly excursion for the fishing sports tourists and their families and or groups.

What is the regularity of usage?

The project will provide multiple opportunities for sports tourism in the spring months from April to the end of June and into July. There are daily fishing opportunities during that three and a half month window for both sports and commercial fishing.

Does the project allow for multiple activities or uses? State size and types of events.

Yes. As the spring Chinook fishery takes hold and establishes itself over time, spring recreational and commercial fishing will become a reality in Yaquina Bay. The multiple opportunities to establish events as well as individual fishing will be exciting. Right now there is a tournament sponsored by U Da Man Group the first weekend in October for fall Chinook. That tournament attracts participants from all over the state and numbers in the 100's attend. Like the great Bass fishing derbies of the South, as the new fishery establishes itself, no doubt spring Chinook tournaments will become a reality. The U Da Man Group is already discussing such a tournament in cooperation with the Longview Hills Fishing Club and other interested parties.

In addition to potential tournaments in the spring, with the proximity of the Hatfield Marine Science Center, the project will attract scientific discussion and eventually annual events of an academic nature will become established. In Coos Bay the Salmon Summit was recently established with the cooperation of the Coquille Tribe and interested parties from across the community. We see that same type of annual event, attracting academic tourism to Newport as well to participate in educational forums and the establishing of an educational element to the community as to the science and monitoring of the project.

Is there a particular new demographic that the project is intended to reach?

Who does the project attract?

The demographic is the sportsperson/angler, which crosses all gender, ethnic, and racial boundaries. If you love to fish in the spring for salmon, the central Oregon coast and Newport will be the place to go.

Other (5 points)

How does the location relate to the current tourism hubs?

It is anticipated that the net pen acclimation and smolt release will happen somewhere in the lower bay, most likely around the port facility. It is common to house net pens in established port slips as is done at Salmon Harbor in Winchester Bay for fall Chinook. As the science tells us, after release of the smolts to the ocean feeding grounds, their life cycle winds down and they return to the point of their acclimation, and swim in a circle until they are caught or die.

With the acclimation point somewhere in the port dock system, these adult springers will stay in the lower bay and will be easily catchable, close to the main tourism hubs, the Bay Shore and South Beach.

For those who remember fishing 25 years ago in Yaquina Bay, the fishing was so good that one could go fish off the dock or the along the shoreline on a lunch break from work and catch their evening meal. That is not an exaggeration. This new spring Chinook fishery will harken many long time locals back to that time, with excitement for the future of spring fishing opportunities in the lower bay.

How is the project energy efficient or environmentally friendly?

Planned as terminal fisheries, this project is also designed to limit the interaction of project fish with the salmon in the upstream system, thus contributing to the goals of protecting natural occurring salmon and the resources they depend upon in local coastal streams, while still providing catchable fish for recreational and commercial fishermen and women.

What is the effect of the project on local livability components?

As mentioned previously, most salmon sportspersons prefer to eat their catch. For the opportunity to cast in a line and reel in a spring Chinook for a future meal is a big component, providing nutrition because spring Chinook is very high in Omega3 Fatty acids. One of the best sources for that.

Is there any additional information that you would like the committee to consider?

The key objective of our efforts is to stimulate the economy of the Yaquina Bay by improving salmon fisheries in the lower bay and the near shore ocean. This Salmon for Oregon project will increase fishing licenses sold, catchable fish, fishing opportunities for local fishers and tourists, and generate numerous coastal business benefits from the sale of fishing equipment and services, to increasing motel stays and restaurant visits.

We have made every effort to include local communities, researchers, fisheries managers, and other concerned citizen groups in our project planning process, and will continue to work with fish biologists, geneticists, and ocean resources scientists to design and develop this project to grow fishing opportunities while simultaneously protecting and restoring existing local salmon resources. Our efforts to bring all parties together to optimize these complimentary goals will continue in order to accomplish sustainable programmatic objectives and results.

When salmon are being caught, the entire community benefits. Using the natural resources of the central Oregon coast to benefit local communities is the obvious thing to do. The technology exist, it is proven both scientifically, and economically. We are not proposing something new, we are working on something that has proven time and time again in other parts of Oregon and in many parts of the world to benefit the fishery and the citizenry. We thank the City of Newport for their support and encourage the committee to recommend an grant of \$25,000 for the purposes stated above.

Attachments

IRS determination letter for 501(c)3 included

Financial history overview included in narrative of the project.

Executive Summary overview of the concept for the project, and budget included in narrative.

Timeframe for fundraising: 12 months to reach goal of 2016 release.

Timeframe for project construction/completion same as above.

INTERNAL REVENUE SERVICE
P. O. BOX 3504
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date:

MAY 09 2013

SALMON FOR OREGON ASSOCIATION INC
1740 SHAFY RD BOX 410
STAYTON, OR 97383-0000

Employer Identification Number:
45-4272635

DLN:

602115040

Contact Person:

RICHARD COMBS

ID# 31024

Contact Telephone Number:

(877) 829-5500

Accounting Period Ending:

December 31

Public Charity Status:

170(b)(1)(A)(vi)

Form 990 Required:

Yes

Effective Date of Exemption:

January 27, 2012

Contribution Deductibility:

Yes

Addendum Applies:

No

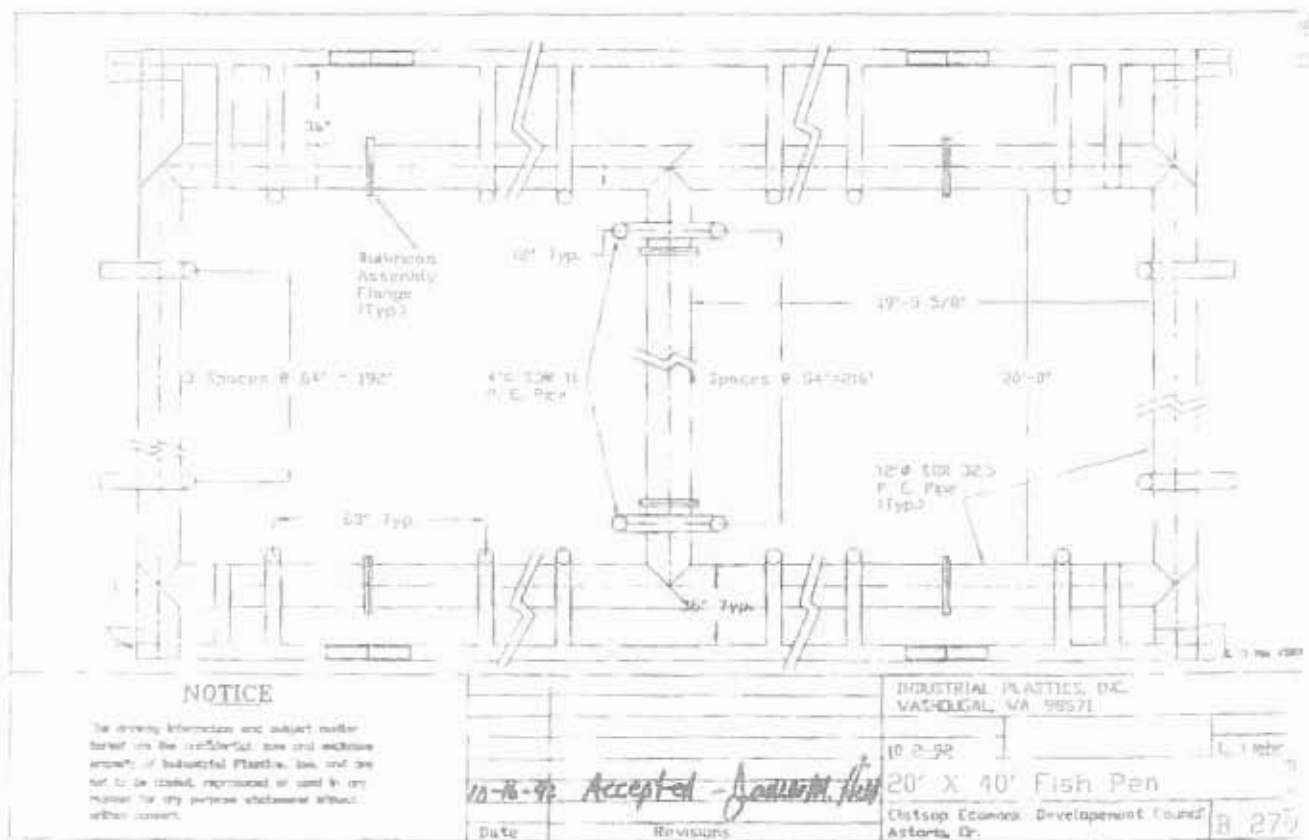
Dear Applicant:

We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2105 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

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

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

Letter 347 (02/03)



LETTER TO SALMON FOR OREGON ASSOCIATION, INC.
DATED SEPTEMBER 3, 2014
RELATIVE TO APPEALING THE CITY COUNCIL'S DECISION
REGARDING FUNDING OF THE
TOURISM FACILITIES GRANT APPLICATION
SUBMITTED BY SALMON FOR OREGON ASSOCIATION, INC.

September 3, 2014

Salmon for Oregon Association, Inc.
James F. Wright
P.O. Box 746
Lyons, Oregon 97358

Dear Jim:

As you are aware, the City of Newport's Tourism Facilities Grant Review Task Force did not recommend that the City Council fund your request for \$25,000 for the Spring Chinook Project/Yaquina Bay. The City Council, at its regular meeting of September 3, 2014, affirmed the recommendations of the Tourism Facilities Grant Review Task Force.

Following is the appeal process if you wish to appeal the denial of the grant request:

1. If the Tourism Facilities Task Force or the City Council denies a grant application, the applicant may appeal the denial to the City Council by submitting a written notice of appeal to the City Manager's office within five business days of the receipt of the denial.
2. Within 20 calendar days of the city's receipt of the written appeal, the City Council will review the denial on the record of the application. No new information will be accepted for review.
3. The applicant is not entitled to an appeal hearing.
4. The City Council's decision on the appeal is final.
5. The City Council's decision regarding the appeal will be transmitted to the applicant at the address provided in the application, by first class mail.

Please let me know if you have questions. I will be e-mailing this letter to you, and sending a hardcopy in the mail.

Very truly yours,

Peggy Hawker
City Recorder/Special Projects Director

TOURISM FACILITY GRANT PROGRAM INFORMATION

TOURISM FACILITIES GRANT PROGRAM

Purpose

This policy is intended to guide the City of Newport in accepting applications and considering grant proposals for funding under the Tourism Facilities Grant Program established by the Newport City Council. The Tourism Facilities Grant Program is funded by local transient room tax revenues, so state law controls the types of projects to which grants may be provided. If a project cannot meet legal requirements, it will not be awarded a grant.

Title

The provisions adopted by this Resolution shall be known as the "Tourism Facilities Grant Program Rules."

Policy

It is the policy of the City to make Grant Funds available to qualified Applicants without regard to race, color, religion, sex, sexual orientation, national origin, marital status, age, disability or familial status.

Definitions

(1) "Applicant" means any 501(c) organization or government entity may apply for a grant from the Tourism Grant Program.

(2) "City" means the City of Newport.

(3) "City Manager" means the City Manager of the City of Newport or the City Manager's designee.

(4) "Council" means the City Council of the City of Newport.

(5) "Grant Agreement" is the legally binding contract between the City and the grant recipient. The Grant Agreement consists of the conditions specified in these rules, special conditions enumerated in the agreement, if applicable, and the grant application approved by the Council.

(6) "Grant Funds" means the funds requested by an Applicant and/or the funds delivered to a grantee through the Tourism Facilities Grant Program.

(7) "Match" is any contribution to a project made up of funds other than Grant Funds. Match may include:

- (a) Cash on hand or cash that is pledged to be on hand prior to commencement of the project;

- (b) Secured funding commitments from other sources; or
- (c) Pending or potential commitments of funding from other sources. In such instances, Tourism Grant Program funding will not be released prior to secured commitment of the other funds. Pending commitments of the funding must be secured within the time provided in the Grant Agreement.

(8) "Tourism Facilities Task Force" is a Task Force, consisting of 7 members, appointed by the Council in accordance with Resolution 3553.

Definitions for "Tourism-Related Facilities"

- (1) "Conference center" means a facility that:
 - (a) Is owned or partially owned by a unit of local government, a governmental agency or a nonprofit organization; and
 - (b) Meets the current membership criteria of the International Association of Conference Centers.
- (2) "Convention center" means a new or improved facility that:
 - (a) Is capable of attracting and accommodating conventions and trade shows from international, national and regional markets requiring exhibition space, ballroom space, meeting rooms and any other associated space, including but not limited to banquet facilities, loading areas and lobby and registration areas;
 - (b) Has a total meeting room and ballroom space between one-third and one-half of the total size of the center's exhibition space;
 - (c) Generates a majority of its business income from tourists;
 - (d) Has a room-block relationship with the local lodging industry; and
 - (e) Is owned by a unit of local government, a governmental agency or a nonprofit organization.
- (3) "Tourism" means economic activity resulting from tourists.
- (4) "Tourism-related facility":
 - (a) Means a conference center, convention center or visitor information center;
 - (b) Means other improved real property that has a useful life of 10 or more years and has a substantial purpose of supporting tourism or accommodating tourist activities.
- (5) "Tourist" means a person who, for business, pleasure, recreation or participation in events related to the arts, heritage or culture, travels from the community in which that person is a resident to a different community that is separate, distinct from and unrelated to the person's community of residence, and that trip:
 - (a) Requires the person to travel more than 50 miles from the community of residence; or
 - (b) Includes an overnight stay.
- (6) "Visitor information center" means a building, or a portion of a building, the main purpose of which is to distribute or disseminate information to tourists.

Application Requirements

- (1) Applications that do not comply with the requirements in this section will not be considered.
- (2) Applications must be submitted on a form provided by the City.
- (3) Applications for the 2011/2012 grant cycle are due in the City Manager's office by 5:00 p.m. on Friday, January 20, 2012. Applicants must submit 10 hard copies of the application and one electronic copy on a flash drive or memory stick. Applications submitted by email or FAX will not be considered.
- (4) All Applicants shall supply the following information:
 - (a) Name of Applicant;
 - (b) Name, physical and email address, and FAX and telephone numbers of the Applicant's contact person(s) and, if applicable, the Applicant's fiscal officer(s);
 - (c) The name and a description of the proposed project;
 - (d) Estimated line item budget for the project;
 - (e) Identification of specific project elements for which Grant Funds will be used;
 - (f) A list of any non-Grant Funds, services or materials available or secured for the project and any conditions which may affect the completion of the project;
 - (g) If the project is part of a multi-year project, and a new funding request continues a previously City-funded activity, a description of the previous project accomplishments and results as well as an accounting of past expenditures and revenues for the project;
 - (i) A project schedule including times of project beginning and completion; and
 - (j) Any information requested by the Tourism Facilities Task Force or the Council in order to evaluate the project.
- (5) All Applicants shall demonstrate a dollar for dollar match, based on the total Grant Funds request, at the time of application.
- (6) All Applicants shall demonstrate that the Grant Funds requested will be used to fund Tourism-Related Facilities.
- (7) Applications must include the following attachments:
 - (a) If applicable, documentation from the Internal Revenue Service confirming that the Applicant is a 501(c) tax exempt organization;
 - (b) Three years of year-end revenue/expense summaries and current balance sheet, or feasibility study;
 - (c) An executive summary of the business plan for the project, including a budget;
 - (d) A time frame for fundraising, if applicable;
 - (e) A time frame for project completion.
- (8) Clarification of information submitted may be sought from the Applicant during the evaluation process.

Application Processing

(1) Submission of an application does not ensure funding. Decisions to award Grant Funds will be made based on the criteria and rating schedule attached to these rules as Exhibit A. The Council may elect to terminate the Tourism Facilities Grant Program and not award any Grant Funds.

(2) The Tourism Facilities Task Force will review all applications that comply with the application requirements included in these rules (qualifying applications). The Tourism Facilities Task Force will then rate the qualifying applications based on the criteria and rating schedule attached to these rules as Exhibit A.

(3) All Applicants who submit qualifying applications will be invited to make an oral presentation to the Tourism Facilities Task Force.

(4) Based on the application materials submitted and the Applicant's oral presentation, the Tourism Facilities Task Force will forward a recommendation to the Council as to which Applicants should be awarded Grant Funds, as well as the recommended amount of Grant Funds to be awarded to each Applicant.

(5) Applicants recommended to the Council by the Tourism Facilities Task Force will be expected to make an oral presentation before the Council.

(6) The Council is not bound by the Tourism Facilities Task Force recommendations.

(7) The Council will make its decision as to which Applicants should be awarded Grant Funds, as well as the amount of Grant Funds to be awarded to each Applicant based on the criteria and rating schedule attached as Exhibit A.

(8) The City may require additional information from the Applicant to aid in evaluating and considering a proposed project.

(9) Applicants will be notified in writing of award of a grant or denial of an application. Written notifications will be sent by first class mail to the address provided in the application. Notifications will be deemed received by the Applicant three calendar days after deposit by the City in the United States Mail.

Grant Agreement Conditions

(1) If a grant application is approved, the City Manager, on behalf of the City, will enter into a Grant Agreement with the grantee.

(2) If the Grant Agreement has not been fully executed by all the parties within one month of Council approval, funding shall be terminated. The money allocated to the grant shall be available for reallocation by the City.

(3) The terms of the Grant Agreement may be tailored to fit the project for which the Grant Funds are awarded. Grantees shall comply with all Grant Agreement conditions.

(4) Obligations of the City under the Grant Agreement are contingent upon the availability of monies for use in the Tourism Facilities Grant Program.

(5) The grantee shall comply with all federal, state and local laws and ordinances applicable to the work to be done under the agreement.

(6) Grant Funds may not be used to refinance existing debt.

(7) The grantee is responsible for all the expenses of the operation and maintenance of the project, including but not limited to adequate insurance, and any taxes or special assessments applicable to the project.

(8) The grantee shall comply with all prevailing wage laws if they are applicable to the project.

(9) The Applicant's total financial resources must be adequate to ensure completion of the project.

(10) Upon notice to the grantee in writing, the City Manager may terminate funding for projects not in compliance with the terms of the Grant Agreement. The money allocated to the project but not used will be available for reallocation by the Council.

(11) The grantee will obtain all required permits and licenses from local, state or federal government entities.

(12) The City may place additional conditions in the Grant Agreement as necessary to carry out the purpose of the Tourism Facilities Grant Program, including any provisions that the City Manager considers necessary to ensure the expenditure of funds for the purposes set forth in the application.

Distribution of Funds

(1) The City will not reimburse the grantee for any expenditures incurred prior to the signing of the Grant Agreement by all parties.

(2) Prior to disbursement of Grant Funds, the grantee must provide proof that the dollar for dollar required Match, based on the total Grant Funds awarded, has been secured.

(3) Funds shall not be disbursed until the City Manager receives satisfactory evidence that necessary permits and licenses have been granted and documents required by the City have been submitted.

(4) The City shall retain ten percent of the Grant Funds until the final project report, as required by the Grant Agreement, has been approved by the City. Final reports are due

within 60 days of project completion. Any unexpended Grant Funds must be returned to the City with the final report. Upon receipt of the final report, the City shall have 90 days to approve the completed report or notify the grantee of any concerns that must be addressed or missing information that must be submitted before the report is considered complete and reviewed for approval. Once the final report has been approved the final payment shall be promptly provided to the grantee.

Appeals

(1) If the Tourism Facilities Task Force or the Council denies a grant application, the Applicant may appeal the denial to the Council by submitting a written notice of appeal to the City Manager's office within 5 business days of the receipt of the denial.

(2) Within 20 calendar days of the City's receipt of the written appeal, the Council will review the denial on the record of the application. No new information will be accepted for review.

(3) The Applicant is not entitled to an appeal hearing.

(4) The Council's decision on the appeal is final.

(5) The Council's decision regarding the appeal will be transmitted to the Applicant at the address provided in the application, by first class mail.

TOURISM FACILITIES GRANT
INSTRUCTIONS AND APPLICATION

CITY OF NEWPORT
TOURISM FACILITIES GRANT INSTRUCTIONS

City of Newport
169 SW Coast Highway
Newport, Oregon 97365
541.574.0603

Answer questions completely within the page limitations provided below. Applications will be considered based on project merits and according to the criteria approved by the City Council and attached to this application. Applicants may be contacted to provide more information. Hard copies of completed applications are due in the City Manager's Office by 5:00 P.M., on Friday, May 30, 2014 - NO EXCEPTIONS. E-mailed or faxed applications will NOT be accepted. Only one application per entity allowed.

Please Note:

1. These funds were created by transient room tax collections. There are legal restrictions on how the money may be spent, and if the project cannot meet the legal requirements, the project cannot be funded.
2. The Newport City Council has established policies governing the Tourism Facilities Grant Program. A copy of those policies is attached to this application.
3. Applicants will be selected for funding based on information included in the application materials and oral presentations.
4. At least a one-to-one funding match is required.
5. Applicants are defined as any 501(c) organization or government entity.

Currently, there is a contingency of \$100,000.00 in the Room Tax Fund of the City of Newport budget. Once these funds are distributed, the program will cease unless the City Council budgets monies for it to continue. The City Council and Tourism Facilities Grant Review Task Force have established a process for distributing those funds to promote economic development and generate an increase in the Room Tax Fund in future years.

Once a grant has been awarded, the City of Newport will enter into an agreement with the grantee that will spell out the terms of the grant and the time frame in which the grant funds will be released. Each agreement will be tailored to fit the grantee's proposed project. The grantee will be required to indemnify the City of Newport from financial liabilities incurred by the project. The grant funds will not be distributed until the matching dollars for a project have been raised or secured.

Each application will be considered on its own merits. Each application will be judged by the criteria attached to this the application form.

Submission of an application does not ensure funding. Funding decisions will be made based on the criteria attached to this application form. The City Council may elect to cancel the Tourism Facilities Grant Program and not fund any projects.

The Tourism Facilities Task Force will review and rate all applications. Applicants who submit qualifying applications will be invited to make an oral presentation to the Tourism Facilities Grant Review Task Force. Based on the application materials submitted and the applicant's oral presentation, the Tourism Facilities Grant Review Task Force will forward a recommendation to the City Council as to which applicants should be awarded grant funds, as well as the recommended

amount of grant funds to be awarded to each applicant. Applicants recommended to the City Council by the Tourism Facilities Grant Review Task Force will be expected to make an oral presentation before the City Council. The City Council will make the final decision regarding which applicants will be awarded grant funds, as well as the amount of grant funds to be awarded to each applicant.

The applicant should respond in 12-point, single-spaced text. Ten double-sided hard copies of the complete application and one electronic copy on a flash drive must be delivered to the City Manager's Office by 5:00 P.M., on Friday, May 30, 2014..

PREVAILING WAGE

Please note that use of city funds in a public works project may subject your project to prevailing wage laws. You may wish to consider whether acceptance of Tourism Facilities Grant Funds will subject your project to prevailing wage and review the project budget in light of that determination.

**CITY OF NEWPORT
TOURISM FACILITIES GRANT APPLICATION**

Name of Applicant/Organization : _____
Mailing Address & City: _____
Contact Person: _____
Contact Phone No.: _____ Contact Fax No.: _____
Contact E-Mail Address: _____
Name of Project: _____
Total Project Budget: \$ _____
Amount Requested: \$ _____
Authorization Signature: _____

Title: _____

General

Simply check the appropriate boxes below. If there is a question as to whether the proposed project meets these qualifications, the question may be submitted to the task force for preliminary review. A preliminary review only answers the questions of whether the project appears to qualify. It is not the final decision nor does it mean the project will be funded. Submit the question by November 18, 2012, so the task force can reply by November 30, 2012. This will allow time to complete the application by January 20, 2012. The application deadline will not be extended by preliminary review requests.

Is the project proposed by a government agency? Yes ☐ No ☐

OR

Is the project proposed by a non-profit organization? Yes ☐ No ☐
(A non-profit agency is defined as a 501(c) organization)

Will the project encourage people to travel to Newport from more than 50 miles away? Yes ☐ No ☐

Will the project encourage people to spend the night in Newport? Yes ☐ No ☐

Is the reason the project encourages visitors due to one or more of the following? (Check all that apply):

Business ☐
Pleasure ☐
Recreation ☐
Arts ☐
Heritage ☐
Culture ☐

Are you requesting funding for improved real property with a useful life of at least ten years? Yes ☐ No ☐

Project Description

In this section, describe the project and how it meets various qualifications. First review the heading and questions, then check all boxes that apply to the project or give short answers. Finally, provide a narrative explaining how the project addresses the questions. The length of the answer to any question is optional, however, the applicant should attempt to answer all questions. The total narrative should not exceed ten pages including application (excluding attachments).

Summary description of the project (summarize the project so that reviewers have a general sense of the project)

Business Plan and Budget: (25 points)

What is the total cost of the project?

What is the amount requested from the city?

What is the ratio of the request to the total cost?

What funds have already been raised for the project? (Include the source of funds, i.e., cash on hand, grants awarded, grants committed.)

What funds remain to be raised for the project?

How are the remaining funds to be raised? (Other grants, pledges, etc.)

Does the project provide a service that the city currently funds?

Yes ☐ No ☐

Does the project require continued support from the city? If yes, explain.

Yes ☐ No ☐

When do you anticipate completion of the project?

What is the plan for operations over a 3 - 5 year period?

How does the project demonstrate financial stability?

How does the project demonstrate a viable business plan?

Economic Impact: (20 points)

Are project funds to be spent locally on:

Planning	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
Design	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
Construction	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
Post-Completion	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>

How does the project create local jobs in all phases?

What is the projected economic impact?

Will the project create spin-off businesses?

Tourism Spending: (15 points)

How does the project encourage overnight stays?

How does the project encourage increased spending at local businesses?

How does the project increase the capacity for tourism?

Facility Usage: (Check all that apply) (10 points)

Is the project open year round: Yes ☐ No ☐

If yes:

Daily _____

Weekdays _____

Weekends _____

Once a week _____

Is the project seasonal: Yes ☐ No ☐

Daily _____

Weekdays _____

Weekends _____

Once a week _____

Is the project off-season: Yes ☐ No ☐

Daily _____

Weekdays _____

Weekends _____

Once a week _____

Is the project monthly: Yes ☐ No ☐

Daily _____
Weekdays _____
Weekends _____
Once a week _____

Is the project open on holidays: Yes ☐ No ☐ Only ☐

Other: _____

Who is the targeted tourist? (Check all that apply)

Children _____
Families _____
Adults 21+ _____
Seniors _____
Groups _____
Business _____
Pleasure _____
Arts _____
Heritage _____
Cultural _____
Sports _____
Other _____

Will the project attract repeat visits:

during a single stay?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
during a single season?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
over a single year?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
over multiple years?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>

What is the potential for repeat business?

What is the regularity of usage?

Does the project allow for multiple activities or uses? State size and types of events.

Is there a particular new demographic that the project is intended to reach?

Who does the project attract?

Other: (5 points)

How does the location relate to the current tourism hubs?

How is the project energy efficient or environmentally friendly?

What is the effect of the project on local livability components?

Is there any additional information that you would like the committee to consider?

(Overall project 25 points)

In responding to questions, use additional sheets as necessary, but not to exceed the ten page limit.

Required Attachments

1. IRS determination letter for 501(c) - if applicable
2. Financial history of the project, if available: three years of year-end revenue/expense summaries, and current balance sheet; or feasibility study
3. Executive Summary of the business plan for the project, including a budget
4. Timeframe for fundraising
5. Timeframe for project construction/completion

Optional Attachments

1. Up to 5 pages of 8 ½ x 11 drawings of any facility and floor plan to be constructed or renovated with the requested funds

STAFF REPORT FOR SEPTEMBER 2, 2014
CITY COUNCIL MEETING

WITH RECOMMENDATIONS FOR FUNDING FROM THE
TOURISM FACILITIES GRANT REVIEW TASK FORCE



Agenda Item #

Meeting Date

9/2/14

CITY COUNCIL AGENDA ITEM SUMMARY
City Of Newport, Oregon

Issue/Agenda Title: Consideration of Tourism Facility Grants as Recommended by the Tourism Facilities Grant Review Task Force

Prepared By: Peggy Hawker Dept Head Approval: ph City Manager Approval: _____

Issue Before the Council: The issue before Council is consideration of the recommendation from the Tourism Facility Grant Review Task Force to award tourism facility grants to the Sea Lion Dock Foundation, in the amount of \$10,000, Lincoln County Historical Society, in the amount of \$14,000, and the Pacific Communities Health District Foundation, in the amount of \$50,000. The Task Force did not recommend funding Salmon for Oregon in the amount of \$25,000.

Staff Recommendation: This is entirely a Council decision.

Proposed Motions: I move to award the following tourism facility grants and direct the city manager, in consultation with the city attorney, to develop a grant agreement for the disbursement of funds to the Sea Lion Dock Foundation in the amount of \$10,000.

I further move to award the following tourism facility grant and direct the city manager, in consultation with the city attorney, to develop a grant agreement for the disbursement of funds to the Lincoln County Historical Society in the amount of \$14,000.

I further move to award the following tourism facility grant and direct the city manager, in consultation with the city attorney, to develop a grant agreement for the disbursement of funds to the Pacific Communities Health District Foundation in the amount of \$50,000.

Key Facts and Information Summary: The Tourism Facilities Grant Review Task Force was created by Resolution No. 3553 and charged with developing an application and recommending award(s) for a tourism facilities grant program. The source of this funding is the Room Tax Fund. This was created by a \$1,000,000 allocation that was initially earmarked for an event center that did not come to fruition. In previous years, the Task Force recommended funding totaling \$900,000, and Council allocated the remaining \$100,000 for funding tourism facilities in the 2014/2015 fiscal year budget.

The Task Force received a total of four applications from:

1. Sea Lion Docks Foundation. This request is for \$10,000 to cover a portion of the final \$25,000 cost of the sea lion dock replacement.
2. Salmon for Oregon. This request is for \$25,000 to purchase two new state-of-the-art ecologically friendly acclimation pens.

3. Lincoln County Historical Society. This request is for \$14,000, and will be matched dollar-for-dollar by a secured matching grant pledge to create a landmark, pedestrian-friendly community promenade on Bay Boulevard at the entrance of the Pacific Maritime and Heritage Center.
4. Pacific Communities Health District Foundation. This request is for \$50,000 to support construction of the Center for Health Education that is planned by the Foundation.

