



Spencer Nebel  
City Manager  
CITY OF NEWPORT  
169 S.W. Coast Hwy.  
Newport, OR 97365  
[s.nebel@newportoregon.gov](mailto:s.nebel@newportoregon.gov)

## MEMO

DATE: August 28, 2014

TO: Mayor and City Council

FROM: Spencer Nebel, City Manager

SUBJECT: Meeting Schedule for the Urban Renewal Agency, City Council Work Session, and Regular City Council Meetings for September 2, 2014

Three meetings are scheduled in the evening of Tuesday, September 2, 2014, for the City Council and the Urban Renewal Agency. The first meeting will begin at 5 P.M. and will be a work session to discuss the potential use of surplus city property to facilitate work force housing. This meeting will run from 5 until 5:45 P.M. Councilor Beemer requested that we take a look at various alternatives to encourage workforce housing including potential public and private partnerships in coordination with charitable organizations such as Habit for Humanity and potentially others.

At 5:45 P.M. we have scheduled an Urban Renewal Agency meeting to have the Agency consider acting on the purchase and acquisition of easements to create the required rights-of-way located on the west side of U.S. 101 in conjunction with Toby Murry Motors, Investor XII, LLC, and OMSI. Please note that an agreement has been reached with Richard Murry's representatives on the acquisition of right-of-way from Toby Murry Motors that falls within the parameters outlined previously by the City Council.

The regular meeting of the City Council will begin at 6 P.M. Please note that we are continuing to play around with our agenda format while we demo software. While we are not using any software system for this meeting we are continuing to provide individual cover letters over each agenda item with my report serving as the cover over the information that has been provided by the department heads

regarding each agenda item. Later this fall, I will want to schedule a work session with the Council to discuss agenda management software as well as the pros and cons of considering going to a paperless agenda with the proper software. If we were to go in this direction, I would like to consider implementing the new software and possibly paperless agenda packets somewhere around the beginning of the New Year. Regardless of whether we utilizes a paperless agenda or not the agenda software system will certainly save a significant amount of time and clean-up the agenda compilation progress.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "S. R. Nebel", written in a cursive style.

Spencer R. Nebel  
City Manager



## **AGENDA & Notice of City Council Work Session**

The City Council of the City of Newport will hold a work session on Tuesday, September 2, 2014, at 5:00 P.M. The work session will be held in Council Chambers at City Hall, located at 169 S.W. Coast Highway, Newport, Oregon 97365. A copy of the agenda follows.

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

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

### **CITY COUNCIL WORK SESSION Tuesday, September 2, 2014 - 5:00 P.M. Council Chambers**

- A. Additional Work Session Items Not Listed on the Agenda (for this and future work sessions)
- B. Discussion on the Potential Use of Surplus City Property to Facilitate Work Force Housing





### **AGENDA and Notice of Urban Renewal Agency**

The City of Newport Urban Renewal Agency meeting will be held on Tuesday, September 2, 2014, at 5:45 P.M. The meeting will be held in City 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 541.574.0613.

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

### **URBAN RENEWAL AGENCY MEETING Tuesday, September 2, 2014 - 5:45 P.M. City Council Chambers**

**I. Call to Order and Roll Call**

**II. 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.*

**III. 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 Minutes from the Joint City Council and Urban Renewal Agency Executive Session of August 18, 2014(Hawker)

**IV. Executive Director Report**

*All matters requiring approval of the Urban Renewal Agency originating from the city manager and departments will be included in this section. This section will also include any status reports for the Urban Renewal Agency information.*

A. Authorization to Purchase Right-of-Way which is Required for the Plat of Sunset Dunes Subdivision

**IV. Adjournment**



**Urban Renewal Agency Agenda Item:  
Authorization to Purchase Right-of-Way which is required for the Plat of Sunset Dunes  
Subdivision**

**Background:**

As part of the South Beach Urban Renewal Plan a new traffic controlled intersection will be constructed on US 101 at 35<sup>th</sup> Street. This intersection will provide primary access to the OMSI project (after SW 35<sup>th</sup> Street is constructed) as well as future access to the east side of the road for those businesses along Ferry Slip Road when that section of roadway is constructed in conjunction with ODOT. In order to reconfigure existing private property in accordance with the Plat of Sunset Dunes which was adopted by the Planning Commission on July 28, 2014, it is necessary for the city to acquire certain right-of-way on the west side of 101 prior to recording the Plat of Sunset Dunes. Community Development Director Derrick Tokos has been involved in extensive negotiations with three property owners in order to obtain the necessary right-of-way to reconfigure this property from OMSI, Investors XII, LLC, and Richard Murry owner of Toby Murry Motors. Toby Murry Motors is the only developed property that is effected by these changes. Currently the OMSI and Investor XII property is undeveloped. Please note that final financial negotiations regarding the right-of-way acquisition need to be completed before various streets are vacated in this area. Appraisals have been done on all of the property and these settlements are consistent with those appraisals.

**Recommended Action:**

**I recommend that the Urban Renewal Agency approve the following motion:**

**I move that the Urban Renewal Agency authorize its Executive Director to expend \$255,838 for the purpose of acquiring public rights-of-way and easements as depicted in the Plat of Sunset Dunes, which was approved by the Newport Planning Commission on July 28, 2014 and will be recorded on completion of these land transactions.**

**Fiscal Effects:**

Funding has been appropriated in the 2014-15 fiscal year budget for this acquisition.

**Alternatives:**

Do not proceed with the purchases or as suggested by the Urban Renewal Agency.

Respectfully Submitted,

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

Spencer R. Nebel  
City Manager





Agenda Item #  
Meeting Date September 2, 2014

**URBAN RENEWAL  
AGENDA ITEM SUMMARY**  
City of Newport, Oregon

Issue/Agenda Title Authorization to Purchase Right-of-Way in the Plat of Sunset Dunes Subdivision

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

**ISSUE BEFORE THE URBAN RENEWAL AGENCY:** Consideration of whether or not acquisition of public rights-of-way and easements within the proposed Plat of Sunset Dunes for the sum of \$255,838 furthers the Newport Urban Renewal Agency's objective of implementing capital projects identified in Phase 2 of Minor Amendment Ten to the South Beach Urban Renewal Plan.

**STAFF RECOMMENDATION:** Staff recommends that the Agency authorize the expenditure.

**PROPOSED MOTION:** I move that the Newport Urban Renewal Agency authorize its Executive Director to expend \$255,838 for the purpose of acquiring public rights-of-way and easements depicted on the Plat of Sunset Dunes, which was approved by the Newport Planning Commission on July 28, 2014.

**KEY FACTS AND INFORMATION SUMMARY:** The City of Newport adopted a South Beach Urban Renewal Plan and Report ("Plan"), dated September 12, 1983, by Ordinance No. 1341, and Lincoln County did subsequently approve the Plan by Resolution 83-26-9. Ten amendments to the Plan have been previously adopted with the most recent being completed in August of 2013.

The Plan organizes proposed public capital projects into three phases, for calendar years 2009 to 2020. Public input was solicited by the Newport Urban Renewal Agency ("Agency") to inform the design of proposed capital projects lying west of US 101 and north of the South Beach State Park, leading to the adoption of the Coho/Brant Infrastructure Refinement Plan in 2012. Capital projects listed in the Plan include the extension of SW Abalone Street from its present location, south to intersect with SW Anchor Way, the extension of SW 30<sup>th</sup> Street from SW Brant Street to SW Abalone Street, and the construction of SW 35<sup>th</sup> Street from SW Abalone (at SW Anchor Way) to US 101. Construction of these projects is scheduled to begin in 2015 as part of Phase 2 of the South Beach Urban Renewal Plan.

On April 7, 2014, the Agency, on behalf of the Oregon Museum of Science and Industry (OMSI), Investors XII, LLC, and Richard Murry (property owners), submitted an application for an approval to subdivide property in this area for the purpose of reconfiguring the street rights-of-way to facilitate these planned street improvements. The Newport Planning Commission approved the proposed subdivision, known as the Plat of Sunset Dunes, on July 28, 2014.

This effort required that certain street rights-of-way that are no longer needed by the City be vacated. That is being accomplished with Ordinance No. 2068. The City Council held a public hearing on the ordinance on August 18, 2014 and is scheduled to consider whether or not it is in the public interest to adopt the ordinance later this evening. Getting rights-of-way into the locations shown in the Coho/Brant Plan also required that land be obtained from the adjacent property owners. In total 184,966 sq. ft. of right-of-way is being vacated and 71,330 sq. ft. of right-of-way is being acquired. Additionally, 16,335 sq. ft. of utility easements, and a 74,983 sq. ft. conservation easement is being acquired by the City. The location of the rights-of-way being vacated/acquired and easements is graphically depicted on the proposed Plat of Sunset Dunes.

Agency had William Adams, MAI perform appraisals for each of the affected properties. The appraisal for the OMSI property showed that the value of the vacated right-of-way (i.e. land) they are receiving far exceeded the value of the conservation easement they will be conveying to the City and the rights-of-way and easement they will be dedicating for public purposes on the plat. Further, rights-of-way the city is vacating serve as an obstacle to OMSI moving forward with their plan to construct a youth camp. For these reasons, OMSI has agreed to proceed without receiving further compensation.

Investors XII, LLC loses more land than it gains as a result of the right-of-way adjustments; however, it will also benefit substantially from the new road construction that will be undertaken by the Agency, State of Oregon and OMSI. For these reasons, Investors XII has indicated that they are willing to accept \$147,682 in compensation. This amount represents the value of the right-of-way the Agency is obtaining to construct the SW Abalone Street extension less the land Investors XII will gain through the vacation of SW Anchor Way. It also factors in the value of a utility easement the Agency is obtaining and a portion of the SW Anchor Way right-of-way that would otherwise have accrued to Investors XII but is instead being conveyed to Richard Murry.

Richard Murry owns Toby Murry Motors, which is the only developed property impacted by these changes. Through his attorney, Paul Vaughn, Mr. Murry indicates that he is willing to accept \$108,156 dollars in compensation. This amount is equal to the sum of \$14 per square foot for a taking of 7,366 square feet of property along the southern boundary of the site, plus \$3,995 for site improvements in that area, plus \$1,037 for a permanent utility easement. The 7,366 sq. ft. was computed by deducting 1,356 sq. ft. that the Agency is acquiring from Investor XII for Mr. Murry, from the 8,722 sq. ft. of land the Agency is actually acquiring along SW 35<sup>th</sup> Street. Mr. Murry believes that this amount is appropriate because he gains little from the access improvements that will be made and while vacating SW Anchor Way provides him with additional land, it is of less value to him considering that he will still need to maintain a private access road at that location to serve his existing development.

**OTHER ALTERNATIVES CONSIDERED:** None.

**CITY COUNCIL GOALS:** Implementing the South Beach Urban Renewal Plan is a Council priority.

**ATTACHMENT LIST:**

- Proposed Plat of Sunset Dunes (color coded)
- Appraisals of the subject properties
- Correspondence with the property owners regarding the appraisals and compensation issue

**FISCAL NOTES:** Sufficient funds for right-of-way acquisition have been programmed in Phase 2 of the South Beach Urban Renewal Plan and have been budgeted for FY 14/15.

PLAT OF:  
**SUNSET DUNES**

CONCEPT MAP FOR PROPOSED SUBDIVISION  
 AND PROPOSED SW ABALONE AND SW 35th STREET  
 CITY OF NEWPORT, LINCOLN COUNTY, OREGON  
 FOR THE CITY OF NEWPORT

**SURVEYOR'S NARRATIVE:**

THE PURPOSE OF THIS SURVEY IS TO ESTABLISH THE BOUNDARIES OF TRACTS AS DESCRIBED IN LOT BOOK REPORT NUMBER 79066, DATED AUGUST 12, 2013, BY WESTERN TITLE COMPANY. THIS SURVEY FOUND AND HELD THE MONUMENTS AT THE SOUTHEAST AND NORTHEAST CORNERS OF THE TRACT SURVEYED IN COUNTY SURVEY NO. 18864 BY THIS FIRM, FOR THE BASIS OF BEARING (N 00°00'45" W, 965.75'). THIS RESULTED IN A DIFFERENCE OF BEARING BETWEEN THE RECORD BEARINGS IN THE PLAT OF HARBORTON AND THE LINES AS ESTABLISHED IN THIS SURVEY BY 00°12'46". THE MONUMENTS THAT WERE ESTABLISHED AND FOUND IN SAID SURVEY WERE HELD FOR THE BOUNDARIES OF THE WESTERLY TRACT (DMSI). THE BOUNDARIES OF THE EASTERLY TRACTS WERE DERIVED BY THE FOLLOWING METHODS:

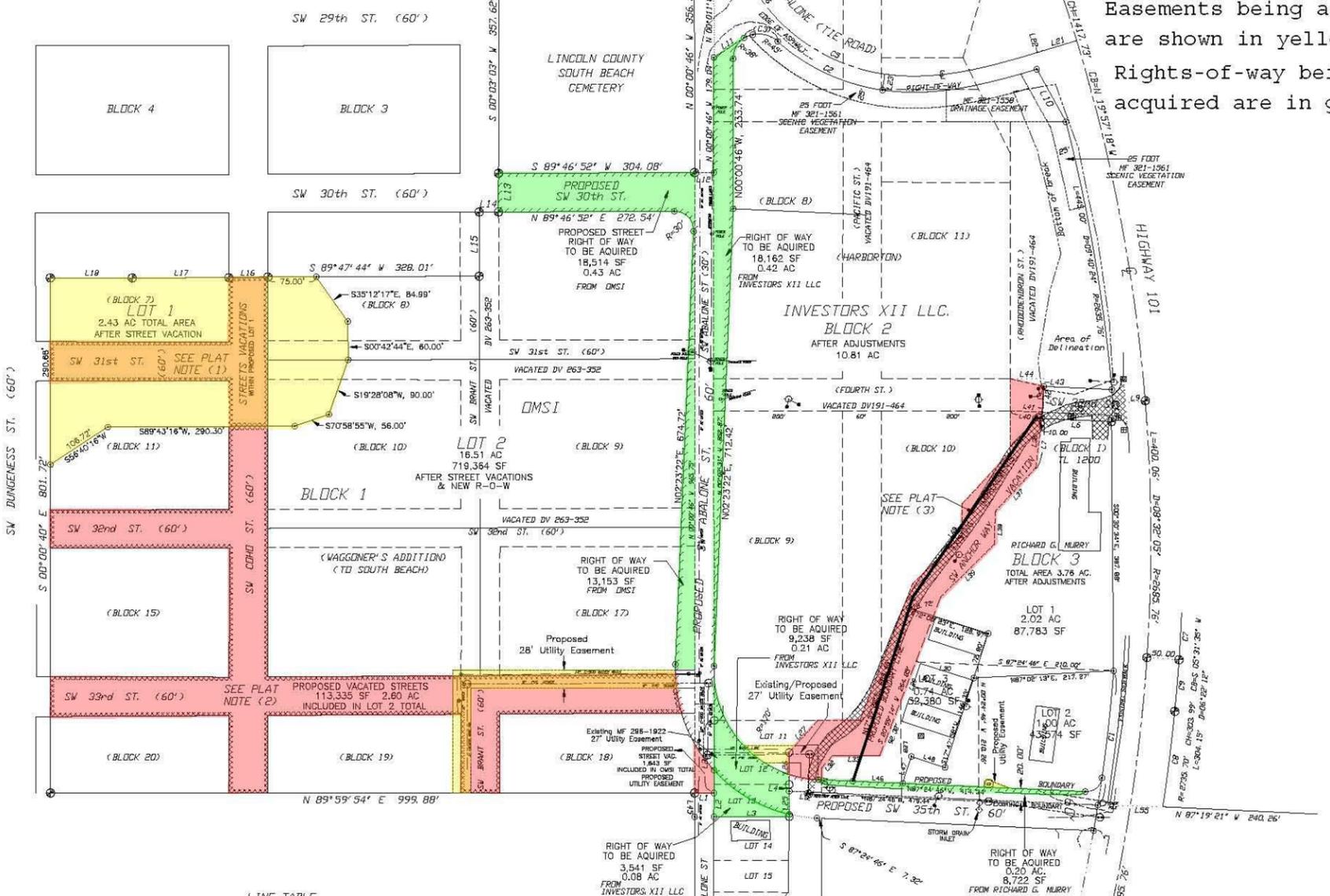
- 1) THE EASTERLY BOUNDARY (HIGHWAY 101) WAS DERIVED BY HOLDING THE MONUMENTS ALONG THE CENTERLINE OF THE HIGHWAY AT STATIONS POC 253+30.39, POC 247+00.00 AND POC 243+00.00, AS INDICATED ON DDDT DRAWING NO. 48-26-19. 2) THE WESTERLY RIGHT OF WAY BETWEEN SW 32ND AND THE NORTH LINE OF TAX LOT 1300 APPEARS TO BE THE WESTERLY R/W OF TAYS AVE, PER THE PLAT OF HARBORTON. COUNTY SURVEYS 2217 (BURDETT) AND 9915 (FREDRICKSON) BOTH INDICATE THIS SCENARIO. THIS SURVEY HELD THE MONUMENT FOUND AT THE NORTHEAST CORNER OF TL 1200, AS ESTABLISHED IN SAID CS #9816 IN THE DETERMINATION OF SAID TAYS AVE. 3) THE RECORD DATA FROM SAID CS #9816, WAS HELD TO DERIVE THE NORTHERLY R/W OF SW 35th. THE EASTERLY LINE OF LOTS 11-13, BLOCK 9-HARBORTON WERE DERIVED BY HOLDING THE MONUMENTS ESTABLISHED IN CS #9893 (BURRELL).
- 4) THE R/W'S OF RHODODENDRON DRIVE WERE DERIVED BY HOLDING THE MONUMENT AT THE NORTHEAST CORNER OF TL 1200 AND THE RECORD ANGLES AND DISTANCES FROM THE PLAT OF HARBORTON. AFTER TRYING SEVERAL METHODS TO MATCH THE DATA ON THE PLAT, THIS SURVEY HAD TO CHANGE SOME OF THE DISTANCES ALONG RHODODENDRON TO MATCH THE ALIGNMENT OF SW 35th STREET.
- 5) THE NORTH END OF BLOCKS 9 AND 10, AS WELL AS THE CORNERS OF BLOCKS 7, 8, 11 AND 12 WERE CALCULATED FROM THE DATA DERIVED FROM THE MONUMENT FOUND AT THE NORTHEAST CORNER OF TL 1200 AND THE RECORD ANGLES FROM THE PLAT OF HARBORTON. THIS SURVEYOR DISCOVERED THAT THE TRANSITION FROM THE EAST AND WEST SIDES OF RHODODENDRON DO NOT COINCIDE. THEREFORE, THE CORNERS OF THE BLOCKS WERE CALCULATED AS DESCRIBED. THIS METHOD LEAVES A DIFFERENCE BETWEEN THE NORTHERLY LINE OF LOTS 11-13 AS ESTABLISHED IN CS #9893 (BURRELL) AND THE METHOD USED AS DESCRIBED ABOVE OF APPROXIMATELY 18 FEET. THIS METHOD FIT THE INTENTIONS OF THE PLAT OF HARBORTON. BUT, IMPROVEMENTS HAVE BEEN BUILT BASED ON THE POSITION OF THE BURRELL MONUMENTS. THEREFORE, THIS SURVEY HELD THE MONUMENTS AS THE SOUTHERLY BOUNDARY OF THE HARBORTON LOTS. 6) THE NORTHERLY BOUNDARY IS THE SOUTHERLY R/W OF ABALONE STREET "TIE ROAD", AS DEFINED IN THE DESCRIPTION OF SAID ROAD IN DDDT DRAWING NO. 08-30-15. THE WESTERLY BOUNDARY AT THE NORTH END IS THE EASTERLY R/W OF SW ABALONE STREET.

SCALE: 1" = 100'  
 REV #1 OCT 21, 2013  
 REV #2 NOV 5, 2013  
 REV #3 FEB 14, 2014  
 REV #4 MARCH 20, 2014  
 REV #5 APRIL 4, 2014  
 REV #6 JUNE 6, 2014

\* Rights-of-way to be vacated are shown in red. Easements being acquired are shown in yellow. Rights-of-way being acquired are in green.

**PLAT NOTES**

- (1) STREETS VACATION LOCATED IN PROPOSED LOT 1, BLOCK 1 PER CITY ORDINANCE #
- (2) STREETS VACATION LOCATED IN PROPOSED LOT 2, BLOCK 1 PER CITY ORDINANCE #
- (3) SE ANCHOR WAY VACATION PER CITY ORDINANCE #  
 (a.) A TEMPORARY PUBLIC EASEMENT OVER EXISTING STREET AND WILL TERMINATE ONCE 35TH STREET IS CONSTRUCTED BETWEEN THE FORMER ANCHOR WAY AND US HWY 101.



**LINE TABLE**

| LINE | BEARING       | DISTANCE | LINE | BEARING       | DISTANCE |
|------|---------------|----------|------|---------------|----------|
| L1   | S 89°57'46" E | 30.00    | L19  | N 80°59'14" E | 64.47    |
| L2   | S 00°12'32" V | 36.59    | L20  | S 07°24'46" E | 96.62    |
| L3   | S 89°57'46" E | 116.99   | L21  | N 00°02'14" E | 38.12    |
| L4   | N 00°06'51" V | 10.26    | L22  | N 48°01'14" E | 25.78    |
| L5   | S 87°24'46" E | 80.18    | L23  | S 89°59'46" E | 78.97    |
| L6   | N 87°24'46" V | 109.09   | L24  | S 89°57'46" E | 35.00    |
| L7   | S 07°02'14" V | 77.78    | L25  | N 87°24'46" V | 106.78   |
| L8   | N 05°09'32" E | 28.47    | L26  | S 07°02'14" V | 87.80    |
| L9   | N 89°50'38" E | 30.00    | L27  | S 48°54'14" V | 96.65    |
| L10  | N 09°56'17" V | 53.40    | L28  | S 01°14'14" V | 51.34    |
| L11  | S 57°00'11" V | 55.77    | L29  | S 45°32'14" V | 116.48   |
| L12  | S 89°46'52" V | 30.00    | L30  | S 07°44'27" E | 50.30    |
| L13  | S 00°03'03" V | 60.08    | L31  | N 07°02'14" E | 18.04    |
| L14  | S 89°51'29" V | 30.00    | L32  | N 00°02'14" E | 27.86    |
| L15  | S 00°01'10" E | 99.92    | L33  | N 00°02'14" E | 12.04    |
| L16  | S 88°56'01" V | 60.55    | L34  | N 89°57'46" V | 51.73    |
| L17  | S 89°47'53" V | 150.05   | L35  | S 00°00'46" E | 37.11    |
| L18  | N 09°59'41" V | 127.12   | L36  | S 87°24'46" E | 73.63    |
| L19  | S 54°44'31" V | 50.00    | L37  | N 17°47'58" E | 43.97    |
| L20  | S 65°12'29" E | 30.00    | L38  | S 71°56'15" E | 33.00    |
| L21  | S 79°14'24" V | 54.81    | L39  | N 34°16'59" E | 379.46   |
| L22  | S 79°17'42" V | 17.79    | L40  | N 00°00'46" V | 106.00   |
| L23  | N 00°14'24" E | 23.00    | L41  | S 89°59'46" E | 123.91   |
| L24  | S 00°12'32" V | 113.02   | L42  | N 00°25'45" V | 100.16   |
| L25  | N 00°06'51" V | 39.87    | L43  | N 89°33'07" E | 54.99    |
| L26  | N 00°07'34" V | 49.96    | L44  | N 00°03'03" E | 106.00   |
| L27  | N 41°53'38" E | 67.82    | L45  | N 88°25'58" V | 101.20   |
| L28  | N 00°12'46" V | 146.99   |      |               |          |

**CURVE TABLE**

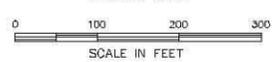
| CURVE | ARC    | BETA      | RADIUS  | CHORD LENGTH | CHORD BEARING |
|-------|--------|-----------|---------|--------------|---------------|
| C1    | 210.36 | 04°34'38" | 2635.76 | 210.51       | N 08°41'43" E |
| C2    | 181.79 | 33°26'17" | 311.48  | 179.21       | N 65°02'28" V |
| C3    | 56.35  | 71°44'50" | 45.00   | 32.74        | N 84°13'09" V |
| C4    | 168.14 | 03°27'33" | 2685.76 | 168.18       | N 19°04'19" E |
| C5    | 167.19 | 33°26'17" | 296.48  | 164.83       | N 65°02'28" V |
| C6    | 114.96 | 28°59'34" | 286.48  | 114.19       | N 34°45'33" V |
| C7    | 73.67  | 01°38'38" | 2735.70 | 73.67        | N 02°06'46" E |
| C8    | 149.95 | 03°08'26" | 2735.70 | 149.93       | N 07°08'34" E |
| C9    | 80.91  | 01°41'10" | 2735.71 | 80.91        | N 04°44'28" E |

- LEGEND:**
- MONUMENTS FOUND - HELD FOR CONTROL
  - MONUMENTS FOUND AS SHOWN
  - CALCULATED POSITION ONLY
  - RECORD DATA FROM CS #2217
  - RECORD DATA FROM CS #18864
  - RECORD DATA FROM CS #12884
  - RECORD DATA FROM CS #9893
  - RECORD DATA FROM DDDT DRAWING NO. 48-26-19
  - RECORD DATA FROM DDDT DRAWING 08-30-15
  - DENOTES PROPOSED STREET ALIGNMENT
  - DENOTES PROPOSED STREET VACATION (DMSI)
  - EXISTING EDGE ASPHALT
  - DENOTES ROAD CENTERLINE
  - WATERLINE
  - SANITARY SEWER LINE
  - POWER POLE/POWER POLE WITH GUY WIRE
  - SANITARY SEWER MANHOLE
  - FIRE HYDRANT
  - CATCH BASIN
  - TRAFFIC SIGNAL / ELEC TRANS
  - STORM DRAIN MANHOLE
  - EQUIPMENT USED: WILD T1610 TOTAL STATION.

SURVEY BY:  
 DENISON SURVEYING, INC  
 720 SW ANGLE ST.  
 (541) 265-9308

REGISTERED PROFESSIONAL LAND SURVEYOR

OREGON  
 JULY 26, 1989  
 RUSSELL JOHNSON  
 2400  
 RENEWAL DATE:  
 JUNE 30, 2015





**APPRAISAL REPORT**

Investors XII LLC Property  
West Side of Highway 101  
South Beach Area  
Newport, Oregon

**VALUATION DATE**

July 25, 2014

**PREPARED FOR**

Mr. Derrick Tokos  
Community Development Director  
City of Newport

**PREPARED BY**

William E. Adams, MAI, MRICS  
1809 Sunburst Terrace NW  
Salem, Oregon 97304

File No.: 140702b

◆ **William E. Adams, MAI** ◆  
Real Estate Appraisal & Consultation  
1809 Sunburst Terrace NW  
Salem, OR 97304  
Tel: (503) 585-6656  
Fax: (503) 585-6444

August 6, 2014

Mr. Derrick Tokos  
Community Development Director  
City of Newport  
169 SW Coast Highway  
Newport, OR 97365

RE: Appraisal Assignment --- Value Estimates involving Investors XII Property  
West Side of Highway 101 in Newport

Dear Mr. Tokos:

At your request, I have prepared a real estate appraisal estimating market value estimates for various acquisitions and vacations within or adjacent to the above-referenced property in the South Beach area of Newport. Specifically, the City wishes to acquire three fee takings and one permanent utility easement from the property. In addition, a segment of Anchor Way will be vacated by the City and assembled into the Investors XII LLC property. The two tax lots comprising the Investors XII LLC property total 10.95 acres, are zoned C-1 (Retail & Service Commercial), and are currently undeveloped.

The valuation date for this appraisal assignment is July 25, 2014, coinciding with the property's inspection date. The interest appraised is the fee simple estate. The intended use of this appraisal is to assist the client (City of Newport) in acquiring the fee takings & permanent easements, as well as vacating Anchor Way. Please note that the City intends to acquire the fee taking & easement under a willing-seller scenario and not under the threat of condemnation using the City's right of eminent domain. The intended users of this report consist of the client, the property owner, and associated parties related to the proposed acquisitions. The use of this appraisal by anyone other than the stated intended users, or for any use than the stated intended use, is prohibited.

This report is prepared in compliance with the current Uniform Standards of Professional Appraisal Practice (USPAP), as formulated by The Appraisal Foundation; the Standards of Professional Appraisal Practice and the Code of Professional Ethics of the Appraisal Institute; and the valuation standards of the Royal Institution of Chartered Surveyors.

The appraisal report is prepared in accordance with USPAP Standards Rule 2-2(a). The scope of work utilized for this assignment is considered typical for this property type, the proposed transaction, and the intended use.

The Preliminary Subdivision Plat provided by the City shows the location and boundaries of the fee takings, the permanent utility easement, and the area proposed for road vacation. It is noted that a portion of the road vacation is currently covered with asphalt-paved roadbed; however, the City has instructed the appraiser to not include any contributory value pertaining to the existing roadbed in the valuation of the road vacation.

The subject property is undeveloped land suitable for development in accordance with Newport's C-1 zoning criteria. As such, only the subject's land is valued for this appraisal assignment. The values associated with the fee taking, permanent utility easement, and road vacation are estimated using the appropriate valuation methodology but subject to the client's instructions under this willing-seller scenario. The client indicates that the sizes cited in the Preliminary Subdivision Plat may be revised. As such, the client requests that the values of the larger parcel, the fee takings, and the road vacation be presented on a \$/SF basis while the value of the permanent utility easement is presented lump sum.

The appraiser has sufficient education and experience in valuing similar properties to satisfy the competency provision of the Uniform Standards. The reported values are not based on requested values and the appraiser was acting independently of the client during the course of this assignment.

Reference to the Assumptions and Limiting Conditions section of the attached report is recommended for a complete understanding of the basis on which the value of the subject property and the various acquisitions/vacations are predicated. This assignment does not utilize any extraordinary assumptions or hypothetical conditions (as defined by USPAP).

After considering all of the data assembled for this appraisal assignment, the value estimates pertaining to the fee takings, permanent utility easement, and the road vacation as of the July 25, 2014 valuation date are estimated to be:

| <b>Value Component</b>   | <b>Value Estimate</b>                    |
|--|--|
| <b>Larger Parcel</b><br><i>10.95 Acres in two tax lots</i>                                 | <b>\$12.00/SF</b>                        |
| <b>Fee Takings</b><br><i>Three fee takings totaling 30,941 SF (18,162 + 9,238 + 3,541)</i> | <b>\$12.00/SF</b>                        |
| <b>Permanent Public Utility Easement</b><br><i>1,836 SF near south boundary</i>            | <b>\$6,610</b><br>(\$3.60/SF x 1,836 SF) |
| <b>Anchor Way Road Vacation</b><br><i>20,541 SF along portion of east boundary</i>         | <b>\$12.00/SF</b>                        |
| <b>Road Vacation to be Conveyed to Murry Property</b><br><i>1,356 SF</i>                   | <b>\$12.00/SF</b>                        |

The reasoning and analysis leading to these conclusions are discussed in the following appraisal report.

Sincerely,

William E. Adams, MAI, MRICS

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## ADDENDA

Owner Notification Letter  
Photographs of the Comparable Market Data  
Professional Qualifications

## SCOPE OF THE APPRAISAL

The Oregon Museum of Science and Industry (OMSI) intends to develop the Coastal Discovery Center on their land located in the South Beach area of Newport. Currently, the road network within and serving the OMSI property and adjacent property is insufficient to serve the OMSI property as proposed. The City of Newport intends to vacate certain roadways in proximity to the OMSI property as well as acquire various fee takings & easements for new roadways and utility systems. In addition, ODOT intends to remove the signalized intersection at Anchor Way and Highway 101 and install a new signalized intersection at 35<sup>th</sup> Street and Highway 101 (one block south). The City of Newport intends to vacate the segment of Anchor Way which lies west of the existing signalized intersection and acquire new right of way for the 35<sup>th</sup> Street extension that will travel west of the Highway 101 signalized intersection and connect with Abalone Street. This appraisal assignment estimates values for the acquisition of the fee takings and permanent utility easement from the undeveloped commercial-zoned land owned by Investors XII, LLC. In addition, the assignment estimates the value of the Anchor Way road vacation being conveyed to the property owner and the portion of the vacation area subsequently being transferred to the adjacent owner (Murry). This appraisal assignment involved the following scope of work.

- A physical inspection of the subject was performed by William E. Adams, MAI on July 25, 2014, with this date setting the valuation date for the appraisal assignment. Mr. Reg Breeze (property owner representative) contacted the appraiser via telephone on August 4, 2014, at which time the appraisal assignment was discussed.
- A search of all available resources was made to identify market trends, comparable sales data, and other significant factors affecting the subject's value estimates.
- Market data were verified, photographed, and physically inspected. Market data was confirmed by a party to the transaction and supplemented by information obtained from the local multiple listing service (MLS), deeds, county records, or other informed parties.
- The subject's highest & best use was determined.
- The subject's larger parcel (land only) is valued using the Sales Comparison Approach. This approach is also used to estimate the various value components being acquired or vacated. Per the client's instructions under their willing-seller purchase scenario, the vacation estimate does not include any value attributed to the existing roadbed within Anchor Way. This appraisal report is prepared in accordance with USPAP Standard 2-2(a). No extraordinary assumptions or hypothetical conditions are used for this appraisal.
- Interviews were conducted with persons considered informed regarding the subject property and similar properties, including real estate professionals, property owners, and various departments of the City of Newport, Lincoln County, and the State of Oregon.

## DEFINITIONS

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**Market Value** is the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (a) *both the buyer and seller are typically motivated;*
- (b) *both parties are well informed or well advised, and both acting in what they consider their own best interest;*
- (c) *a reasonable time is allowed for exposure in the open market;*
- (d) *payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and*
- (e) *the price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.*<sup>1</sup>

**Fee Simple Estate** is absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.<sup>2</sup>

**Value As Is** is the value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions regarding hypothetical market conditions or possible rezoning.<sup>3</sup>

**Highest and Best Use** is defined as “the reasonably probable and legal use of vacant land or an improved property which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financially feasible, and maximally productive”.<sup>4</sup>

**Marketing Period** is an estimate of the amount of time it might take to sell an interest in real property at its estimated market value during the period immediately after the effective date of the appraisal; the anticipated time required to expose the property to a pool of prospective purchasers and to allow appropriate time for negotiation, the exercise of due diligence, and the consummation of a sale at a price supportable by concurrent market conditions. Marketing period differs from **exposure period**, which is always presumed to precede the effective date of the appraisal.<sup>5</sup>

Based on the market conditions, market data and the subject’s attributes discussed in this appraisal report, a marketing time not to exceed one year is considered reasonable for the subject property. Similarly, the subject’s exposure period is estimated to not exceed one year. These time estimates presume that the subject property is aggressively marketed at the appraised value through normal marketing channels appropriate for the property type.

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1 Uniform Standards of Professional Appraisal Practice, 2014, The Appraisal Foundation.

2 The Dictionary of Real Estate Appraisal, Fifth Edition, 2010, the Appraisal Institute, p.78.

3 *Ibid.*, p. 206

4 *Ibid.*, p. 93

5 *Ibid.*, p. 121

## **ASSUMPTIONS AND LIMITING CONDITIONS**

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### ***General Assumptions and Limiting Conditions***

1. The report and all matters contained within are prepared on behalf of the addressee only. No responsibility is assumed for its possession, use or reliance on either factual data or conclusions by anyone other than the addressee. It is intended for use only for the purpose stated herein, and only in its entirety.
2. No opinion as to title is rendered. The estimated values are based on the assumption that the property is free of liens such as mortgages, deeds of trust, and judgments, and is not burdened by any other encumbrances including easement restrictions, special assessments, bonds, leases or other similar matters, except those specifically noted in the report.
3. The sketches and maps in the report are prepared to aid the reader in visualizing the property, and are based on field investigations conducted for this assignment. Dimensions and descriptions are based on public records, the property inspection, and information furnished by others, and are not meant to be used as references in matters of survey.
4. Information supplied by others and considered in the valuation is believed to be reliable, but no further responsibility is assumed for its accuracy.
5. No responsibility is assumed for matters which are legal in nature, including the validity or accuracy of the property's legal description.
6. The value of oil, gas and mineral rights, if any, was not considered in the value estimated in this appraisal assignment.
7. The appraisal report is prepared in accordance with USPAP Standard 2-2(a). Retained in the appraiser's bulk file are interview notes, maps and illustrations not included in the appraisal report, as well as third-party reports, area data and duplicative property, market and cost data that may or may not have been used for the development of the value conclusion.
8. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The descriptions and resulting comments presented in this report are the results of routine observations made during the appraisal process. The appraiser is not qualified to make any type of environmental judgment regarding the subject property. The value(s) estimated in this report are predicated on the assumption that there are no such materials in, on, or near the property that would cause a loss in value.
9. The estimates contained in this report are the opinions of the appraiser, based upon his independent interpretation of the data provided to or accumulated by him, and are not intended in any way to constitute a guarantee of value.

## **ASSUMPTIONS AND LIMITING CONDITIONS (Cont.)**

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10. No encroachment of real property improvements is assumed to exist.

11. The appraiser disclaims responsibility for the ability or inability of the present owner, or any future purchaser or lessee, to obtain the permits, licenses, environmental impact studies, or other approvals necessary for the successful operation of the property for its highest and best use, or to the use contemplated by any owner, purchaser or lessee. The appraiser disclaims responsibility for, and renders no opinion on, conformity to specific governmental requirements, such as fire, building and safety, earthquake or occupancy codes, which conformity cannot be assumed without provision of specific professional or governmental inspection.

12. Those who use this report are cautioned that any forecasts shown herein are intended to illustrate the attitudes and projections of those persons and entities comprising the real estate market at the date of valuation. Such attitudes and projections change from time to time consistent with changes in the real estate market, supply and demand, investor attitudes, and general economic conditions. However, the projections shown are thought to approximate investor attitudes and current trends and conditions at the date of valuation. Inasmuch, however, as the projections are based upon assumptions and estimates of future events, no opinion is offered or expressed on the achievability of the projections and estimates.

13. Testimony or participation in any litigation or arbitration by reason of this appraisal shall not be required unless arrangements have previously been made.

14. The Americans with Disabilities Act (ADA) became effective February 26, 1992. The appraiser has not made a specific survey or analysis of the subject property to determine whether or not the physical aspects of the improvements (if any) meet the ADA accessibility guidelines.

15. This appraisal assumes competent management and/or ownership of the subject property.

### ***Hypothetical Conditions and Extraordinary Assumptions***

This assignment does not utilize any hypothetical conditions or extraordinary assumptions (as defined by USPAP).

## APPRAISER'S CERTIFICATION

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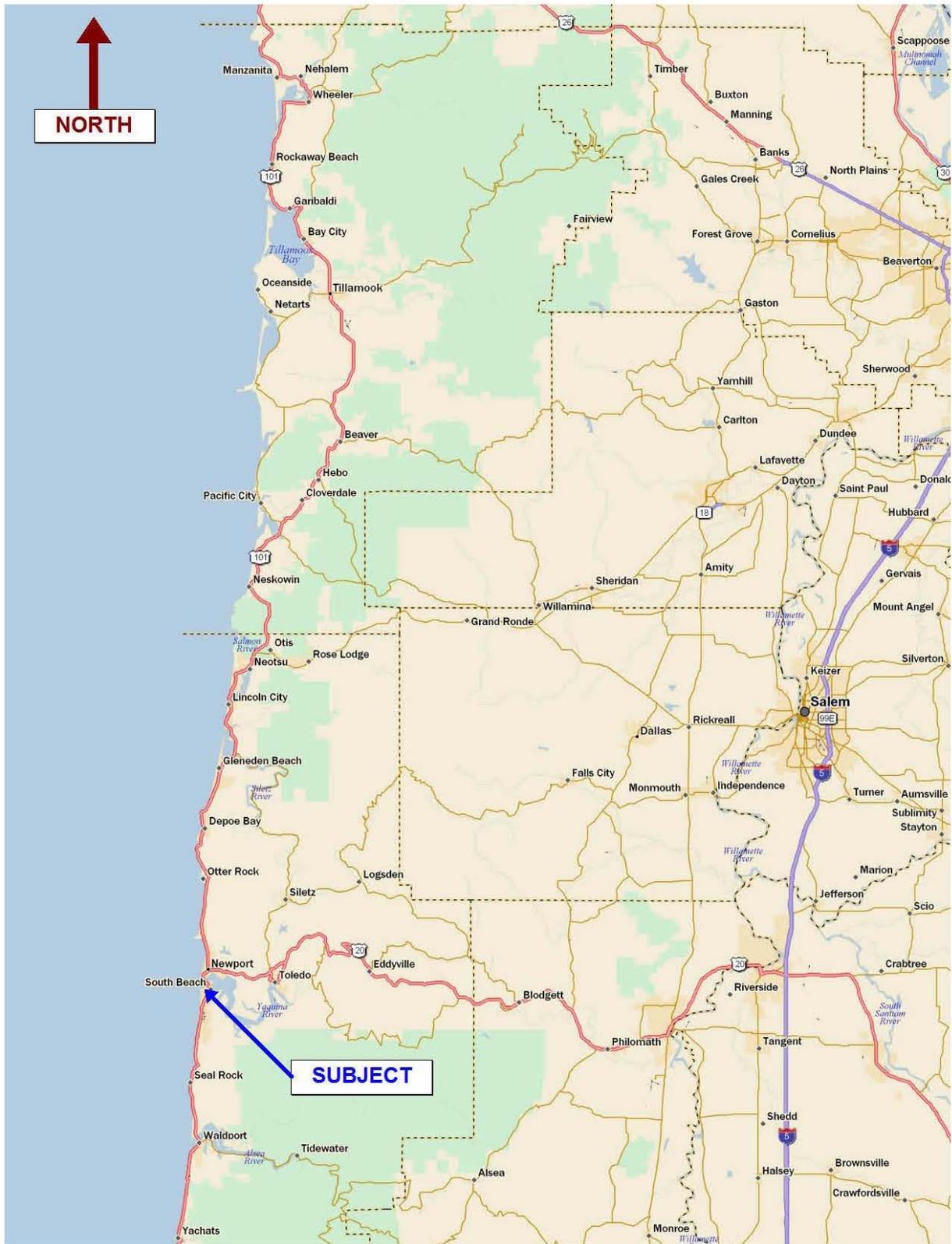
I do hereby certify that, except as otherwise noted in this appraisal report:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results. Future employment is not dependent upon reporting a specified value. Neither employment nor compensation are dependent upon the approval of a loan application.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Appraisal Institute's Code of Professional Ethics and the Standards of Professional Practice; the Appraisal Foundation's Uniform Standards of Professional Appraisal Practice ("USPAP"); and the valuation standards of the Royal Institution of Chartered Surveyors.
8. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
9. As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.
10. I made a personal inspection of the property that is the subject of this report as well as the market data utilized in the analysis.
11. No one other than the undersigned provided assistance in preparing this appraisal report.
12. I do not authorize the out-of-context quoting from or partial reprinting of this appraisal report. Further, neither all nor any part of this appraisal report shall be disseminated to the general public by the use of media for public communication without prior written consent of William E. Adams, MAI.
13. I have acquired through study and practice the necessary knowledge and experience to complete this assignment competently.
14. I have not performed a prior appraisal or other service involving this subject property during the past three years.

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William E. Adams, MAI, MRICS  
*Oregon General Appraisal Certificate C00495*  
*Expires 11-30-2014*

# AREA AND NEIGHBORHOOD ANALYSIS



## LOCATION MAP

## **AREA AND NEIGHBORHOOD ANALYSIS (Cont.)**

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### ***Area Analysis***

The subject property is situated in the Newport city limits within Lincoln County. The subject is specifically located in the Newport's South Beach area in proximity to commercial, industrial, and mixed-density residential uses.

Lincoln County extends along 55 miles of the Central Oregon Coast from Cascade Head on the north to Cape Perpetua on the south. The County extends inland between 14 and 24 miles. The City of Newport is situated at the midpoint of Lincoln County's coastline and includes the entry to Yaquina Bay and the Yaquina River. Newport is also the county seat of Lincoln County and the largest city in the County. Lincoln City is the county's second largest city, being located approximately 24 miles north of Newport and approximately 60 miles west of Salem. Lincoln City includes the entry to the Siletz Bay and Siletz River. The City of Waldport is located approximately 14 miles south of Newport and contains the entry to the Alsea Bay and Alsea River. Newport, Lincoln City, and Waldport are the three largest communities along Lincoln County's coastline.

The area's climate is predominantly influenced by the Pacific Ocean. This coastal marine climate produces high precipitation in excess of 60 inches annually, with only minimal freezing or snow accumulation. Soil conditions are generally stable and conducive to development along the coastal plain, but are less stable in portions of the Coastal Range and the County's interior. Agricultural production is evident in bottom lands located along several rivers.

Lincoln County's 2013 population was estimated to be 46,560 residents, which reveals a slight increase of 0.6% from 2012. Newport's 2013 population was 10,160 residents, revealing a 1.0% increase from its 10,150 population in 2012. Lincoln City revealed a population of 8,020 residents during 2013, which is only up a nominal 0.7% from 2012. Waldport's 2013 population of 2,050 was up 0.5% from 2012. It is noted that 2014 population figures have not yet been released. During the past few years, many coastal communities have witness initial population declines and more recently nominal population increases. No significant population growth has occurred. The lack of population growth in this coastal region is attributed to a slow rebound from the recent recession, a decline in tourism, and limited employment opportunities.

Aside from incorporated cities, Lincoln County boasts a number of unincorporated towns, including a significant number along Highway 101 and the coastline. Most of these towns include tourist-oriented businesses; however, some are also witnessing growth in residential and rural residential developments. The County's population within unincorporated areas remains the largest population segment in the County; however, the population in unincorporated areas has also declined in recent years.

Historically, Lincoln County has been recognized as a regional destination tourist and recreation area. The coastline offers scenic beauty; a variety of recreational opportunities including ocean fishing, whale watching, fishing along the river systems and inland lakes; and camping, hiking, & hunting opportunities inland along the Coastal Range. Developed tourist attractions include many golf courses, the Tanger Outlet Center in Lincoln City, the Chinook Winds Casino and Convention Center (Lincoln City), the Oregon Coast Aquarium (Newport), and the OSU Hatfield Marine Sciences Center (Newport).

## **AREA AND NEIGHBORHOOD ANALYSIS (Cont.)**

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Numerous parks, waysides, and campgrounds are managed by Lincoln County, the State of Oregon, and the U.S. Forest Service. Within Lincoln County, the State manages 9 Coastal Waysides and 15 State Parks in proximity to Highway 101. Of these State Parks, 11 are day-use only and the remaining 4 parks offer overnight camping.

The Coastal Mountain Range separates this coastal region from the Willamette Valley, yet the relatively short 1-2 hour drive time between the valley and the coast provides many opportunities for valley residents to maintain coastal vacation homes or enjoy weekend getaways. The scenic beauty of this region also attracts vacationers from across the country, with many travelers choosing to drive the majority of the Oregon Coastline along Highway 101 and provide tourist dollars to numerous coastal communities.

These recreation attractions have led to a significant in-migration of residents in recent decades, particularly retirees; and this in-migration has spurred the housing industry as well as development of commercial retail and commercial service uses necessary to provide goods and services to the expanding population base. Aside from retirees, another active market segment for housing in this Coastal area is second-home or seasonal home buyers.

Historically, the County's average household income showed modest growth and was influenced by the larger number of entry level jobs in the seasonal tourism and seafood processing industries. While a relatively large percentage of in-migration is retirees, demand for goods and services by this expanding population base bodes well for higher employment needs and increased household incomes in the services and professional sectors. While diversification is evident in employment, a large percent of local businesses and jobs in these coastal communities still rely on tourism.

Lincoln County and the Central Oregon Coast represent a diversified area with a heavy economic emphasis on tourism as well as a weakened but historical influence by commercial fishing and forest product industries. Much of the Coast Mountain range is managed for timber harvest, with trees being exported to mills in both the coast and valley regions. Due to recent international demand, an increase in timber exports to the Asian market is evident. As a result of its economic makeup, the region experiences higher unemployment rates and lower than average per capita incomes than those found in the metropolitan areas along the Willamette Valley/Interstate 5 corridor, approximately 60 miles east. To create additional diversity, Lincoln County has targeted forest products, software, and high technology industries as new growth industries for the region. In the near future, the area's economy will continue to be sensitive to any downturns in the state and national economies and their effect on tourism. However, the economic health of the area can be expected to grow at a moderate rate with additional diversification.

The largest manufacturing employer in Lincoln County is the Georgia Pacific pulp and paper mill in Toledo with approximately 500 workers. Other major employers include various school districts, the Confederated Tribes of the Siletz Indians, Samaritan Health Services, County Government, the Marine Science Center, Salishan Lodge & Resort, and Walmart.

The area's location with access to major highways and abundance of accommodations, stores, restaurants, and recreational opportunities makes the area desirable as a tourist destination. The region continues to be a tourist draw despite recent declines in tourism.

## **AREA AND NEIGHBORHOOD ANALYSIS (Cont.)**

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Despite the preceding factors, Lincoln County continues to witness housing demand by retirement age residents. The area's scenic beauty, mild climate, and availability of medical and social services make Lincoln County attractive to retirees. A high percentage of the population in these communities is over the age of 55 and many rely on fixed income sources such as pension funds and Social Security, and are not generally affected by economic cycles. As a result, their presence adds stability to the local economies.

Newport's economy is oriented to tourism and fishing, with numerous seafood plants located along the bayfront. While Newport's tourist base is increasing, the fishing industry is declining. NOAA opened its Pacific Fleet Marine Operations Center in Newport a few years ago. Recently, Newport was selected as the future site for the Pacific Marine Energy Center, a \$25-million wave energy research test site. Newport continues to encourage a more diversified economic base.

Lincoln City is heavily influenced by the tourist industry and lacks a harbor for commercial fishing enterprises. No timber or timber-related industries are located in Lincoln City. The highest employment sector in Lincoln City is retail trade. The Chinook Winds Casino and the Tanger Outlet Center are large tourist draws and employment providers.

Waldport's economy is heavily influenced by tourism and recreation. No timber-related industries are located in Waldport. While Waldport is home to Alsea Bay, no commercial fishing or processing industries are present. Generally, Waldport has a limited industrial base; although an increasing number of commercial service and light industrial businesses are locating in this community.

Highway 101 is the primary coastal highway along the Oregon Coast. At the north end of Lincoln City, Highway 101 extends in a northeasterly direction, eventually linking with Highways 18 and 22 serving the mid and upper Willamette Valley. Near Newport, Highway 20 extends eastward to the Willamette Valley in proximity to Corvallis. In Waldport, Highway 34 extends eastward to Corvallis. Aside from the highway network, Lincoln County includes rail service (freight) serving Yaquina Bay and nearby Toledo; the Newport Airport; and the Port of Newport. Small ports or harbors are located in Depoe Bay and Waldport. Lincoln City and Waldport each have a small airstrip.

Newport is expected to remain a stable community in the foreseeable future with anticipated growth in its residential and commercial base. Unless additional land is annexed for industrial use, Newport will not witness significant growth in its industrial base. Industrial growth is occurring, but at a modest pace.

Lincoln City is also expected to remain a stable community in the foreseeable future, with tourism maintaining its dominant presence but diversification into other industries anticipated. Both commercial and residential development have occurred in recent years; although the pace of growth in housing development has declined during the past few years.

Waldport is expected to witness some growth in the near future as the community expanded its sanitary sewer system and is now better able to accommodate new development. This sewer expansion project increased the land area eligible to utilize municipal services, including a large project extending from Highway 101 to the golf course.

## AREA AND NEIGHBORHOOD ANALYSIS (Cont.)

Waldport's sewer project encompasses several hundred acres that was purchased by a developer for a mixed-use planned unit development. However, declining market conditions have placed some of the land in this project in foreclosure.

New commercial development in Waldport is expected on a very limited basis with some demand for new businesses and commercial services likely as a result of the area's expanding population. The supply of new commercial development will be tempered by the relatively low inventory of available commercial land. The current inventory of improved commercial property is considered adequate in the near term, as vacancy of improved space is nominal. Waldport's industrial base is anticipated to continue its nominal growth.



### ***Neighborhood Analysis***

The subject property is situated in Newport's South Beach area which lies south of the Yaquina Bay bridge and along the Highway 101 corridor. Highway 101 is a commercial corridor for approximately one mile south of the bridge. Further south, Highway 101 transitions to a mixture of commercial and residential uses. Near the bridge, the subject's neighborhood includes marine-related businesses such as a marina and the new NOAA facility. Also in this vicinity are the OSU Hatfield Marine Science Center, the Oregon Coast Aquarium, and the Rogue Brewery. RV parks, light industrial uses, and retail/service uses catering to both tourists and marine businesses are present. Commercial uses front Highway 101 south of 32<sup>nd</sup> Street, with these uses including motels, restaurants, & automobile sales/services catering to the highway traveler as well a variety of commercial retail & service uses supporting the local population. Mixed-density residential uses adjoin the commercial corridor, with home quality ranging from below-average to good. Highway 101 is the main arterial serving this neighborhood, with multiple collector streets linking this arterial to the adjacent residential neighborhood.

## **AREA AND NEIGHBORHOOD ANALYSIS (Cont.)**

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The South Beach State Park encompasses significant beachfront south of the Yaquina Bay bridge. This park has developed access from Highway 101 and generally extends from the highway to the beach. However, the north portion of the park is situated west of developed property accessible from Abalone Street as well as from the OMSI parcel.

While some vacant land inventory is present in this neighborhood, few parcels are currently being marketed for sale. The City of Newport is in the process of acquiring property along the highway for redevelopment under its urban renewal activities; however, the City has not yet placed any property on the market for new development. The inventory of commercial buildings available for sale or lease in this vicinity is limited, with the existing inventory attractive to various commercial or light industrial uses.

With regard to residential uses, the inventory of homes available for sale is not excessive, with existing listings varying in home quality from below-average to good. Some homes enjoy an ocean or bay view. Multi-family projects witness good occupancy.

Since the recession, new construction activity in this neighborhood has been limited. However, multiple construction projects are currently underway or in the planning stages. New commercial construction is currently evident near the Rogue Brewery. As stated previously, OMSI intends to build its Coastal Discovery Center on land located west of Highway 101. This center is expected to start construction in March 2015 and be operational in April 2016. New roadways will be constructed concurrent with the OMSI project, and ODOT intends to remove the existing Highway 101 signalized intersection with Anchor Way with a new signalized intersection one block south at 35<sup>th</sup> Street. This intersection signalization project is expected to occur in 2017. These changes to the road network are intended to provide better vehicular circulation to the OMSI Center and adjoining property without impairing highway traffic traveling through this region.

Uses adjoining the subject include a cemetery and the OMSI property to the west, Abalone Street to the north, Highway 101 and Anchor Way to the east, and a rural residential property to the south.

The subject's neighborhood is considered stable, with no efforts evident to rezone land to alternative zones. This neighborhood is expected to witness growth in the near future due to the City's urban renewal efforts, the construction of the OMSI facility, and improved vehicle access to undeveloped land. The City indicates that its utility infrastructure is sufficient to accommodate additional development in this neighborhood. This neighborhood contains no adverse land uses or businesses that negatively impact value, marketability, or development potential. The neighborhood is not in transition and is being developed in accordance with current zoning.

**SUBJECT PHOTOGRAPHS (Taken July 25, 2014)**



Southerly view of subject's Highway 101 frontage. (A7-617)



Westerly view of subject's Abalone Street frontage near Highway 101. (A7-616)

**SUBJECT PHOTOGRAPHS (Cont.)**



Easterly view of Abalone Street frontage along subject's north boundary. (A7-603)



Southerly view along proposed Abalone Street extension along subject's west boundary. (A7-605)

**SUBJECT PHOTOGRAPHS (Cont.)**



Southerly view of subject's Anchor Way frontage. (A7-615)



Northerly view of subject property and proposed Abalone Street extension. (A7-621)

**SUBJECT PHOTOGRAPHS (Cont.)**



Southerly view of subject property from north boundary. (A7-610)



South portion of proposed Abalone Street extension. (A7-609)

**SUBJECT PHOTOGRAPHS (Cont.)**



Westerly view of proposed 35<sup>th</sup> Street fee taking. (A7-628)



Westerly view of fee taking south of proposed 35<sup>th</sup> Street extension. (A7-629)

**SUBJECT PHOTOGRAPHS (Cont.)**



Westerly view of proposed permanent utility easement. (A7-619)



Easterly view of proposed permanent utility easement. (A7-626)

## PROPERTY DESCRIPTION



### ***Ownership and Property History***

Investors XII, LLC  
c/o Mr. Reginald (Reg) Breeze  
830 O'Hare Parkway #100  
Medford, OR 97504  
(541) 773-7549

According to County records and confirmed with the property owners' representative (Mr. Reginald Breeze), no sales involving the subject property have occurred during the past three years. Mr. Breeze indicates that the property is not currently listed for sale and no purchase offers have been presented during the past three years for the owner's review. Mr. Breeze notes that OMSI purchased land west of the subject property in 2011. The purchased land was zoned R-4. Prior to that transaction, an escrow with Home Depot involved the subject property and a portion of the R-4 zoned land (now under OMSI's ownership). The total land area under escrow was approximately 17 acres with Mr. Breeze recalling the escrow price being between \$8 and \$9/SF. This escrow subsequently failed due to access issues.

The appraiser's notification letter to the property owner was sent on July 16, 2014 and the appraiser conducted the property inspection on July 25, 2014. A copy of the notification letter is found in the Addenda of this appraisal report. The property owner replied via telephone on August 4<sup>th</sup>, at which time the appraisal assignment was discussed.

## **PROPERTY DESCRIPTION (Cont.)**

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According to the City of Newport, no land use, rezone, development, or other applications are currently pending or recently approved with regard to the subject property.

### ***Location and Access***

The subject property is undeveloped land and has not been assigned a street address. The property is currently bordered by Abalone Street to the north and Highway 101 & Anchor Way to the east. An undeveloped segment of Abalone Street extends along the subject's west boundary. According to the City, the subject is accessible from all existing road frontages. Additional fee takings will be required for Abalone Street to the west and an extension of 35<sup>th</sup> Street along the south boundary. The City's vacation of Anchor Way will still provide for the subject to be accessible to Highway 101 from this roadway; however, the roadway will be conveyed to the subject and the adjoining Murry property to the east, with this private roadway allowing right-in/right-out access to the highway.

### ***Legal Description and Larger Parcel Determination***

The subject's current ownership owns two adjoining tax lots in this vicinity. The majority of the subject's ownership is within tax lot 1800, while 12,325 SF of the subject's south portion is within tax lot 1400. As such, these two tax lots are recognized as the larger parcel for the purpose of this appraisal assignment.

This larger parcel is described as a portion of the Southeast  $\frac{1}{4}$  of Section 17 in Township 11 South, Range 11 West, in Lincoln County, Oregon. The larger parcel is also commonly described as tax lot 1800 in Lincoln County Assessor's Map 11S-11W-17DB and tax lot 1400 in Assessor's Map 11S-11W-17DC.

### ***Land Size, Shape, and Terrain***

The configuration and boundaries of the subject parcel are depicted on the Plat Map. The larger parcel totals **10.95 acres** and has an irregular shape. The parcel is situated below grade to Abalone Street (north boundary), at to below grade to Highway 101, and at to slightly above grade to Anchor Way. The parcel has a generally level to gentle terrain with mostly grass & shrub cover. Dense native vegetation is present along the Highway 101 frontage. The parcel generally slopes downward to the south and southeast, with a drainage present in proximity to the Highway 101 frontage. Two sand mounds are present near the middle of the parcel near abandoned 4<sup>th</sup> Street, with two power poles remaining. It is noted that one of the poles contains an Osprey nest. During the appraiser's inspection, a homeless camp was set up next to the westerly sand mound. Various paths meander through the parcel and along the west boundary. Steel gates inhibit vehicular access from Abalone Street and Anchor Way, with chain link fencing present along portions of these two roadways.