The Task Force met and developed a list of questions for each applicant and requested that the responses be submitted in writing. The Task Force met again to hear presentations from the four applicants and review the responses to the questions.

After the presentations, the Task Force developed the following recommendations for funding: 1. \$10,000 for the Sea Lion Docks Foundation; 2. \$14,000 for the Lincoln County Historical Society; and \$50,000 for the Pacific Communities Health District Foundation. It did not recommend funding the \$25,000 request from Salmon for Oregon.

If Council concurs with the recommendations of the Task Force, there will be \$26,000 remaining in the original event center account that Council can decide how to allocate. The Task Force discussed that if all the grant requests were awarded, there would be \$1,000 remaining in this fund, and suggested that this amount, \$1,000, be split between the Sea Lion Docks Foundation and the Lincoln County Historical Society which would increase the awards to these two organizations by \$500 each.

Other Alternatives Considered: None.

City Council Goals: None.

Attachment List:

- Minutes of Task Force Meeting of April 30, 2014
- Tourism Facilities Grant Program Guidelines
- Tourism Facilities Grant Instructions and Application
- Tourism Facility Grant Applications
- 1. Sea Lion Docks Foundation
- 2. Salmon for Oregon
- 3. Lincoln County Historical Society
- 4. Pacific Communities Health District Foundation

Fiscal Notes: If Council authorizes award of these grants, the remaining monies earmarked for the event center (\$100,000) would be reduced by \$74,000, leaving \$26,000 for future tourism facility grants, or used elsewhere as directed by Council and allowed by the ORS.

TOURISM FACILITIES GRANT REVIEW TASK FORCE
MINUTES OF MEETINGS OF
JULY 15, 2014 AND AUGUST 5, 2014

July 15, 2014
10:00 A.M.
Newport, Oregon

The Tourism Facilities Grant Review Task Force met on the above date in the City Manager's Conference Room of the Newport City Hall. Task Force members in attendance were: Ann Aronson, Stan Rowe, Margaret Dailey, Julie Hanrahan, John Lavrakas, Caroline Bauman, and Randy Getman. Also in attendance was Dean Sawyer, Council Liaison, and Peggy Hawker, City Recorder/Special Projects Director.

Hanrahan disclosed that she is on the board of the Hospital Foundation and won't be participating in any discussion relative to that application, nor will she be voting on that application.

Rowe reported that a requested change to the documents had not been made, and it is that the City Council "may" review the applications, rather than "will" review the applications.

Aronson asked about oversight of previous grants, and it was noted that city staff monitors these grants and requests for funds.

REVIEW TOURISM FACILITY GRANT APPLICATIONS

Sea Lion Docks Foundation - The group developed a list of questions for the Sea Lion Docks Foundation as follows:

1. How will the operations/maintenance funds be protected?
2. What is the total project budget; what has been accomplished; what has been spent?
3. Please provide a balance sheet, profit and loss statement, and a recently filed 990.
4. Have the project plans been provided to the Port?
5. Is the SLDF applying for other grants or tapping other revenue sources, and if so, what are they?
6. If viewing platforms have not been needed for 20 years, why are they needed now?

Salmon for Oregon - The group developed a list of questions for Salmon for Oregon as follows:

1. Please provide a breakdown on the \$124,000 that you are showing as having already been spent.
2. Is this project proposed by a government agency? Please clarify the relationship of Salmon for Oregon with state agencies.
3. How many pens are being planned and what is the cost of each pen?

4. Please describe how the pens qualify as real property. Are they permanent fixtures?
5. What will the \$55,000 annual operating costs cover? Staff salaries, fish food, etc.?
6. Please explain the reference that one fish equals \$400 to the local economy.
7. How long will the pens last? Are they permanent fixtures?
8. If the project fails within ten years, who would own the pens? Or would the pens be removed?
9. Do you have an agreement with the Port of Newport to allow placement of the pens on Port property?
10. Have you water tested?
11. If the pens only need to be in the water for six weeks, are they removed from the water after six weeks?
12. Please thoroughly describe the economic impact of the project. The numbers do not have references.
13. Please provide empirical data from ODF&W?
14. If possible, provide numbers from the similar project at Winchester Bay.
15. Explain how this project is economically viable. What is the long-term revenue source?
16. Please provide a balance sheet, profit and loss statement, and a recently filed 990.

Lincoln County Historical Society - The group developed a list of questions for the Lincoln County Historical Society as follows:

1. Why is the propeller loan/lease, etc. so short term (five years)? Is it permanent? The Tourism Grant program funds projects that last 10 years or more. Could a longer term be negotiated?
2. Please provide visitor numbers for all time periods.
3. Please provide customer comments/reviews for the new PHMC.
4. Please provide a balance sheet, profit and loss statement, and a recently filed 990.
5. Please address safety concerns associated with the installation of the propeller (gateway). Examples include people climbing onto the propeller or being cut by the blades.
6. Is there a planned walkway from Bay Boulevard to the Museum?
7. How were the budget estimates determined?
8. Please check revenue numbers - they do not add up to \$28,000.
9. Please provide marketing and fundraising plans for the PHMC.
10. It appears there may be a water feature included, but we are not sure. Is this the intent? If so, describe its operation and provision for safety.
11. The proposal states the Promenade will "provide a suitable location for a seasonal coffee kiosk, street food or merchandise vendor", but we could not tell where this would be located. Describe this. How many square feet would be available, and how would it be arranged so as not to interfere with visitors?

Samaritan Health Education Center - The group developed a list of questions for the Samaritan Health Education Center:

1. Is the request for a tourism related facility - please explain?
2. Would the proposed health-related conferences be held in Newport regardless of the Samaritan Health Education Center?
3. Would you be willing to provide that the property could not be sold for ten years?
4. Who will own the facility after it is built?
5. What does 1 = 100 rooms mean on page six?
6. How did you get the 1,000 people estimate on page six?
7. How many total people would you expect to serve?
8. Please provide a balance sheet, profit and loss statement, and a recently filed 990.

TASK FORCE COMMENTS

It was asked that the questions be routed back to the Task Force prior to submission to applicants.

It was also recommended that the Task Force request written responses to the questions.

SCHEDULE NEXT MEETING AND DEVELOP AGENDA

It was agreed that the next meeting would be held on August 5, 2014, and this meeting would include review of the responses to the questions, and applicant presentations. The meeting will begin at 9:00 A.M., and interviews will be scheduled 45 minutes apart. This will allow for a 15 minute presentation, 15 minute question and answer period, and a 15 minute debrief period. The presentations will end at noon. The Task Force will have a working lunch while it refines the scores and deliberates regarding funding recommendations.

ADJOURNMENT

Having no further business, the meeting adjourned at 11:48 A.M.

August 5, 2014
9:00 A.M.
Newport, Oregon

The Tourism Facilities Grant Review Task Force met on the above date in Conference Room A of the Newport City Hall. Task Force members in attendance were: Ann Aronson, Stan Rowe, Margaret Dailey, Julie Hanrahan, John Lavrakas, Caroline Bauman, and Randy Getman. Also in attendance was Dean Sawyer, Council Liaison, Peggy Hawker, City Recorder/Special Projects Director, and Larry Coonrod from the Lincoln County Dispatch.

PRESENTATIONS BY APPLICANTS AND RESPONSE TO TASK FORCE QUESTIONS

Sea Lion Docks Foundation - Bob Ward and Stan Pickens appeared on behalf of the Sea Lion Docks Foundation grant application. They distributed a handout in support of the request for \$10,000 from the city's tourism facility funds. They reviewed the status of the project and responded to Task Force questions. Discussion included: all permits had been obtained; no formal agreement is needed with the Port, but the final design will be approved by the Port; and the number of visitors expected, and the number that could be accommodated in the viewing area.

Salmon for Oregon - Jim Wright appeared on behalf of the Salmon for Oregon grant application. He explained the request for \$25,000 to purchase two net pens for this project. He reviewed the status of the project and responded to Task Force questions. Discussion included: permits not yet obtained; whether net pens would qualify as real property under state statute; concerns over out-year revenue sources; copy of 990 and other financial documents were not provided; and other agency support.

Lincoln County Historical Society - Steve Wyatt and John Baker appeared on behalf of the Lincoln County Historical Society grant application. Wyatt explained the request for \$14,000 to partially fund the "Propeller Promenade" on Bay Boulevard in front of the Pacific Maritime and Heritage Center. He made a brief PowerPoint presentation and distributed a handout of the proposed project. He reviewed the status of the project and responded to Task Force questions. It was noted that the Port had written a letter of support. Discussion included: potential walkway from Bay Boulevard to the Pacific Maritime and Heritage Center; timing of the project, interpretative signage; and coordination with city staff.

Pacific Communities Health District Foundation - David Bigelow appeared on behalf of the Pacific Communities Health District Foundation, and Foundation director, Ursula Marinelli, participated by telephone. Bigelow presented a short video in which Lorna Davis, Executive Director of the Greater Newport Chamber of Commerce, addressed the tourism potential of the Health Education Center. Bigelow showed two display boards that included the layout and street views of the facility. Bigelow reviewed the status of the project and he and Marinelli responded to Task Force questions.

DEVELOPMENT OF TASK FORCE RECOMMENDATIONS TO THE CITY COUNCIL

The Task Force completed scoring sheets that had been provided and discussed each application with the following recommendations to the City Council:

Sea Lion Docks Foundation	\$10,000
Salmon for Oregon	No funding recommended for the following reasons: <ol style="list-style-type: none">1. Vagueness of proposal, no solid revenue source in out-years;2. Not a perfect fit for this funding;3. Incomplete application.
Lincoln County Historical Society	\$14,000
Pacific Communities Health District	\$50,000

Hanrahan had to leave the meeting and did not participate in this discussion, but submitted written scoring sheets which correspond with the recommendations of the remainder of the Task Force. She however disclosed that she is on the board of the Hospital Foundation and did not score that application.

TASK FORCE COMMENTS

Lavrakas noted that the process works well, but in the future, it should be highlighted that all questions from the Task Force need to be answered by the applicants.

A discussion ensued regarding what would happen if there is \$26,000 left in this fund. It was noted that some of the grantees may need additional funding and could make that request of the City Council. A further discussion ensued regarding whether the fund could be built up for future grant awards. It was the consensus of the Task Force that if there is \$26,000 remaining at the conclusion of this grant cycle, separate applications could be accepted for that money, and if there is \$1,000 remaining, that the Sea Lion Docks Foundation and the Lincoln County Historical Society split this amount.

Rowe reported that he was told that the transient room tax was increased for the event center, but did not revert to its former percentage when the event center was not built.

It was agreed that the Task Force will present its recommendations to the City Council at the September 2, 2014 City Council meeting.

ADJOURNMENT

Having no further business, the meeting adjourned at 12:50 P.M.

RESPONSE TO TASK FORCE QUESTIONS
RECEIVED OCTOBER 29, 2014

1. Please provide a breakdown on the \$124,000 that you are showing as having already been spent.

Salmon For Oregon Association, Inc was legally registered in January of 2012 with original founding members Dr. Bill Mc Neil, Tom Becker Sr. and Dick Severson. James F. Wright was hired January 5th, 2012 to be Communications Director for the organization and his first assignment was to oversee the creation of the 8 page newspaper insert detailing a short history of Salmon enhancement on the central Oregon coast and the goals of the organization. Working with the Newport News-Times, the insert was created and 250,000 inserts were distributed to 9 coastal and mid Willamette Valley newspapers. That publication and the distribution of it cost roughly \$30,000.

Over the next 18 months James was paid \$5,000 a month to work full time for the organization. James traveled the coast meeting with Cities, Counties, Rotary clubs, Chambers of Commerce, Fishing Clubs, Business owners, Tribes, and individuals to promote the organization. In Salem, James worked at developing relationships with members of the legislature by doing legislative outreach, and the Department of Fish and Wildlife. That outreach and timing was invaluable as ODFW was making new plans for the next ten years with the newly approved Coastal Management Plan.

So essentially, James was paid \$90,000 over 18 months and the publication cost roughly \$30,000 to produce and distribute. There was an additional \$4,000 or so in incidental expenses related to internet maintenance, office supplies, shipping etc., and travel. Since August of 2013, James has worked without compensation, and has been reimbursed in most cases for travel expenses and public relations. There is no plan in the immediate future for that to change.

2. Is this project proposed by a government agency? Please clarify the relationship of Salmon for Oregon with state agencies.

Please see letter from ODFW's Bruce McIntosh in our additional materials.

3. How many pens are being planned and what is the cost of each pen?

100,000 smolts initially will require 2 net pens. Each one costing just under \$12,000 new. See blue print design provided in initial grant request filing.

4-Please describe how the pens qualify as real property. Are they permanent fixtures?

According to the Oregon Department of Justice opinion from November 2008, specifically on pages 5 and 6, 'Other Improved Real Property' is stated as follows:

The first criterion is that the facility be "other improved real property." "Other"

obviously means “other than” conference centers, convention centers and visitor information centers that fit within the categorical statutory definitions. Turning to “improved real property,” there is no common definition of that phrase. Parsing the words, the relevant definition of “improve” is “to increase the value of (land or property) by bringing under cultivation, reclaiming for agriculture or stock raising, erecting buildings or other structures, laying out streets, or installing utilities (as sewers).” WEBSTER’S at 1138. “Real” in this context means “[1] c: of or relating to things (as lands, tenements) that are fixed, permanent, or immovable; specifically: of or relating to real estate <real property>.” Id. at 1890. The fitting definition of “property” is: “2 a: something that is or may be owned or possessed: WEALTH, GOODS specifically: a piece of real estate[.]” Id. at 1818. Putting those definitions together, “improved real property” means real estate or land enhanced in value by a building or other structure, cultivation, reclamation for agriculture or ranching, or by streets and utilities, such as sewers. Therefore, land enhanced by streets or sewers or other utilities is “improved real property.”

We note “improved real property” connotes a thing – improved land – rather than a project. If the improved real property qualifies as a “tourism-related facility” the local government may “fund” it without limitation pursuant to ORS 320.350(5)(a) and (6). “Fund,” which is used as a verb in the statute, means “to furnish money for.” THE AMERICAN HERITAGE DICTIONARY at 342 (3d ed 1994) (we consulted a commonly-used dictionary other than WEBSTER’S, because it provides no definition that is applicable in this context). Applying that definition, to “fund” a tourism-related facility is to furnish money for a tourism-related facility...

The last criterion – that the property has “a substantial purpose of supporting tourism or accommodating tourist activities” – is the linchpin of the definition, being the one that makes the property “tourism-related.” Each of the terms in this criterion requires careful consideration, beginning with “substantial purpose.”

The pertinent definition of “purpose” is “something that one sets before himself as an object to be attained: an end or aim to be kept in view in any plan, measure, exertion, or operation: DESIGN.” WEBSTER’S at 1847. Therefore a “substantial purpose” means a substantial objective to be attained by the facility.

“Substantial” is used in the statute as an adjective to describe “purpose.” The adjective “substantial” has a range of meanings, three of which are pertinent. The first is “consisting of, relating to, sharing the nature of, or constituting substance: * * * MATERIAL.” Id. at 2280.

“Substance” means “essential nature: ESSENCE * * * a fundamental part, quality or aspect: essential quality or import: the characteristic and essential part.” Id. at 2279. The second relevant definition of “substantial” is “being of moment: IMPORTANT, ESSENTIAL.” Id. at 2280. “Important,” in turn, means “marked by or possessing weight or consequence.” Id. at 1135. The third relevant definition of substantial is “being that specified to a large degree or in the main” as in “a substantial victory or a substantial lie.” Id. at 2280. The relevant definition of “large” is “of considerable magnitude: BIG.” Id. at 1272. And “main” means “outstanding, conspicuous or first in any respect: GREAT, PREEMINENT: principal.” Id. at 1362.

In short, “substantial purpose” may mean: (1) a fundamental, characteristic or essential part of the purpose; (2) a weighty, consequential purpose; (3) a purpose of considerable magnitude; or even, (4) the first purpose. A slight, unimportant or inconsequential purpose would not be “substantial” under any of those definitions; the purpose must be important and consequential. Under the last

5. What will the \$55,000 annual operating costs cover? Staff salaries, fish food, etc.?

In an email from Thomas Stahl of ODFW, dated 7/25/14 we received the following response to this question.

“This is not a final number because the exact details of the acclimation have not been worked out yet. It is a very general estimate of time (65% of amount is staff time, though we expect this to be covered by STEP volunteers – this is the \$ equivalent so not a true expense) and materials (electricity, pump if needed, feed?, transportation costs, etc...) needed to acclimate and release fish each year (some or all of this may be donated as well).”

We expect the \$ equivalence in volunteer time to be exercised by members of U Da Man organization, and those who we expect to volunteer in the future as the program gets underway.

6. Please explain the reference that one fish equals \$400 to the local economy.

I believe in my grant explanation the statement was \$200 to \$400 added to the economy from one fish caught.

Please refer to answer # 12 for a complete response.

7. How long will the pens last? Are they permanent fixtures?

According to Tod Jones, former Manager of Clatsop County Fisheries, "Pen life should exceed 50 years, given that they are used for so little each year. If they are stored in protected area there should be little that will wear or deteriorate."

8. If the project fails within ten years, who would own the pens? Or would the pens be removed?

Quoting Tod Jones, "As I have indicated to you on several previous occasions, Jim, the science of net pen rearing for the purpose of acclimation and imprinting anadromous species is a settled science. It has been practiced for many decades from as far south as the Sacramento River in California to Kodiak, Alaska. I personally have used this strategy not only in South East Alaska but here at the mouth of the Columbia River when I managed the Clatsop County Fisheries Project." (Formerly known as CEDC) (Youngs Bay project)

"In Alaska and British Columbia all five species of salmon have been acclimated very successfully. We developed remote release sites to isolate the harvest of hatchery stocks to avoid harvest of wild stocks. This enabled the sport and commercial fishers the opportunity to maximize harvest to satisfy the market and provide a quality recreational experience unimpeded or constrained by protected wild salmon and steelhead. Here in Oregon and Washington, the net pen strategy has been appreciated but underutilized and with the legislature and governor shutting down the gill-net harvest on the main stem of the Columbia River this strategy will likely be greatly expanded."

We don't anticipate failure, but to answer the question, if it is deemed that the project be discontinued after a period of time by either the Agency or other, most likely the pens would be sold and the revenue generated would be donated to other appropriate fish projects.

The pens would be owned by the non-profit.

ODFW will be monitoring very closely the success and or failures of the project.

9. Do you have an agreement with the Port of Newport to allow placement of the pens on Port property?

We have appeared before the Port Commission 4 times in the last two years. After answering many of their questions over that period of time, the Commission gave SFO a vote of support for continuing the effort.

As this is a fluid situation moving forward, the decision has not yet been made as to where the pens will be placed during acclimation. We feel that once the location decision has been made by the appropriate authorities, that based on our reception from past appearances before the commission and conversations with Port Commissioners, the Port will be fully supportive of an agreement and will be signed at the proper time.

10. Have you water tested?

Water testing will be performed once the decision has been made as to where the pens will be placed during acclimation. That testing will be done by the appropriate agency personnel.

11. If the pens only need to be in the water for six weeks, are they removed from the water after six weeks?

The pens will be removed and cleaned and then stored until the following year when acclimation begins again.

12. Please thoroughly describe the economic impact of the project. The numbers do not have references.

In the above stated email from Thomas Stahl of ODFW, date 7/25/14 we received the following response that this question.

“It’s a relatively recent Rogue River study that collected data from past research on the total economic value of salmon/steelhead to sport anglers. The metric is Willingness to Pay (WTP) per fish, which is the sum of two parts. The amount that the angler actually spends to fish and the difference b/w what the angler is willing to pay and what he actually pays (known as consumer surplus). For Chinook, the authors find the average estimated annual WTP to be \$232 in 2007 dollars (Table 8). In 2014 dollars, that is about \$267.”

Using that 2014 number of \$267, if 5,000 returning spring Chinook are caught, that adds up to \$1,335,000 to the local spring economy in the three month period of late April to middle of July.

That study as a pdf is included in this email.

In another e mail response to this question, dated 7/30/14, Thomas Rumreich, the famed biologist/economist from Coos Bay stated... “That is correct, the most recent information available to me at ODFW is that an “angler day” is currently valued at \$87.00/ day (Pole

in the water). The average economic impact for a chinook is \$300 (recreational) per fish caught. I hope this helps. Call me if you need anything else.”

Thomas was a contributor to that study. (He is trying to locate a copy for us)

If a fish caught represents \$300, then that 5,000 returning spring Chinook represent at least \$1,500,000 or more to the spring economy of Yaquina Bay

The Wild Rivers Coast Alliance in Bandon is in the process of doing a new study to develop what they call a salmon calculator. The numbers they are seeing are much higher than we have stated here. We believe our numbers are conservative at best.

13. Please provide empirical data from ODF&W?

According to Tod Jones, former Manager of Clatsop County Fisheries, “Depending on the health of the smolts, predation from year to year, ocean temperature and conditions, the Youngs Bay spring chinook project, which is ongoing has experienced from 3/4% of a percent to 5% return from year to year.” They release 1,000,000 smolts each year.

14. If possible, provide numbers from the similar project at Winchester Bay.

Please see #13

15. Explain how this project is economically viable. What is the long-term revenue source?

ODFW views this project as an economic development project. We have met with State Senator Arnie Roblan, and Coastal Caucus Chairman Rep. Caddy McKeown several times in the last six months to discuss long term sustainable funding through the legislature and lottery funds. They are completely in support of the effort. We will be presenting this project to the entire Coastal Caucus in December and anticipate the Caucus to sponsor legislation to create long term sustainable funding for this project. Senator Roblan himself is authoring the legislation.

16. Please provide a balance sheet, profit and loss statement, and a recently filed 990.

Financial profit and loss statement and balance sheet is provided in this email.

Response to Question #2

**Department of Fish and
Wildlife**
Fish Division
4034 Fairview Industrial
Drive SE
Salem, OR 97302
(503) 947-6200
FAX: (503) 947-6202
TTY (503) 947-6339

October 27, 2014

James F. Wright
Salmon for Oregon Assoc. Inc.
PO Box 746
Lyons, OR 97358

RE: ODFW's support and appreciation for Salmon for Oregon's work to fund new hatchery spring Chinook programs in Yaquina and Coos Bays

Dear Jim,

This letter is intended to document the Oregon Department of Fish and Wildlife's (ODFW's) support and appreciation for the collaboration and work that you and Salmon for Oregon have done, and continue to do, to encourage support and funding of the new spring Chinook hatchery programs called for in the Coastal Multi-Species Conservation and Management Plan (CMP) adopted by ODFW this past spring.

The CMP identified the development of new angling opportunities in Yaquina Bay and Coos Bay for hatchery spring Chinook as a way to help increase angler activities in these local communities in the spring months. Once funded, these hatchery fish would be reared by ODFW and acclimated and released with the help of volunteers into both bays. The CMP also identified that funding for these new hatchery programs, along with funds for monitoring and evaluating the success of the programs, would need to be secured with the help of volunteers and outside groups.

ODFW would like to thank you and Salmon for Oregon for being a dedicated partner with ODFW since the idea for these programs was first proposed during the development of the CMP. ODFW has appreciated and supported your group's efforts to gain support and funding for these programs. ODFW will continue to work collaboratively with Salmon for Oregon in your efforts to secure support and funding for these new programs.

Sincerely,



Bruce A. McIntosh
Deputy Fish Division Administrator – Inland Fisheries
Oregon Department of Fish and Wildlife

Cc: Shannon Hurn, John Spangler, Kevin Goodson, Tom Stahl - ODFW



740 S 28th Street * Washougal, WA 98671-2597

Ph: (360) 835-2129 * 1-800-634-5082 * Fax (360) 835-3521

Email: ralph.ford@ferguson.com

Website: www.hdpe.com

CUSTOMER QUOTATION

ATTENTION:

Tod Jones

DATE:

4/22/2013

BY:

Ralph Ford

Estimating / Technical 104

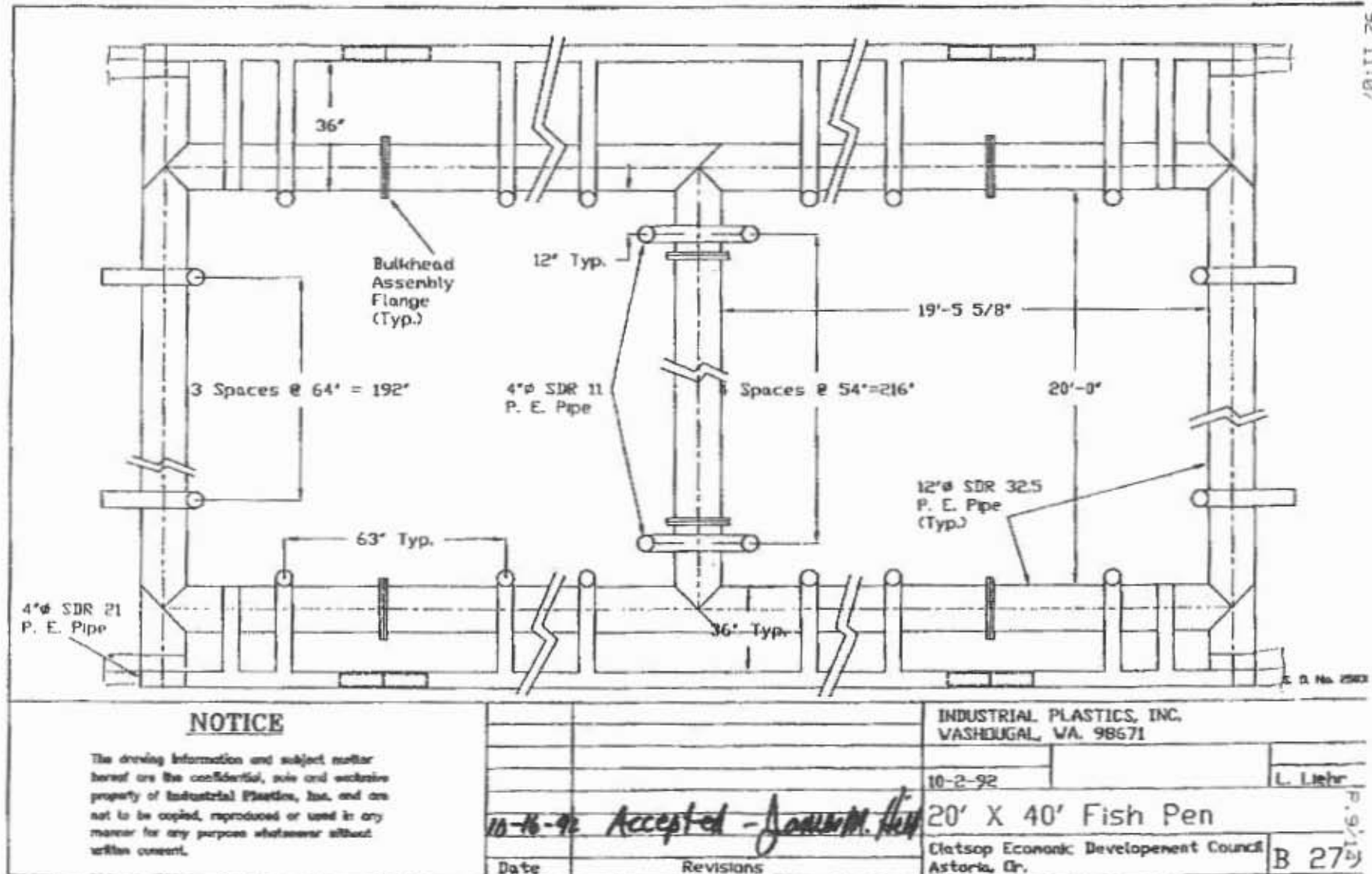
PHONE:

FAX:

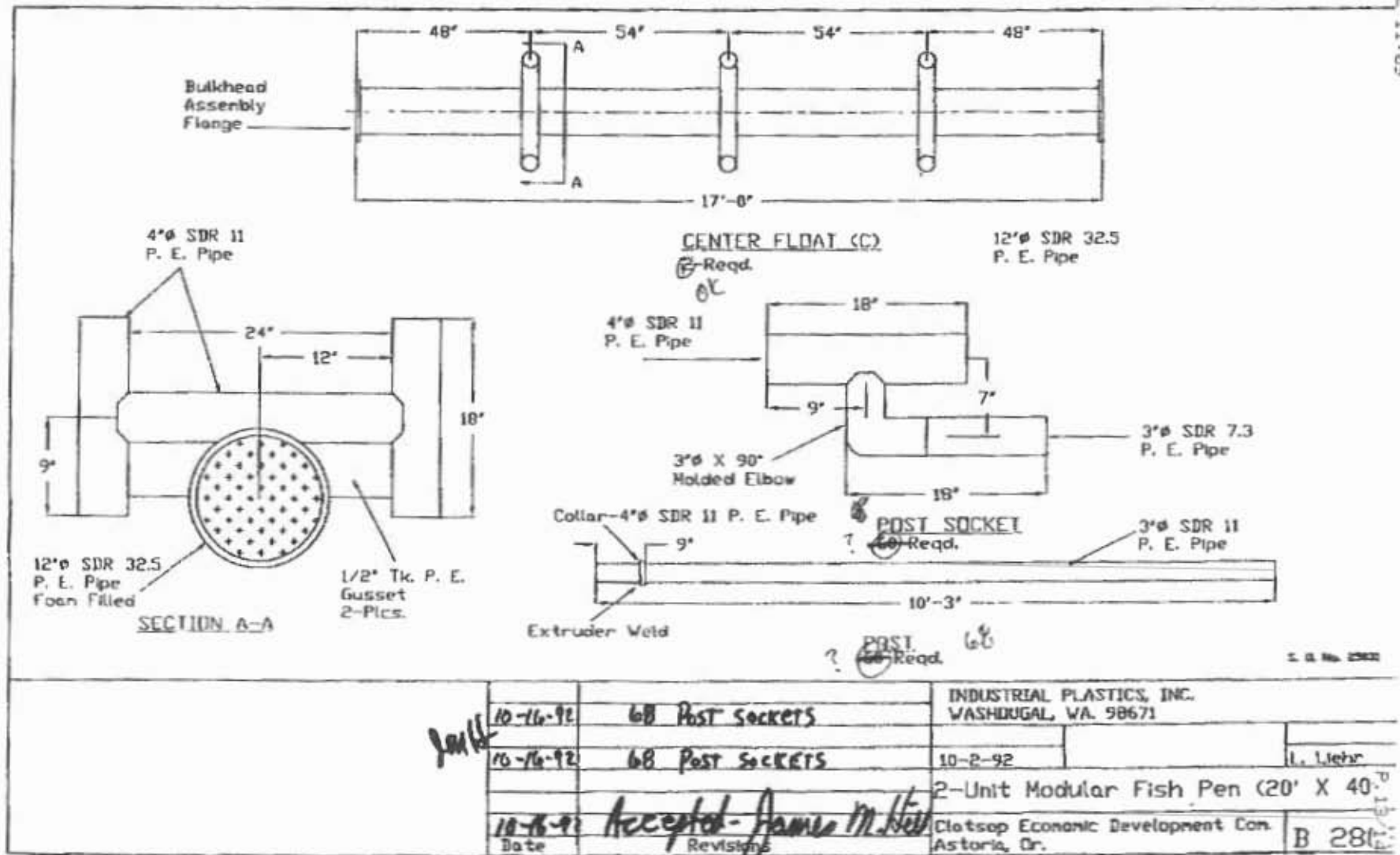
PRODUCTION TIME	SHIP METHOD	FOB	TERMS
<i>4-6 weeks</i>	<i>Best truck</i>	<i>Washougal</i>	
QUANTITY	DESCRIPTION	PRICE	AMOUNT
<i>Per each</i>	<i>CEDC style 2 pen unit fish pen complete with post sockets, posts, downrigger posts, crosspipes, nonslip fiberglass grating, and all bolting hardware.</i>	<i>\$11,926.00</i>	
	<i>ESTIMATED FREIGHT</i>	<i>>>>>>>>>>>>>>>>></i>	
	<i>TAX</i>	<i>>>>>>>>>>>>>>>>></i>	
SPECIAL INSTRUCTIONS			
<i>Please call with any questions or comments. Thanks Ralph</i>			
	<i>PRICE GOOD FOR 14 DAYS</i>	<i>TOTAL</i>	<i>\$0.00</i>

Quantities are estimates only, please rely on your takeoff. Any freight cost are estimates only. This quote is for the purpose of pricing only and is to remain strictly confidential. We are pleased to provide the above quotation in response to your recent inquiry. This quotation is not an offer and confers no power of acceptance in any person. This quotation is subject to change without notice and presumes all sales are subject to our standard terms and conditions which are available for your review upon request.

OCT 16 '92 11:07



OCT 16 '92 11:09





DEPARTMENT OF JUSTICE
GENERAL COUNSEL DIVISION

November 14, 2008

Todd Davidson, Chief Executive Officer
Oregon Tourism Commission
670 Hawthorne Avenue SE, Suite 240
Salem, OR 97301

Re: Opinion Request OP-2008-3

Dear Mr. Davidson:

In 2003, the legislature enacted ORS 320.300 to 320.990, which govern the collection and use of state and local transient lodging taxes. Or Laws 2003, ch 818. Transient lodging taxes are taxes "imposed on any consideration rendered for the sale, service or furnishing of transient lodging." ORS 320.305(1). ORS 320.350 restricts how local governments may spend revenue from lodging taxes imposed or increased on or after July 2, 2003. Specifically, ORS 320.350(5) and (6) require local governments to use at least 70 percent of the net revenue generated from any new or increased lodging taxes for specified tourism-related purposes (for simplicity this opinion will refer to the net revenue generated from new and increased taxes as "new lodging tax revenue.") One of those tourism-related purposes is funding "tourism-related facilities." ORS 320.350(5)(a). You ask whether certain local expenditures qualify as funding "tourism-related facilities." Your question, a short answer, and a supporting discussion follow.

QUESTION PRESENTED

Can local infrastructure, such as county roads or city sewers, qualify as "tourism-related facilities" under ORS 320.350(5)(a) such that local governments may fund them, without restriction, with new lodging tax revenue? If so, under what circumstances?

SHORT ANSWER

Based on the text, context, and legislative history of ORS 320.300(9) and ORS 320.350(5) and (6), the legislature most likely intended local roads, sewers, sewer plants, and transportation facilities to qualify as "tourism-related facilities" only if they draw tourists themselves, directly serve a specific tourist attraction (such as an access road), or are part of the infrastructure of a specific tourist attraction (such as a restroom and the on-site sewer line.) The legislature most likely did not intend "tourism-related facilities" to encompass roads and other infrastructure simply because they are used, even heavily, by tourists as well as locals.

DISCUSSION

1. Method for Interpreting Statutes

To answer your question, we must interpret the relevant statutes with the goal of determining the legislature's intent. *PGE v. Bureau of Labor and Industries*, 317 Or 606, 610, 859 P2d 1143 (1993); ORS 174.020. We begin by examining the statute's text and considering statutory and judicially created rules of construction that bear directly on how to read the text, such as to give words of common usage their "plain, natural and ordinary meaning." *Id.* at 611; ORS 174.010. We do not examine the text in isolation but in context, including other provisions of the same statute. *Id.* at 610; *SAIF Corporation v. Walker*, 330 Or 102, 108, 996 P2d 979 (2000). If the text and context suggest only one possible meaning, our inquiry ends there. *PGE*, 317 Or at 610-11. If more than one meaning is possible, we examine legislative history to determine which meaning the legislature intended. *Id.* at 611-12.

2. ORS 320.350

a. Text of the Provision

ORS 320.350 provides, in relevant part, that:

(1) A unit of local government that did not impose a local transient lodging tax on July 1, 2003, may not impose a local transient lodging tax on or after July 2, 2003, unless the imposition of the local transient lodging tax was approved on or before July 1, 2003.

(2) A unit of local government that imposed a local transient lodging tax on July 1, 2003, may not increase the rate of the local transient lodging tax on or after July 2, 2003, to a rate that is greater than the rate in effect on July 1, 2003, unless the increase was approved on or before July 1, 2003.

* * *

(5) Subsections (1) and (2) of this section do not apply to a new or increased local transient lodging tax if all of the net revenue from the new or increased tax, following reductions attributed to collection reimbursement charges, is used consistently with subsection (6) of this section to:

(a) Fund tourism promotion or tourism-related facilities;

(b) Fund city or county services; or

(c) Finance or refinance the debt of tourism-related facilities and pay reasonable administrative costs incurred in financing or refinancing that debt * * *.

* * *

(6) At least 70 percent of net revenue from a new or increased local transient lodging tax shall be used for the purposes described in subsection (5)(a) or (c) of this section. No more than 30 percent of net revenue from a new or increased local transient lodging tax may be used for the purpose described in subsection (5)(b) of this section.

Accordingly, local governments must spend at least 70 percent of new lodging tax revenue on the identified tourism-related purposes, including funding tourism-related facilities, and no more than 30 percent to fund “city or county services.” You ask whether local infrastructure, such as county roads or city sewers, can qualify as “tourism-related facilities” under ORS 350.320(5)(a) and be funded without limitation by new lodging tax revenue or whether those facilities are more properly categorized as county and city services subject to the 30 percent funding limitation.

b. City or County Services

We first discuss the meaning of “city or county services.” “Services” is the plural of “service,” which, used as a noun, has a variety of meanings. Potentially relevant meanings include “the duties, work, or business performed or discharged by a government official,” “action or use that furthers some end or purpose: conduct or performance that assists or benefits someone or something: deeds useful or instrumental toward some object,” “useful labor that does not produce a tangible commodity – usually used in plural <railroads, telephone companies, and physicians perform *services* although they produce no goods>” and “the provision, organization, or apparatus for conducting a public utility or meeting a general demand.” WEBSTER’S THIRD NEW INTERNATIONAL DICTIONARY (WEBSTER’S) at 2075 (unabridged 2002).

It is not apparent from the text and context which of those meanings the legislature intended. For instance, it may be that the legislature intended city or county services to mean the provision of labor (police, fire, etc.), but not facilities funding or it may have meant the term to encompass all services provided. In such a circumstance, we consult legislative history to discern the legislature’s intended meaning.

ORS 320.350(5)(b) was enacted in 2003 as part of HB 2267. Or Laws 2003, ch 818, § 10. Originally, HB 2267 required all new local lodging tax revenue to be spent on tourism. HB 2267, § 11 (Introduced) (2003). Before 2003, local governments had not been restricted in their use of local lodging tax revenue and they opposed the new restriction. *See former* ORS 305.824 (governing local lodging taxes before 2003). Lodging and tourism groups and local government associations eventually compromised and the bill was amended to allow local governments to use up to 30 percent of new local lodging tax revenue for city and county services. The legislative history demonstrates that the legislature intended to allow local governments to use that 30 percent for *any* expenditure they chose:

LARRY CAMPBELL: Recognize that, in this Bill, 30 percent of increased local taxes can be used any way the community wants to. They are not limited to public service or anything else.

Testimony of Larry Campbell, Oregon Lodging Association (HB 2267), July 23, 2003, tape 223, side B at 117.

REPRESENTATIVE VERGER: This bill perhaps strikes [a] balance of being able to protect 70 percent of that money at the same time [allowing] cities * * * to do whatever they want to do with the 30 percent.

Testimony of Representative Verger, House Revenue Committee (HB 2267), August 12, 2003, tape 241, side A at 73.

REPRESENTATIVE SCOTT: [HB 2267] require[s] 70 percent of the new local tax revenue to be used for tourism purposes [and] up to 30 percent to be used for the needs of the local jurisdiction at their choice.

Testimony of Representative Scott, House Floor Debate (HB 2267), August 19, 2003, tape 176, side A at 065.

SENATOR METZGER: [HB 2267] creates a formula requiring 70 percent of new local room tax revenue to be used for tourism purposes and up to 30 percent to be used for the needs of the local jurisdiction as they see fit.

Testimony of Senator Metzger, Senate Floor Debate (HB 2267), August 22, 2003, Tape 281, side B at 311.

That history demonstrates that the legislature intended ORS 320.350(6) to allow local governments to use up to 30 percent of new lodging tax revenue in any way they saw fit, but to require that they spend at least 70 percent on tourism. Therefore, local governments may use up to 30 percent of new lodging tax revenue to fund local infrastructure, including roads and sewers. If the road or sewer does not qualify as a "tourism-related facility" the local government can spend no more. But, if a road or sewer qualifies as a "tourism-related facility", the 30 percent limitation is inapplicable and the local government may expend up to 100 percent of new lodging tax revenue to fund the facility. We next consider whether city or county infrastructure such as roads and sewers can qualify as "tourism-related facilities."

c. Definition of Tourism-Related Facility

ORS 320.300(9) provides that "tourism-related facility":

(a) Means a conference center, convention center or visitor information center;
and

(b) Means other improved real property that has a useful life of 10 or more years and has a substantial purpose of supporting tourism or accommodating tourist activities.

“Conference center,” “convention center” and “visitor information center” are defined by ORS 320.300(2), (3) and (13), respectively. Facilities that fit within those categorical statutory definitions are “tourist-related facilit[ies]” for purposes of ORS 320.350(5)(a). But those definitions are very restrictive and apply to very few facilities in Oregon. For example, among other requirements, a convention center must have a room-block relationship with the local lodging industry and generate a majority of its business income from tourists. ORS 320.300(3). A conference center must meet the current membership criteria of the International Association of Conference Centers. ORS 320.300(2).

Other tourism-related facilities also can qualify as “tourism-related facilities” if they meet certain criteria set out in ORS 320.300(9)(b). Specifically, the facility must be: “other improved real property”, “ha[ving] a useful life of 10 or more years”; and “a substantial purpose of supporting tourism or accommodating tourist activities.” We examine each of those criteria in turn.

(1) Other Improved Real Property

The first criterion is that the facility be “other improved real property.” “Other” obviously means “other than” conference centers, convention centers and visitor information centers that fit within the categorical statutory definitions.

Turning to “improved real property,” there is no common definition of that phrase. Parsing the words, the relevant definition of “improve” is “to increase the value of (land or property) by bringing under cultivation, reclaiming for agriculture or stock raising, erecting buildings or other structures, laying out streets, or installing utilities (as sewers).” WEBSTER’S at 1138. “Real” in this context means “[1] c: of or relating to things (as lands, tenements) that are fixed, permanent, or immovable; *specifically*: of or relating to real estate <real property>.” *Id.* at 1890. The fitting definition of “property” is: “2 a: something that is or may be owned or possessed: WEALTH, GOODS *specifically*: a piece of real estate[.]” *Id.* at 1818. Putting those definitions together, “improved real property” means real estate or land enhanced in value by a building or other structure, cultivation, reclamation for agriculture or ranching, or by streets and utilities, such as sewers. Therefore, land enhanced by streets or sewers or other utilities is “improved real property.”

We note “improved real property” connotes a thing – improved land – rather than a project. If the improved real property qualifies as a “tourism-related facility” the local government may “fund” it without limitation pursuant to ORS 320.350(5)(a) and (6). “Fund,” which is used as a verb in the statute, means “to furnish money for.” THE AMERICAN HERITAGE DICTIONARY at 342 (3d ed 1994) (we consulted a commonly-used dictionary other than WEBSTER’S, because it provides no definition that is applicable in this context). Applying that definition, to “fund” a tourism-related facility is to furnish money for a tourism-related facility.

Thus if the improved real property qualifies as a tourism-related facility, the local government may use funds in any way it sees fit on the facility, including to expand or maintain it.

(2) Useful Life of 10 or More Years

Roads and sewers and other city or county infrastructure, in the normal instance, have a useful life of 10 or more years, but that would be a factual matter to be determined on a facility by facility basis.

(3) Substantial Purpose of Supporting Tourism or Accommodating Tourist Activities

The last criterion – that the property has “a substantial purpose of supporting tourism or accommodating tourist activities” – is the linchpin of the definition, being the one that makes the property “tourism-related.” Each of the terms in this criterion requires careful consideration, beginning with “substantial purpose.”

The pertinent definition of “purpose” is “something that one sets before himself as an object to be attained: an end or aim to be kept in view in any plan, measure, exertion, or operation: DESIGN.” WEBSTER’S at 1847. Therefore a “substantial purpose” means a substantial objective to be attained by the facility.

“Substantial” is used in the statute as an adjective to describe “purpose.” The adjective “substantial” has a range of meanings, three of which are pertinent. The first is “consisting of, relating to, sharing the nature of, or constituting *substance*: * * * MATERIAL.” *Id.* at 2280. “Substance” means “essential nature: ESSENCE * * * a fundamental part, quality or aspect: essential quality or import: the characteristic and essential part.” *Id.* at 2279. The second relevant definition of “substantial” is “being of moment: IMPORTANT, ESSENTIAL.” *Id.* at 2280. “Important,” in turn, means “marked by or possessing weight or consequence.” *Id.* at 1135. The third relevant definition of substantial is “being that specified to a large degree or in the main” as in “a *substantial* victory or a *substantial* lie.” *Id.* at 2280. The relevant definition of “large” is “of considerable magnitude: BIG.” *Id.* at 1272. And “main” means “outstanding, conspicuous or first in any respect: GREAT, PREEMINENT: principal.” *Id.* at 1362.

In short, “substantial purpose” may mean: (1) a fundamental, characteristic or essential part of the purpose; (2) a weighty, consequential purpose; (3) a purpose of considerable magnitude; or even, (4) the first purpose. A slight, unimportant or inconsequential purpose would not be “substantial” under any of those definitions; the purpose must be important and consequential. Under the last definition, the purpose must even be the “main” – meaning first or preeminent – purpose.

Context suggests that the legislature may not have meant “substantial” in the sense of the main or first purpose. ORS 320.300(13), a related statute defining “visitor information center,” states that it is “a building, or a portion of a building, *the main purpose of which* is to distribute or disseminate information to tourists.” (Emphasis added). We generally presume that when the legislature uses different language in related provisions it intends different meanings. *PGE*, 317

Or at 611 (use of term in one section and not in another section of the same statute indicates a purposeful omission); *State v. Guzek*, 322 Or 245, 265, 906 P2d 272 (1995) (when the legislature uses different terms in related statutes, we presume that the legislature intended different meanings.) Applying the presumption, the legislature's use of "the main purpose" in ORS 320.300(13) and "a substantial purpose" in ORS 320.300(9)(b) presumptively demonstrates that the legislature did not intend "a substantial purpose" to mean "the main purpose" as in the first or principal purpose.

Accordingly, "a substantial purpose" likely means an important, weighty, consequential purpose, but not necessarily the first or chief purpose. "Important, weighty and consequential" have both qualitative and quantitative aspects. Even in the latter sense, those terms do not lend themselves to precise quantification. Thus, it is not obvious how to determine whether a "purpose" is "important, weighty, or consequential." For that reason, it is appropriate to consult legislative history for clarification. But first we consider the meanings of "supporting tourism" and "accommodating tourist activities."

Beginning with "supporting tourism," "supporting" means "to uphold by aid[ing] * * * [or] actively promot[ing] the interests or cause of [.]" WEBSTER'S at 2297. "Tourism" means "economic activity resulting from tourists." ORS 320.300(6). Therefore, "supporting tourism" means aiding or actively promoting economic activity resulting from tourists.

Facilities might aid or actively promote tourist spending in the community in a number of ways. First, facilities like convention centers, conference centers, and performing arts centers could hold conventions, conferences and other events that draw tourists – and their tourist dollars – into the community. Second, tourists could be drawn into the community by the nature of the facility itself, such as an improved recreational area or a museum. Third, a facility like a visitor's center could disseminate information to tourists that would induce them to spend their money at various places in the community. All of those facilities likely aid or actively promote tourist spending in the community.

Roads and sewers are not like those facilities; they do not "draw" in tourists or induce them to spend their money in the community. On the other hand, most roads and sewers may *indirectly* aid or promote tourist spending by providing adequate infrastructure to tourists who are drawn to the community for other reasons. The text and context do not clarify how attenuated the legislature intended the "aid" or "support" of tourist spending to be and, later in this opinion, we will look to legislative history for clarification, but first we examine the meaning of "accommodating tourist activity."

The relevant definition of "accommodate" is to "furnish with something desired, needed, or suited." WEBSTER'S at 12. "Tourist" is defined by ORS 320.300(10) to mean:

a person who, for business, pleasure, recreation or participation in events related to the arts, heritage or culture, travels from the community in which that person is a resident to a different community that is separate, distinct from and unrelated to the person's community of residence, and that trip:

(a) Requires the person to travel more than 50 miles from the community of residence; or

(b) Includes an overnight stay.

“Activity” means “an occupation, pursuit, or recreation in which a person is active – often used in plural <business *activities*> <social *activities*>.” WEBSTER’S at 22. Putting the definitions of “tourist” and “activities” together, “tourist activities” are business activities, pleasure and recreation activities, and attending arts, heritage and cultural events when done by people who travel more than 50 miles from their community of residence or stay overnight in a community that is distinct from their community of residence to do so. We doubt that the legislature meant “tourist activities” to include activities of daily living, such as using local infrastructure like the roads, water, and wastewater systems, because the definition of “tourist” is limited to visitors who come to a community “for” certain activities. That limitation strongly suggests that “accommodating tourist activities” means accommodating the listed activities.

Putting it all together, an improved real property has a substantial purpose of “accommodating tourist activities” if it furnishes something desired, needed or suited for tourists to engage in business, pleasure or recreational activities or to attend arts, heritage or cultural events. Obvious examples, because they furnish places that are desired, needed or suited to those tourists activities, would be convention and conference centers, improved recreational areas, museums, and performing arts centers.

Once again, local infrastructure is unlike those facilities because it does not directly accommodate tourist activities. But, again, infrastructure may indirectly accommodate tourist activities by furnishing something necessary, desired or suited for tourists to use the places that *do* accommodate tourist activities. For example, an access road to a recreational facility makes it possible for tourists to use the facility. It is not clear, however, whether the legislature intended facilities that provide indirect accommodation to be included.

Based on our examination of text and context, we conclude that roads and sewers fit within the definition of improved real property, but questions remain about whether they have a substantial purpose of supporting tourism or accommodating tourist activities. We next examine the legislative history for clarification.

d. Legislative History Concerning “Substantial Purpose of Supporting Tourism or Accommodating Tourist Activities”

ORS 320.300(9) (defining “tourism-related facility”), ORS 320.350(5) (specifying the purposes on which new local lodging tax revenue could be spent) and ORS 320.350(6) (specifying the percentages that must be used for tourism and may be used for non-tourism purposes) were enacted in 2003 as part of HB 2267. Or Laws 2003, ch 818, §§ 1, 2 and 8. The primary purpose of HB 2267 was to establish a state lodging tax dedicated to increasing Oregon tourism marketing efforts. Again, the legislature originally intended all new local lodging tax revenue to be used to promote tourism. Although the state tax had wide and enthusiastic legislative support, the new restriction on how local governments could spend their local tax

dollars was highly contentious and the subject of numerous proposed amendments, which were discussed and debated at length. Those discussions resulted in two significant compromises. The first – allowing local governments to spend 30 percent on any purpose they saw fit – we discussed earlier. The second compromise was changing the definition of “tourism-related facility” to make it more inclusive. We now address that change.

The legislature, over the course of seven months, considered 19 different proposed amendments to HB 2267. Many of them proposed alternative definitions of “tourism-related facility.” The first definition relevant to our analysis was the one proposed in the -9 amendments, which was:

[A] conference center, convention center, visitor information center or other improved real property that has a useful life of 10 or more years and *the primary purpose* of supporting tourism or accommodating tourist activities.

HB 2267, § 1(9) (-9) (2003) (emphasis added). The House Revenue Committee discussed that new definition in a work session on June 25, 2003. Much of that discussion focused on the fact that the definition appeared to require conference centers, convention centers and visitor information centers that met statutory definitions to also meet the 10-year useful life and primary purpose criteria. In the course of discussing that problem, Representative Barnhart raised concerns about the “primary purpose” language:

I have to say I have a big concern about the use of that word “primary” and let me just give you an illustration of that. The Convention Center in Portland is not “primarily” used for tourism. It’s – most of the people who use it come from the neighborhood – certainly within 50 miles – on any given event, it doesn’t matter what event it is, most of the people come from the neighborhood within 50 miles.

In Eugene, the Hult Center is another good example, obviously a tourist-related facility, but most of the people coming to events there come from within 50 miles even though the Bach Festival, for example, has people from 35 states that are going to be attending starting the end of this week. * * * I really need to understand how the use of that word “primary” would not limit the use of these funds for facilities like those that certainly have a tourist-related function – a very important one – but are not “primarily” tourism-related facilities.

Testimony of Representative Barnhart, House Revenue Committee (HB 2267), June 25, 2003, tape 190, side A 411- 446. Representative Barnhart interpreted the “primary purpose” criteria to eliminate facilities that drew most of their patrons from the local community, even if they also had a very important tourism-related function. That interpretation of “primary purpose” is consistent with its plain meaning as the relevant plain meaning of “primary” is “first in rank or importance: CHIEF, PRINCIPAL.” WEBSTER’S at 1800.

No further discussion of the meaning or implications of the “primary purpose” requirement took place in that work session. But when the committee held its next work session on July 23, 2003, it considered amendments that changed the definition of tourism-related

facility to: (1) clarify that conference centers, convention centers and visitor information centers that met statutory definitions did not have to meet additional criteria; (2) for other facilities, substitute a "substantial purpose" requirement for the "primary purpose" requirement; and, (3) expressly exclude "roads, other transportation facilities, [and] sewers or sewer plants" from the definition. HB 2267, section (1) (9) (a) - (c) (-14 and -15 amendments) (2003).¹⁷

The committee discussed the latter two changes at length. Because that discussion was so lengthy, we summarize the most pertinent points, beginning with the exclusion of "roads, other transportation facilities, [and] sewers or sewer plants" from the definition. At the beginning of the work session, Chair Shetterly told the committee that he intended to remove "other transportation facilities" from the exclusion. Testimony of Chair Shetterly, House Revenue Committee (HB 2267), July 23, 2003, tape 223, side A at 380-400. But four committee members, Representatives Haas, Barnhart, Hobson and Verger, refused to vote for the amendment even with that change, because it continued to exclude roads, sewers and sewer plants. Testimony of various legislators, House Revenue Committee (HB 2267), July 23, 2003, tape 224, side B at 010-070.

None of the legislators explained what roads, sewers, or sewer plants should be included; their objection to the exclusions was more general. Both Representatives Hobson and Verger expressed opposition to the exclusion because it "was moving in the wrong direction," the "wrong direction" in this context being imposing greater restrictions on local governments. *Id.* Representative Barnhart opposed the exclusion because he was concerned about how a city would be able to raise a local tax and spend 70 percent of it on tourism if the restrictions on the definition of tourism-related facilities were so substantial. *Id.* Representative Haas merely stated that the exclusion was a source of consternation among his colleagues, who otherwise supported the bill. *Id.*

Two non-legislator witnesses discussed roads and sewers more specifically. The first, Ken Strobeck, representing the League of Oregon Cities, testified that he was concerned about the exclusion because coastal communities' sewer systems and roads were heavily impacted by tourists. He testified that those communities had to build their sewer facilities to accommodate tourists, not local residents. He gave the example of Cannon Beach, stating that it had a population of 1500 to 2000, but over 1000 motel rooms. He also testified that he thought the exclusion would prevent funding public restrooms. Testimony of Ken Strobeck, League of Oregon Cities, House Revenue Committee (HB 2267), July 23, 2003, tape 223, side A at 059-314.

On the other hand, Mr. Strobeck appeared to recognize a distinction between "tourism-related facilities" and funding local infrastructure such as sewers. He testified that new restrictions on how local governments could spend the revenue were not necessary, because local governments already were "spen[ding] [50 percent of the revenue from existing taxes] on tourism promotion, tourism facilities, with the other half * * * on sewers, police, etc..., which are affected by tourist traffic." Testimony of Ken Strobeck, League of Oregon Cities, House Revenue Committee (HB 2267), July 23, 2003, tape 223, side A at 278. In other words, while he appeared to want local communities to have the flexibility to spend more money on local

infrastructure, such as sewers and roads, his testimony also appears to acknowledge that such spending is not funding a tourist-related facility.

The second non-legislator witness, Doug Riggs, representing the Central Oregon Cities Organization, testified that the exclusion was problematic because a city like Redmond might want at some future point to expand roads or sewers around the Deschutes County Fairgrounds, a facility that drew a lot of tourists, specifically to address the needs of the tourist industry. Testimony of Doug Riggs, Central Oregon Cities Organization, House Revenue Committee (HB 2267), July 23, 2003, tape 223, side A at 318-371.

At the end of the work session, the committee decided not to vote on any proposed amendments that day, but to attempt to work out a compromise. Testimony of various legislators, House Revenue Committee (HB 2267), July 23, 2003, tape 224, side A at 371-497. The resulting compromise was the removal of the express exclusion of “roads, other transportation facilities, [and] sewers or sewer plants” from the definition of “tourism-related facility.” The definition otherwise remained the same. HB 2267, § (1) (9) (a) – (c), (-19) (2003).

After that change, when discussing the specific types of facilities that they intended “tourism-related facilities” to include, legislators mentioned the types of roads and sewers as follows. In the work session on August 12, 2003, Representative Barnhart stated that: “I am especially pleased that we left out the piece on sewers and such. I can imagine putting in a restroom in a park might very well be a substantial promotion of tourism and, of course, that involves sewer lines among other things.” Testimony of Representative Barnhart, House Revenue Committee (HB 2267), August 12, 2003, tape 241, side A at 031-113. Second, in the House Floor Debate, Chair Shetterly stated that “improvements and access to natural resources and recreational facilities” could very well fall under the definition of “tourism-related facility.” Statement of Chair Shetterly, House Floor Debate (HB 2267), August 19, 2003, tape 177, side A at 211. Representative Farr agreed. Statements of Chair Shetterly and Representative Farr, House Floor Debate (HB 2267), August 19, 2003, tape 177, side A at 237.

In sum, the history shows that the legislature did not intend to categorically exclude roads, sewers, sewer plants, and other transportation facilities from the definition of “tourism-related facilities.” If a specific road or sewer, etc., meets the criteria in ORS 320.300(9)(b), including having a substantial purpose of supporting tourism or accommodating tourist activities, it would qualify as a “tourism-related facility.” But legislators cited only three very limited types of roads and sewers that might qualify: roads that provide access to natural and recreational facilities, other improvements to recreational facilities, which could include sewers, and a restroom in a park. Those types of roads and sewers either are part of tourist attractions or directly serve them. In that sense, those facilities might “draw” tourists to the extent that the attraction itself draws tourists. No legislator stated any intent to include roads and sewers merely because they are used heavily by tourists. Consequently, the history suggests that the legislature may have intended local infrastructure such as roads and sewers to be “tourism-related facilities” only to the extent that they either are part of or directly serve tourist attractions.

For further clarification, we turn to the legislature’s discussion about the meaning of “substantial purpose.” First, Chair Shetterly explained that the change from a “primary purpose”

test to a "substantial purpose" test was a compromise that benefited local governments by giving them more flexibility. Testimony of Chair Shetterly, House Revenue Committee (HB 2267), July 23, 2003, tape 224, side A at 010-497. In other words, "substantial purpose" was a lesser standard than "primary purpose." Accordingly, the legislative history on that point is consistent with the context, which also suggests that "substantial" was not intended to mean the primary or chief purpose of the facility.

But no legislator provided a definition of "substantial purpose" and there appeared to be considerable confusion amongst the legislators about what facilities would meet that test. Rather than clarifying the meaning of "substantial purpose," Chair Shetterly attempted to demonstrate the legislature's intent by describing on the record the kinds of facilities that were meant to be included. Other legislators appeared to agree with his assessment, although Representative Barnhart appeared to intend the definition to be interpreted as broadly as possible. The following are excerpts of legislators' statements from the time that the "substantial purpose" language was introduced to statements made during the House floor debates. We begin with committee discussions following the introduction of the "substantial purpose" language on July 23, 2003:

CHAIR SHETTERLY: I will say on the record that I think the Hult center, *because it accommodates the Bach Festival, and when it is not accommodating the Bach Festival, there is the Eugene Opera and there are concerts that are advertised and I know I have traveled several times to events at the Hult Center.* I think that there is no doubt in my mind that the Hult Center and other *regional facilities that bring people in are going to qualify under the substantial purpose test.* Keller Auditorium. I don't know how many times a year I am up at the Keller Auditorium in Portland and I live more than 50 miles from Portland, and *I'll bet that you've got a substantial number of people who are in there every time there is a show that live more than 50 miles away. I think those are the facilities that in fact do come under the substantial purpose test * * ** which is, again, exactly why it has been such a difficult test for the lodging association and the proponents of the Bill to move towards. ** * ** And I think Brownsville, the Brownsville Museum, or some of those kinds of things, if those are even owned or funded by municipalities I think those would qualify. *Again, I have traveled to the Brownsville Museum on several occasions to see them [sic]. They have a sign by the freeway that draws people in off the freeway and I am sure that that would qualify under any reasonable standard of "substantial purpose."* So I think there is more flexibility than what you are granting in your testimony with that move toward the "substantial purpose" test.