The subject's elevation generally varies between 37 and 43 feet. More specifically, the terrain measures between 42 and 43 feet near Highway 101, between 39 and 41 feet in the middle of the property, and between 37 and 39 feet near the west boundary. The parcel has no view or amenity features. While a few coniferous and deciduous trees are present, their quantity and tree size are not representative of merchantable timber.

## **PROPERTY DESCRIPTION (Cont.)**

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The subject's interior is mostly sand surfaced with native grass & shrub cover. The predominant shrub is scotch broom; however, a variety of shrubs are present in the low-lying terrain near the Highway 101 frontage.

The subject's soil classifications include Netarts Fine Sand and Urban Land – Waldport complex. The former soil covers the majority of the parcel and is a Class 6 soil with 3 to 30 percent slopes. This soil is situated on stabilized dunes, have slow to medium runoff, moderate to rapid permeability, and severe wind erosion hazard. Septic systems are only recommended for the minimally-sloped areas. The Urban Land – Waldport complex is a Class 7 soil with 0 to 12 percent slopes. This soil is also situated on stabilized dunes and have generally similar attributes to the Netarts Fine Sand. These soils are suitable for urban development, particularly with the use of municipal utility services.

### ***Present Use***

The subject property is currently undeveloped land with limited site improvements.

### ***Assessed Values and Taxes***

The subject's July 25, 2014 valuation date falls within the 2014/2015 tax year; however, Lincoln County does not intend to release tax & assessment information until the fall. The following tax & assessment information covers the prior 2013/2014 tax year which commenced on July 1, 2013. The land, improvements, and total values reflect the assessor's estimate of the real market value of the subject property. The assessed value is used for the calculation of taxes and was estimated by Lincoln County in accordance with Measures 47 and 50. According to the County Tax Collector's office, the subject has no delinquent taxes.

|                                 |  |
|---------------------------------|--|
| <b>Assessed Valuation Date:</b> | July 1, 2013                             |
| <b>Tax Map/Lot No(s):</b>       | 11S-11W-17DB: 1800<br>11S-11W-17DC: 1400 |

| <b>Account</b> | <b>---- Real Market Value ----</b> |                     |                    | <b>Assessed</b>    | <b>Taxes</b>       |
|----------------|------------------------------------|---------------------|--------------------|--------------------|--------------------|
|                | <b>Land</b>                        | <b>Improvements</b> | <b>Total</b>       | <b>Value</b>       |                    |
| R509278 (1800) | \$2,972,100                        | \$0                 | \$2,972,100        | \$1,468,300        | \$25,751.19        |
| R63706 (1400)  | <u>169,490</u>                     | <u>0</u>            | <u>169,490</u>     | <u>99,930</u>      | <u>1,752.58</u>    |
| <b>Totals</b>  | <b>\$3,141,590</b>                 | <b>\$0</b>          | <b>\$3,141,590</b> | <b>\$1,568,230</b> | <b>\$27,503.77</b> |

### ***Zoning***

The subject's larger parcel is zoned C-1 (Retail & Service Commercial District) by the City of Newport. The City's Comprehensive Plan designation for this parcel is also Commercial. The parcel is not within any overlay zones. The C-1 zoning designation permits a wide array of commercial uses, including those typically found along a commercial thoroughfare. The only exceptions include vehicle repair businesses, mini-storage facilities, and certain service uses. Parcel and development requirements in this zone include a 7,500 SF minimum parcel size, no minimum parcel width or setback requirements, and a 50-foot maximum building height.

## **PROPERTY DESCRIPTION (Cont.)**

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As previously stated, the City of Newport has not recently approved or is currently evaluating any applications for partitioning, land use, Measure 37/49, rezone, or development involving this property.

### ***Flood, Earthquake, and Other Hazards***

According to the Federal Emergency Management Agency (FEMA), the subject parcel is situated within un-shaded Flood Zone X, depicting an area outside the 500-year flood plain. FEMA map reference is Community Panel 41041C-0506-D, dated December 18, 2009. No LOMAs or LOMRs have been approved in this vicinity in recent years.

Western Oregon is categorized as seismic zone 3. The current probability of the occurrence of a major seismic event has been calculated as moderate. The City indicates that the property is not within a landslide hazard zone, a geohazard zone, or a wildlife/riparian protection zone. While the subject and surrounding lands are within a tsunami zone, most uses allowed in the C-1 zone are still allowed within the tsunami zone. The only exclusions are schools and government uses.

According to the Newport Local Wetlands Inventory Map, the subject contains jurisdictional wetlands in the low-lying terrain along the subject's Highway 101 frontage. Any disturbance of the wetlands area must be approved by the Oregon Department of State Lands and abide by their wetlands mitigation requirements. The appraiser is unaware of any environmental conditions on, in, or near the subject property that would impact marketability, development potential, or value.

### ***Utilities***

The City of Newport currently provides municipal water and sanitary sewer service to developed property in the subject's vicinity. Existing utility lines are present within one or more of the adjacent roadways. These utilities are available to the subject. Storm drainage is handled by natural flow and private collection into nearby drainages. Central Lincoln PUD provides electricity service and local telephone is provided by Pioneer Telephone. Northwest Natural provides natural gas to this vicinity. According to the City, adequate utility system capacity exists to serve development of the subject property as presently zoned.

### ***Street Improvements and Traffic Flow***

Highway 101 in the subject's vicinity is a 2-lane highway with two bicycle lanes, a center turn lane, and full offsite improvements (curb, gutter, & sidewalk) along developed properties. Along the subject's frontage, no sidewalk is present. In proximity to the Anchor Way signalized intersection, a raised center median replaces the center turn lane.

Abalone Street extends west of Highway 101 and is a 2-lane local street with curb and gutter only. Anchor Way also extends west of Highway 101 and is a 2-lane roadway with no offsite improvements.

## **PROPERTY DESCRIPTION (Cont.)**

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According to the Oregon Department of Transportation, the average daily traffic volume along Highway 101 in this vicinity is 13,200 vehicles daily. No traffic flow data is available for Abalone Street or Anchor Way.

### ***Easements and Encumbrances***

For this appraisal assignment, the client provided the appraiser with a Lot Book Report prepared by Western Title and dated August 6, 2013. This Lot Book Report covers the subject and two adjacent ownerships. With regard to the subject, this report cites public utility easements within vacated roadways, temporary and permanent easements granted to the City of Newport (1995), a drainage easement granted to the Oregon Parks and Recreation Department (1996), and a scenic vegetation easement granted to Lincoln County (1996). The utility easements granted to the City involve water and sanitary sewer lines just north of 35<sup>th</sup> Street between Anchor Way and Abalone Street. This easement has a 27-foot width. The drainage easement is located near the subject's northeast corner in proximity to Highway 101. The scenic vegetation easement replaces a Rhododendron Preserve and is intended to create a visual buffer between the highway, Abalone Street (north boundary), and adjoining development to the west and southwest. This 25-foot wide easement is located along the north portion of the subject's Highway 101 frontage.

The Lot Book Report also acknowledges a Memorandum of Right of First Refusal and an unrecorded Purchase/Sale Agreement dated November 4, 2011 between the property owner and OMSI. These documents involve the land that was subsequently purchased by OMSI west of the subject property.

Please reference the Proposed Subdivision Plat which depicts the location of the various easements. Overall, there are no known easements present that are considered to adversely impact the subject's marketability or development potential. The drainage easement and the scenic vegetation easement place certain access restrictions to the property; however, there is adequate alternative access available.

### ***Building and Site Improvements***

The subject property contains no building improvements. Old chain link fencing border portions of the subject's perimeter and two steel gates inhibit vehicular access to the property. However, these site improvements have no contributory value to the subject property.

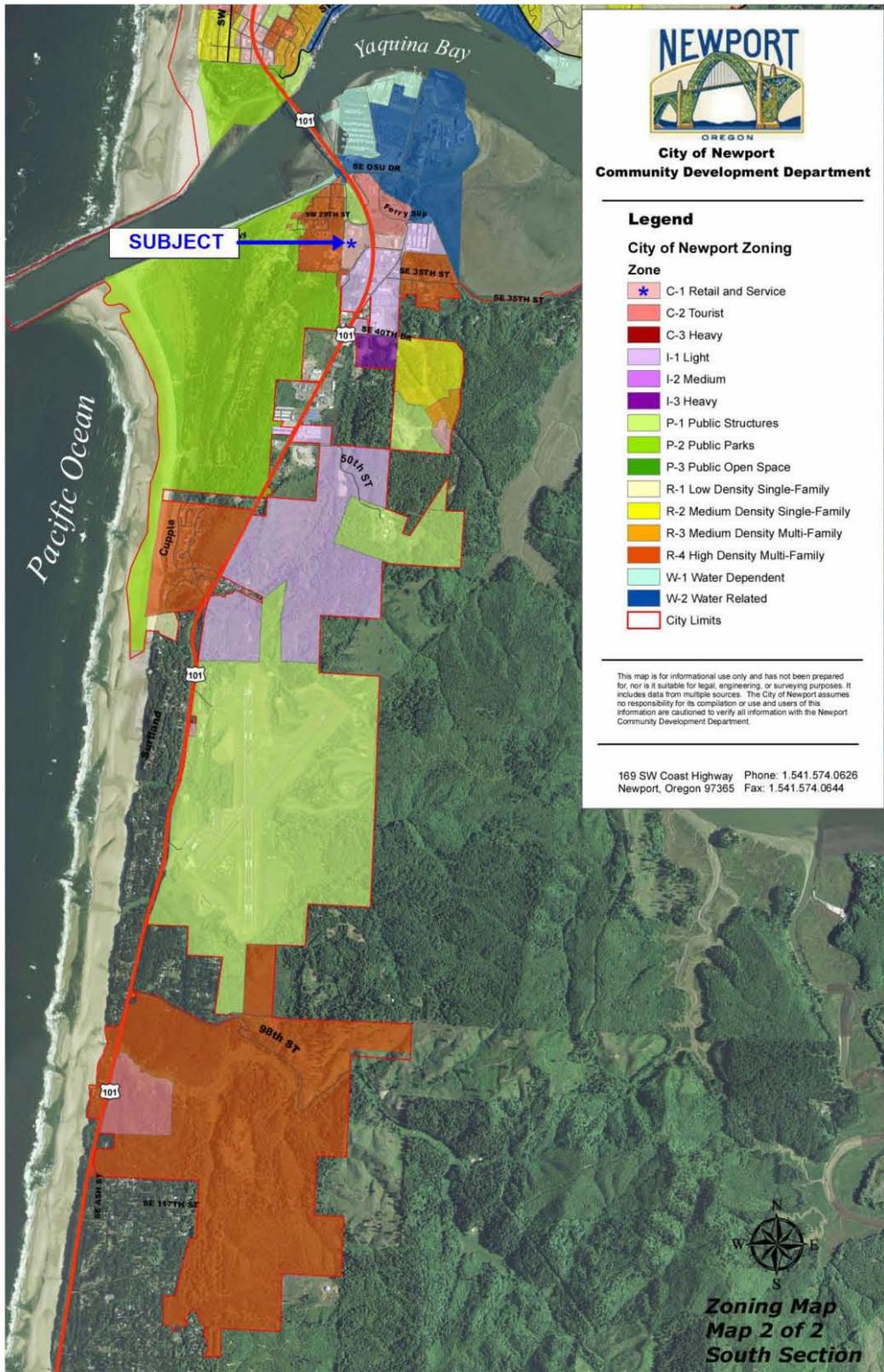


# PROPERTY DESCRIPTION (Cont.)



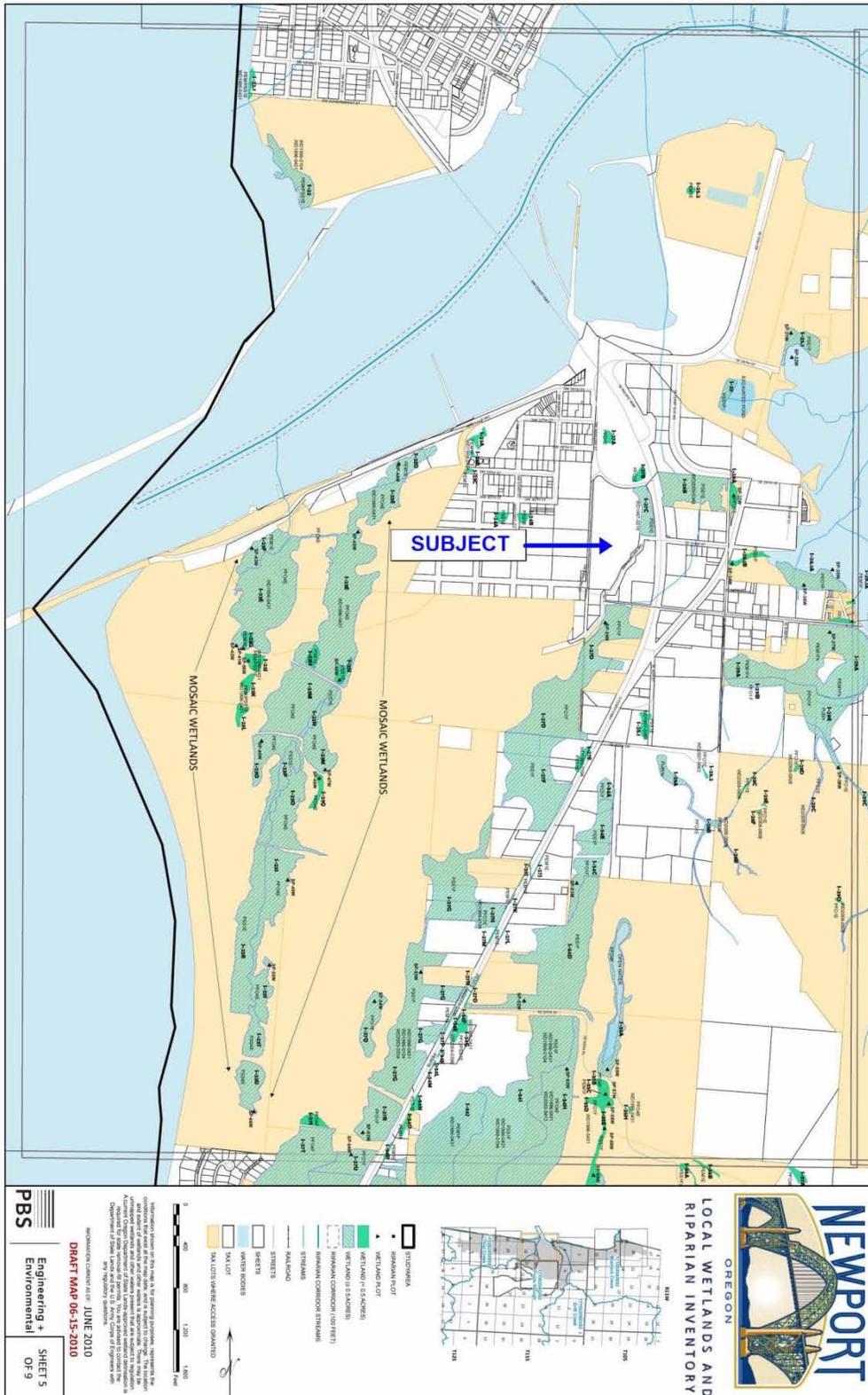
## PLAT MAP

# PROPERTY DESCRIPTION (Cont.)



## ZONING MAP

# PROPERTY DESCRIPTION (Cont.)



## WETLANDS MAP

MAP SCALE 1" = 500'

250 0 500 1000  
FEET METERS

---

NFIP  
PANEL 0506D

**FIRM**  
FLOOD INSURANCE RATE MAP  
LINCOLN COUNTY,  
OREGON  
AND INCORPORATED AREAS

PANEL 506 OF 880  
(SEE MAP INDEX FOR FIRM PANEL LAYOUT)

CONTAINS:

| COMMUNITY        | NUMBER | PANEL | SUFFIX |
|------------------|--------|-------|--------|
| LINCOLN COUNTY   | 410129 | 0506  | D      |
| NEWPORT, CITY OF | 410131 | 0506  | D      |

Notice to User: The **Map Number** shown below should be used when placing map orders; the **Community Number** shown above should be used on insurance applications for the subject community.

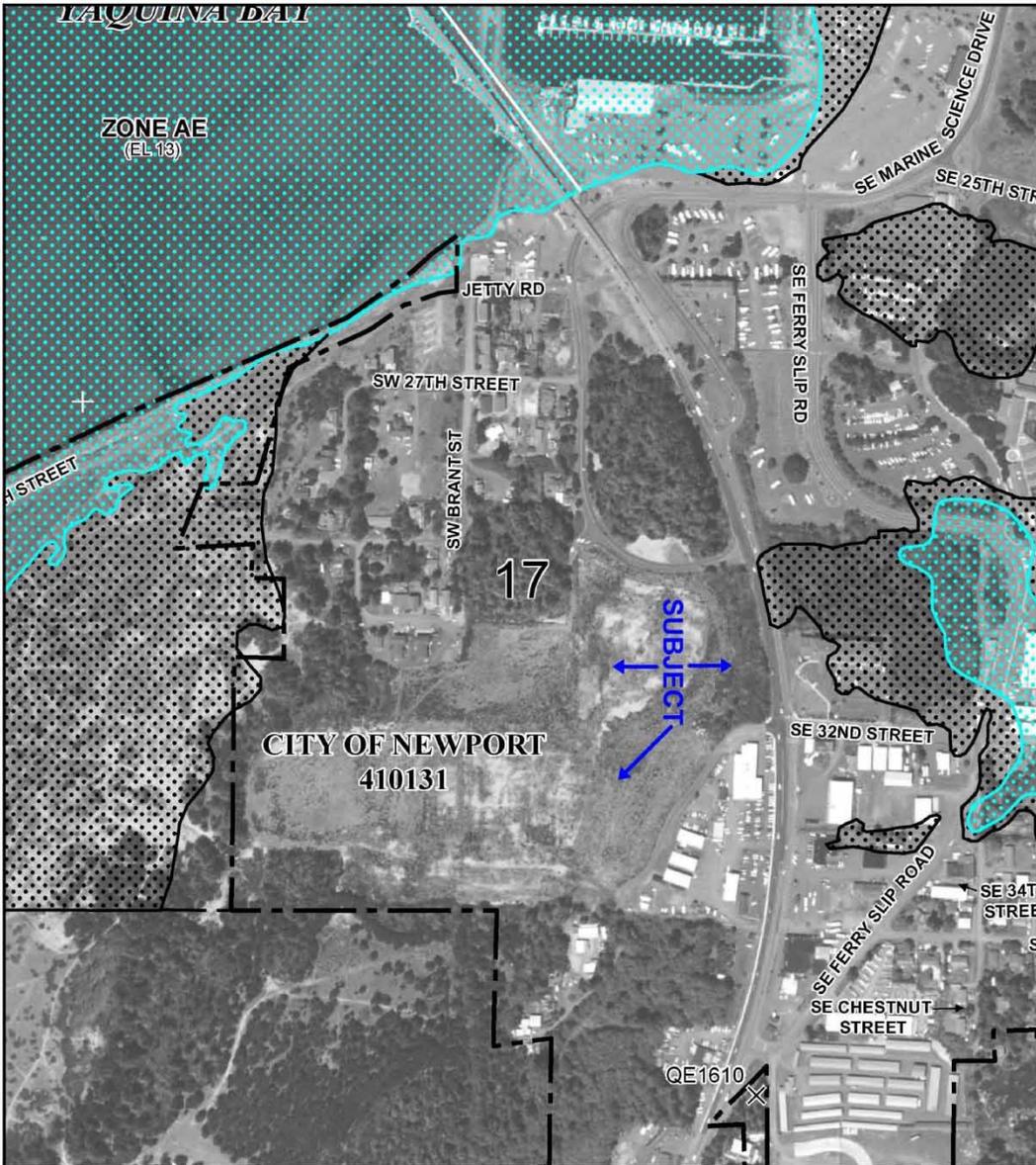
**MAP NUMBER**  
41041C0506D

**EFFECTIVE DATE**  
DECEMBER 18, 2009

Federal Emergency Management Agency

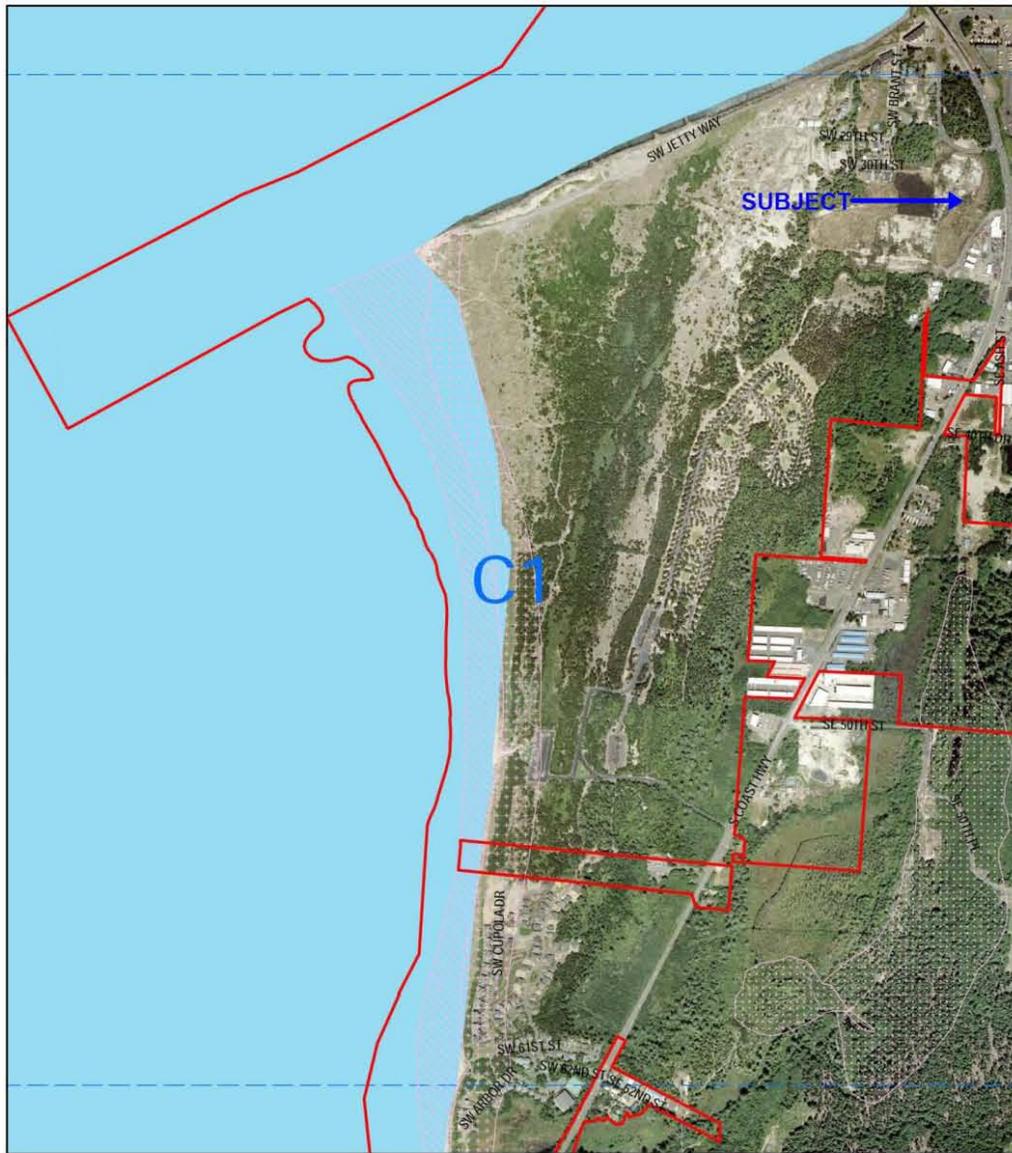
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This is an official copy of a portion of the above referenced flood map. It was extracted using F-MIT On-Line. This map does not reflect changes or amendments which may have been made subsequent to the date on the title block. For the latest product information about National Flood Insurance Program flood maps check the FEMA Flood Map Store at [www.msc.fema.gov](http://www.msc.fema.gov)



**FLOOD MAP**

# PROPERTY DESCRIPTION (Cont.)



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

Phone: 1.541.574.0626  
Fax: 1.541.574.0644



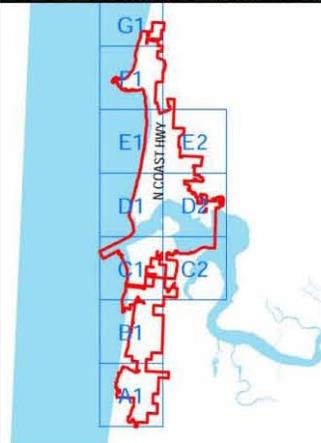
## GEOLOGIC HAZARDS NEWPORT, OR

- Newport City Boundary
- Active Erosion Hazard Zone
- Active Landslide Hazard Areas
- High Risk Bluff Hazard Zone
- High Risk Dune Hazard Zone
- Other Landslide Hazard Areas
- Geologic Hazards Map Index



Geologic Hazard information derived from:  
DOGAMI Open File Report OFR O-04-09, Evaluation of Coastal  
Erosion Hazard Zones Along Dune and Bluff Backed Shorelines  
in Lincoln County, Oregon

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



# GEOLOGIC HAZARDS MAP

## HIGHEST AND BEST USE ANALYSIS

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### *Highest and Best Use as if Vacant:*

The subject property is zoned C-1 (Retail and Service Commercial) by the City of Newport. The comprehensive plan designation for the parcel is also Commercial. As such, the zoning and comprehensive plan designations are in conformance. The C-1 zone permits an array of commercial retail, service, and office uses. While a few commercial uses are disallowed, the array of allowable uses is sufficient to support anticipated demand for the property.

The subject property is not within any overlay zones, nor do any easements exist which negatively impact the property. The property lies outside the 100-year flood plain and there are no geohazard or protection zones impacting the property. While the property is within a tsunami zone, all uses allowed in the C-1 zone (except schools & government uses) can be developed within the tsunami zone. Jurisdictional wetlands are present in the northeast corner of the property; however, the parcel has sufficient size and access to accommodate development without disturbing the wetlands.

The subject lies within the Newport city limits and municipal utilities are available to the property. Physically, the parcel has a level to gentle terrain with no view or amenity features. The parcel's size of 10.95 acres is suitable for a variety of uses within the C-1 zone. The property could be utilized as one large commercial development or the land partitioned into multiple parcels for either resale or phased development. The parcel enjoys frontage along multiple roadways including Highway 101. The wetlands area extends along the subject's entire Highway 101 frontage; however, sufficient access is available from Abalone Street to the north and proposed road extensions along the west and south boundaries. Anchor Way is scheduled to be vacated; however, the City indicates that the roadway could continue to be used for access with right-in/right-out passage from the highway.

The property is situated along a commercial corridor witnessing minimal vacant land inventory and a limited supply of existing commercial buildings available for sale or lease. The City of Newport is encouraging redevelopment of the area by acquiring property along the highway with the intention to demolish the existing buildings and market the land for new development. The City's Urban Renewal efforts as well as the recent announcement of OMSI's plans to develop the Coastal Discovery Center are expected to spur commercial growth in this area. Aside from activity in Newport's South Beach area, demand for commercial land is evident within multiple coastal communities fronting Highway 101. As shown by the market data assembled for this assignment, commercial parcels are in demand and being purchased for various types of commercial uses. The inventory of commercial sites being marketed for sale is not excessive. While additional land will become available through Newport's redevelopment efforts, the anticipated inventory of this new commercial land is not expected to create an imbalance of supply & demand attributes. If marketed for sale, demand is expected to be good for the subject property. There are no neighborhood conditions or land uses that are detrimental to the subject and the neighborhood is not in transition to alternative uses. The subject's presence along the Highway 101 commercial corridor plus the proximity of supporting residential uses bode well for utilizing the subject for commercial use.

## HIGHEST AND BEST USE ANALYSIS (Cont.)

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After reviewing the attributes of the subject property and the market area, the highest and best use of the subject property is for the commercial development in accordance with the C-1 zoning criteria.

### ***Highest and Best Use As Improved:***

The subject property does not contain any building improvements. The site improvements within the property include gates and partial-perimeter chain link fencing. These improvements have no contributory value to the subject's highest and best use as if vacant. Furthermore, the cost to remove these improvements is nominal. Overall, the highest and best use of the subject property as improved is to remove the few existing site improvements and develop the land to an allowed C-1 zoned use.

## VALUATION OF LARGER PARCEL - LAND

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The subject's larger parcel consists of a 10.95-acre site suitable for commercial development in accordance with the City's C-1 zoning criteria. A search for land market data revealed eight comparables considered suitable for this analysis. These comparables specifically consist of three current listings, one pending escrow, and four sales that occurred between October 2010 and January 2014. While the appraiser is aware of other sales & listings in the market area, the selected comparables are considered to be the best available data for comparison with the subject property.

The eight selected comparables are located in proximity to Newport, Waldport, Agate Beach, and Lincoln City. These parcels range in size from 19,600 SF to 7.30 acres, have zoning designations allowing commercial development, and indicate unit prices between \$2.14 and \$24.34/SF. For this analysis, the appropriate unit of comparison is the price per SF.

In estimating the land value of the subject's larger parcel, consideration is given to property rights conveyed, financing, conditions of sale, market conditions (time of sale), location, access, terrain, traffic flow, utility availability, parcel size, configuration, zoning, the presence of amenity features, the cost to demolish existing improvements, or the contributory value of any improvements with remaining economic life. Due to the lack of data to reliably quantify adjustments, adjustments are made on a qualitative basis in accordance with the market.

No adjustment for property rights is necessary. All comparables either conveyed or are currently marketing a similar fee simple estate as the subject's interest being appraised.

With regard to financing, the four sales and the pending escrow involve cash or cash to seller transactions. For the three listings, the property owners are seeking a cash or cash-equivalent transaction. Given the preceding, no adjustment for financing is necessary.

Regarding conditions of sale, the transactions are arm's length and do not appear to involve duress. Furthermore, the current listings do not involve a quick-sale or short-sale and the sellers are under no atypical motivation to sell the parcels. Overall, no conditions of sale adjustment is necessary for these comparables.