* * *

* * * [A] convention center that we do have in Salem now, that *we have gatherings of statewide organizations on a regular basis * * * would qualify as a substantial purpose[.]*

REPRESENTATIVE SCOTT: * * *. We talk about, Doug you have spoken to the Redmond facility and everyone is talking about how *folks come to these* and

where they get the money to operate these. And now we are talking about the tourism industry that collects a tax and should that bear the burden of the facility. *I think we need to look at really how many people affect those facilities, wherever they may be.*

* * *

REPRESENTATIVE FARR: You know, we have had Mr. Chair, you placed on the record during this discussion that you feel that "substantial" includes the Hult Center and "substantial" includes the Deschutes facility and the Astoria facility and I think that placing that on record goes a long way to the interpretation of the intent of the amendments and the intent of the language of this bill.

* * *

REPRESENTATIVE WILLIAMS: * * *. My own concern that the "substantial" language modifying the word tourism in that sentence still creates in my mind some question as to whether some of the facilities that have been discussed today would, in fact, be protected.

Testimony of various witnesses, House Revenue Committee (HB 2267), July 23, 2003, tape 223, side A, 380-400, tape 223, side B 300-436; tape 224, side A, 010-497, and tape 224, side B, 010-070 (emphasis added).

The following are excerpts from the committee work session on August 12, 2003 following the removal of language expressly excluding "roads, other transportation facilities, [and] sewers or sewer plants":

CHAIR SHETTERLY: There was concern still about the language of "substantial purpose" and what kind of facilities [would meet that test.]

* * *

I just want to confirm my inclination for the record that these are the kinds of things that we would be looking around [at] statewide: performing arts centers, we talked about the Hult Center, I think your convention center in Salem that might not qualify as a convention center within the specific language of the statute, *but that nevertheless was designed to facilitate statewide conferences and conventions*, I think would be one that would fall under that substantial purpose test. I can see recreational facilities, improved recreational facilities, performing arts centers, cultural facilities, *those kinds of things would be my intent as long as you have folks coming in from out of the area and can establish that there is a substantial number of those, whatever that is. That is going to be a locally-driven test, but I think there is flexibility on all sides.*

* * *

REPRESENTATIVE BARNHART: * * * I was in Pennsylvania a few weeks ago for a family reunion and one of the things that we did while we were there was to visit some sights in the little town that the Barnhart family came from. Among the things that we saw were historical houses; there is a genealogy library set up as part of the county library there and, of course, parks, historical railroad stations, and a variety of other things. It seems to me that within the right context all of those might be considered to be tourist, might be facilities that support tourism or accommodate tourist activities. After all, while we were there, we spent money in the local restaurants and in lodging and so forth in Pennsylvania. *So, I think and I hope that this is considered to be a very broad definition. I am especially pleased that we left out the piece on sewers and such; I can imagine putting in a restroom in a park, might very well be a substantial promotion of tourism and, of course, that involves sewer lines among other things.* I think, otherwise, the Chair has mentioned most of the areas, most of the issues that I am interested in. *It is hard for us to know all of the things that bring tourists to town and I hope that anyone interpreting this language will interpret it very, very broadly.*

REPRESENTATIVE FARR: * * * I just want to make sure that the understanding [is] that, for instance, fairgrounds are included in tourism facilities.

CHAIR SHETTERLY: Well, I guess my thinking would be that they are not excluded. Again, I think it is going to be a facility-by-facility test and, *depending on the nature of the crowd that comes, I think they very well could be.*

Testimony of various legislators, House Revenue Committee, August 12, 2003, tape 241, side A, 031-113 (emphasis added).

Following that discussion, the committee unanimously voted to send the bill to the floor with a do pass recommendation. These statements followed in the House floor debate:

CHAIR SHETTERLY: As you know, if you followed this Bill, one of the most contentious issues was the element of the rumination on the use of new tourism tax dollars by local communities.

* * *

Examples of a tourism-related facility that local communities can fund out of their 70 percent share that is restricted under this bill would include such things as the Hult Center in Eugene. *That draws and has the substantial purpose of attracting tourists to the Eugene community.* Keller Auditorium in Portland. I know my wife and I travel up there as often as we can. We are tourists under the definition of this Bill. And even here in Salem, the planned convention and conference center that's *going to be drawing conferences from around the state; statewide conferences and meetings. Those are the kinds of facilities at the*

local level that would fall under this tourism facility. County fairgrounds could very well fall under this definition as well as *cultural and historical facilities that draw people from elsewhere in the state. And also, improvements and access to natural resources and recreational facilities.* There is flexibility in this for local communities and, at the same time, there is a guarantee that to the extent that flexibility is used, *it is going to be used for facilities that draw tourists and that have as their substantial purpose that tourism promotion[.]*

REPRESENTATIVE BARNHART: One of the key issues in this was the repeated working and reworking of what it was that cities and counties could spend any new transient room taxes that they might raise on and whether, not going into the specific details of what we ended up with in the bill, except to say that, as we worked through this, we came to realize that the *cities and counties needed to have a very broad definition of what it was that they were going to be allowed to spend the 70 percent of their new or expanded tax that had to be spent on tourism promotion or tourism-related facilities.* The “*substantial purpose*” which is referred to in the bill having to do with tourism-related facilities turned out to be a very important phrase for us as we worked on this bill, because it *deals, of course, with not only facilities that are designed to primarily draw tourists, but facilities which are useful to the local community to do local things, but also, as a part of their operation and nature, will have a substantial purpose of supporting tourism and accommodating tourist activities.*

* * *

[While in Pennsylvania] we visited * * * a couple of local museums and the library. And, as the committee dealt with this issue of “substantial purpose” I would submit, and I believe the other committee members would agree that those facilities, small facilities that they were, *because they do in fact draw tourists from far away*, that they have, along with other reasonable purposes, they have a “substantial purpose” of supporting tourism or accommodating tourist activities.

Testimony of Chair Shetterly, House Floor Debate, August 19, 2003, tape 177, side A at 211 (emphasis added); Testimony of Representative Barnhart, House Floor Debate (HB 2267), August 19, 2003, tape 176, side B at 09 (emphasis added).

That history demonstrates that the types of facilities that legislators intended to include were things like performing arts centers, convention centers and other facilities that, by their nature and operation draw “substantial numbers” (a locally-driven and flexible test) of tourists to the community.²⁷ Roads and sewers, while they do serve tourists, do not, by their nature and operation, draw tourists.

But the legislative history also is clear that legislators did not want to exclude roads and sewers from the definition; the only possible conclusion to be drawn from that fact is that they believed that at least some types of roads and sewers would qualify. Legislators mentioned three that might: “improvements and access to natural and recreational facilities” and “a restroom in a park.” Those facilities might be said to draw tourists as they are part of the infrastructure of a

tourist attraction or directly serve a specific tourist attraction. No legislator expressed an intent to include local infrastructure that does not have that direct nexus to a tourist attraction simply because it is used heavily by tourists. The legislature likely intended local governments to use their 30 percent unrestricted funds to pay for those facilities.

CONCLUSION

We conclude, based on the text, context and history of ORS 320.300(9) and ORS 320.350(5) and (6) that the legislature most likely intended local roads, sewers, sewer plants, and transportation facilities to qualify as "tourism-related facilities" only if they drew tourists in themselves, directly serve a specific tourist attraction (such as an access road), or are part of the infrastructure of a specific tourist attraction (such as a restroom and the on-site sewer line). The legislature most likely did not intend "tourism-related facilities" to encompass roads and other infrastructure simply because they are used, even heavily, by tourists as well as locals.

Sincerely,

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General Counsel Division

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¹⁷ At the beginning of the work session, Chair Shetterly mentioned a July 1, 2003 memo that he had circulated to the committee that "addressed changing 'primary' to 'substantial.'" Testimony of Chair Shetterly, House Revenue Committee (HB 2267), July 23, 2003, tape 223, side A 006-022. That memo is not included in the legislative history materials and the Office of Legislative Counsel does not have a copy of that memo in its file, so we do not know what discussion, if any, it contained about the reason for the change from "primary purpose" to "substantial purpose." The only memo from Chair Shetterly to the committee members concerning that change is dated July 23, 2003 and it merely tells committee members about the change without explaining the reason for it. Minutes, House Revenue Committee (HB 2267), July 23, 2003, Exhibit 4.

²⁷ There was no discussion of visitor information centers which aid tourism spending by disseminating information, likely because those facilities are unique and fit within the categorical statutory definition.

The Economic Value of Rogue River Salmon

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EXECUTIVE SUMMARY

In 2008, the *Save the Wild Rogue Campaign* engaged ECONorthwest to analyze the economic value of salmon and steelhead in the Wild & Scenic Rogue River. In this report, we summarize the results of our analysis, which is based on peer-reviewed, published research, results from the Oregon Population survey, and fish-count data published by the Oregon Department Fish and Wildlife.

Salmon are the quintessential icon of the Pacific Northwest with significant cultural and economic value. Based on the results of more than ten years of household surveys, Oregonians overwhelmingly and consistently state that protecting and enhancing salmon habitat is important.

West Coast residents alone enjoy more than \$1.5 billion in economic benefit each year from the entirety of all Rogue River salmon and steelhead runs. Maintaining the current level of protection on the Rogue may not be sufficient to ensure that current and future residents will be able to enjoy this level of economic benefit.

In this analysis, we develop estimates for only three of the economic values associate with Rogue River salmon: commercial fishing, sport fishing, and non-use value. Non-use values represent the vast majority of the economic value of Rogue River salmon.

- \$1.4 million annually associated with commercial fishing
- \$16 million annually associated with sport fishing
- \$1.5 billion annually associated with non-use values

For more than a decade, Oregonians have consistently stated that improving salmon habitat is important and have expressed a willingness to pay more than \$70 million dollars per year to enhance salmon habitat in Oregon.

Oregon and Washington residents state a willingness to pay more than \$800 per fish to increase Northwest salmon populations

The Wild & Scenic Rogue River is a national treasure. Each year, tens of thousands of rafters, anglers, hikers, and other sightseers visit the river, and recreate in or along it. Its cultural importance to many Americans is comparable to our most majestic National Parks and National Monuments.

Healthy salmon habitat is a necessary condition underlying the Wild & Scenic Rogue River's rich ecological abundance as well as the values derived from it. Today, while many salmon runs in the Northwest are either endangered or threatened, the majority of the Rogue's salmon runs remain relatively strong. Over the past decade, salmon and steelhead counts at Gold Ray Dam average nearly 87,000 fish annually. As residential and commercial development continues to degrade Northwest rivers, it becomes increasingly important to protect the scarce, healthy rivers such as the Wild & Scenic Rogue and its tributaries.

As global warming threatens to bring drastic weather changes to the Rogue Valley, the importance of streams flowing into the Rogue will only increase. They provide critical spawning grounds and cold water refugia for salmon and

steelhead. Increasing protection for these streams may serve to offset some of the adverse impacts on the Rogue River anticipated as the region experiences changes in climate in the coming years. The cold water provided by these streams will help mitigate increasingly warm summer water temperatures in the Rogue.

Enhanced protection of the critical streams that flow into the Wild & Scenic Rogue River is a virtually costless action that will lead to significant economic benefits for both the present and future generations. In light of the economic downturn currently facing the nation, the need for both immediate and long-term economic payoffs has never been greater. Investments in the protection of salmon habitat in the Wild & Scenic Rogue will continue to provide economic benefits to society for many generations. The results presented in this report demonstrate that Rogue River salmon and steelhead provide large net benefits to society. Policy-makers should take steps now to protect the Wild & Scenic Rogue River habitat so that society may begin reaping the benefits of these actions today.

INTRODUCTION

The Save the Wild Rogue Campaign engaged ECONorthwest¹ to analyze the economic value of salmon and steelhead in the Wild & Scenic Rogue River. In assessing this value, ECONorthwest considered the benefits of salmon to the commercial fishing industry, to sport anglers, and for their intrinsic value to residents of Oregon and the West Coast. It is important to recognize the limitations of this analysis. Salmon have significant cultural value to Northwest Tribes, they provide benefits to the entire ecosystem of the Rogue Valley, and they are a valuable source of food for marine mammals. ECONorthwest did not attempt to evaluate the economic value of these important cultural and biological benefits. Thus, the values in this report should be viewed as lower bound estimates of the true economic value of salmon.

The Rogue River is extraordinary, both as a river and as salmon and steelhead habitat. Located in the southwestern corner of Oregon, the Rogue River flows approximately 215 miles from its headwaters in the Cascade Range, near Crater Lake, reaching the Pacific Ocean at the city of Gold Beach. In 1968 Congress designated an 84-mile stretch of the Rogue River from the confluence of the Applegate River (seven miles downstream of the City of Grants Pass) to the Lobster Creek Bridge (11 miles upstream of Gold Beach) as a National Wild and Scenic River. The Rogue River was one of the original eight rivers included in the Wild and Scenic Act, which protects from development or degradation certain rivers or river segments that have national significance.

The Wild and Scenic section of the Rogue River provides important habitat for a variety of wildlife including spring and fall Chinook, summer and winter steelhead, and coho salmon. This section of the river and its tributaries serve both as spawning grounds for certain anadromous fish and as an important migratory path for other anadromous species as they travel upstream to spawn or from spawning grounds to the ocean. The water quality in this section of the river and its tributaries affects the health of salmon and steelhead. Normal fish growth and productivity increases depend on cold stream temperatures, which helps regulate salmonid metabolic function. As stream temperatures rise, abnormal fish behaviors and mortality increase².

According to the National Marine Fisheries Service, the survival of Pacific Northwest salmon and steelhead—and the commercial harvests they support—depend on protecting and restoring habitat diversity and migratory connections among habitats³. The Rogue River is the spawning, rearing, and migration site

¹ Throughout this report, the terms “we,” “our” and “us” refer to the authors of this report at ECONorthwest.

² Heyn, K. 2008. White Paper on the Biological Contributions of Tributary Streams to the Wild Rogue River, Oregon. American Rivers.

³ NOAA’s National Marine Fisheries Service. 2006. *Salmon Habitat*. Retrieved December 1, 2008, from <http://www.nwr.noaa.gov/Salmon-Habitat/index.cfm>.

for nearly 100,000 anadromous fish returning from the ocean each year. Only the Columbia River produces more Pacific Salmon in the state of Oregon⁴. As salmon populations in other rivers in the Pacific Northwest decline, healthy habitats such as the Rogue River become even more important and valuable.

Conserving healthy salmon populations also reinforces recreational, aesthetic, and other economically significant amenities in the Pacific Northwest. Workers benefit from healthy salmon habitats by living amid high-quality natural-resources amenities. In effect, workers receive a second paycheck — denominated in access to scenic vistas, outdoor recreation opportunities, etc. — that augments the first paycheck earned through work and investments. In fact, evidence suggests that the second paycheck is great enough to offset the potential benefits that would accrue from attracting more businesses to the region through environmental deregulation. In a 1993 survey, the Oregon Business Council asked Oregonians, “Which is more important to economic growth in Oregon? Relax environmental regulations to make it easier for companies to do business or maintain a quality environment to attract people and companies to Oregon?” Of the 90 percent of the respondents who had an opinion, over four times as many wanted Oregon to “maintain a quality environment” than to “relax environmental quality”⁵.

High environmental quality standards do not indicate that businesses have fewer incentives to locate in the Pacific Northwest region. The quality of life in the Pacific Northwest, characterized largely by its natural resources, also attracts new residents who often have higher levels of education than current residents and they often are willing to accept reduced earnings to live in the Pacific Northwest⁶. Attracting high-quality workers at lower costs relative to other regions of the country, helps businesses in the Pacific Northwest compete with firms elsewhere, thus strengthening this region’s economy.

Studies of federal lands in the Pacific Northwest found that, on a per-acre basis, the economic value of fishing exceeds the values of all other recreational activities⁷. Protecting salmon habitats helps improve the quality of other recreational activities, such as fishing and boating, which enhance the economic value of the region’s natural resources.

⁴ Heyn, K. 2008. *White Paper on the Biological Contributions of Tributary Streams to the Wild Rogue River, Oregon*. American Rivers.

⁵ Oregon Business Council. 1993. *Oregon Values and Beliefs: Summary*. May.

⁶ Judson, D.H., S. Reynolds-Scanlon, and C.L. Popoff. 1999. “Migrants to Oregon in the 1990’s: Working Age, Near-Retirees, and Retirees Make Different Destination Choices.” *Rural Development Perspectives* 14 (2): 24-31.

⁷ Forest Ecosystem Management Assessment Team. 1993. *Forest Ecosystem Management: An Ecological, Economic, and Social Assessment*. Forest Service, Fish and Wildlife Service, National Marine Fisheries Service, National Park Service, Bureau of Land Management, and Environmental Protection Agency. 794-478. July.

SALMON AND THE ENDANGERED SPECIES ACT

Twenty-nine species of West Coast salmon and steelhead are listed as either endangered or threatened under the Endangered Species Act (ESA) and two species are listed as a species of concern⁸. Table 1 summarizes the 2008 ESA listings for West Coast salmon and steelhead. Coho salmon, which use the Wild & Scenic section of the Rogue River as a migratory path to spawning grounds on the Upper Rogue River, are a threatened species. Coho salmon occupy approximately fifty percent of their historic range and scientists are concerned about further population loss in larger river basins such as the Rogue, Klamath, and Trinity Rivers⁹.

Overfishing used to be the major cause of salmon decline, but in recent years, loss of freshwater habitat has become the largest threat to salmon populations. Habitat degradation occurs through mining, logging, cattle grazing and agricultural practices, and blockage of river systems by dams for electricity generation, flood control, and irrigation¹⁰.

NOAA's National Marine Fisheries Service (NMFS) and the U.S. Fish and Wildlife Service share responsibility for the listing of species under the Endangered Species Act.¹¹ NMFS manages marine and anadromous species, including all species of west coast salmon and steelhead. Economic factors are not to be considered by NMFS when determining if a species is sufficiently at risk of extinction that it warrants listing as a threatened or an endangered species under the provisions of the ESA. The agency also is not to consider economic issues when it determines whether or not to provide legal protection to a listed species. Instead, these determinations are to be based solely on biological factors. Economics comes into play only when, for each listed salmon species, the Secretary of Commerce designates critical habitat, an action that restricts federal agencies from taking actions that would destroy or adversely modify habitat essential to conserving the species. Before making this determination, the Secretary must consider all the economic impacts, plus national-security and other impacts. Following this accounting, the Secretary may exclude an individual area from the designation only if the benefits of exclusion for that area outweigh the benefits of designation.

⁸ NOAA's National Marine Fisheries Service. 2008. *Snapshot of Salmon & Steelhead ESA Status*. <http://www.nwr.noaa.gov/ESA-Salmon-Listings/Salmon-Populations/Index.cfm>.

⁹ NOAA's National Marine Fisheries Service Southwest Regional Office. *Southern Oregon/Northern California Coast Coho ESU*. Retrieved Nov. 20, 2008 from, http://swr.nmfs.noaa.gov/recovery/Coho_SONCCC.htm.

¹⁰ Montgomery, C.A. and T.L. Helvoigt. 2008. *Trends in Oregonians' Willingness to Pay for Salmon*.

¹¹ NOAA is the National Oceanic and Atmospheric Administration.

Table 1: Endangered Species Act Status of West Coast Salmon & Steelhead

	Species	Endangered Species Act Listing Status	ESA Listing Actions Under Review
Sockeye Salmon (Oncorhynchus nerka)	Snake River	Endangered	
	Ozette Lake	Threatened	
Chinook Salmon (O. tshawytscha)	Sacramento River Winter-run	Endangered	
	Upper Columbia River Spring-run	Endangered	
	Snake River Spring/Summer-run	Threatened	
	Snake River Fall-run	Threatened	
	Puget Sound	Threatened	
	Lower Columbia River	Threatened	
	Upper Willamette River	Threatened	
	Central Valley Spring-run	Threatened	
	California Coastal	Threatened	
	Central Valley Fall and Late Fall-run	Species of Concern	
Coho Salmon (O. kisutch)	Central California Coast	Endangered	
	Southern OR/Northern CA	Threatened	
	Lower Columbia River	Threatened	Critical Habitat
	Oregon Coast	Threatened	
	Puget Sound/Strait of Georgia	Species of Concern	
Chum Salmon (O. keta)	Hood Canal Summer-run	Threatened	
	Columbia River	Threatened	
Steelhead (O. mykiss)	Southern California	Endangered	
	Upper Columbia River	Endangered	
	Central California Coast	Threatened	
	South Central California Coast	Threatened	
	Snake River Basin	Threatened	
	Lower Columbia River	Threatened	
	California Central Valley	Threatened	
	Upper Willamette River	Threatened	
	Middle Columbia River	Threatened	
	Northern California	Threatened	
	Puget Sound	Threatened	Critical Habitat
	Oregon Coast	Species of Concern	

Source: ECONorthwest with data from NOAA's National Marine Fisheries Service. 2008. *Snapshot of Salmon & Steelhead ESA Status*. <http://www.nwr.noaa.gov/ESA-Salmon-Listings/Salmon-Populations/index.cfm>.

Many benefits accrue from designating critical salmon habitat, which could also be realized through improved ecosystem management practices in areas *not* designated as critical habitat. Improving water quality and aquatic habitat creates many benefits that are not directly related to salmon. In fact, many businesses and farms reduce their impacts on streams because they find it profitable to do so¹². Benefits may be realized through reductions in flood damages, improvements in bird habitat, water quality, recreational opportunities, and increased property values near the stream. The area and extent of the impacts of the improved habitat can be vast. Benefits may be seen downstream from the site or in other watersheds. It is not necessary to wait for a stream or watershed to be designated as a critical habitat to obtain these benefits. The costs of improving water quality and aquatic habitat are often less than the benefits gained by doing so and when the risk of salmon extinction depends on the given habitat the benefits are even greater.

However, once the ESA designates critical habitat, more costs will be imposed on the residents, businesses, and local governments impacted by the habitat area. The laws pertaining to critical habitat impose several costs on federal agencies and private parties with an interest in the critical habitat region. The consultation costs of obtaining an assessment from the federal government of a project's impact on the species' habitat, the costs of modifying a given project to comply with ESA, and the costs of delaying the implementation of the project while assessments and modifications are made are a few of the costs associated with critical habitat¹³. Many of these costs can be avoided by improving salmon habitats before critical habitat is designated.

¹² Goodstein, E., B. Doppelt, and K. Sable. 2000. *Saving Salmon, Saving Money: Innovative Business Leadership in the Pacific Northwest*. Center for Watershed and Community Health, Portland State University; Sullivan, P., D. Hellerstein, L. Hansen et al. 2002. *The Conservation Reserve Program: The Implications for Rural America*. United States Department of Agriculture, Economic Research Service, Agriculture, Economic Report 834. September.

¹³ Sunding, D. *The Economic Impacts of Critical Habitat Designation*. Giannini Foundation of Agricultural Economics.

ANADROMOUS FISH ON THE ROGUE RIVER

Table 2 shows the fish counts for different species of anadromous fish at Gold Ray Dam for years 1997 through 2006. Gold Ray Dam is located approximately thirty river miles upstream of the start of the Wild & Scenic Section of the Rogue River so the numbers reported represent only the fish that pass through the Wild & Scenic Section to spawn above the dam. Table 3 shows the estimated fish escapements for different species at Huntley Park located downriver from the Wild & Scenic Section. Based on conversations with the Oregon Department of Fish and Wildlife there are no known data of the number of anadromous fish that spawn and rear in the Wild & Scenic Rogue River and its tributary streams.

Table 2: Fish Counts at Gold Ray Dam

Year	Summer Steelhead	Winter Steelhead	Spring Chinook	Fall Chinook	Coho	Total Steelhead, Chinook, and Coho
1997	7,538	14,957	41,794	4,857	15,750	84,896
1998	6,056	5,029	15,957	5,332	6,044	38,418
1999	4,785	9,497	20,981	3,540	7,722	46,525
2000	6,734	6,807	30,265	9,892	28,791	82,489
2001	16,114	8,944	33,273	13,606	32,962	104,899
2002	29,296	22,287	47,781	19,823	34,154	153,341
2003	20,297	24,850	41,841	24,857	17,179	129,024
2004	13,658	21,889	39,243	15,007	21,702	111,499
2005	10,414	11,908	18,090	8,615	14,632	63,659
2006	14,579	9,560	11,718	6,908	11,368	54,133

Source: ECONorthwest with data from Oregon Department of Fish and Wildlife, Roseburg. 2003. Letter to Ted Helvoigt. and Oregon Department of Fish and Wildlife, Fish Division. 2008. *Fish Counts*. Retrieved October 29, 2008, from http://www.dfw.state.or.us/fish/fish_counts/goldray/2006/gold_ray_dam_2006.asp.

Figure 1: Fish Counts at Gold Ray Dam (1943-2006)

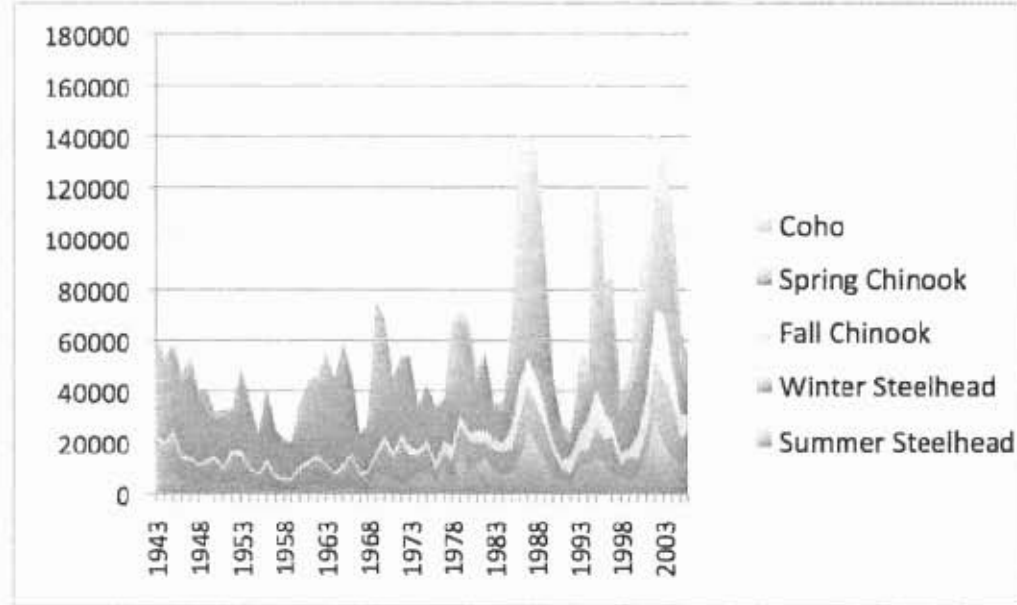


Table 3: Huntley Park Estimated Adult Fish Escapements

Year	Summer Steelhead	Fall Chinook	Coho
1997	15,325	17,186	40,647
1998	9,222	16,867	6,817
1999	15,882	19,456	6,155
2000	21,856	34,562	18,572
2001	17,397	35,447	37,243
2002	35,813	62,576	27,103
2003	21,005	86,551	16,071
2004	14,209	55,170	46,546
2005	10,466	23,733	8,271
2006	18,142	14,738	16,397

Source: ECONorthwest with data from Mazur, Steven. 2008. *Huntley Park Trend Data*. Email to T. Helvoigt October 22.

The Wild & Scenic section of the Rogue River and its tributaries provide important cold water refugia for salmon and steelhead. Anadromous fish are present in at least 100 stream miles across 14 tributary streams of the Rogue River¹⁴. The streams play an important role in salmon habitat as they bring colder water temperatures to the larger main Rogue, and they provide refuge from the warm water temperatures of the main stem during summer months. These cold temperatures also permit higher concentrations of oxygen to dissolve in the water. With the projected climate changes predicted for the coming years, these cold water streams will become even more valuable to salmon and steelhead survival. A report which utilized aerial thermal surveys indicated that there already is a trend of downstream warming on the Rogue. The cold water refugia is necessary for migrating salmon and steelhead so that they remain healthy and able to fight disease. Each species of anadromous fish uses the Rogue River habitat in a different manner, but the health of the river and its streams is important to the health of each species.

For instance, coho salmon use the Wild & Scenic Section of the Rogue River as a migratory path. Coho can mostly be found in Lobster, Quosatana, Silver, Foster, Shasta Costa, Lawson, Mule and Billings Creeks, which feed into the Rogue River. In the summer, coho prefer to swim to pools in small streams. In the winter, they prefer off-channel alcoves. Complexity, such as mixtures of small and large wood, is important for productive coho streams. The health of the Rogue River, as a migratory passage, and its tributaries, as spawning and rearing grounds, are key factors for the health of coho salmon.

Wild spring Chinook also use the main stem of the Rogue River as a migratory passage and spawn above Gold Ray Dam. Fall Chinook usually spawn in the lower regions of the river. Only about 10% of fall Chinook spawn above Gold Ray Dam. The early entry adults spawn between Grave Creek and Gold Ray Dam and in the lower 25 miles of the Applegate River. The late entry adults typically spawn below Watson Creek on the Rogue River and in the Illinois basin. The Wild & Scenic section of the Rogue River is an important spawning ground for the fall Chinook. In 1979, pre-spawn mortalities of fall Chinook from low flows and high temperatures on the Rogue River were as high as 85%. Although there is not enough data available to draw any conclusions about the health of late entry fall Chinook, it appears that their population is declining. Table 4 shows the redd (salmon nest) counts on the main stem of the lower Rogue River from surveys conducted by the Oregon Fish and Wildlife Department every twenty years.

¹⁴ Heyn, K. 2008. *Save the Wild Rogue*. American Rivers.

Table 4: Redd Counts on the Lower Rogue River

Survey Year	Method	Redds/mile
1953	Boat	5.1
1954	Boat	5.7
1974	Plane	4.0
1976	Plane	4.3
1993	Helicopter	0.2

Source: Weinhold, M. Lower Rogue River Basin Watershed Condition Assessment, 1995. Lower Rogue Watershed Council for State of Oregon Watershed Health Program and Strategic Water Management Group.

Winter steelhead also spawn in the Wild & Scenic section. They most often spawn in the tributary streams to the Rogue, only spawning in the main stem if objects obstruct their passage or when water levels are too low to permit them to spawn in the smaller streams. Summer Steelhead usually spawn above the Wild & Scenic Section but half-pounders usually overwinter within the lower fifty miles of the Rogue's main stem and over 95% of the summer steelhead have a half-pounder lifestyle.

The health of the Wild & Scenic Rogue River as a salmon spawning, rearing, and migratory habitat is necessary for the protection of healthy anadromous fish. Maintaining cold water temperatures in the main stream of the Rogue River with limited debris and protected watersheds will help to maintain a healthy habitat for salmon and steelhead.

VALUE OF ROGUE RIVER SALMON

By protecting salmon and steelhead populations in the Rogue River, Oregon is protecting an asset important to residents of the Pacific Northwest. For example, studies indicate that households in Washington and Oregon are willing to pay \$30-\$130 per year to finance salmon recovery efforts¹⁵. Salmon populations also help sustain jobs in the Pacific Northwest. If salmon populations were restored sufficiently to allow increases in commercial harvest, fishers and those in related industries would enjoy new business and job opportunities in Oregon, Washington, and elsewhere along the salmon's migration routes. Further benefits accrue to recreational anglers and all residents of the Pacific Northwest who benefit from the clean water, flood control and open spaces associated with salmon habitat. Since the values of many of these benefits accruing from salmon habitat are not captured by market prices, economists must employ different methods to measure the aggregate benefits that salmon and steelhead provide to the Northwest. Hence, the household surveys provide a means to estimate the extent to which Northwest residents value salmon and enhancements to salmon habitat.

Economists describe economic benefits of ecosystem goods and services, such as the benefits of protecting salmon and steelhead habitat, using various methods. Established markets exist for some benefits, such as increases in the supply of goods, e.g., commercial harvests of fish. In these cases, we can interpret market prices as a measure of the economic benefit of actions that protect or increase the supply of the good. We note, however, that factors such as externalities (e.g., when prices do not include pollution impacts) or government intervention (e.g., when subsidies artificially elevate prices) can distort market prices.

Measuring the economic significance of benefits for which markets do not exist, such as cultural values, amenity values, and the recreational value of sport fishing, is more challenging. Economists have developed techniques that can approximate the economic values of some of these benefits. These techniques have been tested and improved over the decades, with results and methods vetted through publication in academic journals and presentations at scholarly conferences.¹⁶ We describe some of the more commonly used techniques in more detail in our discussion of the sport fishing and existence values of salmon and steelhead.

¹⁵ Goodstein, E. and L. Matson. 2007. "Climate Change in the Pacific Northwest: Valuing Snowpack Loss for Agriculture and Salmon." In J.D. Erickson and J.M. Gowdy, eds., *Frontiers in Ecological Economic Theory and Applications*. Northampton, MA: Edward Elgar.

¹⁶ For more information on the methods of measuring economic benefits that are not traded in markets, see The National Research Council. 2004. *Valuing Ecosystem Services: Toward Better Environmental Decision-Making*. Committee on Assessing and Valuing the Services of Aquatic and Related Terrestrial Ecosystems, National research Council; Millennium Ecosystem Assessment. 2005. *Ecosystems and Human Well-Being*; and Barbier, E.B., et al. 1997. *Economic Valuation of Wetlands*. Ramsar Convention Bureau, Department of Environmental Economics and Environmental Management, University of York, Institute of Hydrology, IUCN-The World Conservation Union.

1. Commercial Fishing Value of Rogue River Salmon

Although the market price for wild salmon provides a reasonable starting point for calculating the commercial fishing value of a Pacific Northwest salmon or steelhead, many factors complicate the calculation. Salmon are often caught far from the streams in which they were spawned. Since many Pacific Northwest salmon are caught in the ocean near Alaska and Canada, estimates of the contribution of Northwest-spawned salmon to the total Pacific catch must be made.

Table 5 shows the results of studies conducted by the Independent Economic Analysis Board (IEAB) (2005)¹⁷ and Radtke and Davis (1995 a). In each of these studies, the authors estimate the economic impact that commercial-caught salmon and steelhead has on the Northwest economy.¹⁸ Both studies focus on Columbia River Basin fisheries.

Table 5: Economic Value of Commercial-Caught Salmon and Steelhead, Estimates from the Academic Literature

Study	Species	Location	Average weight	Ex-vessel price per lb	Per Fish Economic Value (\$2007)*
Radtke & Davis, 1995 a	Chinook	WA. Coast	11.51	\$2.56	\$64.95
Radtke & Davis, 1995 a	Chinook	WA. Coast	23.53	\$1.09	\$78.14
Radtke & Davis, 1995 a	Chinook	OR. Coast	11.4	\$2.53	\$68.14
Radtke & Davis, 1995 a	Coho	OR. Coast	4.56	\$1.18	\$13.64
IEAB, 2005	Coho	WA. Ocean	3.8	\$1.84	\$15.29
IEAB, 2005	Coho	OR. Ocean	5.8	\$1.89	\$21.34
IEAB, 2005	Coho	CA. Ocean	5.9	\$1.89	\$25.28
IEAB, 2005	Chinook	WA. Ocean	12.2	\$2.17	\$59.14
IEAB, 2005	Chinook	OR. Ocean	11.2	\$2.17	\$51.48
IEAB, 2005	Chinook	OR. Ocean	11.2	\$2.17	\$51.48
IEAB, 2005	Chinook	CA. Ocean	11.6	\$2.51	\$65.86
IEAB, 2005	Steelhead	B.C. Ocean	7.00	\$1.67	\$27.28

ECONorthwest compilation of various studies

Table 6 shows the estimated economic impact to the Northwest of salmon and steelhead caught commercially in coastal areas of the Northwest (excludes British

¹⁷ Independent Economic Analysis Board. 2005. *Economic Effects from Columbia River Basin Anadromous Salmonid Fish Production*. Document IEAB 2005-1.

¹⁸ The regional economic impacts include wages, proprietor's incomes, rents, interest and dividends.

Columbia and Alaska). The total estimated economic impact is not great—only \$1.36 million, but represents a lower bound estimate as the estimates of the number of Rogue River fish commercially harvested off the Northwest coast is conservatively estimated.

Table 6: Per-Fish and Total Economic Impact of Commercially Caught Rogue River Salmon,* 2007 Dollars

Species	Harvest of Rogue River-Spawned Fish	Per-Fish Economic Impact	Total Economic Impact
Coho	3,299	\$19	\$62,307
Chinook	20,264	\$63	\$1,271,379
Steelhead	1,040	\$27	\$28,360
Total	24,603		\$1,362,046

Source: ECONorthwest analysis of data from studies shown in Table 5 and data from Oregon Department of Fish and Wildlife (<http://www.dfw.state.or.us/resources/fishing/sportcatch.asp>)

*Does not include economic impacts associated with Rogue River-spawned salmon and steelhead commercially harvested in Pacific Ocean off the Canadian or Alaskan coast.

2. Sport Fishing Value of Rogue River Salmon

The sport fishing value of Rogue River salmon is primarily a function of the pleasure derived from the fishing experience and is significantly greater than the commercial value, as measured on a per fish or per pound basis. Based on estimates from several peer-reviewed studies of sport fishermen, the average value of a Northwest salmon or steelhead is approximately \$245 expressed in 2007 dollars.

The total value of a salmon or steelhead to a recreational angler is the dollar amount that the angler is willing to pay to fish for it. Economists typically decompose the total value into two parts: the first part is the amount the angler *actually* spends to fish.¹⁹ In most cases, however, recreational anglers are willing to spend more than they actually do to fish. The difference between what an angler is willing to pay and what he or she actually pays is referred to by economists as *consumer surplus*, and represents the second part of the total value of a sport-caught salmon. It is important to measure consumer surplus because it represents a real gain in overall economic well being above that which is observed in market transaction by those engaging in sport fishing. Consumer surplus is a means of recognizing that for many anglers, the economic value associated with the enjoyment of fishing is greater than the sum of the market-based transactions undertaken to go fishing. Thus, fishing-related expenditures alone do not account for the entire economic benefits derived from the fishing experience.

Table 7 shows the results of several studies conducted in the Pacific Northwest to estimate the value of salmon to sport anglers. The results varied depending on the location of the study and the method of evaluation employed. However, even the most conservative calculations show that the recreational value of salmon and steelhead fishing is far greater than the market (purchase) price for salmon or steelhead.

¹⁹ Note: this amount is accounted for in the "Regional Economic Impacts of Recreation on the Wild and Scenic Rogue River."

Table 7: Estimates of the Economic Value of Sport-Caught Salmon and Steelhead from Various Studies, 2007 Dollars

Study	Location	Species	Study Method	WTP Per Fish (\$2007)
Olsen et al., 1990	Washington Ocean	Salmon	CVM	\$63.60
Meyer et al., 1983	Oregon Ocean	Steelhead	TCM	\$154.32
Olsen et al., 1990	Oregon Coastal	Steelhead	CVM	\$97.92
Olsen & Richards, 1992	Rogue River	Fall Chinook	CVM	\$103.64
Meyer et al., 1983	Rogue River	Fall Chinook	TCM	\$57.04
Meyer Resources, 1987	San Fran. Bay/ Sacramento & San Joaquin Rivers	Chinook	CVM	\$684.65
Meyer Resources, 1987	California statewide	Chinook	CVM	\$307.37
Meyer Resources, 1987	North Coast Streams	Chinook	CVM	\$307.37
Olsen et al., 1990	Washington Freshwater	Salmon	CVM	\$56.13
Meyer Resources, 1985	Sacramento and San Joaquin Rivers	Salmon	TCM	\$302.76
Meyer et al., 1983	Columbia River	Salmon	TCM	\$200.23
Olsen et al., 1990	Columbia River	Salmon	CVM	\$69.83
Meyer et al., 1983	Oregon	Steelhead	TCM	\$234.68
Olsen & Richards, 1992	Rogue River	Steelhead	CVM	\$128.18
Meyer et al., 1983	Rogue & Illinois	Steelhead	TCM	\$208.88
Meyer Resources, 1985	Sacramento and San Joaquin Rivers	Steelhead	TCM	\$896.19
Meyer Resources, 1986	California, Statewide	Steelhead	TCM	\$909.83
Donnelly et al., 1985	Idaho, statewide	Steelhead	CVM	\$42.04
Meyer et al., 1983	Columbia River	Steelhead	TCM	\$320.28
Olsen et al., 1990	Columbia River	Steelhead	CVM	\$202.49
Olsen & Richards, 1992	Rogue River	Half-Pounder*	CVM	\$16.73
Olsen & Richards, 1992	Rogue River	Steelhead	CVM	\$33.86

ECONorthwest compilation of various studies

Although not shown here, recreational fishing also impacts the local and regional economies through the multiplier effect.²⁰ Dollars spent by recreational anglers on fishing supplies, food and lodging create income for local businesses and provide income and salaries for local residents. Consequently, public policy and decisions makers should take into account how decisions which impact salmon and steelhead habitat will impact sport angling and other related recreational activities that have a wider scope of influence in the economy than the market value of salmon alone.

²⁰ For information on the economic impact that sport fishing on the Rogue River has on the Josephine County and Oregon economies, please see "Regional Economic Impacts of Recreation on the Wild and Scenic Rogue River."

Table 8 shows the annual WTP by sport anglers for Rogue River salmon and steelhead based on information presented in Table 7. Given the unique wilderness experience offered by the Wild Rogue, the per fish and total willingness to pay (WTP) shown in Table 8 are likely low for that section of the river.

Table 8: Estimated Annual WTP by Sport Anglers for Rogue River Salmon, 2007 Dollars

Species	Catch Location	Estimated 2007 Catch	WTP Per Fish	Estimated Total WTP	Upper Bound WTP
Coho	Ocean	6,488	\$64	\$412,696	\$412,696
	River	1,200	\$157	\$188,732	\$363,404
Chinook	Ocean	5,355	\$64	\$340,600	\$340,600
	River	15,988	\$232	\$3,711,003	\$10,946,101
Steelhead	Ocean	1,040	\$126	\$131,130	\$160,447
	River	4,165	\$299	\$1,246,599	\$3,789,289
Total Sport Fishing		34,236		\$6,030,759	\$16,012,535

Source: ECONorthwest analysis of results from studies presented in Table 7 and data from Oregon Department of Fish and Wildlife (<http://www.dfw.state.or.us/resources/fishing/sportcatch.asp>)

3. Non-use Value of Rogue River Salmon

Even those who do not consume salmon or steelhead may benefit from their existence. In fact, the non-use value of an environmental resource is often far greater than its commercial or sport value. Non-use value can take several different forms: option value, which is the value of saving a good for use at another time; bequest value, the value of saving a good for future generations; altruistic value, the value of saving a good for others to use now; and existence value, the value of saving a good for the sake of its existence²¹. Surveys indicate that, in aggregate, residents of the Pacific Northwest and California place a much higher non-use value on salmon than they do use value. Only a relatively small proportion of West Coast residents participate in fishing for salmon and steelhead. Thus there are many fewer households over which to aggregate total value. For example, based on information from the 2006 *National Survey of Fishing, Hunting, and Wildlife-Associated Recreation: Oregon*, 455,000 Oregonians age 16 or older participated in fishing in 2006, out of a 16+ population of 2,894,050. This represents only 16% of Oregon's 16 and older population²². Comparatively, based on household survey results, a much larger percentage of Oregonians (and Americans in general) value Northwest salmon even though they likely will never participate in salmon fishing or even view a wild salmon (see Loomis, 1999, Pate and Loomis 1997, Loomis 1996).

Loomis (1999) estimated the marginal non-use value of salmon and steelhead on the Lower Snake River to residents of Oregon, Washington, and California²³. The results of the analysis indicate that, as one would expect, the marginal value (i.e., the value of the next additional salmon) goes down as the total population of salmon goes up. At very low populations, (e.g. fewer than 5,000 total fish) the marginal value of an additional fish is more than \$1.0 million. This immense per-fish value embodies the scarcity associated with a small fish population and society's desire to preserve the species for current and future generations.

Based on the results of the survey analysis and through the incorporation of information from other surveys, Loomis (1999) developed a *marginal WTP benefit function*, which provides estimates of the marginal value of a fish based on the

²¹ Schuhmann, P.W. and K.A. Schwabe. 2002. "Fundamentals of Economic Principles and Wildlife Management." In L. Clark, J. Hone, J.A. Shivik, R.A. Watkins, K.C. VerCauteren, and J.K. Yoder, eds., *Human Conflicts with Wildlife: Economic Considerations. Proceedings of the Third NWRC Special Symposium*. Fort Collins, CO: National Wildlife Research Center from <http://www.aphis.usda.gov/ws/nwrc/symposia/economics/>.

²² U.S. Department of Interior, Fish & Wildlife Service, and U.S. Department of Commerce, U.S. Census Bureau. 2006 *National Survey of Fishing, Hunting, and Wildlife-Associated Recreation: Oregon*.

²³ Loomis reviewed and augmented survey data from three other studies which asked households in the Pacific Northwest and California how much they were willing to pay for a specified increase in the number of either salmon or salmon and steelhead on a given river as a result of dam removal. None of the fish in these studies were endangered which is an important consideration when relating the results of these studies to other rivers since individuals will likely place greater existence value on an endangered species than on a non-endangered species.

size of the underlying population. He then demonstrates that as the underlying population increases, the marginal value that society places on increasing the population by one fish decreases. For example, based on a salmon population of 500,000, the marginal value of one additional fish is \$1,595. However, the marginal value of a second additional fish (e.g., the marginal value based on a salmon population of 500,001) is only \$1,539.

Loomis (1999) developed the marginal WTP benefit function based on analysis of society's WTP to increase the salmon populations on the lower Snake River. Based on comments from one or more reviewers of his analysis, he contends that the benefit function may in fact be representative of the entire Pacific Northwest salmon population. What this means is that, though there are many distinct populations of salmon throughout the Pacific Northwest, many Northwest and California residents do not differentiate between salmon of various populations. Society's concern is for the overall welfare of salmon populations throughout the Northwest. Thus, the value that society places on the marginal fish returning to spawn in any one Northwest river is a function of the aggregate count of all salmon returning to spawn in all Northwest rivers. The result of embracing the assumption that society views all Northwest salmon as members of one Northwest-wide population, is that society's WTP for the marginal salmon of any actual (biological) population will be lower than if society viewed each biological population separately.

To estimate the society's non-use WTP for Rogue River salmon and the value society places on the entire population of Rogue River salmon we embrace the all-Northwest assumption regarding the WTP benefit function for Rogue River salmon. In doing so, we acknowledge that our estimates of the non-use or existence value represents a lower bound estimate of the actual non-use value society places on Rogue River salmon. That is, although we are unsure of society's actual non-use WTP for Rogue River salmon, we are confident that it is no lower than and may be much higher than the estimated value based on the WTP benefit function developed by Loomis (1999).

Table 9 shows the estimated marginal and average values of Rogue River salmon, as well as the total value of the Rogue River fishery based on various assumptions about the entire population of Northwest salmon. To our knowledge, "official" estimates of the aggregate population of Northwest salmon are not available.²⁴ However, based on escapement counts²⁵ for the Columbia River system from the Pacific Fishery Management Council (PFMC), we estimate the 10-year average annual salmon escapement for the Northwest to be approximately 830,000 fish.²⁶ Based on this estimate of the Northwest salmon

²⁴ We define "aggregate population" as the 10-year average salmon escapement summed across all Northwest river systems.

²⁵ Escapement is the annual count of salmon and steelhead returning to their spawning ground or hatchery.

²⁶ The PFMC 2007 report can be found at: <http://www.pcouncil.org/salmon/salsafe.html>.

population, we estimate society's annual marginal non-use WTP for a Rogue River salmon to be \$1,008, the average WTP to be \$1,824, and the total annual non-use WTP of the entire Rogue River salmon fishery to be just over \$1.5 billion.

At first glance, these numbers appear to be very large. However, consider that these estimates are aggregated across the entire population of Oregon, Washington, and California – more than 46 million people in 2007. The per-person value of the entire Rogue River salmon fishery is \$32.37 per year. Another perspective from which to view the annual value of the fishery is to compare it to the economic output of the 3-state region. Based on Bureau of Economic Analysis data (BEA), the combined gross state product of the three states was \$2.28 trillion. The estimated annual value of the Rogue River fishery represents a mere 0.07% of the total annual output for 2007.

Table 9: Annual Non-Use Value of Rogue River Salmon, 2007 Dollars*

Assumed Northwest Salmon Population	Marginal Value of a Rogue River Salmon	Average Value of a Rogue River Salmon	Total Value of Rogue River Salmon Population
500,000	\$1,595	\$4,892	\$2,446,138,182
750,000	\$1,112	\$2,217	\$1,662,959,665
828,282	\$1,008	\$1,824	\$1,514,072,103
1,000,000	\$822	\$1,266	\$1,266,345,698
1,250,000	\$793	\$821	\$1,026,859,060
1,500,000	\$525	\$576	\$863,315,110

Source: ECONorthwest analysis of results from Loomis, J. 1999. *Recreation and Passive Use Values From Removing the Dams on the Lower Snake River to Increase Salmon*. Agricultural Enterprises, Inc. for the Department of the Army Corps of Engineers; data from the Pacific Fishery Management Council (<http://www.pcouncil.org/salmon/salsafe.html>) and data from Oregon Department of Fish and Wildlife (<http://www.dfw.state.or.us/resources/fishing/sportcatch.asp>).

* Consistent with the results of the WTP salmon question in the 1996 through 2006 Oregon Population Surveys, we assume no inflationary growth in the WTP between 1996 (the data year of the Loomis 1999 study) and 2007.

Table 9 also provides estimates of the value of Rogue River salmon based on alternative assumptions regarding the size of the entire Northwest salmon population. The declining values associated with increasing salmon populations shown in Table 9 are consistent with economic principles of diminishing marginal value. Under an assumption of relative scarcity (e.g. a total average annual escapement of 500,000 salmon across all Northwest rivers), the marginal value of Rogue River salmon is greater. And under the alternative assumption of relative abundance (e.g. 1.5 million salmon), the marginal value of Rogue River salmon is less. Stated another way, as local, regional, and oceanic conditions worsen for Northwest salmon, the value of the next Rogue River salmon increases.

While the results of Loomis' study provide insight into the values society place on salmon in general, it is important to realize that all salmon populations in the Northwest may not be valued the same. A 2005 report by Goodstein and

Matson²⁷ summarized and augmented research by Layton, Brown, and Plummer in 1999 on people's willingness to pay for specific salmon restoration projects. Goodstein and Matson (2007) used these data to find the perceived economic benefit of restoring salmon populations or, alternatively, of avoiding further declines in salmon populations and they extended the data collected from Washington and Oregon households to households nationwide by assuming that residents outside of Oregon and Washington, on average, placed a value on salmon restoration equal to half that of Oregon and Washington residents. This is a conservative assumption according to other studies on the value of Pacific Northwest salmon for residents outside of the Northwest region. Table 10 summarizes their findings.

Table 10: The Economic Benefits of Restoring Salmon Populations and of Preventing Further Declines in Salmon Populations

The economic benefits to residents of Oregon and Washington of restoring salmon populations:	
Columbia River Salmon	\$2,890 per fish
Washington Coastal Chum Salmon	\$872 per fish
Oregon Coastal Coho Salmon	\$872 per fish
Rogue River Coastal Coho Salmon	\$872 per fish
Puget Sound Chinook Salmon	\$872 per fish
The economic benefit per year, to residents of Oregon and Washington, of preventing further declines in wild-salmon populations:	
Preventing a one-third decline in populations	\$359 million - \$3.6 billion
Preventing a two-thirds decline in populations	\$718 million - \$7.2 billion
The economic benefit per year, to residents of the U.S., of preventing further declines in wild-salmon populations:	
Preventing a one-third decline in populations	\$5.4 billion - \$54 billion
Preventing a two-thirds decline in populations	\$10.9 billion - \$109 billion

Source: ECONorthwest with data from Goodstein, E. and L. Matson. 2007. "Climate Change in the Pacific Northwest: Valuing Snowpack Loss for Agriculture and Salmon." In J.D. Erickson and J.M. Gowdy eds., *Frontiers in Ecological Economic Theory and Application*. Northampton, MA: Edward Elgar.

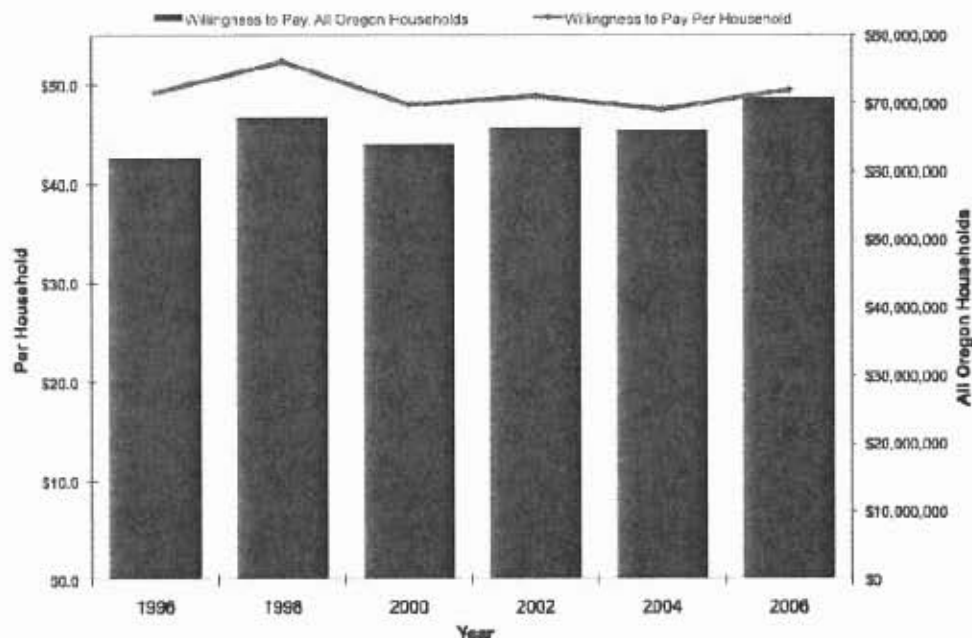
²⁷ Goodstein, E. and L. Matson. 2007. "Climate Change in the Pacific Northwest: Valuing Snowpack Loss for Agriculture and Salmon." In J.D. Erickson and J.M. Gowdy, eds., *Frontiers in Ecological Economic Theory and Applications*. Northampton, MA: Edward Elgar.

One of the disadvantages of the reports of non-use value viewed thus far is that they take data only from one point in time and do not allow us to observe how residents' willingness to pay for salmon recovery changes with changes in the economy and social structure. To observe trends in Oregonians' willingness to pay for salmon habitat restoration and improved water quality, we look at the Biennial Oregon Population Survey, conducted by the Oregon Office of Economic Analysis and the Oregon Progress Board. The survey provides data from as far back as 1996 and asks Oregon residents, how much per month they are willing to pay for water quality and habitat improvement efforts to help improve salmon runs in Oregon.

In 2006, the survey results showed, on average, that each Oregonian household was willing to pay \$4.42 per month in 2008 dollars. Extending that value over the course of a year and multiplying the result by 1,333,723 Oregon households, indicates that Oregonians alone are willing to pay a total of \$75,958,977 per year to improve salmon runs. Figure 2 shows the average annual amount Oregonians stated they are willing to pay for water quality and salmon habitat improvements based on the results of the Oregon Population Survey. The willingness to pay remains fairly constant (in nominal dollars) throughout the years for which data are available indicating that Oregonians are willing to make a long-term commitment to protecting and improving salmon habitat. It also indicates that Oregonians have a continued concern for the health of salmon runs which has not diminished significantly over time.

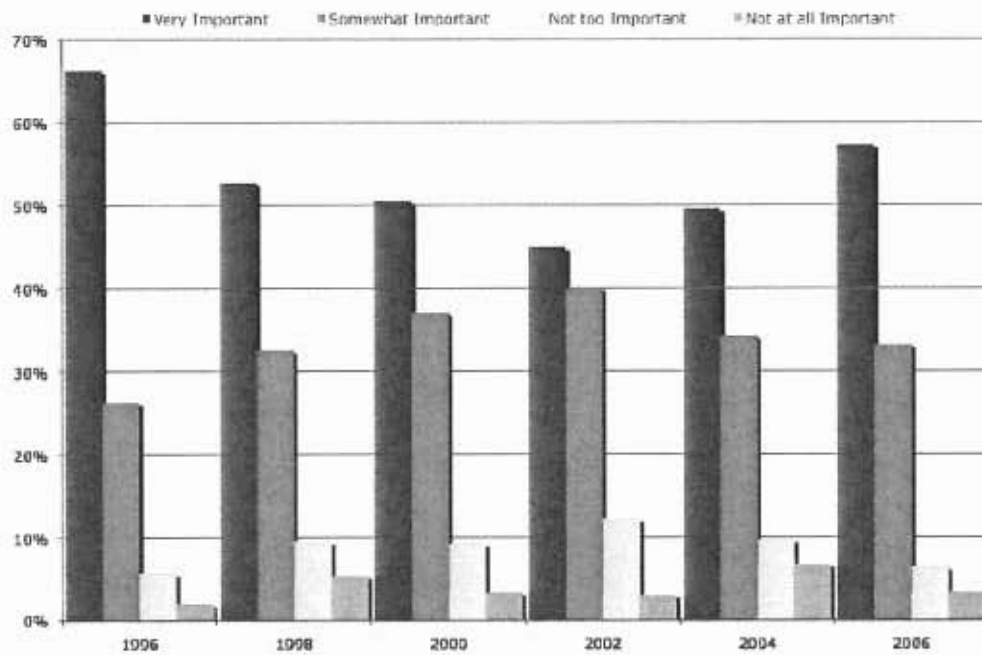
Figure 3 shows responses to another Oregon Population Survey question, "How important do you feel it is to improve salmon runs in Oregon?". It is noteworthy that in every year that the survey was conducted since 1996, over 80% of the respondents stated that improving salmon runs was very important or somewhat important and in all but two of the survey years, the majority of all respondents felt that improving salmon runs was very important.

Figure 2: Oregonian's Willingness to Pay for Water Quality and Habitat Improvement Efforts to Help Improve Salmon Runs in Oregon, In Current Year Dollars



Source: ECONorthwest with data from Oregon Progress Board. *Oregon Population Survey*.
<http://www.oregon.gov/DAS/OPB/popsurvey.shtml>

Figure 3: How Important Do You Feel it is to Improve Salmon Runs in Oregon?



Source: ECONorthwest with data from Oregon Progress Board. *Oregon Population Survey*.
<http://www.oregon.gov/DAS/OPB/popsurvey.shtml>

As shown by numerous surveys and studies, the continued existence of salmon and steelhead in the Pacific Northwest is very important to the local residents and is likely important to residents throughout the country. The non-use value reported in these studies has remained fairly steady over the past ten years and will likely remain so in future years. Consequently, government policies that preserve and/or enhance existing salmon and steelhead habitats have far-reaching benefits, which may not be captured by the market and these benefits will be felt by residents for many years to come.

SUMMARY

The findings of this report show that Rogue River salmon and steelhead are valuable assets to the Pacific Northwest with economic benefits that extends far beyond their market price. The commercial fishing industry for salmon and steelhead brings income into the regional economy through direct revenues and employment and is further increased by the multiplier effect. We estimate the economic value of the Rogue River to the commercial salmon fishery to be not less than \$1.36 million annually.

The economic benefits society accrues from recreational fishing are even greater since the consumer surplus for each salmon and steelhead caught is typically greater than the angler's expenditures. Based on analysis of the academic literature, which includes studies of the sport value of salmon and steelhead throughout the Northwest, we estimate the annual value of all Rogue River salmon runs to be not less than \$16 million.

By far, the most significant value associated with Rogue River salmon, is the non-use value to residents of Oregon, the Northwest, and the entire west coast. Based on the results of peer-reviewed, published studies and data from household surveys, we estimate the implicit value of all Rogue River salmon and steelhead runs to be approximately \$1.5 *billion* — significantly greater than the total use value of Rogue River salmon. Households in the Pacific Northwest indicate they are willing to pay over eight hundred dollars per fish for salmon preservation and Oregonians consistently state a willingness to pay at least \$70 million annually to enhance salmon habitat in the state.