The four sales occurred between October 2010 and January 2014. While the oldest sale generates the lowest unit price, the low price is attributed to locational and physical attributes rather than changes in market conditions. It is noted that Sale 3 closed escrow in September 2013, but the price was negotiated in 2010. After reviewing these comparables and the market conditions evident during the time span this data occurred, no adjustment for market conditions (time of sale) is warranted for the four sales or the pending escrow.

With regard to the current listings, a downward adjustment for listing status is warranted as it is likely that a sale price will be negotiated at a lower price level than the current asking price.

## **VALUATION OF LARGER PARCEL - LAND (Cont.)**

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It is noted that the subject's parcel size is larger than the sizes of the comparable market data. Despite the size variance, the comparables are still suitable for comparison purposes. Size adjustments are made as appropriate.

On the following pages are tables summarizing the land comparables as well as a Land Sales Map. In the Addenda of this appraisal report are photographs of each comparable.

## VALUATION OF LARGER PARCEL - LAND (Cont.)

| SALE | LOCATION   | PRICE/<br>SALE DATE                       | SIZE/<br>ZONING  | UNIT PRICE                    | COMMENTS   |
|------|--|---|--|-------------------------------|--|
| 1    | <b>E/S Bayshore Rd.,<br/>also fronts Alsea<br/>Bay<br/>Waldport</b><br><br>13-11-19-BB: 200<br>Doc. No.: 2010-9943 | \$405,000<br>Cash to<br>Seller<br>(10/10) | 7.30 Ac.<br>Gross<br>4.34 Ac.<br>Net of<br>Tidelands<br>CT | \$2.14/SF Net<br>of Tidelands | Located in Bayshore area of north Waldport, adjacent to motel, dwellings, and near KOA campground. Parcel includes 2.96 acres of tideland within Alsea Bay and 4.34 acres of upland. Parcel has an irregular but utilitarian shape, paved road access, no offsites, gentle terrain with native tree & shrub cover, and good bay view. Partial municipal utilities are available but must be extended over 100 feet. Must use septic for sewer service. Zoning is flexible and allows both commercial & residential uses. |
| 2    | <b>N/S Bay Boulevard<br/>Newport</b><br><br>11-11-08AC: 13100+<br>Doc. No.:2012-12056                              | \$415,000<br>Cash to<br>Seller<br>(12/12) | 19,600 SF<br>W-2   | \$21.17/SF                    | Located in Bayfront district near commercial uses and marina. Parcel has two benches separated by steep-sloping terrain. Lower bench currently used for paved/graveled parking. Upper bench has native vegetation and parking for adjacent Maritime Center. Utilitarian shape, available utilities, full offsites. Zoning allows commercial uses. Parcel includes access easement over adjacent parcel and buyer is adjacent property owner.   |
| 3    | <b>SEC Highways 101<br/>and 20<br/>Newport</b><br><br>11-11-08AB: 9500+<br>Doc. No.: 2013-9746                     | \$1,512,809<br>Cash<br>(9/13)             | 1.45 Ac.<br>C-3  | \$23.94/SF                    | Site for new Walgreens store. Located at corner of two highways & commercial corridors. Good access & visibility, level terrain, full offsites, utilitarian shape, also includes frontage along Avery Street. Combined traffic flow is 36,000 vehicles daily. Sale price negotiated in 2010. Buyer obtained road vacation from City prior to sale. Buyer also responsible for building demolitions.  |

## VALUATION OF LARGER PARCEL - LAND (Cont.)

| SALE | LOCATION   | PRICE/<br>SALE DATE                     | SIZE/<br>ZONING          | UNIT PRICE | COMMENTS   |
|------|--|---|--------------------------|------------|--|
| 4    | <p><b>SEC Highway 101<br/>&amp; 9<sup>th</sup> Street<br/>Lincoln City</b></p> <p>7-11-15DD: 901<br/>Doc. No.: 2014-432</p>    | <p>\$510,000<br/>Cash<br/>(1/14)</p>    | <p>20,950 SF<br/>G-C</p> | \$24.34/SF | <p>Site assemblage for new Goodwill store. Located along highway and commercial corridor one block north of Tanger Factory Outlet Center. Good visibility &amp; access, level terrain, utilitarian shape, available utilities, and full offsites. Traffic flow is 26,400 vehicles daily.</p>   |
| 5    | <p><b>NEC Highway 101<br/>&amp; 35<sup>th</sup> Street<br/>Newport</b></p> <p>11-11-17DB: 1400<br/>Doc. No.: n/a</p>           | <p>\$1,525,000<br/>Cash<br/>Escrow</p>  | <p>2.33 Ac.<br/>I-1</p>  | \$15.03/SF | <p>In South Beach area. Site being purchased by City of Newport for redevelopment. City responsible for demolishing buildings. Sale involves willing-seller with no threat of condemnation. Escrow scheduled to close in March 2015. Parcel includes multiple buildings with interim value. Site is level, at grade, irregular but utilitarian shape, available utilities, good visibility and access. 35<sup>th</sup> Street frontage is currently a driveway. Also fronts Ferry Slip Road to the east. Traffic flow is 13,200 vehicles daily. Highway 101 in this vicinity is a commercial corridor.</p> |
| 6    | <p><b>W/S Avery Street &amp;<br/>E/S Highway 101<br/>North Newport</b></p> <p>10-11-20BB: 503 to<br/>508<br/>Doc. No.: n/a</p> | <p>\$700,000<br/>Listing<br/>(7/14)</p> | <p>6.05 Ac.<br/>I-1</p>  | \$2.66/SF  | <p>Located in Northgate Industrial Park in city limits near light industrial and residential uses. Parcel is above grade, has mostly open interior with some trees along the highway, utilities available, utilitarian shape, level to gentle terrain, no highway access but adequate visibility. No offsites, view, or amenity features. Previously sold in July 2006 for \$4.23/SF. Although zoning allows commercial uses, site best suited for industrial use. Traffic flow is 8,800 vehicles daily.</p>   |

## VALUATION OF LARGER PARCEL - LAND (Cont.)

| SALE     | LOCATION  | PRICE/<br>SALE DATE                       | SIZE/<br>ZONING         | UNIT PRICE | COMMENTS  |
|----------|---|---|-------------------------|------------|---|
| <b>7</b> | <p><b>NWC East Devils Lk. Rd. &amp; Oar Ave. Lincoln City</b></p> <p>07-11-14CC: 400+<br/>Doc. No.: n/a</p>             | <p>\$1,332,498<br/>Listing<br/>(7/14)</p> | <p>3.22 Ac.<br/>P-I</p> | \$9.50/SF  | <p>Located across from Tanger Factory Outlet Center in mixed-use area a few blocks east of Highway 101. Site also contains frontage along 8<sup>th</sup> Street. Parcel has level to gentle terrain, partial offsite improvements, utilitarian shape, available utilities, old buildings in west portion need to be demolished, treed area on east portion. Good access &amp; visibility, but site better suited to office or service uses. Seller will demolish improvements. Zoning allows commercial uses.</p> |
| <b>8</b> | <p><b>NEC Highway 101 &amp; SE 40<sup>th</sup> Street Newport</b></p> <p>11-11-17-DC: 801 and 802<br/>Doc. No.: n/a</p> | <p>\$1,900,000<br/>Listing<br/>(7/14)</p> | <p>2.67 Ac.<br/>I-1</p> | \$16.33/SF | <p>Located in South Beach area along highway near commercial uses. Parcel also abuts Ash Street with industrial uses along Ash Street frontage. Parcel has partial offsite improvements (40<sup>th</sup> Street), available utilities, utilitarian shape, level &amp; gentle terrain with open interior. Zoning allows commercial use. Site is suitable for commercial development. Traffic flow is 12,600 vehicles daily.</p>  |

# VALUATION OF LARGER PARCEL - LAND (Cont.)



## LAND SALES MAP

## VALUATION OF LARGER PARCEL – LAND (Cont.)

---

The following paragraphs discuss each comparable and the factors warranting adjustment for comparison with the subject's larger parcel.

**Sale 1** is a 7.30-acre CT-zoned parcel located in Waldport's Bayshore area northwest of the bridge. This property fronts Alsea Bay and also contains 2.96 acres of tideland. The upland area totals 4.34 acres. This parcel sold in October 2010 for \$405,000 or \$2.14/SF net of the tidelands. By comparison with the subject parcel, Sale 1 is similar in property rights and no adjustments are needed for financing, conditions of sale, time of sale, access, terrain, zoning, or the parcel size differential. While a downward adjustment is necessary for Sale 1's superior shape, this adjustment is outweighed by upward adjustments for Sale 1's inferior locational attributes, traffic flow, utilities, and the lack of offsite improvements. Overall, Sale 1 suggests that the land value of the subject parcel is significantly greater than \$2.14/SF.

**Sale 2** represents the December 2012 sale of a 19,600 SF parcel located along Bay Boulevard in Newport's Bayfront district. This parcel sold for \$415,000 or \$21.17/SF. The W-2 zoning designation allows marine-oriented uses as well as many commercial uses. By comparison with the subject parcel, Sale 2 is similar in property rights and utility availability. No adjustments are needed for financing, conditions of sale, time of sale, traffic flow, or zoning. Upward adjustments are necessary for Sale 2's inferior access and terrain. Conversely, downward adjustments are warranted for Sale 2's superior locational attributes, shape, parcel size, offsite improvements, and the presence of site improvements with contributory value. After reviewing the adjustments, the downward adjustments outweigh the upward adjustments. As such, Sale 2 suggests that the land value of the subject is less than \$21.17/SF.

**Sale 3** is a 1.45-acre C-3 zoned parcel located at the southeast corner of Highways 101 and 20 in Newport. The parcel was subsequently developed with a Walgreens store. This parcel sold in September 2013 for \$1,512,809 or \$23.94/SF; however, the price was negotiated in 2010. By comparison with the subject parcel, Sale 3 is similar in property rights and utility availability. No adjustments are needed for financing, conditions of sale, time of sale, or zoning. While an upward adjustment is necessary for the cost to demolish improvements, this adjustment is outweighed by downward adjustments warranted for Sale 3's superior locational attributes, access, traffic flow, terrain, shape, offsites, and parcel size. As such, Sale 3 suggests that the land value of the subject parcel is less than \$23.94/SF.

**Sale 4** is a 20,950 SF G-C zoned parcel located at the southeast corner of Highway 101 and 9<sup>th</sup> Street in Lincoln City. This parcel sold in January 2014 for \$510,000 or \$24.34/SF. By comparison with the subject parcel, Sale 4 is similar in property rights and utilities. No adjustments are needed for financing, conditions of sale, time of sale, or zoning. Downward adjustments are necessary for Sale 4's superior locational attributes, access, traffic flow, terrain, shape, size, and offsite improvements. With no factors warranting upward adjustment, Sale 4 suggests that the subject's land value is less than \$24.43.

## VALUATION OF LARGER PARCEL – LAND (Cont.)

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**Item 5** involves the pending escrow of 2.33 acres of I-1 zoned property located just southeast of the subject parcel along Highway 101. The escrow price is \$1,525,000 or \$15.03/SF. This parcel is being purchased by the City of Newport for redevelopment purposes despite some of the buildings having contributory value. By comparison with the subject parcel, Item 5 is similar in property rights, locational attributes, traffic flow, and utility availability. No adjustments are needed for financing, conditions of sale, time of sale, zoning, or parcel size. Downward adjustments are necessary for Item 5's superior access, terrain, shape, offsite improvements, and having building improvements with contributory value. With no factors requiring upward adjustment, Item 5 suggests that the subject's land value is less than \$15.03/SF.

**Item 6** is the current listing of a 6.05-acre I-1 zoned property located on the west side of Avery Street and the east side of Highway 101 in north Newport. The asking price is \$700,000 or \$2.66/SF. By comparison with the subject parcel, Item 6 is similar in property rights and utilities, with no adjustments needed for conditions of sale, access, terrain, zoning, or parcel size. Downward adjustments are necessary for Item 6's listing status and its superior shape. Conversely, upward adjustments are warranted for Item 6's inferior locational attributes, traffic flow, and offsite improvements. With the upward adjustments outweighing the downward adjustments, Item 6 suggests that the subject's land value is much greater than \$2.66/SF.

**Item 7** is the current listing of a 3.22-acre P-I zoned parcel located at the northwest corner of East Devils Lake Road and Oar Avenue in Lincoln City across from the Tanger Factory Outlet center. The asking price is \$1,332,498 or \$9.50/SF. By comparison with the subject's parcel, Item 7 is similar in property rights, utility availability, and offsite improvements. No adjustments are needed for conditions of sale, access, zoning, or the parcel size differential. Downward adjustments are necessary for Item 7's listing status as well as its superior terrain and shape. Upward adjustments are warranted for Item 7's inferior locational attributes, traffic flow, and the cost to demolish the existing improvements. The upward adjustments outweigh the downward adjustments. As such, Item 7 suggests that the subject's land value is greater than \$9.50/SF.

**Item 8** is the current listing of a 2.67-acre I-1 zoned parcel located at the northeast corner of Highway 101 and 40<sup>th</sup> Street in the subject's neighborhood. The asking price is \$1,900,000 or \$16.33/SF. By comparison with the subject parcel, Item 8 is similar in property rights, locational attributes, utility availability, and offsite improvements. No adjustments are needed for conditions of sale, traffic flow, zoning, or the parcel size differential. Downward adjustments are necessary for Item 8's listing status as well as its superior access, terrain, and shape. With no factors warranting upward adjustment, Item 8 suggests that the subject's land value is less than \$16.33/SF.

The land value of the 10.95-acre subject parcel is estimated after considering the market data assembled for this analysis, the adjustments identified in the preceding discussion, the characteristics of this parcel, and current market conditions.

## **VALUATION OF LARGER PARCEL – LAND (Cont.)**

---

The market data indicates unadjusted prices between a relatively wide range of \$2.14 to \$24.34/SF. After considering differences between these comparables and the subject parcel, Comparables 1, 6, and 7 suggest a land value greater than \$2.14 to \$9.50/SF while the remaining comparables suggest a land value less than \$15.03 to \$24.34/SF.

Based on the preceding analysis, the parcel's attributes, and current market conditions, the land value of the 10.95-acre subject parcel is estimated to be \$12.00/SF.

Please note that the client requests the value of the larger parcel be presented on a \$/SF basis rather than estimating the total land value for the larger parcel.

## VALUATION OF ACQUISITIONS & VACATIONS

---

As stated earlier in this appraisal report, the City of Newport wishes to acquire road right of way and utility easements to better serve the proposed OMSI Coastal Discovery Center on the adjacent property west of the subject. The existing road network is insufficient to serve the OMSI property as proposed. In addition, the City intends to vacate the segment of Anchor Way which lies west of the existing signalized intersection with Highway 101. ODOT intends to develop a new signalized intersection one block south at 35<sup>th</sup> Street and the signalized intersection at Anchor Way will be removed. With regard to the subject property, the City wishes to acquire three fee takings and one permanent public utility easement. In addition, Anchor Way will be vacated adjacent to the subject property, with a portion of the vacated right of way subsequently transferred to the adjacent property owned by Murry.

The Proposed Subdivision Plat on the following page highlights the various acquisitions and vacations involving the Investors XII LLC property. Photographs of the fee taking, easement, and vacation areas are located just prior to the Property Description section of this appraisal report. As cited earlier in this report, the City intends to acquire the fee takings and utility easement under a willing-seller scenario and not under the threat of condemnation using the City's right of eminent domain. It is noted that a portion of the Anchor Way road vacation is currently covered with asphalt-paved roadbed; however, the City has instructed the appraiser not to include any contributory value pertaining to the existing roadbed in the valuation of the road vacation.

The three fee takings total 30,941 SF. The 18,162 SF fee taking is situated along the Abalone Street right of way abutting the west side of the subject property. The 9,238 SF fee taking is situated along the 35<sup>th</sup> Street extension near the subject's south boundary while the 3,541 SF fee taking is a remnant area lying south of the 35<sup>th</sup> Street extension. Currently, the three takings are covered with native grass & shrub cover. There are no developed site improvements present.

The public utility easement measures 27 feet wide, totals 1,836 SF, and is situated north of the 35<sup>th</sup> Street extension and within a portion of Anchor Way. This easement has an irregular shape and will be used for public utility systems. This area is currently covered with native grass & shrub cover as well as including a segment of old chain link fencing.

The Anchor Way road vacation anticipated to be transferred to the Investors XII LLC property totals 20,541 SF. This road vacation has an irregular shape with a portion including some of the existing asphalt-paved roadbed. The City indicates that 1,356 SF of this road vacation will subsequently be transferred to the Murry property (to the east). This re-conveyance is noted on the Subdivision Plat, but the boundaries of the re-conveyed area are not delineated on the plat.



## **VALUATION OF ACQUISITIONS & VACATIONS (Cont.)**

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### ***Value of the Land within the Fee Takings***

For the acquisition involving a fee taking, the unit value of the larger parcel (land only) before the taking is applied to the area taken in fee in order to derive compensation for the fee taking of land.

As cited earlier in this appraisal report, the sizes of the fee takings are preliminary and may be revised. As such, the City requests that the value of the fee takings be estimated and presented on a \$/SF basis rather than calculating the total value of the fee taking segments.

The subject's land value before the fee taking was estimated using the Sales Comparison Approach. The value of the subject's land is estimated to be \$12/SF. As the fee taking requires conveyance of the entire ownership rights of land within the fee taking area, compensation for the fee taking is equivalent to the fee value of the land. As such, the land value of the fee takings is \$12/SF.

### ***Value of the Land within the Permanent Public Utility Easement***

The City wishes to acquire a 1,836 SF permanent public utility easement which will be used for municipal utility systems (water and sanitary sewer). This permanent utility easement will allow the property owner to utilize the land area for site & landscaping improvements.

In estimating the value of a permanent easement, consideration is given to the restrictions on use imposed on the encumbered land as a result of the easement. For most permanent easements, the property owner is allowed to place certain site and landscaping improvements within the easement's boundaries, yet no structures are allowed. This restriction allows the municipality or a utility provider quick access to the utility infrastructure in case of repair. Overall, the property owner retains surface-use rights of the easement area.

It is noted that the permanent easement does not hinder access to or through the larger parcel. Furthermore, this easement does not adversely impact the parcel's marketability or development potential. Adequate area outside the easement area remains available for the subject's highest & best use.

The appraiser reviewed easement acquisitions from numerous parties during the past few years. Easement acquisitions were specifically reviewed involving various coastal and Willamette Valley municipalities, counties, as well as the Oregon Department of Transportation. For easements with minimal limitations of use, prices paid have ranged between 20 and 30 percent of the fee value of the larger parcel (on a per square foot basis). Please note that this range represents new easements acquired over land with no existing easement encumbrances. For easements that impair a parcel's development potential, a higher rate exceeding 50 percent is typical. For those easements that restrict the property owner from all surface use of the easement area, the easement acquisition was 100 percent of the fee value.

## **VALUATION OF ACQUISITIONS & VACATIONS (Cont.)**

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In consideration of the attributes of the permanent public utility easement, the value of the acquired permanent easement is estimated to be 30 percent of the fee simple value of the land within the larger parcel. As previously stated, the land value of the larger parcel was estimated to be \$12.00/SF. Applying a 30 percent rate to the \$12.00/SF fee land value results in a \$3.60/SF loss in value for the land within the permanent public utility easement. This \$3.60/SF figure is representative of the land value of the permanent public utility easement.

The City requests that the total value of the permanent easement be estimated for this appraisal assignment rather than merely citing the easement's value on a \$/SF basis. Applying the \$3.60/SF unit value of the easement to the 1,836 SF of permanent public utility easement area results in a \$6,610 land value for the permanent utility easement.

### ***Value of the Land within the Anchor Way Road Vacation***

The City intends to vacate Anchor Way west of its intersection with Highway 101. As shown on the Proposed Subdivision Plat, 20,541 SF of this vacated roadway is to be assembled into the subject property. However, 1,356 SF of this vacation will be transferred to the adjacent Murry property.

The City indicates that the Anchor Way roadway is within the I-1 (Light Industrial) zone. The Investors XII LLC property is zoned C-1 (Retail and Service Commercial) zone. In addition to the I-1 zone allowing light industrial uses, this zone also allows an array of commercial uses that are appropriate for a commercial corridor. When assembled with the adjacent Investors XII LLC property, the vacated roadway will enjoy the same unit value as the remainder of the property. As previously stated, the land value of the Investors XII LLC property is estimated to be \$12.00/SF. Typically, road vacations are valued based on their "Across the Fence" value as if assembled with the adjacent property. This methodology is also utilized for railroad corridor properties or abandoned railroad segments.

If the City were to abandon the roadway and not assemble the property with the abutting property(s), then the resulting vacated parcel would typically lack the site dimensions required under City & County criteria for a new tax lot, or have severe marketability and development issues as a stand-alone parcel. As such, vacated roadway segments are typically assembled with the adjacent parcel(s).

It is noted that the Anchor Way road vacation still allows the property owner(s) to access the highway, but on a more limited basis (right-in/right-out only). The roadway is not being encumbered with access easements benefiting other properties south of the subject or additional public utility easements. As assembled, the vacated area increases the Investors XII LLC land size and provides the property owner will the ability to utilize the vacated area in a similar manner as is available for the balance of the property.

Please note that the sizes of the road vacation are preliminary and may be revised. Due to this factor, the City requests that the value of the road vacation be estimated on a \$/SF basis rather than calculating the total value of the road vacation. Based on the preceding analysis, the value of the Anchor Way road vacation is estimated to be commensurate with the \$12.00/SF land value of the Investors XII LLC property.

## VALUATION OF ACQUISITIONS & VACATIONS (Cont.)

The Anchor Way road vacation entitled to the Investors LLC property totals 20,541 SF. However, the City indicates that 1,356 SF of this road vacation will be subsequently conveyed to the adjoining Murry property which is situated on the east side of Anchor Way. The value of the vacation area to be transferred to Murry is the same \$12.00/SF value as estimated for the entire road vacation granted to the Investors XII LLC property.

### ***Value of the Improvements within the Acquisition & Vacation Areas***

As previously stated, the subject property contains no site improvements which have contributory value to the subject's highest and best use. As such, the segments of chain link fencing within the fee taking area have no value. With regard to the asphalt paving within the Anchor Way road vacation, the City has instructed the appraiser not to include any contributory value pertaining to the existing roadbed in the valuation of the road vacation. As such, there are no improvements requiring valuation for this assignment.

### ***Compensable Damages and Special Benefits***

The larger parcel's size before the takings & vacations is 10.95 acres. This parcel size is reduced to 10.24 acres after the loss of the three fee takings, but is increased to 10.68 acres after the assemblage of the Anchor Way road vacation (net of area transferred to Murry). The remainder parcel's size, shape, and other attributes do not change the parcel's highest & best use, marketability, or unit value relative to the larger parcel before the taking. While the road vacation eliminates one public road frontage serving the property, the area within the road vacation can still be used to access the property from Highway 101.

Given the preceding factors, the subject does not incur compensable damages as a result of the acquisitions, nor are any special benefits derived which enhance the value of the remainder property.

### ***Final Value Estimates***

As previously stated, the City requests certain value estimates be presented on a \$/SF basis while the permanent public utility easement be presented on a lump sum basis. The value estimates calculated in this appraisal report are summaries as follows.

| Value Component  | Value Estimate                           |
|--|--|
| <b>Larger Parcel</b><br><i>10.95 Acres in two tax lots</i>                                 | <b>\$12.00/SF</b>                        |
| <b>Fee Takings</b><br><i>Three fee takings totaling 30,941 SF (18,162 + 9,238 + 3,541)</i> | <b>\$12.00/SF</b>                        |
| <b>Permanent Public Utility Easement</b><br><i>1,836 SF near south boundary</i>            | <b>\$6,610</b><br>(\$3.60/SF x 1,836 SF) |
| <b>Anchor Way Road Vacation</b><br><i>20,541 SF along portion of east boundary</i>         | <b>\$12.00/SF</b>                        |
| <b>Road Vacation to be Conveyed to Murry Property</b><br><i>1,356 SF</i>                   | <b>\$12.00/SF</b>                        |

◆ **William E. Adams, MAI** ◆  
Real Estate Appraisal & Consultation  
1809 Sunburst Terrace NW  
Salem, OR 97304  
Tel: (503) 585-6656  
Fax: (503) 585-6444  
Email: 1billadams@comcast.net

July 16, 2014

Investors XII LLC  
830 OHare Parkway #100  
Medford, OR 97504

RE: Appraisal Assignment for South Beach Project in Newport

Greetings:

I have been hired by the City of Newport to prepare a real estate appraisal of your property located between Anchor Way and Abalone Street in Newport's South Beach Area. The City will be abandoning certain road right of way as well as acquiring new right of way and permanent easements. These acquisitions/abandonments are deemed necessary by Newport's Urban Renewal Agency to facility OMSI's Youth Camp proposed west of your property as well as develop/improve other roadways in this vicinity. I understand the City has already contacted you regarding this project. My contact at the City is Mr. Derrick Tokos (Community Development Director). His phone number is (541) 574-0626.

In order to prepare my appraisal, I need to conduct a property inspection. I would like to coordinate with you (or your property representative) an appropriate time for the inspection. I would welcome the opportunity to discuss the property with you (or your designated representative), including any sales activity you would like me to be aware, or any questions you have regarding my assignment. The acquisition/abandonment areas have already been staked and I hope to conduct my inspections in the next few weeks.

Please contact me at your earliest convenience in order to set an inspection time. If you choose not to accompany me on an inspection, I would appreciate a letter, email, or a phone call so that I may proceed with the assignment. You are welcome to submit any information that you wish to have considered for this appraisal assignment.

Sincerely,



William E. Adams, MAI, MRICS

**PHOTOGRAPHS OF COMPARABLES**



Land Sale 1. (A4-380)



Land Sale 2. (A7-684)

**PHOTOGRAPHS OF COMPARABLES**



Land Sale 3. (A7-686)



Land Sale 4. (A7-691)

**PHOTOGRAPHS OF COMPARABLES**



Land Sale 5. (A7-683)



Land Sale 6. (A4-342)

**PHOTOGRAPHS OF COMPARABLES**



Land Sale 7. (A7-690)



Land Sale 8. (A4-345)

## QUALIFICATIONS

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### **William E. Adams, MAI**

1809 Sunburst Terrace NW

Salem, OR 97304

Telephone (503) 585-6656

Fax (503) 585-6444

Email: 1billadams@comcast.net

### **ASSOCIATION**

Appraisal career commenced in 1984. The appraisal offices of William E. Adams, MAI opened in Salem, Oregon in August 1999. Between May 1995 and August 1999, William E. Adams, MAI was associated with the commercial real estate appraisal firm of Herrmann & Company in Salem, Oregon. Prior to May 1995, William E. Adams, MAI was a partner with the appraisal firm of Adams, Bambas & Willmette in Stockton, California.

### **PROFESSIONAL AFFILIATIONS**

Member of the Appraisal Institute - Designated MAI (No. 9396)

Member of the Royal Institution of Chartered Surveyors – Designated MRICS (No. 1289469)

Member of the Oregon Society of Farm Managers and Rural Appraisers

State of Oregon - Certified General Appraiser No. C000495

### **EDUCATION**

Willamette University, Salem, Oregon; Bachelor's Degree majoring in Economics and Psychology, 1983.

Appraisal Institute: All required courses for MAI designation, and continuing education requirements have been met.

### **EXPERIENCE**

Clients include many individual property owners and corporations; various agencies of the United States of America; the State of Oregon; the State of California; several counties and cities in Oregon and central California; public utilities; banks and other lending institutions; insurance companies; attorneys and accountants; school districts; and assessment districts.

Assignments were for private purchases and sales; loan and public financing; damage loss; trades; ad valorem and inheritance taxation matters; bankruptcy proceedings; and public acquisitions through condemnation.

Aside from typical commercial, industrial and residential properties, assignments include residential subdivisions and PUDs; master planned communities; mortuaries; auto dealerships; athletic clubs; general and factory outlet retail centers; professional and medical offices; marinas; urban transition property; agricultural and rural property; proposed industrial and business parks; bond districts; school and park sites; surface mines; sanitary landfills (Class II and III); property slated for right of way acquisition; contaminated lands; environmentally sensitive lands; industrial manufacturing and warehousing facilities; forest and governmental land; and other issue or special use property.

**APPRAISAL REPORT**

Richard G. Murry Property  
3234-3414 S. Coast Highway  
South Beach Area  
Newport, Oregon

**VALUATION DATE**

July 25, 2014

**PREPARED FOR**

Mr. Derrick Tokos  
Community Development Director  
City of Newport

**PREPARED BY**

William E. Adams, MAI, MRICS  
1809 Sunburst Terrace NW  
Salem, Oregon 97304

File No.: 140702c

◆ **William E. Adams, MAI** ◆  
Real Estate Appraisal & Consultation  
1809 Sunburst Terrace NW  
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Tel: (503) 585-6656  
Fax: (503) 585-6444

August 7, 2014

Mr. Derrick Tokos  
Community Development Director  
City of Newport  
169 SW Coast Highway  
Newport, OR 97365

RE: Appraisal Assignment --- Value Estimates involving Murry Property  
West Side of Highway 101 in Newport

Dear Mr. Tokos:

At your request, I have prepared a real estate appraisal estimating market value estimates for various acquisitions and vacations within or adjacent to the above-referenced property in the South Beach area of Newport. Please note that Highway 101 in the subject's vicinity is locally identified as South Coast Highway. Specifically, the City wishes to acquire one fee taking and one permanent utility easement from the property. In addition, a segment of Anchor Way will be vacated by the City and assembled into the Murry property. The three tax lots comprising the Murry property total 3.42 acres, are zoned I-1 (Light Industrial), and are currently developed with multiple buildings occupied by an automobile dealership and light industrial uses.

The valuation date for this appraisal assignment is July 25, 2014, coinciding with the property's inspection date. The interest appraised is the fee simple estate. The intended use of this appraisal is to assist the client (City of Newport) in acquiring the fee taking & permanent easement, as well as vacating Anchor Way. Please note that the City intends to acquire the fee taking & easement under a willing-seller scenario and not under the threat of condemnation using the City's right of eminent domain. The intended users of this report consist of the client, the property owner, and associated parties related to the proposed acquisitions. The use of this appraisal by anyone other than the stated intended users, or for any use than the stated intended use, is prohibited.

This report is prepared in compliance with the current Uniform Standards of Professional Appraisal Practice (USPAP), as formulated by The Appraisal Foundation; the Standards of Professional Appraisal Practice and the Code of Professional Ethics of the Appraisal Institute; and the valuation standards of the Royal Institution of Chartered Surveyors.

The appraisal report is prepared in accordance with USPAP Standards Rule 2-2(a). The scope of work utilized for this assignment is considered typical for this property type, the proposed transaction, and the intended use.

The Preliminary Subdivision Plat provided by the City shows the location and boundaries of the fee taking, the permanent utility easement, and the area proposed for road vacation. It is noted that a portion of the road vacation is currently covered with asphalt-paved roadbed; however, the City has instructed the appraiser to not include any contributory value pertaining to the existing roadbed in the valuation of the road vacation.

The subject property is developed with multiple commercial & light industrial buildings in accordance with Newport's I-1 zoning criteria. None of the buildings are impacted by the proposed acquisitions, nor are any compensable damages incurred by the remainder property. As such, only the subject's land is valued for this appraisal assignment. The values associated with the fee taking, permanent utility easement, and road vacation are estimated using the appropriate valuation methodology but subject to the client's instructions under this willing-seller scenario. The client indicates that the sizes cited in the Preliminary Subdivision Plat may be revised. As such, the client requests that the values of the larger parcel, the fee taking, and the road vacation be presented on a \$/SF basis while the values of the permanent utility easement and the affected site improvements are presented lump sum.

The appraiser has sufficient education and experience in valuing similar properties to satisfy the competency provision of the Uniform Standards. The reported values are not based on requested values and the appraiser was acting independently of the client during the course of this assignment.

Reference to the Assumptions and Limiting Conditions section of the attached report is recommended for a complete understanding of the basis on which the value of the subject property and the various acquisitions/vacations are predicated. This assignment does not utilize any extraordinary assumptions or hypothetical conditions (as defined by USPAP).

After considering all of the data assembled for this appraisal assignment, the value estimates pertaining to the fee taking, permanent utility easement, and the road vacation as of the July 25, 2014 valuation date are estimated to be:

| <b>Value Component</b>   | <b>Value Estimate</b>                  |
|--|--|
| <b>Larger Parcel</b><br><i>3.42 Acres in three tax lots</i>  | <b>\$14.00/SF</b>                      |
| <b>Fee Taking for 35<sup>th</sup> Street Extension</b><br><i>8,722 SF</i>  | <b>\$14.00/SF</b>                      |
| <b>Permanent Public Utility Easement</b><br><i>247 SF near south boundary</i>                                    | <b>\$1,037</b><br>(\$4.20/SF x 247 SF) |
| <b>Anchor Way Road Vacation</b><br><i>18,580 SF along west boundary</i>  | <b>\$14.00/SF</b>                      |
| <b>Road Vacation to be Conveyed to Murry Property from Adjacent Investors XII Property</b><br><i>1,356 SF</i>    | <b>\$12.00/SF</b>                      |
| <b>Contributory Value of Affected Site Improvements</b><br><i>Asphalt, Parking Bumpers, Gravel, Display Sign</i> | <b>\$3,995</b>                         |

RE: Murry Property  
Page Three

The reasoning and analysis leading to these conclusions are discussed in the following appraisal report.

Sincerely,

William E. Adams, MAI, MRICS

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## ADDENDA

Owner Notification Letter  
Photographs of the Comparable Market Data  
Professional Qualifications

## SCOPE OF THE APPRAISAL

The Oregon Museum of Science and Industry (OMSI) intends to develop the Coastal Discovery Center on their land located in the South Beach area of Newport. Currently, the road network within and serving the OMSI property and adjacent property is insufficient to serve the OMSI property as proposed. The City of Newport intends to vacate certain roadways in proximity to the OMSI property as well as acquire various fee takings & easements for new roadways and utility systems. In addition, ODOT intends to remove the signalized intersection at Anchor Way and Highway 101 and install a new signalized intersection at 35<sup>th</sup> Street and Highway 101 (one block south). The City of Newport intends to vacate the segment of Anchor Way which lies west of the existing signalized intersection and acquire new right of way for the 35<sup>th</sup> Street extension that will travel west of the Highway 101 signalized intersection and connect with Abalone Street. This appraisal assignment estimates values for the acquisition of one fee taking and one permanent utility easement from the improved property owned by Richard Murry. In addition, the assignment estimates the value of the Anchor Way road vacation being conveyed to the property owner by the City and the portion of the vacation area being transferred to the property owner from the adjacent owner (Investors XII LLC). This appraisal assignment involved the following scope of work.

- A physical inspection of the subject was performed by William E. Adams, MAI on July 25, 2014, with this date setting the valuation date for the appraisal assignment.
- A search of all available resources was made to identify market trends, comparable sales data, and other significant factors affecting the subject's value estimates.
- Market data were verified, photographed, and physically inspected. Market data was confirmed by a party to the transaction and supplemented by information obtained from the local multiple listing service (MLS), deeds, county records, or other informed parties.
- The subject's highest & best use was determined.
- The subject's larger parcel (land only) is valued using the Sales Comparison Approach. This approach is also used to estimate the various value components being acquired or vacated. Per the client's instructions under their willing-seller purchase scenario, the vacation estimate does not include any value attributed to the existing roadbed within Anchor Way. This appraisal report is prepared in accordance with USPAP Standard 2-2(a). No extraordinary assumptions or hypothetical conditions are used for this appraisal.
- Interviews were conducted with persons considered informed regarding the subject property and similar properties, including real estate professionals, property owners, and various departments of the City of Newport, Lincoln County, and the State of Oregon.

## DEFINITIONS

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**Market Value** is the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (a) *both the buyer and seller are typically motivated;*
- (b) *both parties are well informed or well advised, and both acting in what they consider their own best interest;*
- (c) *a reasonable time is allowed for exposure in the open market;*
- (d) *payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and*
- (e) *the price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.*<sup>1</sup>

**Fee Simple Estate** is absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.<sup>2</sup>

**Value As Is** is the value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions regarding hypothetical market conditions or possible rezoning.<sup>3</sup>

**Highest and Best Use** is defined as “the reasonably probable and legal use of vacant land or an improved property which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financially feasible, and maximally productive”.<sup>4</sup>

**Marketing Period** is an estimate of the amount of time it might take to sell an interest in real property at its estimated market value during the period immediately after the effective date of the appraisal; the anticipated time required to expose the property to a pool of prospective purchasers and to allow appropriate time for negotiation, the exercise of due diligence, and the consummation of a sale at a price supportable by concurrent market conditions. Marketing period differs from **exposure period**, which is always presumed to precede the effective date of the appraisal.<sup>5</sup>

Based on the market conditions, market data and the subject’s attributes discussed in this appraisal report, a marketing time not to exceed one year is considered reasonable for the subject property. Similarly, the subject’s exposure period is estimated to not exceed one year. These time estimates presume that the subject property is aggressively marketed at the appraised value through normal marketing channels appropriate for the property type.

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1 Uniform Standards of Professional Appraisal Practice, 2014, The Appraisal Foundation.

2 The Dictionary of Real Estate Appraisal, Fifth Edition, 2010, the Appraisal Institute, p.78.

3 *Ibid.*, p. 206

4 *Ibid.*, p. 93

5 *Ibid.*, p. 121

## ASSUMPTIONS AND LIMITING CONDITIONS

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### ***General Assumptions and Limiting Conditions***

1. The report and all matters contained within are prepared on behalf of the addressee only. No responsibility is assumed for its possession, use or reliance on either factual data or conclusions by anyone other than the addressee. It is intended for use only for the purpose stated herein, and only in its entirety.
2. No opinion as to title is rendered. The estimated values are based on the assumption that the property is free of liens such as mortgages, deeds of trust, and judgments, and is not burdened by any other encumbrances including easement restrictions, special assessments, bonds, leases or other similar matters, except those specifically noted in the report.
3. The sketches and maps in the report are prepared to aid the reader in visualizing the property, and are based on field investigations conducted for this assignment. Dimensions and descriptions are based on public records, the property inspection, and information furnished by others, and are not meant to be used as references in matters of survey.
4. Information supplied by others and considered in the valuation is believed to be reliable, but no further responsibility is assumed for its accuracy.
5. No responsibility is assumed for matters which are legal in nature, including the validity or accuracy of the property's legal description.
6. The value of oil, gas and mineral rights, if any, was not considered in the value estimated in this appraisal assignment.
7. The appraisal report is prepared in accordance with USPAP Standard 2-2(a). Retained in the appraiser's bulk file are interview notes, maps and illustrations not included in the appraisal report, as well as third-party reports, area data and duplicative property, market and cost data that may or may not have been used for the development of the value conclusion.
8. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The descriptions and resulting comments presented in this report are the results of routine observations made during the appraisal process. The appraiser is not qualified to make any type of environmental judgment regarding the subject property. The value(s) estimated in this report are predicated on the assumption that there are no such materials in, on, or near the property that would cause a loss in value.
9. The estimates contained in this report are the opinions of the appraiser, based upon his independent interpretation of the data provided to or accumulated by him, and are not intended in any way to constitute a guarantee of value.

## **ASSUMPTIONS AND LIMITING CONDITIONS (Cont.)**

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10. No encroachment of real property improvements is assumed to exist.

11. The appraiser disclaims responsibility for the ability or inability of the present owner, or any future purchaser or lessee, to obtain the permits, licenses, environmental impact studies, or other approvals necessary for the successful operation of the property for its highest and best use, or to the use contemplated by any owner, purchaser or lessee. The appraiser disclaims responsibility for, and renders no opinion on, conformity to specific governmental requirements, such as fire, building and safety, earthquake or occupancy codes, which conformity cannot be assumed without provision of specific professional or governmental inspection.

12. Those who use this report are cautioned that any forecasts shown herein are intended to illustrate the attitudes and projections of those persons and entities comprising the real estate market at the date of valuation. Such attitudes and projections change from time to time consistent with changes in the real estate market, supply and demand, investor attitudes, and general economic conditions. However, the projections shown are thought to approximate investor attitudes and current trends and conditions at the date of valuation. Inasmuch, however, as the projections are based upon assumptions and estimates of future events, no opinion is offered or expressed on the achievability of the projections and estimates.

13. Testimony or participation in any litigation or arbitration by reason of this appraisal shall not be required unless arrangements have previously been made.

14. The Americans with Disabilities Act (ADA) became effective February 26, 1992. The appraiser has not made a specific survey or analysis of the subject property to determine whether or not the physical aspects of the improvements (if any) meet the ADA accessibility guidelines.

15. This appraisal assumes competent management and/or ownership of the subject property.

### ***Hypothetical Conditions and Extraordinary Assumptions***

This assignment does not utilize any hypothetical conditions or extraordinary assumptions (as defined by USPAP).

## APPRAISER'S CERTIFICATION

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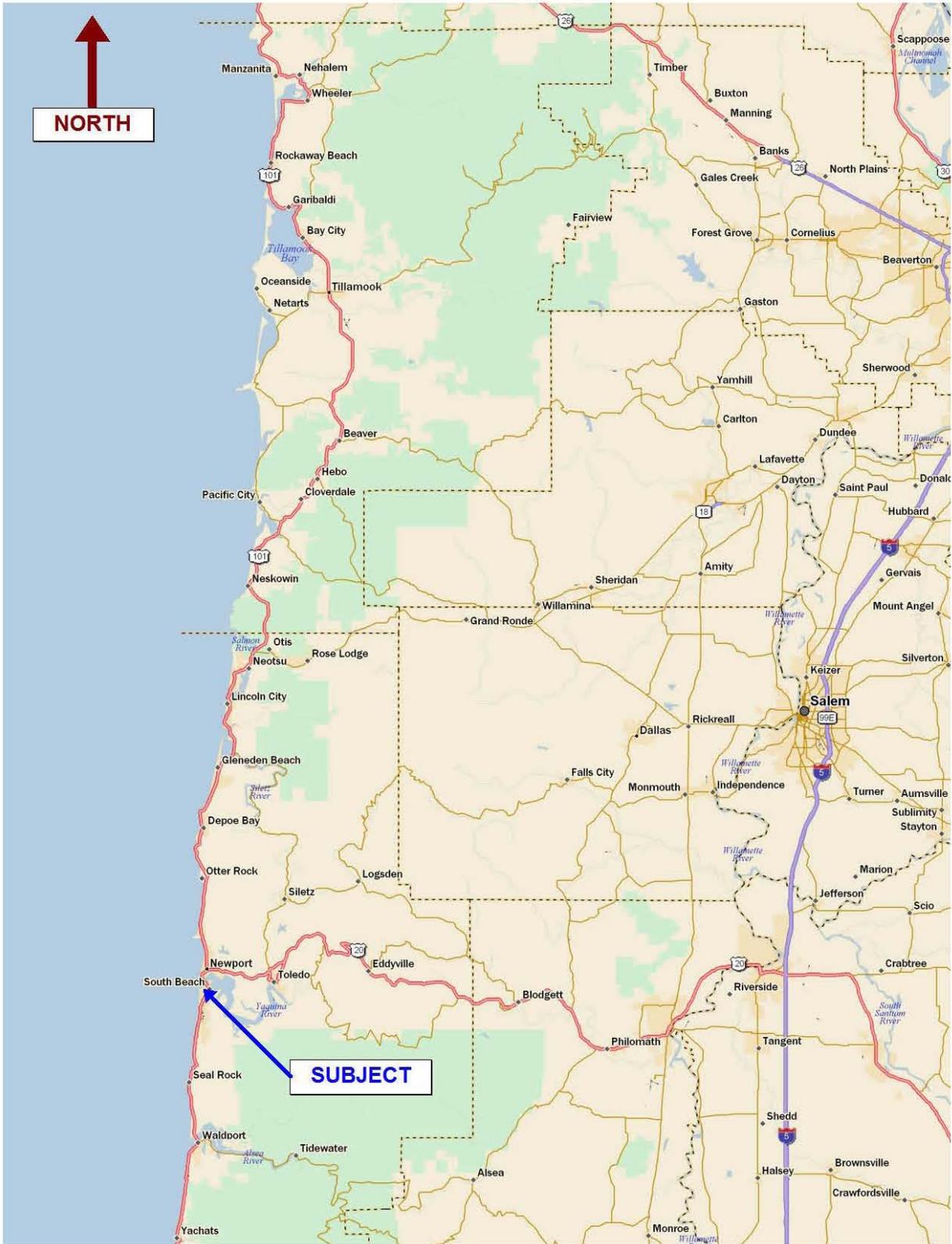
I do hereby certify that, except as otherwise noted in this appraisal report:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results. Future employment is not dependent upon reporting a specified value. Neither employment nor compensation are dependent upon the approval of a loan application.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Appraisal Institute's Code of Professional Ethics and the Standards of Professional Practice; the Appraisal Foundation's Uniform Standards of Professional Appraisal Practice ("USPAP"); and the valuation standards of the Royal Institution of Chartered Surveyors.
8. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
9. As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.
10. I made a personal inspection of the property that is the subject of this report as well as the market data utilized in the analysis.
11. No one other than the undersigned provided assistance in preparing this appraisal report.
12. I do not authorize the out-of-context quoting from or partial reprinting of this appraisal report. Further, neither all nor any part of this appraisal report shall be disseminated to the general public by the use of media for public communication without prior written consent of William E. Adams, MAI.
13. I have acquired through study and practice the necessary knowledge and experience to complete this assignment competently.
14. I have not performed a prior appraisal or other service involving this subject property during the past three years.

---

William E. Adams, MAI, MRICS  
*Oregon General Appraisal Certificate C00495*  
*Expires 11-30-2014*

# AREA AND NEIGHBORHOOD ANALYSIS



## LOCATION MAP

## **AREA AND NEIGHBORHOOD ANALYSIS (Cont.)**

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### ***Area Analysis***

The subject property is situated in the Newport city limits within Lincoln County. The subject is specifically located in the Newport's South Beach area in proximity to commercial, industrial, and mixed-density residential uses.

Lincoln County extends along 55 miles of the Central Oregon Coast from Cascade Head on the north to Cape Perpetua on the south. The County extends inland between 14 and 24 miles. The City of Newport is situated at the midpoint of Lincoln County's coastline and includes the entry to Yaquina Bay and the Yaquina River. Newport is also the county seat of Lincoln County and the largest city in the County. Lincoln City is the county's second largest city, being located approximately 24 miles north of Newport and approximately 60 miles west of Salem. Lincoln City includes the entry to the Siletz Bay and Siletz River. The City of Waldport is located approximately 14 miles south of Newport and contains the entry to the Alsea Bay and Alsea River. Newport, Lincoln City, and Waldport are the three largest communities along Lincoln County's coastline.

The area's climate is predominantly influenced by the Pacific Ocean. This coastal marine climate produces high precipitation in excess of 60 inches annually, with only minimal freezing or snow accumulation. Soil conditions are generally stable and conducive to development along the coastal plain, but are less stable in portions of the Coastal Range and the County's interior. Agricultural production is evident in bottom lands located along several rivers.

Lincoln County's 2013 population was estimated to be 46,560 residents, which reveals a slight increase of 0.6% from 2012. Newport's 2013 population was 10,160 residents, revealing a 1.0% increase from its 10,150 population in 2012. Lincoln City revealed a population of 8,020 residents during 2013, which is only up a nominal 0.7% from 2012. Waldport's 2013 population of 2,050 was up 0.5% from 2012. It is noted that 2014 population figures have not yet been released. During the past few years, many coastal communities have witness initial population declines and more recently nominal population increases. No significant population growth has occurred. The lack of population growth in this coastal region is attributed to a slow rebound from the recent recession, a decline in tourism, and limited employment opportunities.

Aside from incorporated cities, Lincoln County boasts a number of unincorporated towns, including a significant number along Highway 101 and the coastline. Most of these towns include tourist-oriented businesses; however, some are also witnessing growth in residential and rural residential developments. The County's population within unincorporated areas remains the largest population segment in the County; however, the population in unincorporated areas has also declined in recent years.

Historically, Lincoln County has been recognized as a regional destination tourist and recreation area. The coastline offers scenic beauty; a variety of recreational opportunities including ocean fishing, whale watching, fishing along the river systems and inland lakes; and camping, hiking, & hunting opportunities inland along the Coastal Range. Developed tourist attractions include many golf courses, the Tanger Outlet Center in Lincoln City, the Chinook Winds Casino and Convention Center (Lincoln City), the Oregon Coast Aquarium (Newport), and the OSU Hatfield Marine Sciences Center (Newport).

## **AREA AND NEIGHBORHOOD ANALYSIS (Cont.)**

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Numerous parks, waysides, and campgrounds are managed by Lincoln County, the State of Oregon, and the U.S. Forest Service. Within Lincoln County, the State manages 9 Coastal Waysides and 15 State Parks in proximity to Highway 101. Of these State Parks, 11 are day-use only and the remaining 4 parks offer overnight camping.

The Coastal Mountain Range separates this coastal region from the Willamette Valley, yet the relatively short 1-2 hour drive time between the valley and the coast provides many opportunities for valley residents to maintain coastal vacation homes or enjoy weekend getaways. The scenic beauty of this region also attracts vacationers from across the country, with many travelers choosing to drive the majority of the Oregon Coastline along Highway 101 and provide tourist dollars to numerous coastal communities.

These recreation attractions have led to a significant in-migration of residents in recent decades, particularly retirees; and this in-migration has spurred the housing industry as well as development of commercial retail and commercial service uses necessary to provide goods and services to the expanding population base. Aside from retirees, another active market segment for housing in this Coastal area is second-home or seasonal home buyers.

Historically, the County's average household income showed modest growth and was influenced by the larger number of entry level jobs in the seasonal tourism and seafood processing industries. While a relatively large percentage of in-migration is retirees, demand for goods and services by this expanding population base bodes well for higher employment needs and increased household incomes in the services and professional sectors. While diversification is evident in employment, a large percent of local businesses and jobs in these coastal communities still rely on tourism.

Lincoln County and the Central Oregon Coast represent a diversified area with a heavy economic emphasis on tourism as well as a weakened but historical influence by commercial fishing and forest product industries. Much of the Coast Mountain range is managed for timber harvest, with trees being exported to mills in both the coast and valley regions. Due to recent international demand, an increase in timber exports to the Asian market is evident. As a result of its economic makeup, the region experiences higher unemployment rates and lower than average per capita incomes than those found in the metropolitan areas along the Willamette Valley/Interstate 5 corridor, approximately 60 miles east. To create additional diversity, Lincoln County has targeted forest products, software, and high technology industries as new growth industries for the region. In the near future, the area's economy will continue to be sensitive to any downturns in the state and national economies and their effect on tourism. However, the economic health of the area can be expected to grow at a moderate rate with additional diversification.

The largest manufacturing employer in Lincoln County is the Georgia Pacific pulp and paper mill in Toledo with approximately 500 workers. Other major employers include various school districts, the Confederated Tribes of the Siletz Indians, Samaritan Health Services, County Government, the Marine Science Center, Salishan Lodge & Resort, and Walmart.

The area's location with access to major highways and abundance of accommodations, stores, restaurants, and recreational opportunities makes the area desirable as a tourist destination. The region continues to be a tourist draw despite recent declines in tourism.

## **AREA AND NEIGHBORHOOD ANALYSIS (Cont.)**

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Despite the preceding factors, Lincoln County continues to witness housing demand by retirement age residents. The area's scenic beauty, mild climate, and availability of medical and social services make Lincoln County attractive to retirees. A high percentage of the population in these communities is over the age of 55 and many rely on fixed income sources such as pension funds and Social Security, and are not generally affected by economic cycles. As a result, their presence adds stability to the local economies.

Newport's economy is oriented to tourism and fishing, with numerous seafood plants located along the bayfront. While Newport's tourist base is increasing, the fishing industry is declining. NOAA opened its Pacific Fleet Marine Operations Center in Newport a few years ago. Recently, Newport was selected as the future site for the Pacific Marine Energy Center, a \$25-million wave energy research test site. Newport continues to encourage a more diversified economic base.

Lincoln City is heavily influenced by the tourist industry and lacks a harbor for commercial fishing enterprises. No timber or timber-related industries are located in Lincoln City. The highest employment sector in Lincoln City is retail trade. The Chinook Winds Casino and the Tanger Outlet Center are large tourist draws and employment providers.

Waldport's economy is heavily influenced by tourism and recreation. No timber-related industries are located in Waldport. While Waldport is home to Alsea Bay, no commercial fishing or processing industries are present. Generally, Waldport has a limited industrial base; although an increasing number of commercial service and light industrial businesses are locating in this community.

Highway 101 is the primary coastal highway along the Oregon Coast. At the north end of Lincoln City, Highway 101 extends in a northeasterly direction, eventually linking with Highways 18 and 22 serving the mid and upper Willamette Valley. Near Newport, Highway 20 extends eastward to the Willamette Valley in proximity to Corvallis. In Waldport, Highway 34 extends eastward to Corvallis. Aside from the highway network, Lincoln County includes rail service (freight) serving Yaquina Bay and nearby Toledo; the Newport Airport; and the Port of Newport. Small ports or harbors are located in Depoe Bay and Waldport. Lincoln City and Waldport each have a small airstrip.

Newport is expected to remain a stable community in the foreseeable future with anticipated growth in its residential and commercial base. Unless additional land is annexed for industrial use, Newport will not witness significant growth in its industrial base. Industrial growth is occurring, but at a modest pace.

Lincoln City is also expected to remain a stable community in the foreseeable future, with tourism maintaining its dominant presence but diversification into other industries anticipated. Both commercial and residential development have occurred in recent years; although the pace of growth in housing development has declined during the past few years.

Waldport is expected to witness some growth in the near future as the community expanded its sanitary sewer system and is now better able to accommodate new development. This sewer expansion project increased the land area eligible to utilize municipal services, including a large project extending from Highway 101 to the golf course.

## AREA AND NEIGHBORHOOD ANALYSIS (Cont.)

Waldport's sewer project encompasses several hundred acres that was purchased by a developer for a mixed-use planned unit development. However, declining market conditions have placed some of the land in this project in foreclosure.

New commercial development in Waldport is expected on a very limited basis with some demand for new businesses and commercial services likely as a result of the area's expanding population. The supply of new commercial development will be tempered by the relatively low inventory of available commercial land. The current inventory of improved commercial property is considered adequate in the near term, as vacancy of improved space is nominal. Waldport's industrial base is anticipated to continue its nominal growth.



### ***Neighborhood Analysis***

The subject property is situated in Newport's South Beach area which lies south of the Yaquina Bay bridge and along the Highway 101 corridor. Highway 101 is a commercial corridor for approximately one mile south of the bridge. Further south, Highway 101 transitions to a mixture of commercial and residential uses. Near the bridge, the subject's neighborhood includes marine-related businesses such as a marina and the new NOAA facility. Also in this vicinity are the OSU Hatfield Marine Science Center, the Oregon Coast Aquarium, and the Rogue Brewery. RV parks, light industrial uses, and retail/service uses catering to both tourists and marine businesses are present. Commercial uses front Highway 101 south of 32<sup>nd</sup> Street, with these uses including motels, restaurants, & automobile sales/services catering to the highway traveler as well a variety of commercial retail & service uses supporting the local population. Mixed-density residential uses adjoin the commercial corridor, with home quality ranging from below-average to good. Highway 101 is the main arterial serving this neighborhood, with multiple collector streets linking this arterial to the adjacent residential neighborhood.

## **AREA AND NEIGHBORHOOD ANALYSIS (Cont.)**

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The South Beach State Park encompasses significant beachfront south of the Yaquina Bay bridge. This park has developed access from Highway 101 and generally extends from the highway to the beach. However, the north portion of the park is situated west of developed property accessible from Abalone Street as well as from the OMSI parcel.

While some vacant land inventory is present in this neighborhood, few parcels are currently being marketed for sale. The City of Newport is in the process of acquiring property along the highway for redevelopment under its urban renewal activities; however, the City has not yet placed any property on the market for new development. The inventory of commercial buildings available for sale or lease in this vicinity is limited, with the existing inventory attractive to various commercial or light industrial uses.

With regard to residential uses, the inventory of homes available for sale is not excessive, with existing listings varying in home quality from below-average to good. Some homes enjoy an ocean or bay view. Multi-family projects witness good occupancy.

Since the recession, new construction activity in this neighborhood has been limited. However, multiple construction projects are currently underway or in the planning stages. New commercial construction is currently evident near the Rogue Brewery. As stated previously, OMSI intends to build its Coastal Discovery Center on land located west of Highway 101. This center is expected to start construction in March 2015 and be operational in April 2016. New roadways will be constructed concurrent with the OMSI project, and ODOT intends to remove the existing Highway 101 signalized intersection with Anchor Way with a new signalized intersection one block south at 35<sup>th</sup> Street. This intersection signalization project is expected to occur in 2017. These changes to the road network are intended to provide better vehicular circulation to the OMSI Center and adjoining property without impairing highway traffic traveling through this region.

Uses adjoining the subject include Anchor Way and undeveloped commercial land to the west & north, the 35<sup>th</sup> Street right of way then a welding supply business & undeveloped land to the south, and Highway 101 then a coffee kiosk, former restaurant building, and an engine repair facility to the east. 35<sup>th</sup> Street is not developed as a public roadway on either side of Highway 101. Currently, the right of way is developed as driveways to support the adjoining businesses. The coffee kiosk and former restaurant building across the street from the subject are within the parcel currently being acquired by the City of Newport for redevelopment purposes. The City anticipates the existing buildings to be eventually removed and the site made available for new development.

The subject's neighborhood is considered stable, with no efforts evident to rezone land to alternative zones. This neighborhood is expected to witness growth in the near future due to the City's urban renewal efforts, the construction of the OMSI facility, and improved vehicle access to undeveloped land. The City indicates that its utility infrastructure is sufficient to accommodate additional development in this neighborhood. This neighborhood contains no adverse land uses or businesses that negatively impact value, marketability, or development potential. The neighborhood is not in transition and is being developed in accordance with current zoning.