Northwest salmon face the risk of extinction, in part, because healthy salmon habitat is scarce. As the supply of healthy salmon habitat diminishes and the risk of extinction increases, the marginal economic values associated with the remaining salmon and the cost of protecting remaining habitat will only grow. Any increase in the risk of extinction would negatively impact both the widely-recognized economic values of salmon discussed in this report, as well as the values that Congress recognizes to be "incalculable,"²⁸ including the spiritual, cultural, and health-related values that tribal members and others place on salmon and their habitat.²⁹ Protecting salmon habitat in the Wild & Scenic section of the Rogue River would reduce the risk of extinction of Northwest salmon.

²⁸ House of Representatives. 1973. Report No. 93-4112. Pp.4-5.

²⁹ See, for example, Meyer Resources, Inc. 1999. *Tribal Circumstances & Impacts from the Lower Snake River Project: Executive Summary*, Columbia River Inter-Tribal Fish Commission. October.

"Despite the deprivations summarized previously, today, salmon remain connected to the core of tribal material and spiritual life. Faced with bleak present circumstances, and severely limited prospects for remedy, the tribal peoples still look first to the salmon with hope of a better future.

"Traditional activities such as fishing, hunting and gathering roots, berries and medicinal plants build self-esteem for Nez Perce peoples – and this has the capacity to reduce the level of death by accident, violence and suicide affecting our people. When you engage in cultural activities you

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build pride. You are helped to understand 'what it is to be a Nez Perce' – as opposed to trying to be someone who is not a Nez Perce. In this way, the salmon, the game, the roots, and the berries and the plants are the pillars of our world." –Leroy Seth, Nez Perce Elder

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Response to Question #16

Income/Expense
1/1/2013 Through 12/31/2013

6/8/2014

Page 1

Category Description	1/1/2013- 1/31/2013	2/1/2013- 2/28/2013	3/1/2013- 3/31/2013	4/1/2013- 4/30/2013	5/1/2013- 5/31/2013
INCOME					
Balance Forward	10,948.29	0.00	0.00	0.00	0.00
Donation	0.00	1,000.00	1,200.00	3,550.00	2,998.00
TOTAL INCOME	10,948.29	1,000.00	1,200.00	3,550.00	2,998.00
EXPENSES					
Bank Charge	0.00	0.00	0.00	20.00	0.00
Office Supplies	0.00	0.00	0.00	0.00	0.00
Reimburse	0.00	0.00	0.00	0.00	0.00
Retainer	7,000.00	1,500.00	0.00	3,000.00	3,980.00
Travel, Bus	0.00	0.00	0.00	0.00	560.00
TOTAL EXPENSES	7,000.00	1,500.00	0.00	3,020.00	4,540.00
OVERALL TOTAL	3,948.29	-500.00	1,200.00	530.00	-1,542.00

Income/Expense
1/1/2013 Through 12/31/2013

6/8/2014

Page 2

Category Description	6/1/2013- 6/30/2013	7/1/2013- 7/31/2013	8/1/2013- 8/31/2013	9/1/2013- 9/30/2013	10/1/2013- 10/31/2013
INCOME					
Balance Forward	0.00	0.00	0.00	0.00	0.00
Donation	6,500.00	5,500.00	0.00	0.00	100.00
TOTAL INCOME	6,500.00	5,500.00	0.00	0.00	100.00
EXPENSES					
Bank Charge	0.00	0.00	0.00	0.00	0.00
Office Supplies	112.74	0.00	0.00	0.00	0.00
Reimburse	0.00	2,000.00	0.00	0.00	0.00
Retainer	7,010.00	4,000.00	0.00	0.00	200.00
Travel, Bus	0.00	0.00	0.00	0.00	0.00
TOTAL EXPENSES	7,122.74	6,000.00	0.00	0.00	200.00
OVERALL TOTAL	-622.74	-500.00	0.00	0.00	-100.00

Income/Expense
1/1/2013 Through 12/31/2013

6/8/2014

Page 3

Category Description	11/1/2013- 11/30/2013	12/1/2013- 12/31/2013	OVERALL TOTAL
INCOME			
Balance Forward	0.00	0.00	10,948.29
Donation	118.24	250.00	21,216.24
TOTAL INCOME	118.24	250.00	32,164.53
EXPENSES			
Bank Charge	0.00	0.00	20.00
Office Supplies	0.00	0.00	112.74
Reimburse	0.00	0.00	2,000.00
Retainer	120.00	0.00	26,810.00
Travel, Bus	0.00	240.00	800.00
TOTAL EXPENSES	120.00	240.00	29,742.74
OVERALL TOTAL	-1.76	10.00	2,421.79

Income/Expense
1/1/2014 Through 12/31/2014

6/8/2014

Page 1

Category Description	1/1/2014- 1/31/2014	2/1/2014- 2/28/2014	3/1/2014- 3/31/2014	4/1/2014- 4/30/2014	5/1/2014- 5/31/2014
INCOME					
Donation	100.00	0.00	-1,000.00	200.00	10.00
TOTAL INCOME	100.00	0.00	-1,000.00	200.00	10.00
EXPENSES					
Office	0.00	0.00	0.00	0.00	10.00
Office Supplies	0.00	18.00	0.00	0.00	0.00
Retainer	400.00	0.00	1,000.00	200.00	0.00
Travel, Bus	100.00	0.00	0.00	0.00	0.00
TOTAL EXPENSES	500.00	18.00	1,000.00	200.00	10.00
OVERALL TOTAL	-400.00	-18.00	-2,000.00	0.00	0.00

Income/Expense
1/1/2014 Through 12/31/2014

6/8/2014

Page 2

Category Description	6/1/2014- 6/30/2014	7/1/2014- 7/31/2014	8/1/2014- 8/31/2014	9/1/2014- 9/30/2014	10/1/2014- 10/31/2014
INCOME					
Donation	0.00	0.00	0.00	0.00	0.00
TOTAL INCOME	0.00	0.00	0.00	0.00	0.00
EXPENSES					
Office	0.00	0.00	0.00	0.00	0.00
Office Supplies	0.00	0.00	0.00	0.00	0.00
Retainer	0.00	0.00	0.00	0.00	0.00
Travel, Bus	0.00	0.00	0.00	0.00	0.00
TOTAL EXPENSES	0.00	0.00	0.00	0.00	0.00
OVERALL TOTAL	0.00	0.00	0.00	0.00	0.00

Income/Expense
1/1/2014 Through 12/31/2014

6/8/2014

Page 3

Category Description	11/1/2014- 11/30/2014	12/1/2014- 12/31/2014	OVERALL TOTAL
INCOME			
Donation	0.00	0.00	-690.00
TOTAL INCOME	0.00	0.00	-690.00
EXPENSES			
Office	0.00	0.00	10.00
Office Supplies	0.00	0.00	18.00
Retainer	0.00	0.00	1,600.00
Travel, Bus	0.00	0.00	100.00
TOTAL EXPENSES	0.00	0.00	1,728.00
OVERALL TOTAL	0.00	0.00	-2,418.00

Check Register

Checking
10/27/2014

Page 4

Date	Num	Transaction	Payment	C	Deposit	Balance
2/25/2014		Columbia Bank cat: Office Supplies	18.00			2,003.79
3/21/2014		Freres cat: Donation	1,000.00		DK	1,003.79
3/21/2014	ATM	Wright Media cat: Retainer	500.00			503.79
3/26/2014	ATM	Wright Media cat: Retainer	500.00			3.79
4/21/2014	DEP	U Da Man cat: Donation			200.00	203.79
4/21/2014	ATM	Jim Wright cat: Retainer	180.00			23.79
4/23/2014	ATM	Jim Wright cat: Retainer	20.00			3.79
5/1/2014	DEP	John Brennenman Donation cat: Donation			10.00	13.79
5/5/2014	1254	Oregon Department Of Justice cat: Office	10.00			3.79
6/20/2014	DEP	City Of Newport cat: Donation			5,000.00	5,003.79
6/20/2014	1255	Jim Wright cat: Travel, Bus	1,500.00			3,503.79
6/26/2014	ATM	Jim Wright cat: Public Relations	500.00			3,003.79
6/27/2014	ATM	Jim Wright cat: Public Relations	500.00			2,503.79
7/1/2014	ATM	Jim Wright cat: Public Relations	260.00			2,243.79
7/2/2014	ATM	Jim Wright cat: Public Relations	260.00			1,983.79
7/8/2014	ATM	Jim Wright cat: Public Relations	500.00			1,483.79
7/10/2014	ATM	Jim Wright cat: Public Relations	420.00			1,063.79
7/22/2014	DEP	David DeLozenzo cat: Donation			200.00	1,263.79
7/22/2014	DEP	Doug Stamm cat: Donation			96.80	1,360.59
7/22/2014	1256	**VOID**Jim Wright cat: Travel, Bus		c		1,360.59
7/23/2014	DEP	Ralph Rayburn cat: Donation			100.00	1,460.59
7/25/2014	DEP	Christine Anderson cat: Donation			48.25	1,508.84
7/31/2014	1257	Jim Wright cat: Travel, Bus	284.25	c		1,224.59
8/7/2014	1258	Jim Wright cat: Travel, Bus	144.75	c		1,079.84
8/15/2014	DEP	Nancy Isaacs cat: Donation		c	19.12	1,098.96

Check Register

Checking
10/27/2014

Page 5

Date	Num	Transaction	Payment	C	Deposit	Balance
8/18/2014	1259	Boldt Carlisle cat: Accountants	400.00	c		698.96
8/21/2014	DEP	Kathleen Dooley cat: Donation		c	50.00	748.96
8/30/2014	1260	Jim Wright cat: Travel, Bus	439.75			309.21
9/4/2014	DEP	Nue Family Trust cat: Donation		c	500.00	809.21
9/10/2014	DEP	Lois Duvall cat: Donation		c	155.00	964.21
9/25/2014	1261	Jim Wright cat: Public Relations	500.00	c		464.21
10/21/2014	1262	Jim Wright cat: Travel, Bus	447.00			17.21

Income/Expense
1/1/2014 Through 10/27/2014

10/27/2014

Page 1

Category Description	1/1/2014- 3/31/2014	4/1/2014- 6/30/2014	7/1/2014- 9/30/2014	10/1/2014- 10/27/2014	OVERALL TOTAL
INCOME					
Donation	-900.00	5,210.00	1,169.17	0.00	5,479.17
TOTAL INCOME	-900.00	5,210.00	1,169.17	0.00	5,479.17
EXPENSES					
Accountants	0.00	0.00	400.00	0.00	400.00
Office	0.00	10.00	0.00	0.00	10.00
Office Supplies	18.00	0.00	0.00	0.00	18.00
Public Relations	0.00	1,000.00	1,940.00	0.00	2,940.00
Retainer	1,400.00	200.00	0.00	0.00	1,600.00
Travel, Bus	100.00	1,500.00	868.75	447.00	2,915.75
TOTAL EXPENSES	1,518.00	2,710.00	3,208.75	447.00	7,883.75
OVERALL TOTAL	-2,418.00	2,500.00	-2,039.58	-447.00	-2,404.58

Form **990-EZ****Short Form****Return of Organization Exempt From Income Tax**

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

OMB No. 1545-1150

2013**Open to Public Inspection**Department of the Treasury
Internal Revenue Service

▶ Do not enter Social Security numbers on this form as it may be made public.

▶ Information about Form 990-EZ and its instructions is at www.irs.gov/form990.

A For the 2013 calendar year, or tax year beginning , 2013, and ending , 20																
B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td colspan="2">C Name of organization SALMON FOR OREGON ASSOCIATION, INC.</td> <td>D Employer identification number 45-4272625</td> </tr> <tr> <td colspan="2">Number and street (or P.O. box, if mail is not delivered to street address) Room/suite</td> <td>E Telephone number (503) 508-0038</td> </tr> <tr> <td colspan="2">P.O. BOX 746</td> <td>F Group Exemption Number ▶</td> </tr> <tr> <td colspan="2">City or town, state or province, country, and ZIP or foreign postal code</td> <td></td> </tr> <tr> <td colspan="2">LYONS, OREGON 97358</td> <td></td> </tr> </table>	C Name of organization SALMON FOR OREGON ASSOCIATION, INC.		D Employer identification number 45-4272625	Number and street (or P.O. box, if mail is not delivered to street address) Room/suite		E Telephone number (503) 508-0038	P.O. BOX 746		F Group Exemption Number ▶	City or town, state or province, country, and ZIP or foreign postal code			LYONS, OREGON 97358		
C Name of organization SALMON FOR OREGON ASSOCIATION, INC.		D Employer identification number 45-4272625														
Number and street (or P.O. box, if mail is not delivered to street address) Room/suite		E Telephone number (503) 508-0038														
P.O. BOX 746		F Group Exemption Number ▶														
City or town, state or province, country, and ZIP or foreign postal code																
LYONS, OREGON 97358																
G Accounting Method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual Other (specify) ▶																
H Check <input type="checkbox"/> if the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF).																
I Website: ▶ NONE																
J Tax-exempt status (check only one) — <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (Insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527																
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other																
L Add lines 5b, 6c, and 7b, to line 9 to determine gross receipts. If gross receipts are \$200,000 or more, or if total assets (Part II, column (B) below) are \$500,000 or more, file Form 990 instead of Form 990-EZ ▶ \$ 22,700																

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (see the instructions for Part I)Check if the organization used Schedule O to respond to any question in this Part I ☒

Revenue	1	Contributions, gifts, grants, and similar amounts received	1	22,700
	2	Program service revenue including government fees and contracts	2	
	3	Membership dues and assessments	3	
	4	Investment income	4	
	5a	Gross amount from sale of assets other than inventory	5a	
	5b	Less: cost or other basis and sales expenses	5b	
	5c	Gain or (loss) from sale of assets other than inventory (Subtract line 5b from line 5a)	5c	
	6	Gaming and fundraising events		
	a	Gross income from gaming (attach Schedule G if greater than \$15,000)	6a	
b	Gross income from fundraising events (not including \$ of contributions from fundraising events reported on line 1) (attach Schedule G if the sum of such gross income and contributions exceeds \$15,000)	6b		
c	Less: direct expenses from gaming and fundraising events	6c		
d	Net income or (loss) from gaming and fundraising events (add lines 6a and 6b and subtract line 6c)	6d		
7a	Gross sales of inventory, less returns and allowances	7a		
b	Less: cost of goods sold	7b		
c	Gross profit or (loss) from sales of inventory (Subtract line 7b from line 7a)	7c		
8	Other revenue (describe in Schedule O)	8		
9	Total revenue. Add lines 1, 2, 3, 4, 5c, 6d, 7c, and 8 ▶	9	22,700	
Expenses	10	Grants and similar amounts paid (list in Schedule O)	10	
	11	Benefits paid to or for members	11	
	12	Salaries, other compensation, and employee benefits	12	
	13	Professional fees and other payments to independent contractors	13	26,810
	14	Occupancy, rent, utilities, and maintenance	14	
	15	Printing, publications, postage, and shipping	15	
	16	Other expenses (describe in Schedule O)	16	933
17	Total expenses. Add lines 10 through 16 ▶	17	27,743	
Net Assets	18	Excess or (deficit) for the year (Subtract line 17 from line 9)	18	(5,043)
	19	Net assets or fund balances at beginning of year (from line 27, column (A)) (must agree with end-of-year figure reported on prior year's return)	19	(13,485)
	20	Other changes in net assets or fund balances (explain in Schedule O)	20	
	21	Net assets or fund balances at end of year. Combine lines 18 through 20 ▶	21	(18,528)

For Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 106421

Form **990-EZ** (2013)

SALMON FOR OREGON ASSOCIATION INC
PO BOX 746
LYONS OR 97358



025306

Taxpayer Identification Number: 45-4272625
Form: 990-EZ
Tax Period: Dec 31, 2013
29492-158-13702-4

Dear Taxpayer:

We received your Form 990-EZ, Short Form Return of Organization Exempt From Income Tax, for the tax period shown above and need additional information. When responding please send only the requested information ATTACHED BEHIND A COPY OF THIS LETTER. Do not send a complete copy of your return unless the requested information changes your original return.

Based on the information shown on your return, Schedule A, Part II, Support Schedule, should be completed. Please complete Part II on Schedule A or explain why you do not have to complete Part II. You must also sign the declaration at the end of this letter.

For tax forms, instructions, and publications, visit www.irs.gov or call 1-800-TAX-FORM (1-800-829-3676).

Please send the information to us within 30 days from the date of this letter. To avoid delays in processing:

1. Attach a copy of this letter to the front of your reply.
2. Do not send a copy of your original return because it doesn't have the information we need.
3. Write your Employer Identification Number at the top of each form you send to us.
4. Sign the declaration at the end of this letter and send it to us with the information we have requested.

In addition to providing the missing or incomplete information, please include a reasonable cause explanation as to why the required information was not originally submitted with your return. Failure to provide both the missing or incomplete information and a reasonable cause explanation may result in penalties being charged to your account.

Part V Other information (Note the Schedule A and personal benefit contract statement requirements in the instructions for Part V) Check if the organization used Schedule O to respond to any question in this Part V ☒

	Yes	No
33 Did the organization engage in any significant activity not previously reported to the IRS? If "Yes," provide a detailed description of each activity in Schedule O	33	<input checked="" type="checkbox"/>
34 Were any significant changes made to the organizing or governing documents? If "Yes," attach a conformed copy of the amended documents if they reflect a change to the organization's name. Otherwise, explain the change on Schedule O (see instructions)	34	<input checked="" type="checkbox"/>
35a Did the organization have unrelated business gross income of \$1,000 or more during the year from business activities (such as those reported on lines 2, 6a, and 7a, among others)?	35a	<input checked="" type="checkbox"/>
b If "Yes," to line 35a, has the organization filed a Form 990-T for the year? If "No," provide an explanation in Schedule O	35b	
c Was the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization subject to section 6033(e) notice, reporting, and proxy tax requirements during the year? If "Yes," complete Schedule C, Part III	35c	<input checked="" type="checkbox"/>
36 Did the organization undergo a liquidation, dissolution, termination, or significant disposition of net assets during the year? If "Yes," complete applicable parts of Schedule N	36	<input checked="" type="checkbox"/>
37a Enter amount of political expenditures, direct or indirect, as described in the instructions ▶ 37a		
b Did the organization file Form 1120-POL for this year?	37b	<input checked="" type="checkbox"/>
38a Did the organization borrow from, or make any loans to, any officer, director, trustee, or key employee or were any such loans made in a prior year and still outstanding at the end of the tax year covered by this return?	38a	<input checked="" type="checkbox"/>
b If "Yes," complete Schedule L, Part II and enter the total amount involved	38b	20,950
39 Section 501(c)(7) organizations. Enter:		
a Initiation fees and capital contributions included on line 9	39a	0
b Gross receipts, included on line 9, for public use of club facilities	39b	0
40a Section 501(c)(3) organizations. Enter amount of tax imposed on the organization during the year under: section 4911 ▶ 0 ; section 4912 ▶ 0 ; section 4955 ▶ 0		
b Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year, or did it engage in an excess benefit transaction in a prior year that has not been reported on any of its prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	40b	<input checked="" type="checkbox"/>
c Section 501(c)(3) and 501(c)(4) organizations. Enter amount of tax imposed on organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 ▶		
d Section 501(c)(3) and 501(c)(4) organizations. Enter amount of tax on line 40c reimbursed by the organization ▶		
e All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction? If "Yes," complete Form 8886-T	40e	<input checked="" type="checkbox"/>
41 List the states with which a copy of this return is filed ▶ OREGON		
42a The organization's books are in care of ▶ JOHN BRENNEMAN Telephone no. ▶ (503) 931-2020		
Located at ▶ 8031 Sacajawea Way, Wilsonville, OR ZIP + 4 ▶ 97070		
b At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," enter the name of the foreign country: ▶	42b	<input checked="" type="checkbox"/>
See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
c At any time during the calendar year, did the organization maintain an office outside the U.S.? If "Yes," enter the name of the foreign country: ▶	42c	<input checked="" type="checkbox"/>
43 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-EZ in lieu of Form 1041—Check here and enter the amount of tax-exempt interest received or accrued during the tax year ▶ 43		N/A
44a Did the organization maintain any donor advised funds during the year? If "Yes," Form 990 must be completed instead of Form 990-EZ	44a	<input checked="" type="checkbox"/>
b Did the organization operate one or more hospital facilities during the year? If "Yes," Form 990 must be completed instead of Form 990-EZ	44b	<input checked="" type="checkbox"/>
c Did the organization receive any payments for indoor tanning services during the year?	44c	<input checked="" type="checkbox"/>
d If "Yes" to line 44c, has the organization filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	44d	
45a Did the organization have a controlled entity within the meaning of section 512(b)(13)?	45a	<input checked="" type="checkbox"/>
45b Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," Form 990 and Schedule R may need to be completed instead of Form 990-EZ (see instructions)	45b	

- 46 Did the organization engage, directly or indirectly, in political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I

	Yes	No
46		<input checked="" type="checkbox"/>

Part VI Section 501(c)(3) organizations only

All section 501(c)(3) organizations must answer questions 47-49b and 52, and complete the tables for lines 50 and 51.

Check if the organization used Schedule O to respond to any question in this Part VI ☐

- 47 Did the organization engage in lobbying activities or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II

	Yes	No
47		<input checked="" type="checkbox"/>

- 48 Is the organization a school as described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E

	Yes	No
48		<input checked="" type="checkbox"/>

- 49a Did the organization make any transfers to an exempt non-charitable related organization?

	Yes	No
49a		<input checked="" type="checkbox"/>

- b If "Yes," was the related organization a section 527 organization?

	Yes	No
49b		<input type="checkbox"/>

- 50 Complete this table for the organization's five highest compensated employees (other than officers, directors, trustees and key employees) who each received more than \$100,000 of compensation from the organization. If there is none, enter "None."

(a) Name and title of each employee	(b) Average hours per week devoted to position	(c) Reportable compensation (Forms W-2/1099-MISC)	(d) Health benefits, contributions to employee benefit plans, and deferred compensation	(e) Estimated amount of other compensation

- f Total number of other employees paid over \$100,000

- 51 Complete this table for the organization's five highest compensated independent contractors who each received more than \$100,000 of compensation from the organization. If there is none, enter "None."

(a) Name and business address of each independent contractor	(b) Type of service	(c) Compensation

- d Total number of other independent contractors each receiving over \$100,000

- 52 Did the organization complete Schedule A? **Note.** All section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A

☐ Yes ☐ No

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature of officer

Date

JOHN BRENNEMAN, PRESIDENT AND DIRECTOR

Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if self-employed PTIN

Firm's name

Firm's EIN

Firm's address

Phone no.

May the IRS discuss this return with the preparer shown above? See instructions

☐ Yes ☐ No

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ.

▶ Information about Schedule A (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2013

**Open to Public
Inspection**

Name of the organization

SALMON FOR OREGON ASSOCIATION, INC.

Employer identification number

45-4272625

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2 ☐ A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E.)
- 3 ☐ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state:
- 5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7 ☒ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8 ☐ A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9 ☐ An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 10 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2)**. See **section 509(a)(3)**. Check the box that describes the type of supporting organization and complete lines 11e through 11h.
 - a ☐ Type I b ☐ Type II c ☐ Type III—Functionally integrated d ☐ Type III—Non-functionally integrated
 - e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2)**.
 - f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box ☐
 - g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

	Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?	11g(i)	
(ii) A family member of a person described in (i) above?	11g(ii)	
(iii) A 35% controlled entity of a person described in (i) or (ii) above?	11g(iii)	
 - h Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1–9 above or IRC section (see instructions))	(iv) Is the organization in col. (i) listed in your governing document?		(v) Did you notify the organization in col. (i) of your support?		(vi) Is the organization in col. (i) organized in the U.S.?		(vii) Amount of monetary support
			Yes	No	Yes	No	Yes	No	
(A)									
(B)									
(C)									
(D)									
(E)									
Total									

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Cat. No. 11255F

Schedule A (Form 990 or 990-EZ) 2013

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II.
If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support. (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here ▶ <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2012 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2012 Schedule A, Part III, line 17	18	%
19a 33 1/3% support tests—2013. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
b 33 1/3% support tests—2012. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶ <input type="checkbox"/>		

Schedule of Contributors

OMB No. 1545-0047

2013

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.

▶ Information about Schedule B (Form 990, 990-EZ, or 990-PF) and its instructions is at www.irs.gov/form990.

Name of the organization

SALMON FOR OREGON ASSOCIATION, INC.

Employer identification number

45-4272625

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

☒ 501(c)(3) (enter number) organization

☐ 4947(a)(1) nonexempt charitable trust not treated as a private foundation

☐ 527 political organization

Form 990-PF

☐ 501(c)(3) exempt private foundation

☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation

☐ 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

- ☒ For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II.

Special Rules

- ☐ For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33 1/3 % support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- ☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.
- ☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not total to more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions of \$5,000 or more during the year ▶ \$

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization

Employer identification number

SALMON FOR OREGON ASSOCIATION, INC.

454272625

Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	TOM BECKER TRUST 3411 BOONE ROAD, S.E., ROOM 135 SALEM, OR 97317	\$ 9,700	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
2	OREGON COAST BANK P.O. BOX 2280 NEWPORT, OR 97365	\$ 1,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
3	ENGLUND MARINE SUPPLY 880 BAY BLVD. NEWPORT, OR 97365	\$ 1,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
4	U DA MAN	\$ 5,250	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
5	MARY NOLAN	\$ 500	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
6	JOHN BRENNEMAN 8031 SACAJAWEA WAY WILSONVILLE, OR 97070	\$ 120	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization

SALMON FOR OREGON ASSOCIATION, INC.

Employer identification number

45-4272625

Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
7	BOB JACOBSON _____ _____	\$ 50	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
8	OTHER _____ _____	\$ 5,080	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

SCHEDULE L
(Form 990 or 990-EZ)

Transactions With Interested Persons

OMB No. 1545-0047

2013

Open To Public Inspection

Department of the Treasury
Internal Revenue Service

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 36a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.
▶ Information about Schedule L (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

Name of the organization

Employer identification number

SALMON FOR OREGON ASSOCIATION, INC.

45-4272625

Part I

Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b.

1	(a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected?	
				Yes	No
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					

2 Enter the amount of tax incurred by the organization managers or disqualified persons during the year under section 4958. ▶ \$

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization ▶ \$

Part II

Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a or Form 990, Part IV, line 26; or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22.

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization?		(e) Original principal amount	(f) Balance due	(g) In default?		(h) Approved by board or committee?		(i) Written agreement?	
			To	From			Yes	No	Yes	No	Yes	No
(1) TOM BECKER	DIRECTOR	CASH FLOW	✓		20,950	20,950	✓		✓		✓	
(2)												
(3)												
(4)												
(5)												
(6)												
(7)												
(8)												
(9)												
(10)												
Total						\$	20,950					

Part III

Grants or Assistance Benefiting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Cat. No. 50056A

Schedule L (Form 990 or 990-EZ) 2013

Part IV Business Transactions Involving Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					

Part V Supplemental Information

Provide additional information for responses to questions on Schedule L (see instructions).

Schedule L, Part II, Loans To and From Interested Persons:

(A) Name: Tom Becker

(B) Relationship: Director

(C) Purpose of Loan: Cash Flow Needs

(D) Loan To or From Organization: To

(E) Original Principal Amount: \$20,950

(F) Balance Due: \$20,950

(G) Loan in Default: No

(H) Approved By Board or Committee: Yes

(I) Written Agreement: Yes

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2013

**Open to Public
Inspection**

Name of the organization

SALMON FOR OREGON ASSOCIATION, INC.

Employer identification number

45-4272625

Form 990-EZ, Part I, Line 16, Other Expenses:

Description	Amount
Bank Charges	\$ 20
Office Supplies	113
Travel, Bus	800
Total to Part I, Line 16	\$ 933

Form 990-EZ, Part II, Line 26, Other Liabilities:

Description	Beginning of Year	End of Year
Loan From Officer	\$ 20,950	\$ 20,950

Form 990-EZ, Part III, Primary Exempt Purpose:

Restoring Oregon's Once Great Salmon Industry.

Form 990-EZ, Part V, Information Regarding Personal Service Contracts:

The Organization did not receive any funds, directly or indirectly, to pay premiums on a personal benefit contract.

The Organization did not pay any premiums, directly or indirectly, on a personal benefit contract.

SALMON FOR OREGON ASSOCIATION INC
PO BOX 746
LYONS OR 97358

We don't consider your return filed until we have all the information we need to process it. The date we receive the information requested by this letter is the date we consider your return filed. The law provides a penalty of \$20 a day for filing an incomplete return. The maximum penalty may be as much as \$10,000 or five percent of the gross receipts for the year, whichever is less. If your organization has gross receipts exceeding \$1,000,000, the law provides a penalty of \$100 a day for filing an incomplete return. The maximum penalty may be as much as \$50,000.

If you wish to send the information by fax, our fax number is 801-620-6607. We will not be able to acknowledge receipt of your fax due to the high volume of faxes we receive. Do not send an additional copy of the information by mail. Doing so could delay the processing of your return.

Your fax cover sheet should contain the following information:

Date: _____
Attention: Reject Unit - Mail Stop 6121
Control number: 29492-158-13702-4

Your Name: _____
Your Employer Identification Number: _____
Tax Period: _____
Number of Faxed Pages, including cover sheet: _____

If you have any questions, you may call toll free at 1-877-829-5500. If you prefer, you can write to us at the address shown at the top of the first page of this letter.

Whenever you write, please include a copy of this letter and, in the spaces below, provide us your telephone number with the best hours we can contact you in case we need more information. Also, you should keep a copy of this letter for your records.

Your Telephone Number () _____ Hours _____

SALMON FOR OREGON ASSOCIATION INC
PO BOX 746
LYONS OR 97358



025306

We apologize for any inconvenience we have caused, and thank you
for your cooperation.

Sincerely yours,

Charmian Setear
Department Manager, ICO ERS/Rejects

Enclosures:
Copy of this letter
Envelope

SALMON FOR OREGON ASSOCIATION INC
PO BOX 746
LYONS OR 97358



DECLARATION

025306

Under penalties of perjury, I declare that I have examined the return identified in this letter, including any accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. I understand that this declaration will become a permanent part of that return.