**SUBJECT PHOTOGRAPHS (Taken July 25, 2014)**



Southerly view of subject's Highway 101 frontage. (A7-664)



Northerly view of subject's Highway 101 frontage. (A7-662)

**SUBJECT PHOTOGRAPHS (Cont.)**



Westerly view of 35<sup>th</sup> Street frontage along subject's south boundary. (A7-663)



Southwesterly view of subject's Anchor Way frontage near Highway 101. (A7-665)

**SUBJECT PHOTOGRAPHS (Cont.)**



Southerly view of subject's Anchor Way frontage. (A7-666)



Northeasterly view of subject's buildings fronting Anchor Way. (A7-668)

**SUBJECT PHOTOGRAPHS (Cont.)**



Easterly view of proposed 35<sup>th</sup> Street fee taking from subject's west boundary. (A7-669)



Easterly view of 35<sup>th</sup> Street fee taking towards center of south boundary line. (A7-673)

**SUBJECT PHOTOGRAPHS (Cont.)**



East portion of 35<sup>th</sup> Street fee taking near Highway 101. (A7-678)



Westerly view of 35<sup>th</sup> Street fee taking. (A7-677)

**SUBJECT PHOTOGRAPHS (Cont.)**

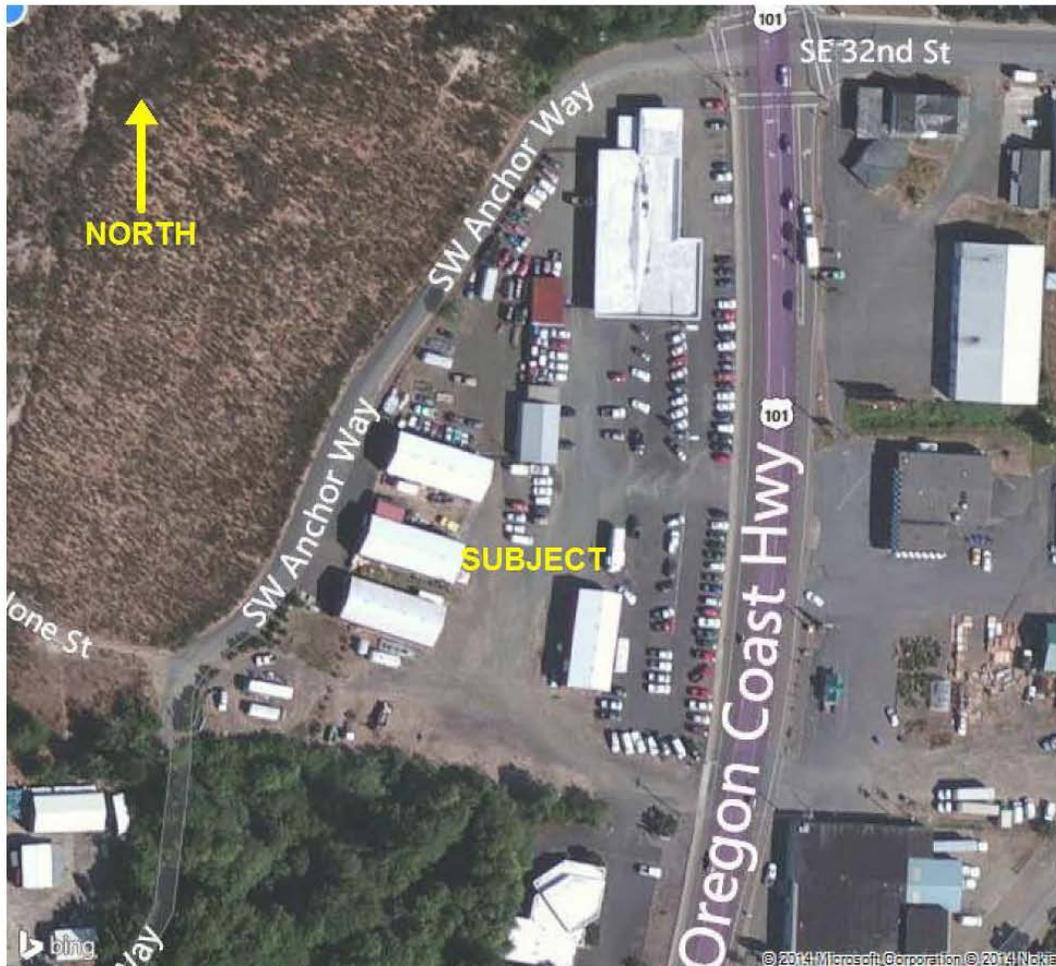


View of affected site improvements within east portion of fee taking. (A7-679)



View of proposed permanent utility easement in foreground. (A7-675)

## PROPERTY DESCRIPTION



### ***Ownership and Property History***

Richard G. Murry  
13398 E. Alsea Highway  
Tidewater, OR 97390  
(541) 867-3885

According to County records, no sales involving the subject property have occurred during the past three years. Also, the property does not appear to be listed for sale or lease.

The appraiser's notification letter to the property owner was sent on July 16, 2014. A copy of the notification letter is found in the Addenda of this appraisal report. The property owner replied to the appraiser's notification letter via telephone on July 22, 2014, but was unavailable when the appraiser conducted the property inspection on July 25, 2014.

According to the City of Newport, no land use, rezone, development, or other applications are currently pending or recently approved with regard to the subject property.

## PROPERTY DESCRIPTION (Cont.)

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### ***Location and Access***

3234 – 3414 South Coast Highway, Newport, Oregon.

As previously stated, Highway 101 in the subject's vicinity is locally identified as South Coast Highway. The subject property is situated on the west side of Highway 101 between Anchor Way and 35<sup>th</sup> Street. Anchor Way is a local street extending along the subject's north and west boundaries. The 35<sup>th</sup> Street right of way is not currently developed to municipal road standards, but is developed as a driveway serving the subject property and the adjacent welding supply business to the south. The subject is accessible from all three road frontages. Multiple entries are present along Highway 101 and Anchor Way. Additional right of way is required for the development of 35<sup>th</sup> Street and the signalized intersection of 35<sup>th</sup> Street & Highway 101 (planned for 2017). In advance of this road extension and signalization project, the City of Newport wishes to acquire a fee taking along the subject's south boundary. As will be discussed later in this report, the City also intends to vacate Anchor Way along the subject's frontage. This road vacation will still provide for the subject to be accessible to Highway 101 from this roadway; however, the roadway will be conveyed to the subject property and the adjoining Investors XII property to the west, with this private roadway allowing right-in/right-out access to the highway. Overall, the subject is considered to have good highway visibility and access.

### ***Legal Description and Larger Parcel Determination***

The subject's current ownership owns three adjoining tax lots in this vicinity. These three tax lots are improved with multiple buildings utilized for an automobile dealership facility and light industrial businesses. The property owner operates the dealership facility and uses a few of the buildings for investment as rental space. These three tax lots are recognized as the larger parcel for the purpose of this appraisal assignment.

This larger parcel is described as a portion of the Northwest  $\frac{1}{4}$  of the Southeast  $\frac{1}{4}$  of Section 17 in Township 11 South, Range 11 West, in Lincoln County, Oregon. The larger parcel is also commonly described as tax lots 1200, 1201, and 1300 in Lincoln County Assessor's Map 11S-11W-17DB.

### ***Land Size, Shape, and Terrain***

The configuration and boundaries of the subject parcel are depicted on the Plat Map. The larger parcel totals **3.42 acres** and has an irregular shape. The parcel is situated at grade to all three road frontages. The parcel has a level terrain with slight on-site slopes for drainage purposes.

The subject's elevation varies between 40 and 42 feet. The parcel has no view or amenity features. The parcel is currently developed with multiple buildings and site improvements. The site contains no undevelopable land due to physical characteristics.

## PROPERTY DESCRIPTION (Cont.)

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The subject's soil classifications include Yaquina Fine Sand and Urban Land – Waldport complex. The latter soil covers the majority of the parcel and is a Class 7 soil with 0 to 12 percent slopes. This soil is situated on stabilized dunes, has slow runoff, rapid permeability, and severe wind erosion hazard. The Yaquina Fine Sand is a Class 4 soil with 0 to 3 percent slopes and is characterized as poorly drained, moderately rapid permeability, a seasonal high water table, slow to ponded runoff, and severe wind erosion hazard. This soil is poorly suited to septic drainfields due to wetness and the seasonal high water table. Both of these soils are suitable for urban development, particularly with the use of municipal utility services.

### **Present Use**

The subject property contains an automobile dealership sales and service facility (Toby Murry Motors) which carries the Nissan and Toyota lines. Additional buildings are used for the dealership facility as well as leased investment to light industrial tenancies. The property owner has an ownership interest in the auto dealership.

### **Assessed Values and Taxes**

The subject's July 25, 2014 valuation date falls within the 2014/2015 tax year; however, Lincoln County does not intend to release tax & assessment information until the fall. The following tax & assessment information covers the prior 2013/2014 tax year which commenced on July 1, 2013. The land, improvements, and total values reflect the assessor's estimate of the real market value of the subject property. The assessed value is used for the calculation of taxes and was estimated by Lincoln County in accordance with Measures 47 and 50. According to the County Tax Collector's office, the subject has no delinquent taxes.

**Assessed Valuation Date:** July 1, 2013  
**Tax Map/Lot No(s):** 11S-11W-17DB: 1200, 1201, 1300

| <b>Account</b> | <b>---- Real Market Value ----</b> |                     |                | <b>Assessed Value</b> | <b>Taxes</b>    |
|----------------|------------------------------------|---------------------|----------------|-----------------------|-----------------|
|                | <b>Land</b>                        | <b>Improvements</b> | <b>Total</b>   |                       |                 |
| R18822 (1200)  | \$756,600                          | \$601,310           | \$1,357,910    | \$1,070,300           | \$18,771.03     |
| R21185 (1201)  | 54,400                             | 0                   | 54,400         | 31,590                | 554.02          |
| R23437 (1300)  | <u>294,400</u>                     | <u>0</u>            | <u>294,400</u> | <u>131,590</u>        | <u>2,307.83</u> |
| Totals         | \$1,105,400                        | \$601,310           | \$1,706,710    | \$1,233,480           | \$21,632.88     |

### **Zoning**

The subject's larger parcel is zoned I-1 (Light Industrial District) by the City of Newport. The City's Comprehensive Plan designation for this parcel is also Industrial. The parcel is not within any overlay zones. The I-1 zoning designation permits a wide array of industrial uses as well as most uses allowed in the City's commercial zones. Many commercial uses typically found along a commercial thoroughfare are allowed in the I-1 zone. Furthermore, commercial utilization of an I-1 zoned site does not precipitate a comprehensive plan change from Industrial to Commercial. The subject's current site utilization is allowed in the I-1 zone.

## **PROPERTY DESCRIPTION (Cont.)**

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Parcel and development requirements in the I-1 zone include a 7,500 SF minimum parcel size, no minimum parcel width, a 50-foot front yard setback from Highway 101, no rear or side yard setbacks, and a 50-foot maximum building height.

As previously stated, the City of Newport has not recently approved or is currently evaluating any applications for partitioning, land use, Measure 37/49, rezone, or development involving this property.

### ***Flood, Earthquake, and Other Hazards***

According to the Federal Emergency Management Agency (FEMA), the subject parcel is situated within un-shaded Flood Zone X, depicting an area outside the 500-year flood plain. FEMA map reference is Community Panel 41041C-0506-D, dated December 18, 2009. No LOMAs or LOMRs have been approved in this vicinity in recent years.

Western Oregon is categorized as seismic zone 3. The current probability of the occurrence of a major seismic event has been calculated as moderate. The City indicates that the property is not within a landslide hazard zone, a geohazard zone, a wildlife/riparian protection zone, or contains wetlands. While the subject and surrounding lands are within a tsunami zone, most uses allowed in the I-1 zone are still allowed within the tsunami zone. The only exclusions are schools and government uses. The appraiser is unaware of any environmental conditions on, in, or near the subject property that would impact marketability, development potential, or value.

### ***Utilities***

The City of Newport currently provides municipal water and sanitary sewer service to developed property in the subject's vicinity. Existing utility lines are present within one or more of the adjacent roadways. These utilities are available and in use at the subject property. Storm drainage is handled by natural flow and private collection into nearby drainages. Central Lincoln PUD provides electricity service and local telephone is provided by Pioneer Telephone. Northwest Natural provides natural gas to this vicinity. According to the City, adequate utility system capacity exists to serve development of the subject property as presently zoned.

### ***Street Improvements and Traffic Flow***

Highway 101 in the subject's vicinity is a 2-lane highway with two bicycle lanes, a center turn lane, and full offsite improvements (curb, gutter, & sidewalk) along the subject's frontage. In proximity to the Anchor Way signalized intersection, dedicated left and right turn lanes are present for northbound traffic.

Anchor Way extends west of Highway 101 and abuts the subject's north and west boundaries. This roadway contains two traffic lanes and no offsite improvements. The 35<sup>th</sup> Street right of way is not currently developed west of Highway 101 and the subject's south boundary.

## **PROPERTY DESCRIPTION (Cont.)**

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According to the Oregon Department of Transportation, the average daily traffic volume along Highway 101 in this vicinity is 13,200 vehicles daily. No traffic flow data is available for Anchor Way.

### ***Easements and Encumbrances***

For this appraisal assignment, the client provided the appraiser with a Lot Book Report prepared by Western Title and dated August 6, 2013. This Lot Book Report covers the subject and two nearby ownerships to the west & north. With regard to the subject, this report cites various utility easements encumbering the property. These include a 1-foot wide electrical power line easement granted to West Coast Power Company (1940), a water pipeline easement in the south portion of the parcel granted to Lena McKeivitt (1950), a utility easement for drainage purposes along the highway frontage granted to the State of Oregon (1971), and a 10-foot wide utility easement for overhead electrical lines granted to Central Lincoln PUD (1980). In addition, a trust deed was granted to Oregon Coast Bank in 2013.

Overall, there are no known easements present that are considered to adversely impact the subject's marketability or development potential.

### ***Building and Site Improvements***

The subject property is developed with multiple buildings and supporting site improvements. The proposed fee taking is situated along the south property line. The appraiser measured the distances between the nearby subject buildings and the new right of way boundary. The distances are sufficient for continued vehicular access to these buildings and no proximity damages are incurred. With no damage issues or other valuation impacts to the buildings resulting from the City's proposed acquisitions, the appraiser did not conduct a formal inspection of the subject's building improvements as part of this appraisal assignment. Rather, a cursory exterior inspection was performed of the subject property in order to determine if the improvements have remaining physical and economic lives.

Briefly, the subject contains an automobile dealership facility and multiple metal clad structures in the middle and south portions of the property. The building improvements vary in age and construction components, but are generally rated as average quality & condition, with minimal deferred maintenance evident. These building improvements are considered to have significant remaining economic lives.

Site improvements include a paved parking & vehicle display lot in proximity to the dealership facility and the Highway 101 frontage, with the west portion of the parcel gravel surfaced. Some of the paved parking is striped and contains concrete vehicle bumpers. In the southwest corner of the parcel is a gravel and grass area housing vehicles, a boat, and a trailer. Display signs are present along the highway frontage and chain line fencing abuts a portion of the Anchor Way frontage. Overall, the site improvements are in average to good condition with minimal deferred maintenance evident. It is noted that some of the paved parking lot encroaches within the existing highway right of way.



# PROPERTY DESCRIPTION (Cont.)



SW 35th Street and US 101

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

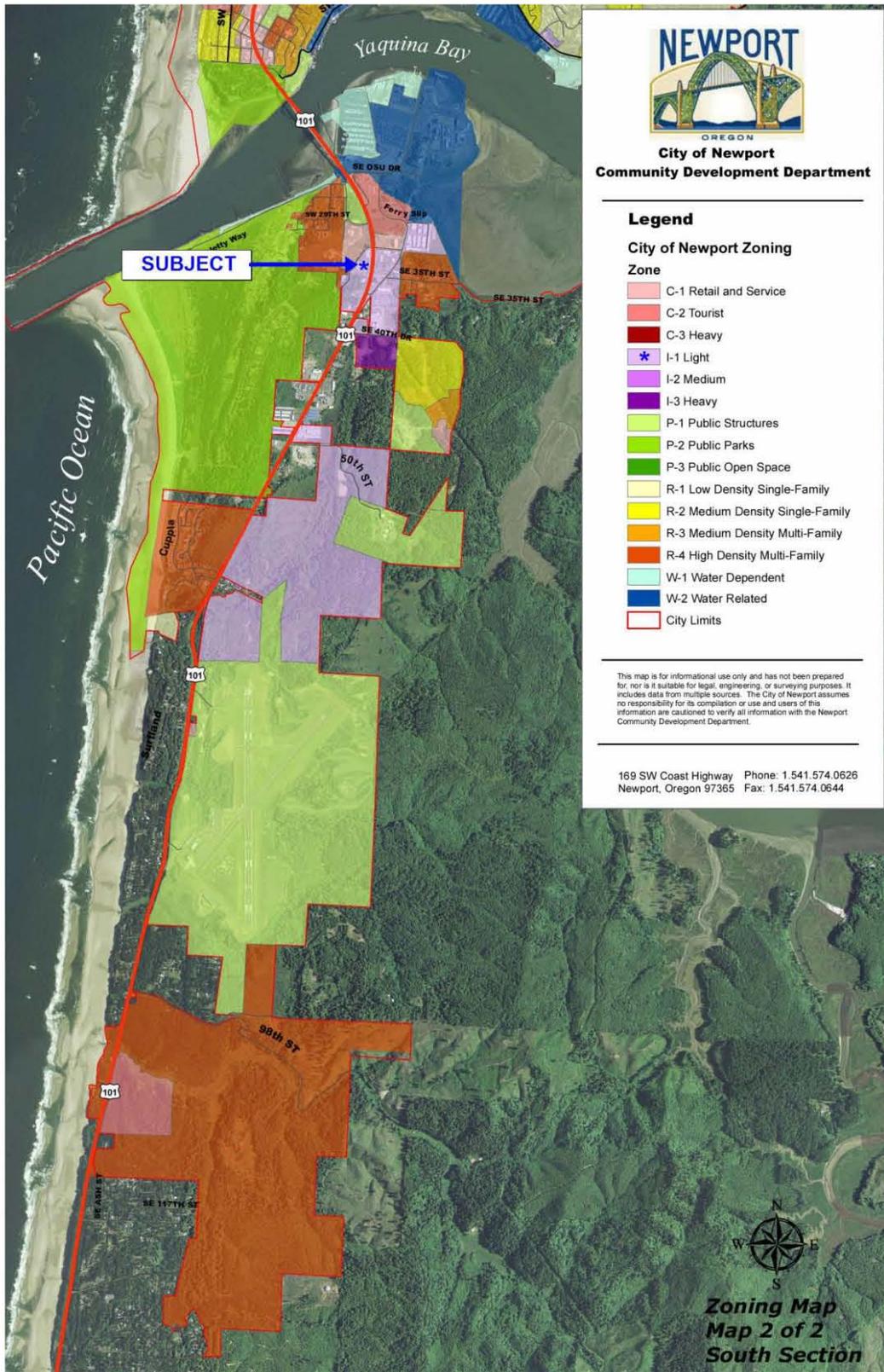
Existing South Boundary Line - Murry

**City of Newport**  
Community Development Department  
1500 Broadway  
Newport, OR 97365  
Fax: 541.574.0844

This map has not been prepared, reviewed, or approved for any other purpose than that for which it was prepared. The City of Newport Community Development Department is not responsible for any errors or omissions in this map. Information is not intended to be used as a substitute for professional engineering or architectural services. It is recommended that you consult with a professional engineer or architect for any such services. The City of Newport Community Development Department is not responsible for any errors or omissions in this map. Information is not intended to be used as a substitute for professional engineering or architectural services. It is recommended that you consult with a professional engineer or architect for any such services.

# SOUTH BOUNDARY EXHIBIT

# PROPERTY DESCRIPTION (Cont.)



## ZONING MAP



MAP SCALE 1" = 500'

250 0 500 1000  
FEET  
METERS

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NFP PANEL 0506D

**FIRM**  
FLOOD INSURANCE RATE MAP  
LINCOLN COUNTY,  
OREGON  
AND INCORPORATED AREAS

PANEL 506 OF 880  
(SEE MAP INDEX FOR FIRM PANEL LAYOUT)

CONTAINS:

| COMMUNITY        | NUMBER | PANEL | SUFFIX |
|------------------|--------|-------|--------|
| LINCOLN COUNTY   | 410129 | 0506  | D      |
| NEWPORT, CITY OF | 410131 | 0506  | D      |

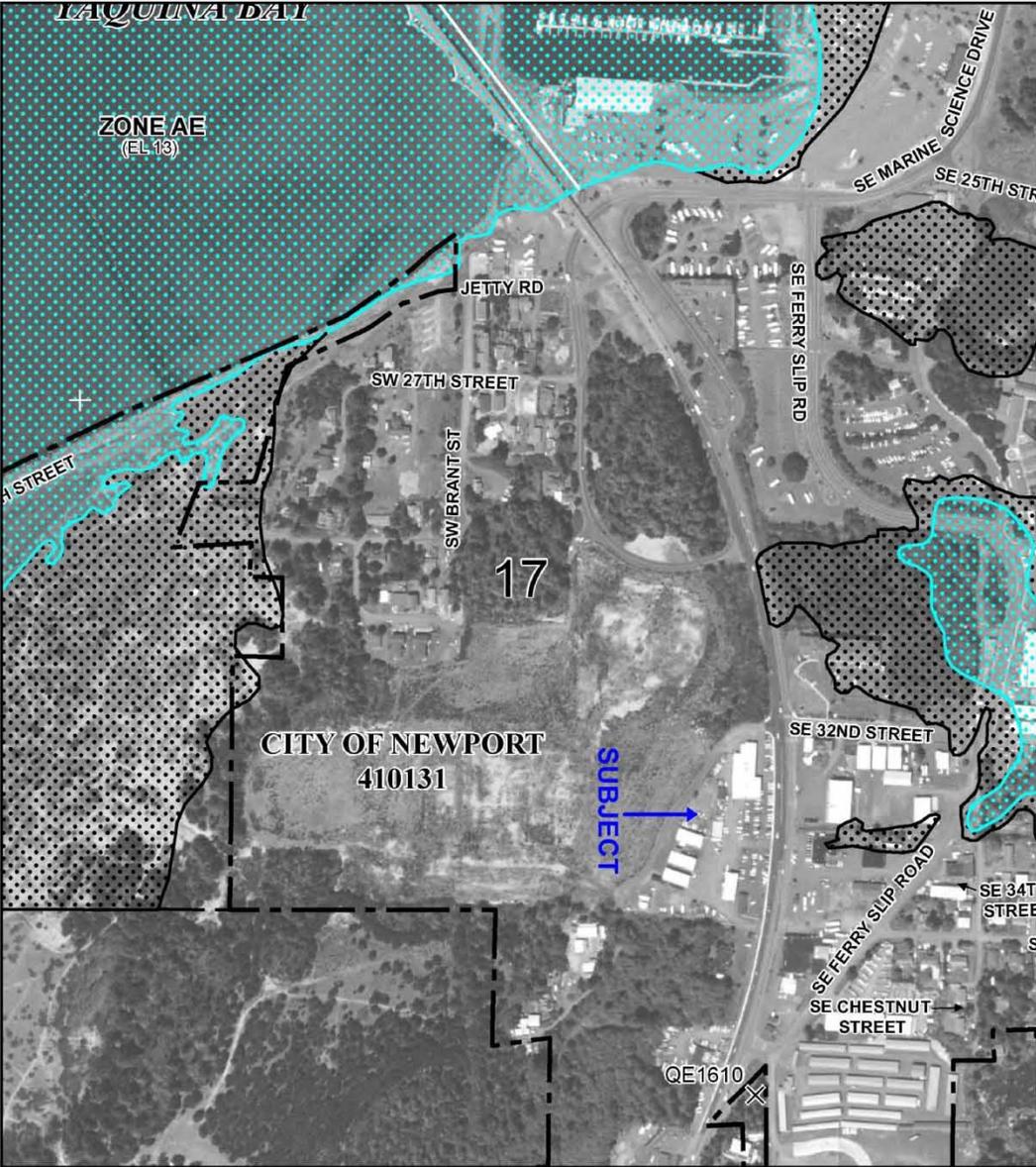
Notice to User: The **Map Number** shown below should be used when placing map orders; the **Community Number** shown above should be used on insurance applications for the subject community.

**MAP NUMBER**  
41041C0506D

**EFFECTIVE DATE**  
DECEMBER 18, 2009

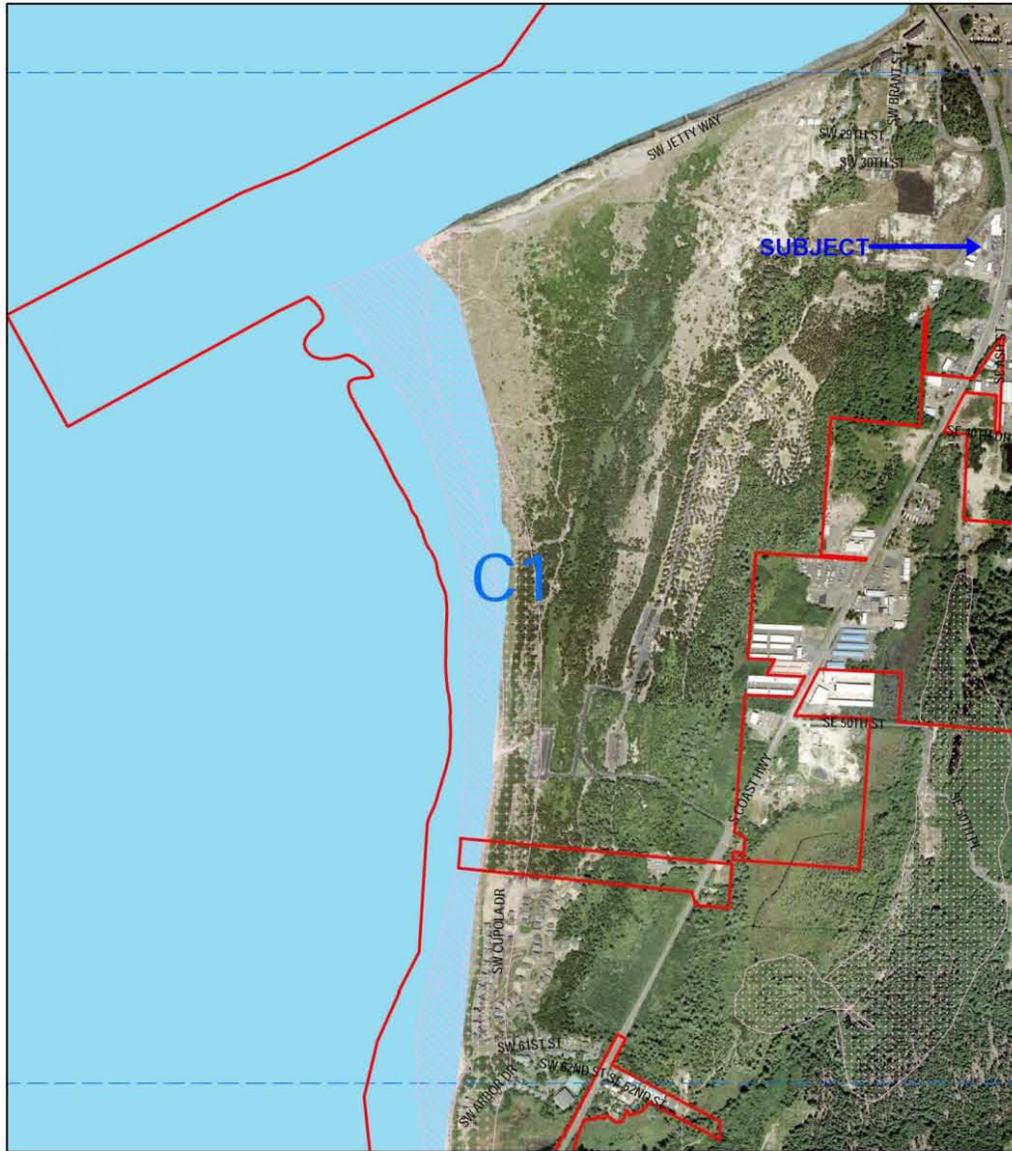
Federal Emergency Management Agency

This is an official copy of a portion of the above referenced flood map. It was extracted using F-MIT On-Line. This map does not reflect changes or amendments which may have been made subsequent to the date on the title block. For the latest product information about National Flood Insurance Program flood maps check the FEMA Flood Map Store at [www.msc.fema.gov](http://www.msc.fema.gov)



**FLOOD MAP**

# PROPERTY DESCRIPTION (Cont.)



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

Phone: 1.541.574.0626  
Fax: 1.541.574.0644



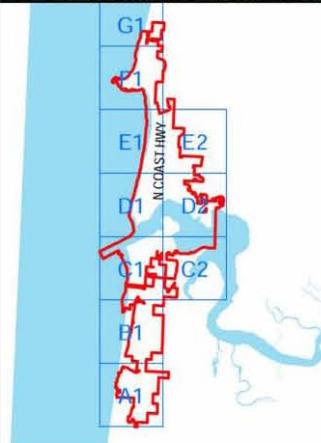
## GEOLOGIC HAZARDS NEWPORT, OR

- Newport City Boundary
- Active Erosion Hazard Zone
- Active Landslide Hazard Areas
- High Risk Bluff Hazard Zone
- High Risk Dune Hazard Zone
- Other Landslide Hazard Areas
- Geologic Hazards Map Index



Geologic Hazard information derived from:  
DOGAMI Open File Report OFR O-04-09, Evaluation of Coastal  
Erosion Hazard Zones Along Dune and Bluff Backed Shorelines  
in Lincoln County, Oregon

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



# GEOLOGIC HAZARDS MAP

## HIGHEST AND BEST USE ANALYSIS

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### *Highest and Best Use as if Vacant:*

The subject property is zoned I-1 (Light Industrial) by the City of Newport. The comprehensive plan designation for the parcel is also Industrial. As such, the zoning and comprehensive plan designations are in conformance. The I-1 zone permits an array of light industrial as well as commercial uses. Many commercial uses typically found along a commercial thoroughfare are allowed in the I-1 zone. Furthermore, commercial use of the property does not require a comprehensive plan change.

The subject property is not within any overlay zones, nor do any easements exist which negatively impact the property. The property lies outside the 100-year flood plain and there are no wetlands, geohazard, or protection zones impacting the property. While the property is within a tsunami zone, all uses allowed in the I-1 zone (except schools & government uses) can be developed within the tsunami zone.

The subject lies within the Newport city limits and municipal utilities are available to the property. Physically, the parcel has a level terrain with no view or amenity features. While the parcel has an irregular configuration, the site has sufficient size & shape to accommodate a variety of light industrial and commercial uses allowed in the I-1 zone. The parcel enjoys frontage along two developed roadways including Highway 101. While Anchor Way is scheduled to be vacated, the City indicates that the roadway could continue to be used for access with right-in/right-out passage from the highway. In addition, 35<sup>th</sup> Street is proposed for development in the next three years, concurrent with the signalization of the 35<sup>th</sup> Street and Highway 101 intersection.

The property is situated along a commercial corridor witnessing minimal vacant land inventory and a limited supply of existing commercial buildings available for sale or lease. While the subject's zoning allows light industrial use, the parcel's location along a highway in an established commercial corridor suggests that the parcel is better suited to commercial rather than light industrial use. The City of Newport is encouraging redevelopment of the area by acquiring property along the highway with the intention to demolish the existing buildings and market the land for new development. The City's Urban Renewal efforts as well as the recent announcement of OMSI's plans to develop the Coastal Discovery Center are expected to spur commercial growth in this area. Aside from activity in Newport's South Beach area, demand for commercial land is evident within multiple coastal communities fronting Highway 101. As shown by the market data assembled for this assignment, commercial parcels are in demand and being purchased for various types of commercial uses. The inventory of commercial sites being marketed for sale is not excessive. While additional land will become available through Newport's redevelopment efforts, the anticipated inventory of this new commercial land is not expected to create an imbalance of supply & demand attributes. If marketed for sale, demand is expected to be good for the subject property. There are no neighborhood conditions or land uses that are detrimental to the subject and the neighborhood is not in transition to alternative uses. The subject's presence along the Highway 101 commercial corridor plus the proximity of supporting residential uses bode well for utilizing the subject for commercial use.

## HIGHEST AND BEST USE ANALYSIS (Cont.)

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After reviewing the attributes of the subject property and the market area, the highest and best use of the subject property is for the commercial development in accordance with the I-1 zoning criteria.

### ***Highest and Best Use As Improved:***

As previously stated, the subject as currently developed has significant remaining economic life. The property as presently improved is allowed under the City's I-1 zoning criteria. As the proposed fee taking, easement, and road vacation do not adversely impact the subject's building improvements, there is no need to value the subject property as improved. As such, an analysis of the subject's highest and best use as improved is not performed for this appraisal assignment.

## VALUATION OF LARGER PARCEL - LAND

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The subject's larger parcel consists of a 3.42-acre site suitable for commercial development in accordance with the City's I-1 zoning criteria. A search for land market data revealed eight comparables considered suitable for this analysis. These comparables specifically consist of three current listings, one pending escrow, and four sales that occurred between October 2010 and January 2014. While the appraiser is aware of other sales & listings in the market area, the selected comparables are considered to be the best available data for comparison with the subject property.

The eight selected comparables are located in proximity to Newport, Waldport, Agate Beach, and Lincoln City. These parcels range in size from 19,600 SF to 7.30 acres, have zoning designations allowing commercial development, and indicate unit prices between \$2.14 and \$24.34/SF. For this analysis, the appropriate unit of comparison is the price per SF.

In estimating the land value of the subject's larger parcel, consideration is given to property rights conveyed, financing, conditions of sale, market conditions (time of sale), location, access, terrain, traffic flow, utility availability, parcel size, configuration, zoning, the presence of amenity features, the cost to demolish existing improvements, or the contributory value of any improvements with remaining economic life. Due to the lack of data to reliably quantify adjustments, adjustments are made on a qualitative basis in accordance with the market.

No adjustment for property rights is necessary. All comparables either conveyed or are currently marketing a similar fee simple estate as the subject's interest being appraised.

With regard to financing, the four sales and the pending escrow involve cash or cash to seller transactions. For the three listings, the property owners are seeking a cash or cash-equivalent transaction. Given the preceding, no adjustment for financing is necessary.

Regarding conditions of sale, the transactions are arm's length and do not appear to involve duress. Furthermore, the current listings do not involve a quick-sale or short-sale and the sellers are under no atypical motivation to sell the parcels. Overall, no conditions of sale adjustment is necessary for these comparables.

The four sales occurred between October 2010 and January 2014. While the oldest sale generates the lowest unit price, the low price is attributed to locational and physical attributes rather than changes in market conditions. It is noted that Sale 3 closed escrow in September 2013, but the price was negotiated in 2010. After reviewing these comparables and the market conditions evident during the time span this data occurred, no adjustment for market conditions (time of sale) is warranted for the four sales or the pending escrow.

With regard to the current listings, a downward adjustment for listing status is warranted as it is likely that a sale price will be negotiated at a lower price level than the current asking price.

## **VALUATION OF LARGER PARCEL - LAND (Cont.)**

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It is noted that the subject's parcel size of 3.42 acres is within the size range of the comparables. Size adjustments are made as appropriate.

On the following pages are tables summarizing the land comparables as well as a Land Sales Map. In the Addenda of this appraisal report are photographs of each comparable.

## VALUATION OF LARGER PARCEL - LAND (Cont.)

| SALE | LOCATION   | PRICE/<br>SALE DATE                       | SIZE/<br>ZONING  | UNIT PRICE                    | COMMENTS   |
|------|--|---|--|-------------------------------|--|
| 1    | <b>E/S Bayshore Rd.,<br/>also fronts Alsea<br/>Bay<br/>Waldport</b><br><br>13-11-19-BB: 200<br>Doc. No.: 2010-9943 | \$405,000<br>Cash to<br>Seller<br>(10/10) | 7.30 Ac.<br>Gross<br>4.34 Ac.<br>Net of<br>Tidelands<br>CT | \$2.14/SF Net<br>of Tidelands | Located in Bayshore area of north Waldport, adjacent to motel, dwellings, and near KOA campground. Parcel includes 2.96 acres of tideland within Alsea Bay and 4.34 acres of upland. Parcel has an irregular but utilitarian shape, paved road access, no offsites, gentle terrain with native tree & shrub cover, and good bay view. Partial municipal utilities are available but must be extended over 100 feet. Must use septic for sewer service. Zoning is flexible and allows both commercial & residential uses. |
| 2    | <b>N/S Bay Boulevard<br/>Newport</b><br><br>11-11-08AC: 13100+<br>Doc. No.:2012-12056                              | \$415,000<br>Cash to<br>Seller<br>(12/12) | 19,600 SF<br>W-2   | \$21.17/SF                    | Located in Bayfront district near commercial uses and marina. Parcel has two benches separated by steep-sloping terrain. Lower bench currently used for paved/graveled parking. Upper bench has native vegetation and parking for adjacent Maritime Center. Utilitarian shape, available utilities, full offsites. Zoning allows commercial uses. Parcel includes access easement over adjacent parcel and buyer is adjacent property owner.   |
| 3    | <b>SEC Highways 101<br/>and 20<br/>Newport</b><br><br>11-11-08AB: 9500+<br>Doc. No.: 2013-9746                     | \$1,512,809<br>Cash<br>(9/13)             | 1.45 Ac.<br>C-3  | \$23.94/SF                    | Site for new Walgreens store. Located at corner of two highways & commercial corridors. Good access & visibility, level terrain, full offsites, utilitarian shape, also includes frontage along Avery Street. Combined traffic flow is 36,000 vehicles daily. Sale price negotiated in 2010. Buyer obtained road vacation from City prior to sale. Buyer also responsible for building demolitions.  |

## VALUATION OF LARGER PARCEL - LAND (Cont.)

| SALE | LOCATION   | PRICE/<br>SALE DATE                     | SIZE/<br>ZONING          | UNIT PRICE | COMMENTS   |
|------|--|---|--------------------------|------------|--|
| 4    | <p><b>SEC Highway 101<br/>&amp; 9<sup>th</sup> Street<br/>Lincoln City</b></p> <p>7-11-15DD: 901<br/>Doc. No.: 2014-432</p>    | <p>\$510,000<br/>Cash<br/>(1/14)</p>    | <p>20,950 SF<br/>G-C</p> | \$24.34/SF | <p>Site assemblage for new Goodwill store. Located along highway and commercial corridor one block north of Tanger Factory Outlet Center. Good visibility &amp; access, level terrain, utilitarian shape, available utilities, and full offsites. Traffic flow is 26,400 vehicles daily.</p>   |
| 5    | <p><b>NEC Highway 101<br/>&amp; 35<sup>th</sup> Street<br/>Newport</b></p> <p>11-11-17DB: 1400<br/>Doc. No.: n/a</p>           | <p>\$1,525,000<br/>Cash<br/>Escrow</p>  | <p>2.33 Ac.<br/>I-1</p>  | \$15.03/SF | <p>In South Beach area. Site being purchased by City of Newport for redevelopment. City responsible for demolishing buildings. Sale involves willing-seller with no threat of condemnation. Escrow scheduled to close in March 2015. Parcel includes multiple buildings with interim value. Site is level, at grade, irregular but utilitarian shape, available utilities, good visibility and access. 35<sup>th</sup> Street frontage is currently a driveway. Also fronts Ferry Slip Road to the east. Traffic flow is 13,200 vehicles daily. Highway 101 in this vicinity is a commercial corridor.</p> |
| 6    | <p><b>W/S Avery Street &amp;<br/>E/S Highway 101<br/>North Newport</b></p> <p>10-11-20BB: 503 to<br/>508<br/>Doc. No.: n/a</p> | <p>\$700,000<br/>Listing<br/>(7/14)</p> | <p>6.05 Ac.<br/>I-1</p>  | \$2.66/SF  | <p>Located in Northgate Industrial Park in city limits near light industrial and residential uses. Parcel is above grade, has mostly open interior with some trees along the highway, utilities available, utilitarian shape, level to gentle terrain, no highway access but adequate visibility. No offsites, view, or amenity features. Previously sold in July 2006 for \$4.23/SF. Although zoning allows commercial uses, site best suited for industrial use. Traffic flow is 8,800 vehicles daily.</p>   |

## VALUATION OF LARGER PARCEL - LAND (Cont.)

| SALE | LOCATION   | PRICE/<br>SALE DATE                       | SIZE/<br>ZONING         | UNIT PRICE | COMMENTS  |
|------|--|---|-------------------------|------------|---|
| 7    | <p><b>NWC East Devils Lk. Rd. &amp; Oar Ave.</b><br/><b>Lincoln City</b></p> <p>07-11-14CC: 400+<br/>Doc. No.: n/a</p>             | <p>\$1,332,498<br/>Listing<br/>(7/14)</p> | <p>3.22 Ac.<br/>P-I</p> | \$9.50/SF  | <p>Located across from Tanger Factory Outlet Center in mixed-use area a few blocks east of Highway 101. Site also contains frontage along 8<sup>th</sup> Street. Parcel has level to gentle terrain, partial offsite improvements, utilitarian shape, available utilities, old buildings in west portion need to be demolished, treed area on east portion. Good access &amp; visibility, but site better suited to office or service uses. Seller will demolish improvements. Zoning allows commercial uses.</p> |
| 8    | <p><b>NEC Highway 101 &amp; SE 40<sup>th</sup> Street</b><br/><b>Newport</b></p> <p>11-11-17-DC: 801 and 802<br/>Doc. No.: n/a</p> | <p>\$1,900,000<br/>Listing<br/>(7/14)</p> | <p>2.67 Ac.<br/>I-1</p> | \$16.33/SF | <p>Located in South Beach area along highway near commercial uses. Parcel also abuts Ash Street with industrial uses along Ash Street frontage. Parcel has partial offsite improvements (40<sup>th</sup> Street), available utilities, utilitarian shape, level &amp; gentle terrain with open interior. Zoning allows commercial use. Site is suitable for commercial development. Traffic flow is 12,600 vehicles daily.</p>  |



## VALUATION OF LARGER PARCEL – LAND (Cont.)

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The following paragraphs discuss each comparable and the factors warranting adjustment for comparison with the subject's larger parcel.

**Sale 1** is a 7.30-acre CT-zoned parcel located in Waldport's Bayshore area northwest of the bridge. This property fronts Alsea Bay and also contains 2.96 acres of tideland. The upland area totals 4.34 acres. This parcel sold in October 2010 for \$405,000 or \$2.14/SF net of the tidelands. By comparison with the subject parcel, Sale 1 is similar in property rights and no adjustments are needed for financing, conditions of sale, time of sale, terrain, zoning, or the parcel size differential. While a downward adjustment is necessary for Sale 1's superior shape, this adjustment is outweighed by upward adjustments for Sale 1's inferior locational attributes, traffic flow, access, utilities, and the lack of offsite improvements. Overall, Sale 1 suggests that the land value of the subject parcel is significantly greater than \$2.14/SF.

**Sale 2** represents the December 2012 sale of a 19,600 SF parcel located along Bay Boulevard in Newport's Bayfront district. This parcel sold for \$415,000 or \$21.17/SF. The W-2 zoning designation allows marine-oriented uses as well as many commercial uses. By comparison with the subject parcel, Sale 2 is similar in property rights and utility availability. No adjustments are needed for financing, conditions of sale, time of sale, traffic flow, or zoning. Upward adjustments are necessary for Sale 2's inferior access and terrain. Conversely, downward adjustments are warranted for Sale 2's superior locational attributes, shape, parcel size, offsite improvements, and the presence of site improvements with contributory value. After reviewing the adjustments, the downward adjustments outweigh the upward adjustments. As such, Sale 2 suggests that the land value of the subject is less than \$21.17/SF.

**Sale 3** is a 1.45-acre C-3 zoned parcel located at the southeast corner of Highways 101 and 20 in Newport. The parcel was subsequently developed with a Walgreens store. This parcel sold in September 2013 for \$1,512,809 or \$23.94/SF; however, the price was negotiated in 2010. By comparison with the subject parcel, Sale 3 is similar in property rights and utility availability. No adjustments are needed for financing, conditions of sale, time of sale, access, zoning, or parcel size. While an upward adjustment is necessary for the cost to demolish improvements, this adjustment is outweighed by downward adjustments warranted for Sale 3's superior locational attributes, traffic flow, terrain, shape, and offsites. As such, Sale 3 suggests that the land value of the subject parcel is less than \$23.94/SF.

**Sale 4** is a 20,950 SF G-C zoned parcel located at the southeast corner of Highway 101 and 9<sup>th</sup> Street in Lincoln City. This parcel sold in January 2014 for \$510,000 or \$24.34/SF. By comparison with the subject parcel, Sale 4 is similar in property rights and utilities. No adjustments are needed for financing, conditions of sale, time of sale, access, or zoning. Downward adjustments are necessary for Sale 4's superior locational attributes, traffic flow, terrain, shape, size, and offsite improvements. With no factors warranting upward adjustment, Sale 4 suggests that the subject's land value is less than \$24.43.

## VALUATION OF LARGER PARCEL – LAND (Cont.)

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**Item 5** involves the pending escrow of 2.33 acres of I-1 zoned property located just southeast of the subject parcel along Highway 101. The escrow price is \$1,525,000 or \$15.03/SF. This parcel is being purchased by the City of Newport for redevelopment purposes despite some of the buildings having contributory value. By comparison with the subject parcel, Item 5 is similar in property rights, locational attributes, traffic flow, access, and utility availability. No adjustments are needed for financing, conditions of sale, time of sale, zoning, or parcel size. Downward adjustments are necessary for Item 5's superior terrain, shape, offsite improvements, and having building improvements with contributory value. With no factors requiring upward adjustment, Item 5 suggests that the subject's land value is less than \$15.03/SF.

**Item 6** is the current listing of a 6.05-acre I-1 zoned property located on the west side of Avery Street and the east side of Highway 101 in north Newport. The asking price is \$700,000 or \$2.66/SF. By comparison with the subject parcel, Item 6 is similar in property rights and utilities, with no adjustments needed for conditions of sale, terrain, zoning, or parcel size. Downward adjustments are necessary for Item 6's listing status and its superior shape. Conversely, upward adjustments are warranted for Item 6's inferior locational attributes, traffic flow, access, and offsite improvements. With the upward adjustments outweighing the downward adjustments, Item 6 suggests that the subject's land value is much greater than \$2.66/SF.

**Item 7** is the current listing of a 3.22-acre P-I zoned parcel located at the northwest corner of East Devils Lake Road and Oar Avenue in Lincoln City across from the Tanger Factory Outlet center. The asking price is \$1,332,498 or \$9.50/SF. By comparison with the subject's parcel, Item 7 is similar in property rights, utility availability, parcel size, and offsite improvements. No adjustments are needed for conditions of sale or zoning. Downward adjustments are necessary for Item 7's listing status as well as its superior terrain and shape. Upward adjustments are warranted for Item 7's inferior locational attributes, traffic flow, access, and the cost to demolish the existing improvements. The upward adjustments outweigh the downward adjustments. As such, Item 7 suggests that the subject's land value is greater than \$9.50/SF.

**Item 8** is the current listing of a 2.67-acre I-1 zoned parcel located at the northeast corner of Highway 101 and 40<sup>th</sup> Street in the subject's neighborhood. The asking price is \$1,900,000 or \$16.33/SF. By comparison with the subject parcel, Item 8 is similar in property rights, locational attributes, utility availability, and offsite improvements. No adjustments are needed for conditions of sale, traffic flow, access, zoning, or the parcel size differential. Downward adjustments are necessary for Item 8's listing status as well as its superior terrain and shape. With no factors warranting upward adjustment, Item 8 suggests that the subject's land value is less than \$16.33/SF.

The land value of the 3.42-acre subject parcel is estimated after considering the market data assembled for this analysis, the adjustments identified in the preceding discussion, the characteristics of this parcel, and current market conditions.

## **VALUATION OF LARGER PARCEL – LAND (Cont.)**

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The market data indicates unadjusted prices between a relatively wide range of \$2.14 to \$24.34/SF. After considering differences between these comparables and the subject parcel, Comparables 1, 6, and 7 suggest a land value greater than \$2.14 to \$9.50/SF while the remaining comparables suggest a land value less than \$15.03 to \$24.34/SF.

Based on the preceding analysis, the parcel's attributes, and current market conditions, the land value of the 3.42-acre subject parcel is estimated to be \$14.00/SF.

Please note that the client requests the value of the larger parcel be presented on a \$/SF basis rather than estimating the total land value for the larger parcel.

## VALUATION OF ACQUISITIONS & VACATIONS

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As stated earlier in this appraisal report, the City of Newport wishes to acquire road right of way and utility easements to better serve the proposed OMSI Coastal Discovery Center on the nearby property west of the subject. The existing road network is insufficient to serve the OMSI property as proposed. In addition, the City intends to vacate the segment of Anchor Way which lies west of the existing signalized intersection with Highway 101. ODOT intends to develop a new signalized intersection one block south at 35<sup>th</sup> Street and the signalized intersection at Anchor Way will be removed. With regard to the subject property, the City wishes to acquire one fee taking and one permanent public utility easement. In addition, Anchor Way will be vacated adjacent to the subject property, with a portion of the vacated right of way entitled to the adjacent Investors XII property subsequently transferred to the subject property.

The Proposed Subdivision Plat on the following page highlights the various acquisitions and vacations involving the Murry property. Photographs of the fee taking, easement, and vacation areas are located just prior to the Property Description section of this appraisal report. As cited earlier in this report, the City intends to acquire the fee taking and utility easement under a willing-seller scenario and not under the threat of condemnation using the City's right of eminent domain. It is noted that a portion of the Anchor Way road vacation is currently covered with asphalt-paved roadbed; however, the City has instructed the appraiser not to include any contributory value pertaining to the existing roadbed in the valuation of the road vacation.

The fee taking is situated along the subject's south property line, measures 8,722 SF, and has a consistent 20-foot width. This fee taking will be assembled with the adjacent 35<sup>th</sup> Street right of way and developed with the 35<sup>th</sup> Street extension. Within the boundaries of the fee taking are asphalt paving, concrete parking bumpers, a display sign, gravel surfacing, and some grass & old segment of fencing.

The public utility easement has a nearly triangular shape, totals 247 SF, and will be used for drainage purposes. The easement area is currently covered with gravel.

The Anchor Way road vacation anticipated to be transferred to the Murry property totals 18,580 SF. This road vacation has an irregular shape with a portion including some of the existing asphalt-paved roadbed. In addition to this vacation, the City indicates that 1,356 SF portion of the road vacation entitled to the adjacent Investors XII LLC property to the west will subsequently be transferred to the Murry property. This re-conveyance is noted on the Subdivision Plat, but the boundaries of the re-conveyed area are not delineated on the plat.



## **VALUATION OF ACQUISITIONS & VACATIONS (Cont.)**

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### ***Value of the Land within the Fee Takings***

For the acquisition involving a fee taking, the unit value of the larger parcel (land only) before the taking is applied to the area taken in fee in order to derive compensation for the fee taking of land.

As cited earlier in this appraisal report, the size of the fee taking is preliminary and may be revised. As such, the City requests that the value of the fee taking be estimated and presented on a \$/SF basis rather than calculating the total value of the fee taking segment.

The subject's land value before the fee taking was estimated using the Sales Comparison Approach. The value of the subject's land is estimated to be \$14/SF. As the fee taking requires conveyance of the entire ownership rights of land within the fee taking area, compensation for the fee taking is equivalent to the fee value of the land. As such, the land value of the fee taking is \$14/SF.

### ***Value of the Land within the Permanent Public Utility Easement***

The City wishes to acquire a 247 SF permanent public utility easement which will be used for drainage purposes including a storm drain manhole. This easement abuts the fee taking. This permanent utility easement will allow the property owner to utilize the land area for continued site improvements and will not impair the ability to drive over the easement area.

In estimating the value of a permanent easement, consideration is given to the restrictions on use imposed on the encumbered land as a result of the easement. For most permanent easements, the property owner is allowed to place certain site and landscaping improvements within the easement's boundaries, yet no structures are allowed. This restriction allows the municipality or a utility provider quick access to the utility infrastructure in case of repair. Overall, the property owner retains surface-use rights of the easement area.

It is noted that the permanent easement does not hinder access to or through the larger parcel. Furthermore, this easement does not adversely impact the parcel's marketability or development potential. Adequate area outside the easement area remains available for the subject's highest & best use.

The appraiser reviewed easement acquisitions from numerous parties during the past few years. Easement acquisitions were specifically reviewed involving various coastal and Willamette Valley municipalities, counties, as well as the Oregon Department of Transportation. For easements with minimal limitations of use, prices paid have ranged between 20 and 30 percent of the fee value of the larger parcel (on a per square foot basis). Please note that this range represents new easements acquired over land with no existing easement encumbrances. For easements that impair a parcel's development potential, a higher rate exceeding 50 percent is typical. For those easements that restrict the property owner from all surface use of the easement area, the easement acquisition was 100 percent of the fee value.

## **VALUATION OF ACQUISITIONS & VACATIONS (Cont.)**

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In consideration of the attributes of the permanent public utility easement, the value of the acquired permanent easement is estimated to be 30 percent of the fee simple value of the land within the larger parcel. As previously stated, the land value of the larger parcel was estimated to be \$14.00/SF. Applying a 30 percent rate to the \$14.00/SF fee land value results in a \$4.20/SF loss in value for the land within the permanent public utility easement. This \$4.20/SF figure is representative of the land value of the permanent public utility easement.

The City requests that the total value of the permanent easement be estimated for this appraisal assignment rather than merely citing the easement's value on a \$/SF basis. Applying the \$4.20/SF unit value of the easement to the 247 SF of permanent public utility easement area results in a \$1,037 land value for the permanent utility easement.

### ***Value of the Land within the Anchor Way Road Vacation***

The City intends to vacate Anchor Way west of its intersection with Highway 101. As shown on the Proposed Subdivision Plat, 18,580 SF of this vacated roadway is to be assembled into the Murry property. In addition, 1,356 SF of road vacation entitled to the adjacent Investors XII LLC property to the west will be transferred to the Murry property.

The City indicates that the Anchor Way roadway is within the I-1 (Light Industrial) zone. The adjacent Investors XII LLC property is zoned C-1 (Retail and Service Commercial) zone. As previously stated, the I-1 zone allows light industrial uses as well as an array of commercial uses that are appropriate for a commercial corridor. When assembled with an adjacent property, the vacated roadway will enjoy the same unit value as the property to which it is assembled. Typically, road vacations are valued based on their "Across the Fence" value as if assembled with the adjacent property. This methodology is also utilized for railroad corridor properties or abandoned railroad segments.

If the City were to abandon the roadway and not assemble the property with the abutting property(s), then the resulting vacated parcel would typically lack the site dimensions required under City & County criteria for a new tax lot, or have severe marketability and development issues as a stand-alone parcel. As such, vacated roadway segments are typically assembled with the adjacent parcel(s).

It is noted that the Anchor Way road vacation still allows the property owner(s) to access the highway, but on a more limited basis (right-in/right-out only). The roadway is not being encumbered with access easements benefiting other properties south of the subject or additional public utility easements. Existing utility easements will remain in place. As assembled, the vacated area increases the adjoining property's land size and provides the property owner with the ability to utilize the vacated area in a similar manner as is available for the balance of the property.

Please note that the sizes of the road vacation are preliminary and may be revised. Due to this factor, the City requests that the value of the road vacation be estimated on a \$/SF basis rather than calculating the total value of the road vacation.

## VALUATION OF ACQUISITIONS & VACATIONS (Cont.)

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Based on the preceding analysis, the Anchor Way vacation area that will be assembled with the Murry property has a land value of \$14.00/SF, commensurate with the land value of the Murry property.

At the client's direction, the appraiser has also prepared a separate appraisal report of the adjacent Investors XII LLC property. As with the subject, various fee takings and easements are being acquired from the Investors XII LLC property, as well as a similar road vacation along Anchor Way. The land value of the Investors XII LLC property was estimated to be \$12.00/SF. Differences in size, access, and other attributes result in a different land value estimate for the Investors XII LLC property than the Murry property. The City indicates that 1,356 SF of road vacation entitled to the Investors XII LLC property will be transferred to the Murry property. The value of this 1,356 SF of vacation area being transferred from Investors XII LLC to Murry is \$12.00/SF, commensurate with the land value of the Investors XII LLC property.

### ***Value of the Improvements within the Acquisition & Vacation Areas***

With regard to the asphalt paving within the Anchor Way road vacation, the City has instructed the appraiser not to include any contributory value pertaining to the existing roadbed in the valuation of the road vacation. Within the fee taking and easement area are various site improvements including asphalt paving, concrete parking bumpers, gravel surfaces, a display sign, grass, and a segment of old fence. The grass & old fence are in poor condition, located in the southwest corner of the parcel, and have no contributory value. The other affected site improvements are considered to contribute value to the subject's highest and best use. As such, these affected improvements require compensation for this appraisal assignment.

The compensable value of the improvements within the acquisition area must be based on their depreciated value rather than on their replacement cost new. With regard to the asphalt paving and concrete bumpers, they are in relatively good condition and are considered to suffer only 10 percent depreciation. The gravel surfacing has blended in with the underlying soil base and has accrued depreciation of 50 percent. With regard to the display sign, the sign is in below-average condition and suffers depreciation of 40 percent. The contributory value of the compensable improvements within the acquisition area is as follows:

|   |            |            |
|---|------------|------------|
| Asphalt Paving (1,170 SF x \$1.85/SF)         | \$2,165    |            |
| Concrete Bumpers (6 Bumpers x \$30/Bumper)    | <u>180</u> |            |
| Subtotal                                      | \$2,345    |            |
| Less Accrued Depreciation @ 10%               | <u>235</u> | \$2,110    |
| <br>  |            |            |
| Gravel Surface (3,797 SF x \$0.50/SF)         | \$1,899    |            |
| Less Accrued Depreciation @ 50%               | <u>950</u> | 949        |
| <br>  |            |            |
| Display Sign                                  | \$1,560    |            |
| Less Accrued Depreciation @ 40%               | <u>624</u> | <u>936</u> |
| <br>  |            |            |
| Value of Improvements within Acquisition Area |            | \$3,995    |

## VALUATION OF ACQUISITIONS & VACATIONS (Cont.)

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Please note that some of the asphalt-paved display lot currently encroaches within the existing Highway 101 right of way. These encroaching improvements are not included in the Just Compensation estimate as they are not situated within the subject's legal boundaries.

### ***Compensable Damages and Special Benefits***

The larger parcel's size before the acquisitions & vacations is 3.42 acres. This parcel size is reduced to 3.22 acres after the loss of the fee taking, but is increased to 3.68 acres after the assemblage of the Anchor Way road vacation (including portion transferred from Investors XII property). The remainder parcel's size, shape, and other attributes do not change the parcel's highest & best use, marketability, or unit value relative to the larger parcel before the taking. While the road vacation eliminates one public road frontage serving the property, the area within the road vacation can still be used to access the property from Highway 101.

Given the preceding factors, the subject does not incur compensable damages as a result of the acquisitions, nor are any special benefits derived which enhance the value of the remainder property.

### ***Final Value Estimates***

As previously stated, the City requests certain value estimates be presented on a \$/SF basis while the permanent public utility easement and the contributory value of the affected site improvements are presented on a lump sum basis. The value estimates calculated in this appraisal report are summaries as follows.

| <b>Value Component</b>   | <b>Value Estimate</b>                  |
|--|--|
| <b>Larger Parcel</b><br><i>3.42 Acres in three tax lots</i>  | <b>\$14.00/SF</b>                      |
| <b>Fee Taking for 35<sup>th</sup> Street Extension</b><br><i>8,722 SF</i>  | <b>\$14.00/SF</b>                      |
| <b>Permanent Public Utility Easement</b><br><i>247 SF near south boundary</i>                                    | <b>\$1,037</b><br>(\$4.20/SF x 247 SF) |
| <b>Anchor Way Road Vacation</b><br><i>18,580 SF along west boundary</i>  | <b>\$14.00/SF</b>                      |
| <b>Road Vacation to be Conveyed to Murry Property from Adjacent Investors XII Property</b><br><i>1,356 SF</i>    | <b>\$12.00/SF</b>                      |
| <b>Contributory Value of Affected Site Improvements</b><br><i>Asphalt, Parking Bumpers, Gravel, Display Sign</i> | <b>\$3,995</b>                         |

◆ **William E. Adams, MAI** ◆  
Real Estate Appraisal & Consultation  
1809 Sunburst Terrace NW  
Salem, OR 97304  
Tel: (503) 585-6656  
Fax: (503) 585-6444  
Email: [1billadams@comcast.net](mailto:1billadams@comcast.net)

July 16, 2014

Richard G. Murry  
13398 E. Alsea Highway  
Tidewater, OR 97390

RE: Appraisal Assignment for South Beach Project in Newport

Greetings:

I have been hired by the City of Newport to prepare a real estate appraisal of your property located between Anchor Way and Highway 101 in Newport's South Beach Area. The City will be abandoning certain road right of way as well as acquiring new right of way and permanent easements. These acquisitions/abandonments are deemed necessary by Newport's Urban Renewal Agency to facility OMSI's Youth Camp proposed west of Abalone Street as well as develop/improve other roadways in this vicinity. I understand the City has already contacted you regarding this project. My contact at the City is Mr. Derrick Tokos (Community Development Director). His phone number is (541) 574-0626.

In order to prepare my appraisal, I need to conduct a property inspection. I would like to coordinate with you (or your property representative) an appropriate time for the inspection. I would welcome the opportunity to discuss the property with you (or your designated representative), including any sales activity you would like me to be aware, or any questions you have regarding my assignment. The acquisition/abandonment areas have already been staked and I hope to conduct my inspections in the next few weeks.