X


Signature of officer or trustee

Date

7/8/17

President

Title

Department of the Treasury
Internal Revenue Service▶ Attach to Form 990 or Form 990-EZ.
▶ Information about Schedule A (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.Open to Public
Inspection

Name of the organization

Employer identification number

SALMON FOR OREGON ASSOCIATION, INC.

45-4272625

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E.)
- 3 ☐ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state: _____
- 5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)
- 6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7 ☒ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 8 ☐ A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 9 ☐ An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III.)
- 10 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**
- 11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2).** See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h.
- a ☐ Type I b ☐ Type II c ☐ Type III—Functionally integrated d ☐ Type III—Non-functionally integrated
- e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2).**
- f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box ☐
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
- (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization? ☐
- (ii) A family member of a person described in (i) above? ☐
- (iii) A 35% controlled entity of a person described in (i) or (ii) above? ☐
- h Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1–9 above or IRC section (see instructions))	(iv) Is the organization in col. (i) listed in your governing document?		(v) Did you notify the organization in col. (i) of your support?		(vi) Is the organization in col. (i) organized in the U.S.?		(vii) Amount of monetary support
			Yes	No	Yes	No	Yes	No	
(A)									
(B)									
(C)									
(D)									
(E)									
Total									

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Cat. No. 11285F

Schedule A (Form 990 or 990-EZ) 2013

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")				80,847	22,700	103,547
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3				80,847	22,700	103,547
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4.						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
7 Amounts from line 4				80,847	22,700	103,547
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
11 Total support. Add lines 7 through 10						103,547
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here ▶ <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

14 Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f))	14	100.00 %
15 Public support percentage from 2012 Schedule A, Part II, line 14	15	%
16a 33 1/3% support test—2013. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶ <input checked="" type="checkbox"/>		
b 33 1/3% support test—2012. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
17a 10%-facts-and-circumstances test—2013. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
b 10%-facts-and-circumstances test—2012. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶ <input type="checkbox"/>		

Schedule A (Form 990 or 990-EZ) 2013

IRS TAX EXEMPT DETERMINATION

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

DEPARTMENT OF THE TREASURY

Date: **MAY 09 2013**

SALMON FOR OREGON ASSOCIATION INC
1740 SHAFF RD BOX 410
STAYTON, OR 97383-0000

Employer Identification Number:
45-4272625
DLN:
602115040
Contact Person:
RICHARD COMBS ID# 31024
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
December 31
Public Charity Status:
170(b)(1)(A)(vi)
Form 990 Required:
Yes
Effective Date of Exemption:
January 27, 2012
Contribution Deductibility:
Yes
Addendum Applies:
No

Dear Applicant:

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

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

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

Letter 947 (DO/CG)

SALMON FOR OREGON ASSOCIATION INC

Sincerely,

Holly O. Paz

Holly O. Paz
Director, Exempt Organizations
Rulings and Agreements

Enclosure: Publication 4221-PC

Letter 947 (DO/CG)

SALMON FOR OREGON ARTICLES OF INCORPORATION



2009 State Street
Salem, Oregon 97301-4349
Phone (503) 364-1913
Fax (503) 362-0513

January 30, 2012

Tom Becker
12444 West Stayton Rd. SE
Aumsville, OR 97325

Dr. Bill McNeil
1066 West Farthington Way NW
Salem, OR 97304

Dick Severson
8303 Thurston Rd.
Springfield, OR 97428-9676

Dear Board Members:

The following steps have been taken to establish Salmon for Oregon Association:

1. I filed Articles of Incorporation with the Corporations Division of the Office of the Secretary of State. A copy of the Articles is enclosed, for your file. Also enclosed is an acknowledgement letter.
2. In order to give the Association an easy name without having to use the word "Incorporated," I filed an Assumed Business Name registration with the state. A copy of this registration and Assumed Business Name acknowledgement are enclosed. You can regularly refer to the organization as "Salmon for Oregon Association," and no one else may use that name in Oregon.
3. We previously filed with the IRS for an Employer Identification Number (EIN). This is EIN 45-4272625.
4. With the EIN in hand, Tom Becker has opened a checking account. Tom has paid the flat fee of \$3,000 to my firm for our services in setting up this organization. He also paid \$100 to us for the cost of the filings with the Secretary of State. I am sending the original of the \$100 receipt to Tom, along with his copy of this letter.
5. You have also adopted the Bylaws which I distributed to you. A copy is enclosed for your files.

The next step to be taken is the adoption of certain resolutions, one of which authorizes me to apply to the IRS for approval as a 501(c)3 organization. Under the adopted Bylaws, it is possible to have a meeting by telephone conference. This would require that at least two of you participate in such a telephone conference. I can run you through all the formalities during such a conference, and then, prepare minutes of the

Page 2
January 30, 2012


conference. As part of that meeting, I recommend that you elect two additional members to your board for the sake of continuity.

I will contact Tom Becker to discuss these matters.

My flat fee includes the application to the IRS, as well as registration with the Oregon Department of Justice. It also includes moving you through the initial Motions/Resolutions to get the Board moving.

I am happy to be of service.

Sincerely,

A handwritten signature in cursive script, appearing to read "Kevin L. Mannix".

Kevin L. Mannix

Mak
Enc

829956-98

FILED

JAN 27 2012

ARTICLES OF INCORPORATION
SALMON FOR OREGON ASSOCIATION, INCORPORATED

OREGON
SECRETARY OF STATE

ARTICLE I

Name

The name of this corporation is Salmon for Oregon Association, Incorporated, (hereinafter referred to as the Association) and the duration of the Association is perpetual.

ARTICLE II

Purposes

The Association is a public benefit, nonprofit corporation organized for the following purposes:

The Association is organized and shall be operated exclusively for charitable, scientific, or educational purposes, within the meaning of §501(c)(3) of the Internal Revenue Code, as amended (the "Code"), including, but only to the extent consistent with such purposes, the making of distributions to organizations organized and operated exclusively for charitable, scientific, or educational purposes and qualifying for exemption under §501(c)(3) of the Code and not being private foundations.

The assets of the Association are irrevocably dedicated to the purposes described above, and no part of the property of the Association and no part of the net earnings of the Association shall inure to the benefit of or be distributable to its directors, officers or other private persons, except that the Association shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in this Article.

No substantial part of the activities of the Association shall be the carrying on of propaganda, or otherwise attempting to influence legislation. The Association shall not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

ARTICLE III

Restrictions on Powers

Notwithstanding any provisions to the contrary in these Articles of Incorporation, the Association shall not engage in any act of self-dealing as defined in §4941(d) of the Code; shall distribute its income at such time and in such manner as not to subject the Association to taxes on failure to distribute the income imposed by §4943(c) of the Code; shall not make any investments in such manner as to subject the Association to the taxes on investments which jeopardize its charitable purposes imposed by §4944 of the Code; and shall not make any taxable expenditures as defined in §4945(d) of the Code.

Notwithstanding any other provision of these Articles, the Association shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under §501(c)(3) of the Internal Revenue Code (or the corresponding provision of any future United States Internal Revenue Law) or (b) by a corporation contributions to which

are deductible under §170(c)(2), §2055(a)(2) of the Internal Revenue Code (or the corresponding provision of any future United States Internal Revenue Law).

ARTICLE IV

Registered Office and Agent

The address of the initial registered office of the Association is 1740 Shaff Road, Box 410, Stayton, Oregon 97383, and the name of the initial registered agent at such address is Tom Becker.

ARTICLE V

Notice

The name of the individual to whom and the address to which the Corporation Division may mail notices is Tom Becker, 1740 Shaff Road, Box 410, Stayton, Oregon 97383.

ARTICLE VI

Members

There shall be no capital stock in the Association, and the Association shall have no members.

ARTICLE VII

Board of Directors

The Board of Directors of the Association shall be the governing body that is to exercise the powers of this Association and will have the power to adopt rules, regulations and bylaws for the governing of its affairs and the management of its property; provided, however, that such rules and bylaws shall not be inconsistent with any existing law or the Articles of Incorporation of the Association. The Board of Directors shall initially consist of three incorporators who shall serve until their successors have been elected and qualified. There shall be at least three and not more than nine persons on the Board of Directors, to be selected as specified in the Bylaws of the Association.

ARTICLE VIII

Limitations on Liabilities of Directors

No director or uncompensated officer of the Association shall be personally liable to the Association for monetary damages for conduct as a director or an officer; provided, however, that this provision shall not eliminate nor limit the liability of a director or an officer for any act or omission occurring prior to the date of adoption of this Article nor expand or otherwise increase such liability and, provided further, that this provision shall not eliminate or limit the liability of a director or an officer for:

- (a) Any breach of the director's or an officer's duty of loyalty to the Association.
- (b) Acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- (c) Any unlawful distribution;
- (d) Any transaction from which a director or an officer derives an improper personal benefit; and

- (e) Any act or omission in violation of the provisions of the Oregon Nonprofit Corporation Act concerning director conflict of interest, loans to or guarantees for directors and officers, or liability for unlawful distributions.

No amendment to or repeal of this Article or the law relating to this Article shall apply to expand or otherwise increase the liability of any director or officer or the corporation for or with respect to any acts or omissions occurring prior to such amendment or repeal.

If the Oregon Nonprofit Corporation Act or successor statute is amended to authorize the further elimination or limitation of the liability of directors or officers, then the liability of a director or an officer of the Association shall be eliminated or limited to the fullest extent permitted by the statute as so amended.

ARTICLE IX Indemnification

The Association shall indemnify to the fullest extent permitted by the Oregon Nonprofit Corporation Act, as in effect as of the date of the adoption of these provisions and may be subsequently amended, any current or former director or officer of the Association who is made, or threatened to be made, a party to an action, suit or proceeding, whether civil, criminal, administrative, investigative or other (including an action, suit or proceeding by or in the right of the Association), unless such indemnified person shall have been adjudicated liable to the Association, by reason of the fact that such person is or was a director or officer of the Association, or while serving as a director or officer of the Association, is or was a fiduciary within the meaning of the Employee Retirement Income Security Act of 1974 with respect to any employee benefit plan of the Association, or is or was director, officer, partner, trustee or fiduciary of another corporation, partnership, joint venture, trust employee benefit plan or other enterprise serving at the request of the Association. No amendment to this Article that limits the Association's obligation to indemnify any person shall have any effect on such obligation for any act or omission that occurs prior to the effective date of the amendment.

This Article shall not be deemed exclusive of any other provisions for indemnification or advancement of expenses of directors, officers, employees, agents and fiduciaries that may be included in any statute, bylaw, agreement, general or specific action of the Board of Directors, vote of members or other document or arrangement. In the event subsequent amendment to the Oregon Nonprofit Corporation Act reduces or diminishes such person's rights to indemnification, such amendments shall not apply to the extent permitted by law.

ARTICLE X Dissolution

Upon dissolution or final liquidation of the Association, all assets, after liabilities and obligations of the Association are paid, satisfied and discharged or adequate provision is made therefor, shall be disposed of exclusively for the purposes of the Association in such manner, or to such organization or organizations organized and operated exclusively for charitable, scientific or educational purposes as shall at the time

qualify as an exempt organization or organizations under §501(c)(3) of the Code, as the Board of Directors shall determine.

IN WITNESS WHEREOF, the undersigned have executed these Articles of Incorporation the 17 day of JANUARY, 2012

Tom Becker

Tom Becker, Incorporator
12444 West Stayton Rd. SE
Aumsville, OR 97325

William G. McNeil

Dr. Bill McNeil, Incorporator
1066 West Houghton Way NW
Salem, OR 97304

Dick Severson

Severson
Dick Severson, Incorporator
8303 Thurston Rd.
Springfield, OR 97428-9676

McNEIL

Person to contact about this filing:

Kevin L. Maycox
Name

503.364.1913
Daytime Telephone Number



Secretary of State
Corporation Division
255 Capitol Street NE, Suite 151
Salem, OR 97310-1327

Phone: (503) 986-2200
www.filinginoregon.com

Registry Number: 829956-98
Type: DOMESTIC NONPROFIT CORPORATION

Next Renewal Date: 01/27/2013

SALMON FOR OREGON ASSOCIATION, ...
1740 SHAFF RD
BOX 410
STAYTON OR 97383

Acknowledgment Letter

The document you submitted was recorded as shown below. Please review and verify the information listed for accuracy.

Document
ARTICLES OF INCORPORATION

Filed On
01/27/2012

Jurisdiction
OREGON

Nonprofit Type
PUBLIC BENEFIT

Name
SALMON FOR OREGON ASSOCIATION, INCORPORATED

Registered Agent
TOM BECKER
1740 SHAFF RD
BOX 410
STAYTON OR 97383

Mailing Address
1740 SHAFF RD
BOX 410
STAYTON OR 97383

THEJOH
ACK
01/27/2012



REGISTRY NUMBER:

829957-97

For office use only

FILED

JAN 27 2012

OREGON
SECRETARY OF STATE

For office use only

In accordance with Oregon Revised Statute 192.410-192.490, all information on this form is publicly available, including addresses. We must release this information to all parties upon request and it will be posted on our website.

Please Type or Print Legibly in Black Ink. Attach Additional Sheet if Necessary.

1) ASSUMED BUSINESS NAME: (To be registered)

SALMON FOR OREGON ASSOCIATION

Registration or filing of a name does not grant exclusive rights or interests in that name. A name may be available for registration; however, someone else may hold a prior right to that name, or the name may be too similar to another, and may result in a case of legal action brought against the registrant for dilution or unfair competition of someone else's business.

2) DESCRIPTION OF BUSINESS: (Primary business activity)

EDUCATION RE SALMON
ISSUES

4) WHO IS AUTHORIZED TO REPRESENT THE OWNERS:

(Authorized Representative) (One name only)

KEVIN L. MANNIX, ATTORNEY

3) PRINCIPAL PLACE OF BUSINESS: (Address, city, state, zip)

1740 SHAFF ROAD, BOX 410
STAYTON, OR 97383

5) MAILING ADDRESS OF AUTHORIZED REPRESENTATIVE:

2009 STATE ST.
SALEM, OR 97301

6) NAMES OF OWNERS (REGISTRANTS) AND PUBLICLY AVAILABLE ADDRESSES: (List name and street address of each person or entity who will conduct or transact business under the assumed business name.) (Attach a separate sheet if necessary.)

Name, Street Address, City, State, Zip Code

SALMON FOR OREGON ASSOCIATION, INCORPORATED
1740 SHAFF ROAD, BOX 410
STAYTON, OR 97383

7) COUNTIES:

<input type="checkbox"/> Baker	<input type="checkbox"/> Crook	<input type="checkbox"/> Harney	<input type="checkbox"/> Lake	<input type="checkbox"/> Morrow	<input type="checkbox"/> Union
<input type="checkbox"/> Benton	<input type="checkbox"/> Curry	<input type="checkbox"/> Hood River	<input type="checkbox"/> Lane	<input type="checkbox"/> Multnomah	<input type="checkbox"/> Wallowa
<input checked="" type="checkbox"/> ALL COUNTIES (Statewide)	<input type="checkbox"/> Clackamas	<input type="checkbox"/> Deschutes	<input type="checkbox"/> Jackson	<input type="checkbox"/> Polk	<input type="checkbox"/> Wasco
	<input type="checkbox"/> Clatsop	<input type="checkbox"/> Douglas	<input type="checkbox"/> Jefferson	<input type="checkbox"/> Linn	<input type="checkbox"/> Sherman
	<input type="checkbox"/> Columbia	<input type="checkbox"/> Gilliam	<input type="checkbox"/> Josephine	<input type="checkbox"/> Malheur	<input type="checkbox"/> Tillamook
	<input type="checkbox"/> Coos	<input type="checkbox"/> Grant	<input type="checkbox"/> Klamath	<input type="checkbox"/> Marion	<input type="checkbox"/> Umatilla
				<input type="checkbox"/> Yamhill	

8) EXECUTION/SIGNATURE(S): (All owners/registrants must sign.)

By my signature, I declare as an authorized authority, that this filing has been examined by me and is, to the best of my knowledge and belief, true, correct, and complete. Making false statements in this document is against the law and may be penalized by fines, imprisonment or both.

Signature:

Kevin L. Mannix

Printed Name:

Kevin L. Mannix

CONTACT NAME: (To resolve questions with this filing.)

Kevin L. Mannix

PHONE NUMBER: (Include area code.)

503-364-1913

FEES

Required Processing Fee \$50

Confirmation Copy (Optional) \$5

Processing Fees are nonrefundable. Please make check payable to "Corporation Division."



Secretary of State
Corporation Division
255 Capitol Street NE, Suite 151
Salem, OR 97310-1327

Phone: (503) 986-2200
www.filinginoregon.com

Registry Number: 829957-97
Type: ASSUMED BUSINESS NAME

Next Renewal Date: 01/27/2014

KEVIN L MANNIX
2009 STATE ST
SALEM OR 97301

*NOTE: Assumed Business Names are required
to renew every two years.*

Acknowledgment Letter

The document you submitted was recorded as shown below. Please review and verify the information listed for accuracy.

Document
APPLICATION FOR REGISTRATION

Filed On
01/27/2012

Name
SALMON FOR OREGON ASSOCIATION

Principal Place of Business
1740 SHAFF ROAD BOX 410
STAYTON OR 97383

Authorized Representative
KEVIN L MANNIX
2009 STATE ST
SALEM OR 97301

Registrant
SALMON FOR OREGON ASSOCIATION, ...

ALL COUNTIES

THEJOH
ACK
01/27/2012

BYLAWS
SALMON FOR OREGON ASSOCIATION, INCORPORATED

ARTICLE I

Offices

Section 1. Principal Office. The principal office of Salmon for Oregon Association, Incorporated, (hereinafter referred to as "The Association") in the State of Oregon shall initially be located in Stayton, Oregon. The Association may have such other offices, either within or without the State of Oregon, as the Board of Directors may determine or as the affairs of The Association may require from time to time.

Section 2. Registered Office. The Association shall have and continuously maintain a registered office and a registered agent in the State of Oregon as required by the Oregon Nonprofit Corporation Act.

ARTICLE II

Board of Directors

Section 1. Number and Term of Office. The business and affairs of The Association shall be managed by the Board of Directors. The number of directors shall be not less than three (3) nor more than nine (9), as shall be established from time to time by the Board of Directors, provided that no decrease in number shall have the effect of shortening the term of any incumbent. The term of each member of the Board of Directors shall be for a period of one year. At every annual meeting thereafter, the directors shall be elected by vote of the incumbent directors of The Association.

Section 2. The Board of Directors shall have the supervision, control, and direction of the affairs of The Association, shall determine its policies, shall actively prosecute its purposes, and shall have control of the funds of the corporation as it may deem advisable, and may, in the execution of the powers of said Board, appoint such agents and delegate such powers as it may consider necessary. No director, officer, nor any agent of such person shall authorize or allow any Association funds to be expended for any purpose other than as set forth in the Articles of Incorporation. The Board may approve policy positions and statements on behalf of The Association; however, an affirmative vote of at least two-thirds of the Board Members present at any meeting shall be required to adopt a policy position on all matters relevant to The Association's stated corporate purpose.

Section 3. Regular Meetings. A regular annual meeting of the Board of Directors shall be held in January each year. The Board of Directors may provide by resolution the time and place, either within or without the State of Oregon, for the holding of additional regular meetings of the Board.

Section 4. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place in Oregon as the place for holding any special meetings of the Board of Directors called by them.

Section 5. Participation. Any or all of the directors may participate in a regular or special meeting by use of a means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

Section 6. Notice. Notice of any meeting shall be given at least two (2) days previous thereto, by written notice, delivered personally or sent by mail or transmitted by facsimile or email to each director at his address or facsimile number or email address as shown by the records of The Association. If mailed, such notice shall be deemed to be delivered on the second day after deposit in the United States mail, so addressed, with postage prepaid thereon. If notice is transmitted via facsimile, or by email, such notice shall be deemed to have been delivered upon confirmation by telephone recordation or by email processing that the facsimile or email has been received.

Section 7. Waiver of Notice. Any director may waive notice of any meeting by signing a written waiver of notice or by attending or participating in such meeting, unless the director promptly at the beginning of the meeting or upon his arrival objects to the holding of the meeting or the transaction of any business and does not thereafter vote or assent to any action taken at the meeting. Neither the business to be transacted nor the purpose of any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting, unless specifically required by law.

Section 8. Unanimous Action of Directors. Any action required to be taken or which may be taken at a meeting of the directors may be taken without a meeting if a consent, in writing, setting forth the action so taken or to be taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as the unanimous vote of the directors. Such consent shall be filed in the corporate minute book.

Section 9. Quorum. A majority of the number of elected directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice. The act of the majority of directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. At any meeting of the Board of Directors at which a quorum is present any business may be transacted and the Board may exercise all its powers.

Section 10. Vacancies. A vacancy on the Board of Directors shall exist on the death, resignation, or removal of any director. Any vacancy occurring in the Board of Directors and any directorship to be filled by reason of an increase in the number of directors may be filled by the affirmative vote of a majority of the remaining directors, through less than a quorum of the Board of Directors. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

Section 11. Removal and Resignation. Any individual director may resign at any time by giving written notice to the other members of the Board of Directors. Any individual director, at a special meeting of the directors called for that purpose, may be removed from office without

cause by a vote of the majority of the directors. If any one or more of the directors is so removed, new directors may be elected at the same meeting.

Section 12. Compensation. Directors as such shall not receive any stated salaries for their services, but by resolution of the Board of Directors, a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the Board; but nothing herein contained shall be construed to preclude any director from serving The Association in any other capacity and receiving compensation therefor.

ARTICLE III **Officers**

Section 1. Number and Designation. The officers of The Association shall be a President, Secretary, and Treasurer, and such other officers as shall be determined by the Board of Directors, each of whom shall be elected by the Board of Directors. Such other officers, assistant officers, agents, and committees may be elected or appointed by the Board of Directors, as it may deem necessary. Any two or more offices may be held by the same person.

Section 2. Elections and Term of Office. The officers of The Association shall be elected annually by the Board of Directors at the regular annual meeting of the Board. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as may be convenient. Each officer shall hold office until such person's successor has been duly elected and qualified, or until such person's death or resignation, or until such person's removal in the manner herein provided.

Section 3. Removal. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever, in its judgment, the best interests of The Association will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 5. President. The President shall be the principal executive officer of The Association, and, subject to the control of the Board of Directors, shall, in general, supervise and control all of the business and affairs of The Association. The President shall, when present, preside at all meetings of the Board of Directors, and any committee exercising the authority of the board. The President may sign, with the Secretary or any other proper officer of The Association thereunto authorized by the Board of Directors, any deeds, mortgages, bonds, contracts or other instruments that the Board has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officers or agent of The Association, or shall be required by law to be otherwise signed or executed; and, in general, the President shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6. Secretary. In the absence of the President or in the event of the President's death, or inability or refusal to act, the Secretary shall perform the duties of the President, and

when so acting shall have all the powers of and be subject to all the restrictions upon the President, and shall perform such other duties as from time to time may be assigned to him by the President or by the Board of Directors. The Secretary shall also: (a) keep the minutes of the meetings of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records of The Association; and (d) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to the Secretary by the President or by the Board of Directors.

Section 7. Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of The Association; (b) receive and give receipts for monies due and payable to The Association from any source whatsoever, and deposit all such monies in the name of The Association in such banks, trust companies, or other depositories as shall be selected in accordance with the provisions of these Bylaws; and (c) in general, perform all of the duties incident of the office of Treasurer and such other duties as from time to time may be assigned to the Treasurer by the President or by the Board of Directors.

ARTICLE IV **Executive Director and Staff**

Section 1. The administration and management of The Association may be in an Executive Director whose terms and conditions of employment shall be specified by the President. The President of The Association may also serve as the Executive Director.

Section 2. Powers. Subject to the President and the Board of Directors, the Executive Director shall be the Chief Operating Officer of The Association, with responsibility for the management and direction of operations, programs, activities and the day-to-day affairs of The Association. The Executive Director shall employ and may terminate the employment of members of the staff necessary to carry on the work of The Association and fix their compensation within the approved budget, define the duties of the staff, and supervise their performances. The Executive Director shall establish staff titles and delegate those responsibilities of management as shall be in the best interest of The Association. The Executive Director shall have such other duties as may be prescribed by the President.

ARTICLE V **Special and Standing Committees**

Section 1. Nominating Committee. At least 10 days before the annual meeting of The Association, the President shall appoint a Nominating Committee of at least 3 Board members. This committee shall nominate to the Board one or more person(s) who shall previously have agreed to having his or her name placed in nomination, for election to each elective office which is to be filled.

Section 2. Special Committees. The President may appoint such other committees, subcommittees or task forces as are necessary and whose powers are not in conflict with other provisions of these Bylaws or of ORS 61.141. The duties of any such committees shall be prescribed upon their appointment.

ARTICLE VI

Finance

Section 1. Contracts. Consistent with Oregon law, the Articles of Incorporation, and these Bylaws, the President may enter into, or may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of The Association, and such authority may be general or confined to specific instances. Any such action shall be reported to the Board of Directors at their next meeting following such action.

Section 2. Loans. No loans shall be made by The Association to any officer or to any director. No other loans shall be contracted on behalf of The Association and no evidence of indebtedness shall be issued in its name unless authorized by resolution of the Board of Directors.

Section 3. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of The Association, shall be signed by such officer or officers, agent or agents of The Association and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4. Deposits. All funds of The Association not otherwise employed shall be deposited from time to time to the credit of The Association in such banks, trust companies or other depositories as the Board of Directors may select.

Section 5. Gifts. The Board of Directors may accept on behalf of The Association any contribution, gift, bequest or devise for the general purposes, or for any special purpose, or The Association.

Section 6. Books and Records. The Association shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Board of Directors and committees having any of the authority of the Board of Directors. All books and records of The Association may be inspected by any member of the Board of Directors, or his or her agent or attorney, for any proper purpose at any reasonable time.

Section 7. Fiscal Year. The fiscal year of The Association shall begin on the first day of January and end on the last day of December in each year.

ARTICLE VII

Procedures

Roberts Rules of Order, as amended, shall apply at all meetings of this Alliance except where specifically superseded by these Bylaws.

ARTICLE VIII

Conflict of Interest

Section 1. Potential Conflict. A potential conflict of interest exists when a Board member takes an action that reasonably could have a significant positive financial impact on that member, a relative, or a business with which the member or member's relative is associated.

The Board member may participate in an action after declaring the potential conflict and announcing its nature.

Section 2. Actual Conflict. An actual conflict of interest exists when an action is reasonably certain to result in a significant positive financial impact on a Board member, a relative, or a business with which the member or member's relative is associated. The member will declare the actual conflict and announce its nature. The member must then refrain from taking any action, except when the member's vote is necessary to achieve a quorum. When a vote is necessary to achieve a quorum, the member may vote, but may not participate in any discussion or debate on the issue out of which the actual conflict arises.

ARTICLE IX

These Bylaws may be altered, amended or repealed, in whole or in part, and new Bylaws may be adopted by a majority vote of all of the Board of Directors at any regular or special meeting of the Board provided that all proposed changes are submitted in writing to each member of the Board at least two days prior to the meeting.

Adoption:

These Bylaws are hereby adopted as of this date:

Jan. 24, 2012



Tom Becker
Incorporator and Director



Richard Severson
Incorporator and Director



Dr. Bill McNeil
Incorporator and Director

CITY MANAGER'S REPORT AND RECOMMENDATIONS



Agenda #: VIII.A.
Meeting Date: November 3, 2014

Agenda Item:

Report on Question from Rex Capri Regarding Sidewalk and Street Work

Background:

Attached is a report from Public Works Director Tim Gross regarding two issues brought to the attention of the Council by Rex Capri for your review.

The first issue is in regards to the condition of a section of NE 3rd Street. Please note that the section of NE 3rd street from NE Harney Street East remains under the jurisdiction of Lincoln County. Although there were discussion in the past to transfer this street to the city, the transfer was never completed by the city and the county. As part of the transfer, the city would request that the county resurface the roadway prior to the city accepting responsibility for this section of street. We will have a discussion with the county regarding this project.

The second issue raised by Mr. Capri concerned the gaps in sidewalk on NE Nye Street from NW Olive Street to NW 15th Street. The city has been appropriating \$15,000 per year for various sidewalk improvements. These funds have been used to infill gaps in sidewalks at various locations in the community. The plan for this year is to repair and complete sections in NW 9th Street between SW Angle Street and SW Bay Street just East of the hospital where there is a significant amount of pedestrian traffic. City staff is looking at completing the sidewalk between NW 3rd and NW 6th, and between NW 7th and NW 8th next year if funding is appropriated for that purpose.

Decisions on future projects will be determined during the budgeting process for the fiscal year beginning July 1, 2015 and end on June 30, 2016. Based on our current plans it is the intent of Public Works to request funding for those first two infill sections on Nye Street for next year's budget.

Recommended Action:

None at this point.

Fiscal Effects:

None.

Alternatives:

None recommended.

Respectfully Submitted,

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

Spencer R. Nebel, City Manager



Agenda Item # VIII.A
Meeting Date November 3, 2014

CITY COUNCIL AGENDA ITEM SUMMARY
City Of Newport, Oregon

Issue/Agenda Title: Response to questions from October 20th City Council Meeting
—

Prepared By: TEG Dept Head Approval: TEG City Manager Approval:

Issue Before the Council:

Response to questions from October 20th City Council Meeting

Staff Recommendation:

N/A

Proposed Motion:

N/A

Key Facts and Information Summary:

At the October 20th City Council Meeting resident Rex Capri asked the City to consider resurfacing NE 3rd Street and Yaquina Heights Drive from NE Harney Street to the point where the County completed an overlay project a few years ago.

The City and the County are currently in the process of determining jurisdictional responsibility over this section of roadway. At some point in the past there was an effort by the County to transfer this section of roadway to City jurisdiction, but in recent conversation with County staff it appears this process was never completed. If this process has not been completed, the County would like to complete this transfer but the City would not take jurisdiction over this roadway section until the County resurfaced it.

Mr. Capri also requested the City complete a contiguous sidewalk section on NW Nye Street from NW Olive Street to NW 15th Street.

This sidewalk is identified in the Bike and Pedestrian System Master Plan on Page 3-32 as a Priority Tier 1 project. City staff within the last 3 years have completed sidewalk sections between the Library and NW 3rd Street, and between NW 8th and the Fire Station. Sidewalk sections are still missing between NW 3rd and NW 6th, between NW 7th and NW 8th, and north of NW 12th. In 2008 when the plan was completed, the estimated cost to complete sidewalks and painted bike lanes from SW 2nd Street to NW 15th Street was \$166,000.

In the current fiscal year, the CIP has \$15,000 budgeted for sidewalk improvements. The plan for this year is to repair and complete sidewalk sections on SW 9th Street between SW Angle Street and SW Bay Street. This is the section of road that passes just east of the hospital and sees a lot of pedestrian traffic. Unless a grant or alternative funding source is found, the completion of the sidewalk on NW Nye Street will need to be done in small pieces. City staff would like to complete the sidewalk between NW 3rd and NW 6th, and between NW 7^h and NW 8th next year if funding allows.

Other Alternatives Considered:

N/A

City Council Goals:

N/A

Attachment List:

N/A

Fiscal Notes:

N/A

CITY MANAGER'S REPORT AND RECOMMENDATIONS



Agenda #: VIII.B.
Meeting Date: November 3, 2014

Agenda Item: Report on Volunteer Fire Fighter Compensation

Background:

During this past year, the IRS, the Federal Department of Labor, BOLI, and PERS raised issues in regards to compensation for volunteer fire fighters. This spring Acting Fire Chief Rob Murphy and I worked to evaluate any modifications that the city might need to make in regards to volunteer compensation. Christy Monson from Speer Hoyt has worked on this issue for dozens of fire districts and has provided presentation at various state meeting on these standards. Fire districts, have done everything from nothing to eliminating all pay to volunteers in an effort to be compliant. The IRS standards actually provides some flexibility as it relates to compensating volunteers. We have modified our practices to incorporate those standards by defining "nominal compensation" for volunteers. The primary changes in the policy that we have implemented is elimination of any reference that seem to infer that our volunteers were being paid for specific work done. A section was added to the policy that sets a yearly cap on volunteer reimbursement/compensation at 20% of staff firefighter wages for the previous year. This change meets the definition of "nominal compensation". Provisions in our policy that have not been utilized have been eliminated including a provision for compensating volunteers who are at home in a standby mode. Finally a new form for volunteer firefighters has been implemented which acknowledges their volunteer status and tax reporting requirements.

Overall these are minor modification that will not significantly change the practices the city has utilized to pay stipends to volunteers. This policy will not have any significant impact in the funds paid by the city for volunteer expenses. The attached report from Acting Fire Chief Murphy, outlines the specific issues addressing policy and includes a policy showing modifications to bring our practices in compliances with IRS and other standards accordance with the recommendations from Christy Monson from Speer Hoyt. We have implemented these changes in our practices. Since this is an item that was previously sahred with the Council we wanted to provide a final report on the outcome of the discussions.

Recommended Action: None at this time.

Fiscal Effects:

The new policy will have minimal impact on the city's budget and on the stipends currently received by volunteer fire personnel.

Alternatives:

None recommended.

Respectfully Submitted,

Spencer R. Nebel, City Manager



Agenda Item # _VIII (D) _

Meeting Date 11/3/2014 _

CITY COUNCIL AGENDA ITEM SUMMARY
City Of Newport, Oregon

Issue/Agenda Title Report on Volunteer Firefighter Compensation _

Prepared By: Murphy _ Dept Head Approval: RM City Mgr Approval: _

Issue Before the Council:

FINAL REPORT ON OUTCOME OF CHANGES TO DEPARTMENT POLICY REGARDING COMPENSATION FOR VOLUNTEER FIREFIGHTERS

Staff Recommendation:

NO COUNCIL ACTION NEEDED, INFORMATIONAL ONLY

Proposed Motion:

Not Applicable

Key Facts and Information Summary:

Starting last year, Chief Paige (retired) and I began learning about increased scrutiny of Oregon fire agencies with volunteer firefighters by the IRS, federal Department of Labor, BOLI, PERS and other federal and state agencies, focusing on the compensation of volunteer firefighters. In November of 2013 the Volunteer 360 Task Force, a work group of the Oregon Fire Chief Association, produced a report that gave recommended best practices for volunteer recruitment and retention focusing on reimbursement and compensation issues.

In the spring of this 2014, after attending several workshops on this topic, City Manager Nebel, Chief Paige and I determined we needed to evaluate our current policy and possibly make changes to reduce potential financial risk to the City. The referenced policy is in the Fire Department Standard Operating Guidelines (SOG) titled: 2.1.3 - Volunteer Shift Staffing. It was put in effect in May of 2012.

City Manager Nebel directed us to work with legal counsel Christy Monson with Speer Hoyt to assist us with any needed policy changes. We are fortunate in that Christy knew of the Volunteer 360 report and has extensive knowledge in this area, advising dozens of fire agencies throughout Oregon on this very topic.

City Council Agenda Item Summary (Agenda Item)

In June of this year I took over this project after the retirement of Chief Paige. After phone consultations with Christy, and City Manager Nebel, I engaged our volunteer firefighters. I told them of the issues regarding volunteer recruitment and retention, advised them of several potential solutions being considered, and asked for their desires and feedback. They overwhelmingly wished to keep our current system of compensation/reimbursement as unchanged as possible.

This August I began working on changes to the policy recommended by Christy and the City Manager. After several revisions and another in person consultation we arrived at a final product earlier this month. It has been given to the volunteers for comment and will go into effect on the start of our new payroll cycle, November 22nd 2014.

Here is a short review of the changes we made to the policy:

- We eliminated any language that made compensation/reimbursement sound like pay for hours worked.
- We added a new section defining a yearly cap we set on volunteer reimbursement/compensation at 20% of staff Firefighter wages for the previous year. This follows Federal Dept. of Labor rules on how they define “nominal compensation” for volunteers.
- We eliminated an unused section that talked about compensating volunteers for time spent at home in “standby” mode waiting for calls.
- We introduced a new form for volunteer firefighters titled “Acknowledgment of Volunteer Status & Tax Reporting Requirements”. This helps bring us in line with IRS regulations.

I will continue to monitor what is happening at the State and Federal level regarding this issue. I will also continue to have dialogue with our volunteer firefighters to ensure that their opinions are heard and to answer any questions they may have about compensation/reimbursement. If I think any more changes need to be made to the policy due to new information I receive I will consult with the City Manager, legal counsel and our Volunteers and update the Council.

Other Alternatives Considered:

We considered eliminating any monetary compensation/reimbursement in favor of non-monetary fringe benefit programs such as special retirement programs, issuance of equipment and clothing, and ambulance/air ambulance membership programs.

We decided against those programs because our volunteers clearly indicated their desire to keep our current system and legal counsel’s assurances that elimination of monetary compensation/reimbursement was not necessary.

City Council Goals:

No Council Goals are applicable

City Council Agenda Item Summary
(Agenda Item)

Attachment List:

Fire Department SOG 3.1.2 - Volunteer Shift Staffing
Acknowledgment of Volunteer Status Form

Fiscal Notes:

I do not anticipate any significant changes in volunteer expenses associated with this policy change. Currently a portion of volunteer compensation/reimbursement expenses are paid out of fund #101-1090-5040 Volunteer Payroll. This pays for reimbursement per call. The second line item is #101-1090-6225 Services by other Gov. Agencies. This pays for our volunteer firefighter shift stipend program that is funded by a Federal SAFER grant administered by Depoe Bay Fire District. This grant has two years left on a 5 year grant. All Lincoln County Fire Chiefs have indicated a desire to re-apply for the grant when it comes due. If this were unsuccessful additional funding of \$71,000.00 dollars would be needed to continue the shift stipend program at its current level.

As a final note 20% of staff Firefighter wages for 2013 is \$10,487.21. This will be the cap for this calendar year. As a note our top responding volunteer firefighter last year received \$6,620.00 in total compensation/reimbursement. This is far under the required %20 cap.

**ACKNOWLEDGMENT OF VOLUNTEER STATUS
and
CITY COMPLIANCE WITH TAX REPORTING REQUIREMENTS**

I, _____, acknowledge that I am a volunteer of the _____ City of Newport Fire Department (the "City") when serving in the following capacity: _____. If at any time I serve as a paid employee doing the same or similar work that I did as a volunteer, I acknowledge that my volunteer status shall cease during that time.

I acknowledge that while serving as a volunteer I am not performing services with the expectation of any compensation in any form whatsoever. I am donating my time as a public service on my own initiative. I acknowledge that I am not subject to the state or federal regulations concerning minimum wage, unemployment benefits, overtime, union membership or any other provision of state or federal law relating to employees. Further, if I do receive a stipend, reimbursement for expenses or any other benefit related to my service as a volunteer, this will not change my status as a volunteer.

I recognize and acknowledge that the City may modify or discontinue any reimbursement plan, stipend plan, or any other benefits for which I may be eligible, at any time. This is solely in the discretion of the City.

I also understand that any stipend or expenses (not reported under an accountable reimbursement plan) which I receive from the City will be reported on IRS Form W-2, in order for the City to comply with the requirements of state and federal tax laws. I acknowledge that the City's act of reporting this information does not in any way affect my status as a volunteer for any other purpose.

DATED this _____ day of _____, 2014.

Volunteer

Witness

2.1.3 – VOLUNTEER SHIFT STAFFING

(5/4/12) - Revised (10/24/14)

PURPOSE:

There are three main purposes for the volunteer shift staffing program. First, adding staffing on the first-out engine is an important step in improving our operational effectiveness. The industry standard of four personnel on each engine is not possible without a strong volunteer staffing program, given the city's budgetary limitations.

Second, the opportunity for volunteers to respond to a wide variety of calls and arrive as part of a first-in crew, is a valuable component to training, experience and professional development. Hands on emergency duties are an important motivator for most volunteers. Also, since our qualified volunteers are also a "hiring pool" in the event that we hire career personnel, we should provide as much opportunity as possible to gain this valuable experience.

Third, there are many administrative functions necessary for a fire department to function well. Some of our volunteers possess special skills, knowledge and/or abilities and have the desire to serve the community in ways besides firefighting and emergency response.

2.0 VOLUNTEER SIGN UP PROCEDURE AND PRIORITY:

- 2.1 Calendar for sign-up will be posted on the bulletin board at Station 3200 the first week of the month preceding the staffing month. For approximately two weeks, members can sign up for up to four shifts. After the initial two week signup period, members may sign up for any remaining shifts, first come first served.
- 2.2 If multiple people sign up for the same shift priority will be as follows: rank, qualifications (fire and medical), seniority, and equalizing opportunity. Priority may be given to people who are willing to commit to a regular schedule.
- 2.3 Administrative or support shifts will be independently arranged with the Fire Chief's approval.

3.0 QUALIFICATIONS:

- 3.1 Entry qualified firefighters will be the first priority.
- 3.2 Non-entry personnel may sign up for unfilled shifts or as a fourth crew member as space is available.
- 3.3 Administrative shift qualifications will be evaluated based on department needs and the member's availability and desires.

4.0 CHAIN OF COMMAND:

- 4.1 The ~~senior~~ on-duty ~~Engineer- Captain or AIC Captain~~ at the station will be in charge of all volunteer and career shift personnel during the duty shift.
- 4.2 During emergency incidents, the Incident Command System (ICS) chain of command shall be followed.

5.0 DUTIES (EMERGENCY AND NON-EMERGENCY):

- 5.1 Shift volunteers may complete training and task books, review SOGs and exercise while on duty.
- 5.2 Volunteers will also be expected to assist the career staff with apparatus and station clean-up, as well as help to ensure the response readiness of personnel and equipment.
- 5.3 Emergency response will take the highest priority.
- 5.4 Non-entry qualified personnel will not be allowed to enter an IDLH atmosphere.

6.0 RESPONSIBILITIES:

- 6.1 Show up with uniform, full PPE, sleeping bag or bedding and personal supplies (food, toothbrush etc.)
- 6.2 If a volunteer has signed up but can't make a shift, they should make every attempt to find a replacement and make sure the calendar reflects the change. If you are entry-qualified, your replacement should also be entry qualified unless approved. If unable to find a qualified replacement, notify the ~~Fire Chief or Assistant Chief~~Captain or AIC Captain prior to the shift.
- 6.3 Make sure that the shifts are documented in the station log and other forms as required.
- 6.4 Follow all department rules, regulations and directives at all times.

7.0 STIPENDS AND EXPENSE REIMBURSEMENTS:

- 7.1 Stipends are currently offered to partially compensate volunteers for their efforts and to help defray the volunteer's expense of responding. Stipends paid to volunteers are treated as taxable compensation and will be reported on IRS form W-2. Even though volunteers are compensated, they remain volunteers. The City, at its sole discretion, may modify or discontinue stipend or other compensation plans at any time.
- 7.2 The response stipend for a volunteer's emergency response from home or from the station will be \$5, regardless of the duration of the call or the tasks performed. The stipend will be awarded if the volunteer responds to the station or to the scene, according to the department's volunteer response SOG.
- 7.3 The station shift stipend for an entire twelve hour station shift in the station will be Fifty Dollars (\$50). Currently, this stipend is only

Commented [CM1]: Note that I renamed the stipends. If you don't like this, we can rename.

available for ~~one~~two members per shift. The City does not provide a partial stipends for partial shifts.

- 7.4 The administrative shift stipend for an entire four hour administrative shift will be Twenty Five Dollars (\$25). Currently, this stipend is only available for one member per shift. The City does not provide a partial stipends for partial shifts.

Commented [CM2]: Chief: I put in four hours, but if you need a different number here, please amend this.

- 7.5 During a station or an administrative shift, the volunteer may still earn the \$5 per call response stipend for any emergency response undertaken during the volunteer's shift.

Commented [CM3]: Chief: I added this language to reflect the station shift stipend language. Does this apply here?

- 7.6 In addition to stipend compensation, the District also provides limited expense reimbursements for certain documented and pre-approved expenses incurred by volunteers in the service of their duties. Volunteers must fill out a Reimbursement Form to receive the expense reimbursement.

Commented [CM4]: Please see the Accountable Reimbursement Plan I attached to the email.

8.0 CALCULATING VOLUNTEER COMENSATION LIMITS:

- 8.1 On March 1st of each year the Department will look at the previous calendar year's paid, career staff wages and from that, calculate the total monetary compensation paid to the lowest paid, full-time, career staff member for that year.
- 8.2 The Department will take that figure and set the volunteer firefighter compensation limit for that calendar year at no more than twenty percent (20%) of that figure, less the monetary value of any fringe benefits (i.e. any insurance benefits, recreation center memberships, etc.).
- 8.3 The volunteer firefighter compensation limit will then go into effect on July 1st of that same year.

CITY MANAGER'S REPORT AND RECOMMENDATIONS



Agenda #: VIII.C.
Meeting Date: November 3, 2014

Agenda Item: Report on Proposed Bicycle Pump Track Project at Coast Park

Background:

At the October 6, 2014, City Council meeting a public hearing was held on proposed modification to Coast Park regarding possible construction of a pump track in the City of Newport. Based on comments made at the public hearing the City Council referred the matter back to city administration with a request that a meeting be held with adjacent property owners and the pump track group to discuss the impact of this modification to Coast Park may have on the adjacent property owners. On October 22, 2014, an on-site meeting with four of the immediate property owners was facilitated by the Parks and Recreation Committee. Many ideas were exchanged, however it continues to be the opinion of the property owners that this use is not compatible with the adjacent land uses. It was recommended that a follow-up meeting be held on November 19, 2014, at 8:30 A.M. in the Recreation Center to explore other options for the pump bike track with the Parks and Recreation Committee providing a specific recommendation back to the City Council for future consideration by the Council.

Overall I think with future projects of this nature it is very important that formal recommendations to be made by our advisory committees to the City Council early in the process to determine whether there is an interest in pursuing some of these more significant concepts or not. This would have generated more public engagement in this process earlier on in the process that may have been helpful to the proposed development of this course. As I had indicated in my evaluation meeting with the City Council, one of my goals is to better define the relationship between the City Council and advisory committees going forward to formalize communications between our advisory groups city staff and the City Council and to develop general policies as to the types of issues that require a formal report by the committees to the Council for the City's considerations.

Recommended Action:

At this point there is no action required by the City Council.

Fiscal Effects:

None through this report.

Alternatives:

None recommended.

Respectfully Submitted,

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

Spencer R. Nebel, City Manager



Agenda Item #
Meeting Date

VIII.C.
November 3, 2014

CITY COUNCIL AGENDA ITEM SUMMARY
City Of Newport, Oregon

Issue/Agenda Title: Coast Park - Pump Track Update

Prepared By: __Protiva__ Dept Head Approval: JAP__ City Manager Approval:

Issue Before the Council:

Update on Proposed "Pump Track" on a currently unused portion of Coast Park.

Staff Recommendation:

Staff believes that current levels of uncertainty by several property owners immediately adjacent to the proposed site warrants further study and discussion before moving forward. The Park and Recreation Advisory Committee was presented with additional information and made a site visit and engaged in a larger discussion with stake holders but took no action and made no recommendation.

Proposed Motion:

Council should consider taking no action at this time

Key Facts and Information Summary:

Coast Park was developed in 2010 with the use of State Park administered Land and Water Conservation Funds. At the time of construction, the funds available did not allow for any improvements on the portion now being considered for bicycle use. With recent interest by the bicycle community to partner with the City, many discussions have taken place to determine the best approach for; access, parking, drainage, pathways, easements, and the actual footprint the track can occupy. It should be noted that if this use is deemed not compatible or a higher use is identified in the future, the track could be leveled or removed.

On October 22nd, 2014 an onsite meeting occurred with 4 of the immediate property owners, 4 City Department heads, the Parks and Recreation Advisory Committee, Biking community stake holders and 1 City Councilor in attendance. Many great ideas were exchanged and the many concerns were raised by the property owners. Many of the questions were answered, however several were simply unknown and we could only speculate. At the end of the discussion no real agreements were made and nobody appeared to change their position. The property owners are simply not in favor of this activity at Coast Park.

The entire group was invited to continue the discussion at the next Park and Recreation Advisory meeting on November 19th at 8:30am at the Recreation Center. This seemed to be acceptable since the rain was blowing sideways and everybody was completely soaked.

Other Alternatives Considered:

Several other locations are now being considered. While nothing appears to be as desirable as Coast Park from a user perspective it is becoming apparent that neighbor concerns have no viable solution. Possible compromises were considered by the volunteers and neighbors, but nothing really appears to be the “win/win” that is necessary for long term success.

The two sites that are currently be evaluated for appropriateness are the Skate Board Park and under the bridge on the south end of the Yaquina Bay bridge (owned by ODOT). Neither of these sites have been vetted or accepted at this time.

City Council Goals:

To provide meaningful opportunities and amenities within the park system.

Attachment List:

Fiscal Notes:

The fiscal impacts to the City will be limited to staff time and equipment and possibly local improvements that are bigger than this project but would benefit the local area.

CITY MANAGER'S REPORT AND RECOMMENDATIONS

Agenda #: VIII.D.
Meeting Date: November 3, 2014

Agenda Item: Report on Agate Beach Wayside Project

Background:

A letter has been directed from residents in Agate Beach to the Newport City Council and the City Manager regarding the Agate Beach Wayside project. As you may recall, several years ago the city was successful in getting a financial commitment from ODOT to improve the parking areas, create public restrooms and showers, and improve gate access to add from the parking lot to Agate Beach. City staff have solicited assistance from our state elected officials in order to move along the process of ODOT retaining a consultant for this project since this project needs to be let by September 2015. ODOT finally hired a consultant to proceed with this project this past month for the design process. The first efforts of the consultant is doing the property survey, geological and wetlands evaluation of conditions in the general project area. We anticipate having this very initial information by the middle of November.

The Community Development Department has scheduled an initial meeting for the property owners in this area to discuss the right-of-way and geological issues in this general area and to obtain direct community input that will be relayed to the consultants regarding the issues, ideas and concerns from the neighborhood. ODOT will be participating in this meeting on November 18, 2014, at 6 P.M. in City Hall. Notices will be sent to the impacted property owners. Following the November 18th public meeting, there will be a meeting with the consultant that property owners will be invited to participate in. At this point the consultant will develop a number of alternatives on how the project can proceed to allow for more specific comments from the neighborhood on design alternatives. Following the second meeting, the consultant will put together a plan for this project.

While I have not been part of the early discussions on this project, I do know that there was a fair amount of lively debate on this matter at the town meeting that was held at the Northside Fire Station among various property owners who are not necessarily in agreement with each other. There will obviously be a number of different opinions on how to proceed with this project. The key elements to qualify for the funding that the city has obtained will require inclusion of parking lot improvements, construction of restroom/shower facility and improving the access from the improved wayside to the beach. How this is accomplished will be a matter of reviewing property and geological information about the site and incorporating the public comments on the best approach in moving forward.

We understand the frustration of the property owners in not having any specific discussion in the last couple of years on this matter. City staff has likewise been frustrated by the lack of process that ODOT had made in moving this project forward during this timeframe as well. The project has always called for opportunities for obtaining public input and that will indeed be the case through the planning and design process for this project. Based on the concerns expressed in the attached letters, I felt it was appropriate for a brief report to Council on this matter and obtain any other thoughts, ideas or concerns the Council has on moving forward with this project.

Recommended Action: None.

Fiscal Effects:
None.

Alternatives:
None recommended.

Respectfully Submitted,

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

Spencer R. Nebel, City Manager

RECEIVED

OCT 27 2014

CITY OF NEWPORT

October 20, 2014

To the Newport City Council and City Manager Spencer Nebel,

The undersigned are residents of the Agate Beach neighborhood adjacent to the Agate Beach parking lot, and we are opposed to the planned improvements to the beach trail at the bottom of Agate Way. At the bottom, south end of the Agate Beach parking lot is a paved and improved trail to the beach called Lucky Gap. At the bottom of Agate Way, one block west of the parking lot, there is an unimproved trail to the beach. The Agate Way trail has been used by surfers who want to access the surf closer to the headland, and by many tourists visiting the Yaquina Head Natural Area who do not realize there is an improved trail to the beach at the bottom of the parking lot. This has resulted in extremely crowded parking conditions in the area of Agate and Gilbert Way. In addition, the persons parking in this area have no bathroom facilities. Other than a porta-potty at the top of Lucky Gap trail, which is not visible except from Highway 101, the nearest public bathroom is more than a mile to the south at Big Creek Park. The surfers and beachgoers parking in the Agate Way neighborhood have been observed to very frequently urinate in the street and on the trail to the beach.

In 2010 we approached the planning department with a request to have a bathroom/outdoor shower placed in Circle Way adjacent to the Agate Beach parking lot. We also proposed a pathway from the bathroom down Circle Way to Gilbert Way, from which surfers could connect easily to the Agate Way trail. The purpose of this plan was to attract surfers and beachgoers to the parking lot, where the tourists/beachgoers would notice the Lucky Gap trail, and only the surfers would take the Agate Way trail. This would also relieve to some extent the crowded parking conditions on Agate Way and Gilbert Way. Those were the issues addressed in a 2010 meeting with the planning department staff. The planning department then got a grant to have college students work with an architect firm to develop a plan. They finally completed that plan in March, 2011, presenting an extravagant bathroom and picnic facility with an observation tower, and improvements to the Agate Way trail. The cost estimate was over \$700,000.00, which was not something the City could afford. This was the first anyone heard of improvements to the Agate Way trail. It was never proposed or discussed with the residents. We oppose the improvements because it will attract more people to the crowded Agate Way area. It is also a waste of public resources to build and maintain this second access when the Lucky Gap beach access is just a few feet away.

It has been represented to the public that the grant to construct the bathroom facility is based on a promise to provide better access to the beach. If this access is not provided, it has been represented to the public that the bathroom may not be funded. So we are now placed in the position of either conceding to the improved path at the bottom of Agate Way or not having a bathroom. We request a public meeting with the City and the persons planning the trail improvements, to provide input on the nature of the improvements to be constructed. We would like to have this meeting before the plans are completed, so the plans will take our input into consideration before, rather than after, that expense is incurred.

The undersigned are residents of the Agate Beach neighborhood adjacent to the Agate Beach parking lot, and we are opposed to the planned improvements to the beach trail at the bottom of Agate Way. At the bottom, south end of the Agate Beach parking lot is a paved and improved trail to the beach called Lucky Gap. At the bottom of Agate Way, one block west of the parking lot, there is an unimproved trail to the beach. The Agate Way trail has been used by surfers who want to access the surf closer to the headland, and by many tourists visiting the Yaquina Head Natural Area who do not realize there is an improved trail to the beach at the bottom of the parking lot. This has resulted in extremely crowded parking conditions in the area of Agate and Gilbert Way. In addition, the persons parking in this area have no bathroom facilities. Other than a porta-potty at the top of Lucky Gap trail, which is not visible except from Highway 101, the nearest public bathroom is more than a mile to the south at Big Creek Park. The surfers and beachgoers parking in the Agate Way neighborhood have been observed to very frequently urinate in the street and on the trail to the beach.

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We got involved because we were led to believe that our input would help determine the project plan. Overall the bathrooms and traffic changes will improve our neighborhood, but we have not had an adequate chance to object to this boardwalk. We initiated this project, volunteered our time and went to the planning meetings in good faith. We would like the City of Newport to reciprocate.

Tod Wooldridge 243 Gilbert Way, Newport

Newport City Manager
Spencer Nebel

October 27, 2014

Dear Spencer,

This letter is to inform you that we as residents of Agate Beach are a little frustrated with the City's lack of informational input to the residents regarding the \$500,000.00 grant for the improvement to the Agate Beach Parking area.

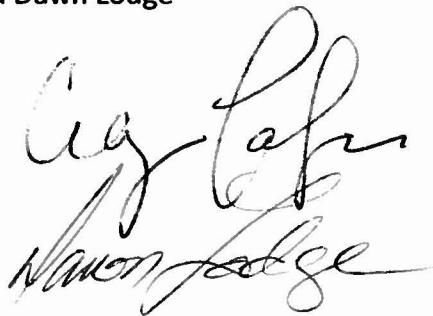
As we may not be opposed to some improvement to the Agate Way beach trail, we feel left out of crucial planning. Last year the planning director informed us that we would be consulted and in the "loop". We see location markers all over the parking lot and contiguous streets and still no notice; just rumor.

We do agree with the other residents that we need public meetings before plans are completed as to include the Agate community input.

Thank you for your consideration,

Respectfully,

Craig and Dawn Lodge

A handwritten signature in black ink, appearing to read "Craig and Dawn Lodge". The signature is written in a cursive, flowing style.

CITY MANAGER'S REPORT AND RECOMMENDATIONS



Agenda #: VIII.E.
Meeting Date: November 3, 2014

Agenda Item: Report on Efforts to Maintain the US Coast Guard Newport Air Facility

Background:

On Monday, October 20, 2014, the City in conjunction with Lincoln County and the Port of Newport held a joint community meeting on the announced closure of the Newport Air Facility. Overall the meeting was very well attended. After brief introductions, the public had the opportunity to provide their comments on the impact of this closure would have on search and rescue missions along the Oregon Coast. A complete accounting of the various comments that were made at this meeting have been included in the record that City Recorder Peggy Hawker has prepared (and has been included in this packet for Council approval).

On Tuesday, October 21, 2014, the City Council met to consider further actions regarding this issue. Various communications have been prepared and will be forwarded to the appropriate personnel continuing to express the significant safety concerns about the elimination of this service from the Coast.

On Thursday, October 23, 2014, Senator Merkley's staff invited Mayor Roumagoux and I to meet with Senator Merkley along with Representatives from the County, Port, Fisherman's Wives, and State Representative Gomberg. The Fisherman's Wives were very effective at conveying the message that if the air facility is closed there will be more lives lost that could have been otherwise been saved with the proximity of the air facility in Newport. Furthermore, there were a lot of questions for Senator Merkley on the budget impacts of closure of the facility. There was also emphasis that the Coast Guard needs to review their response standards since utilizing the same standard in the Pacific Northwest is different than applying the same standard to the Gulf of Mexico or Atlantic. US Senator Merkley asked a number of questions regarding this issue. He indicated that the Oregon congressional delegation will work hard to reverse this decision.

On October 28, 2014, a press conference was held with Senator Merkley, Congressman Schrader, Congresswomen Bonamici, the Newport Fisherman's Wives, commercial fishermen, and coastal first responders. The Press Conference called for the US Coast Guard to reverse their decision to close the Newport Helicopter Facility. Later in the day Senators Merkley and Wyden and Congressman Schrader announced that the Commandant of the Coast Guard has agreed to extend the closure date to December 15, 2014. This date maybe significant since the existing federal continuing resolution expires on December 10, 2014. This may give the congress an opportunity to address financial matters as part of a new continuing resolution that could potentially be in place prior to the revised closing date.

On Wednesday, October 29, 2014, Kevin Greenwood from the Port, Wayne Belmont and Terry Thompson from the County, Kyle Linhares, Representative Gomberg's aide, and I met to review next steps. The Governor's office has advised that the congressional support from other Pacific Coast legislatures maybe beneficially in working through a final solution on this matter. As a result, the city, county and port are going to contact their coastal counterparts in Washington and Northern California in order to raise awareness of the reductions in life safety services and request that they contact their federal legislatures in maintaining the search and rescue capabilities the currently exist on the west

coast. Furthermore, we will be working with Carolyn Bauman, utilizing her urban planning intern to develop a fact sheet on the issue of the closure and a summary of the concerns that have been expressed, including some research on federal budget. The fact sheet will be used to provide information when we are contacting people that may not be as familiar with the issue as we are. This fact sheet could accompany any contacts made to various counterparts on the Pacific Coast in regards to maintaining the search and rescue capabilities that currently exist. Finally, we discussed putting together a record of all the documents that have been obtained to this point to forward these documents to the Commandant of the Coast Guard, Secretary of Homeland Security and other appropriate personnel. The documents could either be delivered to the appropriate personnel through our local Coast Guard connections in order to ensure a timely delivery to the appropriate people. If a delegation ends up traveling to Washington DC these documents could be hand delivered to the appropriate offices.

It should be noted that we have designated a depository of all documents relating to this matter on the Port of Newport's website. There is a link on the city's website. The city, county and port are forwarding all document to this website to create a central location where all the testimonies, letters, news stories, audio and video of the special joint meeting, and other documents will reside. We hope that this site will be a quick reference location for all the stakeholders that are working towards reversal of this decision.

Recommended Action:
None at this time.

Fiscal Effects:
None

Alternatives:
None recommended.

Respectfully Submitted,



Spencer R. Nebel, City Manager