Please contact me at your earliest convenience in order to set an inspection time. If you choose not to accompany me on an inspection, I would appreciate a letter, email, or a phone call so that I may proceed with the assignment. You are welcome to submit any information that you wish to have considered for this appraisal assignment.

Sincerely,



William E. Adams, MAI, MRICS

**PHOTOGRAPHS OF COMPARABLES**



Land Sale 1. (A4-380)



Land Sale 2. (A7-684)

**PHOTOGRAPHS OF COMPARABLES**



Land Sale 3. (A7-686)



Land Sale 4. (A7-691)

**PHOTOGRAPHS OF COMPARABLES**



Land Sale 5. (A7-683)



Land Sale 6. (A4-342)

**PHOTOGRAPHS OF COMPARABLES**



Land Sale 7. (A7-690)



Land Sale 8. (A4-345)

## QUALIFICATIONS

---

### **William E. Adams, MAI**

1809 Sunburst Terrace NW

Salem, OR 97304

Telephone (503) 585-6656

Fax (503) 585-6444

Email: 1billadams@comcast.net

### **ASSOCIATION**

Appraisal career commenced in 1984. The appraisal offices of William E. Adams, MAI opened in Salem, Oregon in August 1999. Between May 1995 and August 1999, William E. Adams, MAI was associated with the commercial real estate appraisal firm of Herrmann & Company in Salem, Oregon. Prior to May 1995, William E. Adams, MAI was a partner with the appraisal firm of Adams, Bambas & Willmette in Stockton, California.

### **PROFESSIONAL AFFILIATIONS**

Member of the Appraisal Institute - Designated MAI (No. 9396)

Member of the Royal Institution of Chartered Surveyors – Designated MRICS (No. 1289469)

Member of the Oregon Society of Farm Managers and Rural Appraisers

State of Oregon - Certified General Appraiser No. C000495

### **EDUCATION**

Willamette University, Salem, Oregon; Bachelor's Degree majoring in Economics and Psychology, 1983.

Appraisal Institute: All required courses for MAI designation, and continuing education requirements have been met.

### **EXPERIENCE**

Clients include many individual property owners and corporations; various agencies of the United States of America; the State of Oregon; the State of California; several counties and cities in Oregon and central California; public utilities; banks and other lending institutions; insurance companies; attorneys and accountants; school districts; and assessment districts.

Assignments were for private purchases and sales; loan and public financing; damage loss; trades; ad valorem and inheritance taxation matters; bankruptcy proceedings; and public acquisitions through condemnation.

Aside from typical commercial, industrial and residential properties, assignments include residential subdivisions and PUDs; master planned communities; mortuaries; auto dealerships; athletic clubs; general and factory outlet retail centers; professional and medical offices; marinas; urban transition property; agricultural and rural property; proposed industrial and business parks; bond districts; school and park sites; surface mines; sanitary landfills (Class II and III); property slated for right of way acquisition; contaminated lands; environmentally sensitive lands; industrial manufacturing and warehousing facilities; forest and governmental land; and other issue or special use property.

**APPRAISAL REPORT**

OMSI Property  
Located In South Beach Area  
Newport, Oregon

**VALUATION DATE**

July 25, 2014

**PREPARED FOR**

Mr. Derrick Tokos  
Community Development Director  
City of Newport

**PREPARED BY**

William E. Adams, MAI, MRICS  
1809 Sunburst Terrace NW  
Salem, Oregon 97304

File No.: 140702a

◆ **William E. Adams, MAI** ◆  
Real Estate Appraisal & Consultation  
1809 Sunburst Terrace NW  
Salem, OR 97304  
Tel: (503) 585-6656  
Fax: (503) 585-6444

August 11, 2014

Mr. Derrick Tokos  
Community Development Director  
City of Newport  
169 SW Coast Highway  
Newport, OR 97365

RE: Appraisal Assignment --- Value Estimates involving OMSI Property  
Located in South Beach area, Newport

Dear Mr. Tokos:

At your request, I have prepared a real estate appraisal estimating market value estimates for various acquisitions and vacations within or adjacent to the above-referenced property in the South Beach area of Newport. Specifically, the City wishes to acquire two fee takings, one permanent utility easement, and one conservation easement from the property. In addition, segments of dedicated road right of way will be vacated by the City and assembled into the OMSI property. OMSI owns 17 tax lots in this vicinity that are included in this appraisal report. Collectively, these 17 lots total 16.40 acres. By mutual agreement with the client, the larger parcel is valued assuming completion of the road vacations. Currently, the 17 lots are bisected by multiple road right of ways. Including the road vacations in the parcel size of the larger parcel will aid in the valuation process. Inclusive of the road vacations, the larger parcel totals 19.75 acres. The entire property is zoned R-4 (High Density Multi-Family Residential) and is currently undeveloped.

The valuation date for this appraisal assignment is July 25, 2014, coinciding with the property's inspection date. The interest appraised is the fee simple estate. The intended use of this appraisal is to assist the client (City of Newport) in acquiring the fee takings & easements, as well as vacating various road rights of way. Please note that the City intends to acquire the fee takings & easements under a willing-seller scenario and not under the threat of condemnation using the City's right of eminent domain. The intended users of this report consist of the client, the property owner, and associated parties related to the proposed acquisitions. The use of this appraisal by anyone other than the stated intended users, or for any use than the stated intended use, is prohibited.

This report is prepared in compliance with the current Uniform Standards of Professional Appraisal Practice (USPAP), as formulated by The Appraisal Foundation; the Standards of Professional Appraisal Practice and the Code of Professional Ethics of the Appraisal Institute; and the valuation standards of the Royal Institution of Chartered Surveyors.

The appraisal report is prepared in accordance with USPAP Standards Rule 2-2(a). The scope of work utilized for this assignment is considered typical for this property type, the proposed transaction, and the intended use.

The Preliminary Subdivision Plat provided by the City shows the location and boundaries of the fee takings, the permanent utility easement, the conservation easement, and the areas proposed for road vacation. The property currently contains no building or site improvements with contributory value. The fee takings are necessary for the extensions of 30<sup>th</sup> & Abalone Streets and total 31,667 SF. The permanent utility easement is located along 33<sup>rd</sup> and Brant Streets, has a 28-foot width, and totals 14,252 SF. The conservation easement is located at the northwest corner of the property in proximity to a gully and totals 1.72 acres (74,983 SF). This size estimate is net of the road vacations within the conservation easement area. This easement is intended to be integrated into the City's existing conservation easement directly north and the combined easement area will be utilized for passive recreation, foot trails, and wildlife observation. No structures will be allowed within the conservation easement's boundaries. As shown on the Subdivision Plat, a network of vacated and dedicated road right of way extends through or abuts segments of the OMSI ownership. The City intends to vacate 145,845 SF (3.35 acres) in the south and west portion of the property along Brant, 31<sup>st</sup>, 32<sup>nd</sup>, 33<sup>rd</sup>, Coho, and Abalone Streets.

The subject property is undeveloped land suitable for development in accordance with Newport's R-4 zoning criteria. As such, only the subject's land is valued for this appraisal assignment. The values associated with the fee takings, permanent easements, and road vacations are estimated using the appropriate valuation methodology but subject to the client's instructions under this willing-seller scenario. The client indicates that the sizes cited in the Preliminary Subdivision Plat may be revised. As such, the client requests that the values of the larger parcel, the fee takings, and the road vacation be presented on a \$/SF basis while the values of the permanent utility easement and conservation easement are presented lump sum.

The appraiser has sufficient education and experience in valuing similar properties to satisfy the competency provision of the Uniform Standards. The reported values are not based on requested values and the appraiser was acting independently of the client during the course of this assignment.

Reference to the Assumptions and Limiting Conditions section of the attached report is recommended for a complete understanding of the basis on which the value of the subject property and the various acquisitions/vacations are predicated. This assignment does not utilize any extraordinary assumptions (as defined by USPAP); however, one hypothetical condition is employed.

*This hypothetical condition assumes that the larger parcel includes the land area to be vacated by the City and is employed to simplify the appraisal process. Absent this hypothetical condition, the OMSI parcel contains a number of non-adjacent segments. This hypothetical condition is utilized by mutual agreement with the client.*

After considering all of the data assembled for this appraisal assignment, the value estimates pertaining to the fee takings, permanent utility easement, conservation easement, and the road vacationd as of the July 25, 2014 valuation date are estimated to be:

| <b>Value Component</b>  | <b>Value Estimate</b> |
|---|-----------------------|
| <b>Larger Parcel</b><br><i>19.75 Acres inclusive of assumed road vacations</i>    | <b>\$3.25/SF</b>      |
| <b>Fee Takings</b><br><i>Two fee takings totaling 31,667 SF (18,514 + 13,153)</i> | <b>\$3.25/SF</b>      |
| <b>Permanent Public Utility Easement</b><br><i>14,252 SF near south boundary</i>  | <b>\$13,967</b>       |
| <b>Road Vacations</b><br><i>145,845 SF in three segments</i>                      | <b>\$3.25/SF</b>      |
| <b>Conservation Easement</b><br><i>74,983 SF net of road vacation</i>             | <b>\$121,847</b>      |

The reasoning and analysis leading to these conclusions are discussed in the following appraisal report.

Sincerely,

William E. Adams, MAI, MRICS

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### **ADDENDA**

Owner Notification Letter  
Photographs of the Comparable Market Data  
Conservation Easement Document  
Professional Qualifications

## SCOPE OF THE APPRAISAL

The Oregon Museum of Science and Industry (OMSI) intends to develop the Coastal Discovery Center on their land located in the South Beach area of Newport. Currently, the road network within and serving the OMSI property and adjacent property is insufficient to serve the OMSI property as proposed. The City of Newport intends to vacate certain roadways in proximity to the OMSI property as well as acquire various fee takings & easements for new roadways and utility systems. In addition, ODOT intends to remove the signalized intersection at Anchor Way and Highway 101 and install a new signalized intersection at 35<sup>th</sup> Street and Highway 101 (one block south). The City of Newport intends to vacate the segment of Anchor Way which lies west of the existing signalized intersection and acquire new right of way for the 35<sup>th</sup> Street extension that will travel west of the Highway 101 signalized intersection and connect with Abalone Street. This appraisal assignment estimates values for the acquisition of the fee takings, a permanent utility easement, and a conservation easement from the undeveloped residential-zoned land owned by OMSI. In addition, the assignment estimates the value of the road vacations being conveyed to OMSI by the City of Newport. This appraisal assignment involved the following scope of work.

- A physical inspection of the subject was performed by William E. Adams, MAI on July 25, 2014, with this date setting the valuation date for the appraisal assignment. Ms. Jamie Hurd (property owner representative) contacted the appraiser via telephone on July 29, 2014, at which time the appraisal assignment was discussed.
- A search of all available resources was made to identify market trends, comparable sales data, and other significant factors affecting the subject's value estimates.
- Market data were verified, photographed, and physically inspected. Market data was confirmed by a party to the transaction and supplemented by information obtained from the local multiple listing service (MLS), deeds, county records, or other informed parties.
- The subject's highest & best use was determined.
- The subject's larger parcel (land only) is valued using the Sales Comparison Approach. This approach is also used to estimate the various value components being acquired or vacated. This appraisal report is prepared in accordance with USPAP Standard 2-2(a). One hypothetical condition is employed for this appraisal assignment.
- Interviews were conducted with persons considered informed regarding the subject property and similar properties, including real estate professionals, property owners, and various departments of the City of Newport, Lincoln County, and the State of Oregon.

## DEFINITIONS

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**Market Value** is the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (a) *both the buyer and seller are typically motivated;*
- (b) *both parties are well informed or well advised, and both acting in what they consider their own best interest;*
- (c) *a reasonable time is allowed for exposure in the open market;*
- (d) *payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and*
- (e) *the price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.*<sup>1</sup>

**Fee Simple Estate** is absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.<sup>2</sup>

**Value As Is** is the value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions regarding hypothetical market conditions or possible rezoning.<sup>3</sup>

**Highest and Best Use** is defined as “the reasonably probable and legal use of vacant land or an improved property which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financially feasible, and maximally productive”.<sup>4</sup>

**Marketing Period** is an estimate of the amount of time it might take to sell an interest in real property at its estimated market value during the period immediately after the effective date of the appraisal; the anticipated time required to expose the property to a pool of prospective purchasers and to allow appropriate time for negotiation, the exercise of due diligence, and the consummation of a sale at a price supportable by concurrent market conditions. Marketing period differs from **exposure period**, which is always presumed to precede the effective date of the appraisal.<sup>5</sup>

Based on the market conditions, market data and the subject’s attributes discussed in this appraisal report, a marketing time not to exceed one year is considered reasonable for the subject property. Similarly, the subject’s exposure period is estimated to not exceed one year. These time estimates presume that the subject property is aggressively marketed at the appraised value through normal marketing channels appropriate for the property type.

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1 Uniform Standards of Professional Appraisal Practice, 2014, The Appraisal Foundation.

2 The Dictionary of Real Estate Appraisal, Fifth Edition, 2010, the Appraisal Institute, p.78.

3 *Ibid.*, p. 206

4 *Ibid.*, p. 93

5 *Ibid.*, p. 121

## ASSUMPTIONS AND LIMITING CONDITIONS

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### ***General Assumptions and Limiting Conditions***

1. The report and all matters contained within are prepared on behalf of the addressee only. No responsibility is assumed for its possession, use or reliance on either factual data or conclusions by anyone other than the addressee. It is intended for use only for the purpose stated herein, and only in its entirety.
2. No opinion as to title is rendered. The estimated values are based on the assumption that the property is free of liens such as mortgages, deeds of trust, and judgments, and is not burdened by any other encumbrances including easement restrictions, special assessments, bonds, leases or other similar matters, except those specifically noted in the report.
3. The sketches and maps in the report are prepared to aid the reader in visualizing the property, and are based on field investigations conducted for this assignment. Dimensions and descriptions are based on public records, the property inspection, and information furnished by others, and are not meant to be used as references in matters of survey.
4. Information supplied by others and considered in the valuation is believed to be reliable, but no further responsibility is assumed for its accuracy.
5. No responsibility is assumed for matters which are legal in nature, including the validity or accuracy of the property's legal description.
6. The value of oil, gas and mineral rights, if any, was not considered in the value estimated in this appraisal assignment.
7. The appraisal report is prepared in accordance with USPAP Standard 2-2(a). Retained in the appraiser's bulk file are interview notes, maps and illustrations not included in the appraisal report, as well as third-party reports, area data and duplicative property, market and cost data that may or may not have been used for the development of the value conclusion.
8. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The descriptions and resulting comments presented in this report are the results of routine observations made during the appraisal process. The appraiser is not qualified to make any type of environmental judgment regarding the subject property. The value(s) estimated in this report are predicated on the assumption that there are no such materials in, on, or near the property that would cause a loss in value.
9. The estimates contained in this report are the opinions of the appraiser, based upon his independent interpretation of the data provided to or accumulated by him, and are not intended in any way to constitute a guarantee of value.

## **ASSUMPTIONS AND LIMITING CONDITIONS (Cont.)**

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10. No encroachment of real property improvements is assumed to exist.

11. The appraiser disclaims responsibility for the ability or inability of the present owner, or any future purchaser or lessee, to obtain the permits, licenses, environmental impact studies, or other approvals necessary for the successful operation of the property for its highest and best use, or to the use contemplated by any owner, purchaser or lessee. The appraiser disclaims responsibility for, and renders no opinion on, conformity to specific governmental requirements, such as fire, building and safety, earthquake or occupancy codes, which conformity cannot be assumed without provision of specific professional or governmental inspection.

12. Those who use this report are cautioned that any forecasts shown herein are intended to illustrate the attitudes and projections of those persons and entities comprising the real estate market at the date of valuation. Such attitudes and projections change from time to time consistent with changes in the real estate market, supply and demand, investor attitudes, and general economic conditions. However, the projections shown are thought to approximate investor attitudes and current trends and conditions at the date of valuation. Inasmuch, however, as the projections are based upon assumptions and estimates of future events, no opinion is offered or expressed on the achievability of the projections and estimates.

13. Testimony or participation in any litigation or arbitration by reason of this appraisal shall not be required unless arrangements have previously been made.

14. The Americans with Disabilities Act (ADA) became effective February 26, 1992. The appraiser has not made a specific survey or analysis of the subject property to determine whether or not the physical aspects of the improvements (if any) meet the ADA accessibility guidelines.

15. This appraisal assumes competent management and/or ownership of the subject property.

### ***Hypothetical Conditions and Extraordinary Assumptions***

This assignment does not utilize any extraordinary assumptions (as defined by USPAP); however, one hypothetical condition is employed.

*This hypothetical condition assumes that the larger parcel includes the land area to be vacated by the City and is employed to simplify the appraisal process. Absent this hypothetical condition, the OMSI parcel contains a number of non-adjacent segments. This hypothetical condition is utilized by mutual agreement with the client.*

## APPRAISER'S CERTIFICATION

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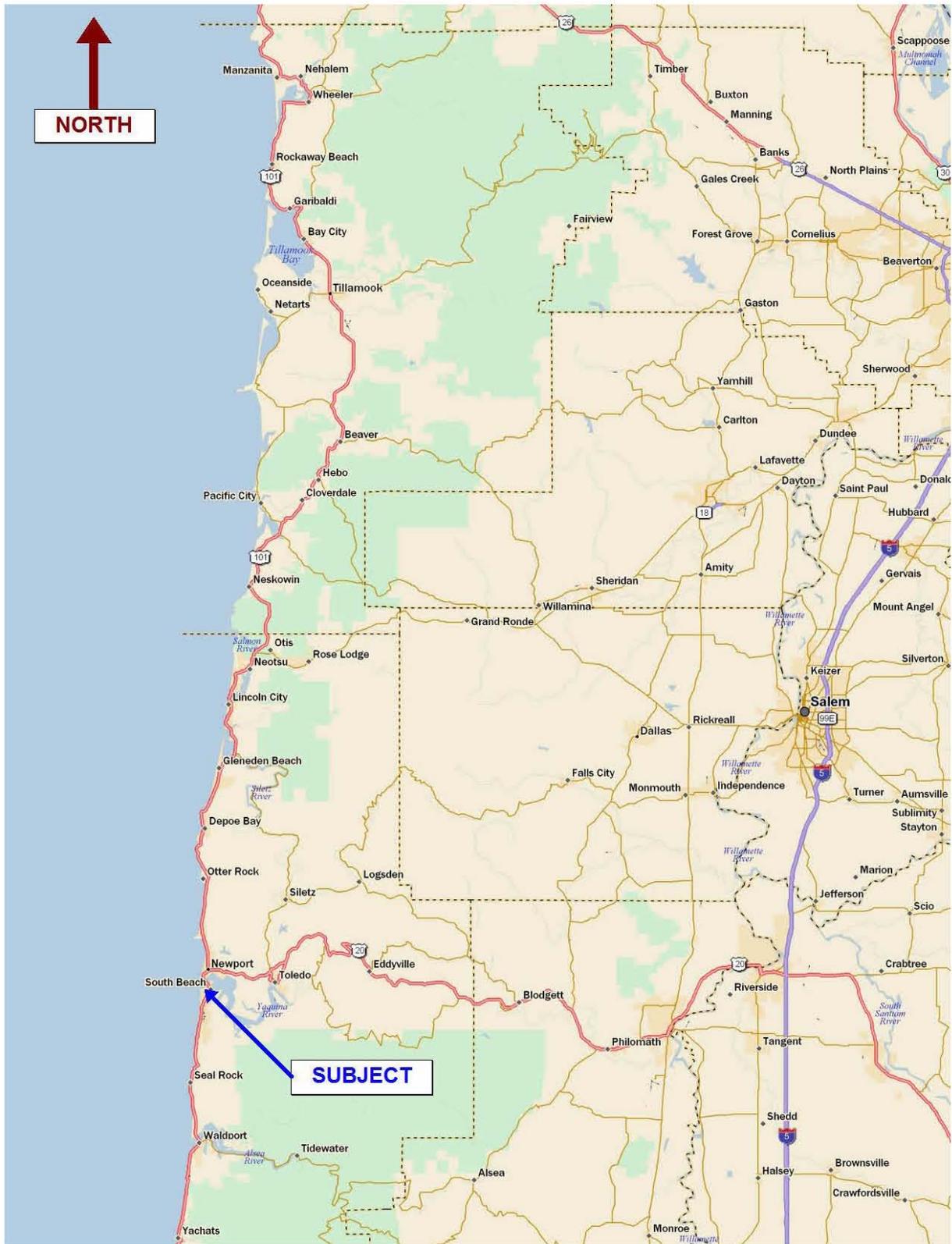
I do hereby certify that, except as otherwise noted in this appraisal report:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results. Future employment is not dependent upon reporting a specified value. Neither employment nor compensation are dependent upon the approval of a loan application.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Appraisal Institute's Code of Professional Ethics and the Standards of Professional Practice; the Appraisal Foundation's Uniform Standards of Professional Appraisal Practice ("USPAP"); and the valuation standards of the Royal Institution of Chartered Surveyors.
8. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
9. As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.
10. I made a personal inspection of the property that is the subject of this report as well as the market data utilized in the analysis.
11. No one other than the undersigned provided assistance in preparing this appraisal report.
12. I do not authorize the out-of-context quoting from or partial reprinting of this appraisal report. Further, neither all nor any part of this appraisal report shall be disseminated to the general public by the use of media for public communication without prior written consent of William E. Adams, MAI.
13. I have acquired through study and practice the necessary knowledge and experience to complete this assignment competently.
14. I have not performed a prior appraisal or other service involving this subject property during the past three years.

---

William E. Adams, MAI, MRICS  
*Oregon General Appraisal Certificate C00495*  
*Expires 11-30-2014*

# AREA AND NEIGHBORHOOD ANALYSIS



## LOCATION MAP

## **AREA AND NEIGHBORHOOD ANALYSIS (Cont.)**

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### ***Area Analysis***

The subject property is situated in the Newport city limits within Lincoln County. The subject is specifically located in the Newport's South Beach area in proximity to commercial, industrial, and mixed-density residential uses.

Lincoln County extends along 55 miles of the Central Oregon Coast from Cascade Head on the north to Cape Perpetua on the south. The County extends inland between 14 and 24 miles. The City of Newport is situated at the midpoint of Lincoln County's coastline and includes the entry to Yaquina Bay and the Yaquina River. Newport is also the county seat of Lincoln County and the largest city in the County. Lincoln City is the county's second largest city, being located approximately 24 miles north of Newport and approximately 60 miles west of Salem. Lincoln City includes the entry to the Siletz Bay and Siletz River. The City of Waldport is located approximately 14 miles south of Newport and contains the entry to the Alsea Bay and Alsea River. Newport, Lincoln City, and Waldport are the three largest communities along Lincoln County's coastline.

The area's climate is predominantly influenced by the Pacific Ocean. This coastal marine climate produces high precipitation in excess of 60 inches annually, with only minimal freezing or snow accumulation. Soil conditions are generally stable and conducive to development along the coastal plain, but are less stable in portions of the Coastal Range and the County's interior. Agricultural production is evident in bottom lands located along several rivers.

Lincoln County's 2013 population was estimated to be 46,560 residents, which reveals a slight increase of 0.6% from 2012. Newport's 2013 population was 10,160 residents, revealing a 1.0% increase from its 10,150 population in 2012. Lincoln City revealed a population of 8,020 residents during 2013, which is only up a nominal 0.7% from 2012. Waldport's 2013 population of 2,050 was up 0.5% from 2012. It is noted that 2014 population figures have not yet been released. During the past few years, many coastal communities have witness initial population declines and more recently nominal population increases. No significant population growth has occurred. The lack of population growth in this coastal region is attributed to a slow rebound from the recent recession, a decline in tourism, and limited employment opportunities.

Aside from incorporated cities, Lincoln County boasts a number of unincorporated towns, including a significant number along Highway 101 and the coastline. Most of these towns include tourist-oriented businesses; however, some are also witnessing growth in residential and rural residential developments. The County's population within unincorporated areas remains the largest population segment in the County; however, the population in unincorporated areas has also declined in recent years.

Historically, Lincoln County has been recognized as a regional destination tourist and recreation area. The coastline offers scenic beauty; a variety of recreational opportunities including ocean fishing, whale watching, fishing along the river systems and inland lakes; and camping, hiking, & hunting opportunities inland along the Coastal Range. Developed tourist attractions include many golf courses, the Tanger Outlet Center in Lincoln City, the Chinook Winds Casino and Convention Center (Lincoln City), the Oregon Coast Aquarium (Newport), and the OSU Hatfield Marine Sciences Center (Newport).

## **AREA AND NEIGHBORHOOD ANALYSIS (Cont.)**

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Numerous parks, waysides, and campgrounds are managed by Lincoln County, the State of Oregon, and the U.S. Forest Service. Within Lincoln County, the State manages 9 Coastal Waysides and 15 State Parks in proximity to Highway 101. Of these State Parks, 11 are day-use only and the remaining 4 parks offer overnight camping.

The Coastal Mountain Range separates this coastal region from the Willamette Valley, yet the relatively short 1-2 hour drive time between the valley and the coast provides many opportunities for valley residents to maintain coastal vacation homes or enjoy weekend getaways. The scenic beauty of this region also attracts vacationers from across the country, with many travelers choosing to drive the majority of the Oregon Coastline along Highway 101 and provide tourist dollars to numerous coastal communities.

These recreation attractions have led to a significant in-migration of residents in recent decades, particularly retirees; and this in-migration has spurred the housing industry as well as development of commercial retail and commercial service uses necessary to provide goods and services to the expanding population base. Aside from retirees, another active market segment for housing in this Coastal area is second-home or seasonal home buyers.

Historically, the County's average household income showed modest growth and was influenced by the larger number of entry level jobs in the seasonal tourism and seafood processing industries. While a relatively large percentage of in-migration is retirees, demand for goods and services by this expanding population base bodes well for higher employment needs and increased household incomes in the services and professional sectors. While diversification is evident in employment, a large percent of local businesses and jobs in these coastal communities still rely on tourism.

Lincoln County and the Central Oregon Coast represent a diversified area with a heavy economic emphasis on tourism as well as a weakened but historical influence by commercial fishing and forest product industries. Much of the Coast Mountain range is managed for timber harvest, with trees being exported to mills in both the coast and valley regions. Due to recent international demand, an increase in timber exports to the Asian market is evident. As a result of its economic makeup, the region experiences higher unemployment rates and lower than average per capita incomes than those found in the metropolitan areas along the Willamette Valley/Interstate 5 corridor, approximately 60 miles east. To create additional diversity, Lincoln County has targeted forest products, software, and high technology industries as new growth industries for the region. In the near future, the area's economy will continue to be sensitive to any downturns in the state and national economies and their effect on tourism. However, the economic health of the area can be expected to grow at a moderate rate with additional diversification.

The largest manufacturing employer in Lincoln County is the Georgia Pacific pulp and paper mill in Toledo with approximately 500 workers. Other major employers include various school districts, the Confederated Tribes of the Siletz Indians, Samaritan Health Services, County Government, the Marine Science Center, Salishan Lodge & Resort, and Walmart.

The area's location with access to major highways and abundance of accommodations, stores, restaurants, and recreational opportunities makes the area desirable as a tourist destination. The region continues to be a tourist draw despite recent declines in tourism.

## **AREA AND NEIGHBORHOOD ANALYSIS (Cont.)**

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Despite the preceding factors, Lincoln County continues to witness housing demand by retirement age residents. The area's scenic beauty, mild climate, and availability of medical and social services make Lincoln County attractive to retirees. A high percentage of the population in these communities is over the age of 55 and many rely on fixed income sources such as pension funds and Social Security, and are not generally affected by economic cycles. As a result, their presence adds stability to the local economies.

Newport's economy is oriented to tourism and fishing, with numerous seafood plants located along the bayfront. While Newport's tourist base is increasing, the fishing industry is declining. NOAA opened its Pacific Fleet Marine Operations Center in Newport a few years ago. Recently, Newport was selected as the future site for the Pacific Marine Energy Center, a \$25-million wave energy research test site. Newport continues to encourage a more diversified economic base.

Lincoln City is heavily influenced by the tourist industry and lacks a harbor for commercial fishing enterprises. No timber or timber-related industries are located in Lincoln City. The highest employment sector in Lincoln City is retail trade. The Chinook Winds Casino and the Tanger Outlet Center are large tourist draws and employment providers.

Waldport's economy is heavily influenced by tourism and recreation. No timber-related industries are located in Waldport. While Waldport is home to Alsea Bay, no commercial fishing or processing industries are present. Generally, Waldport has a limited industrial base; although an increasing number of commercial service and light industrial businesses are locating in this community.

Highway 101 is the primary coastal highway along the Oregon Coast. At the north end of Lincoln City, Highway 101 extends in a northeasterly direction, eventually linking with Highways 18 and 22 serving the mid and upper Willamette Valley. Near Newport, Highway 20 extends eastward to the Willamette Valley in proximity to Corvallis. In Waldport, Highway 34 extends eastward to Corvallis. Aside from the highway network, Lincoln County includes rail service (freight) serving Yaquina Bay and nearby Toledo; the Newport Airport; and the Port of Newport. Small ports or harbors are located in Depoe Bay and Waldport. Lincoln City and Waldport each have a small airstrip.

Newport is expected to remain a stable community in the foreseeable future with anticipated growth in its residential and commercial base. Unless additional land is annexed for industrial use, Newport will not witness significant growth in its industrial base. Industrial growth is occurring, but at a modest pace.

Lincoln City is also expected to remain a stable community in the foreseeable future, with tourism maintaining its dominant presence but diversification into other industries anticipated. Both commercial and residential development have occurred in recent years; although the pace of growth in housing development has declined during the past few years.

Waldport is expected to witness some growth in the near future as the community expanded its sanitary sewer system and is now better able to accommodate new development. This sewer expansion project increased the land area eligible to utilize municipal services, including a large project extending from Highway 101 to the golf course.

## AREA AND NEIGHBORHOOD ANALYSIS (Cont.)

Waldport's sewer project encompasses several hundred acres that were purchased by a developer for a mixed-use planned unit development. However, declining market conditions have placed some of the land in this project in foreclosure.

New commercial development in Waldport is expected on a very limited basis with some demand for new businesses and commercial services likely as a result of the area's expanding population. The supply of new commercial development will be tempered by the relatively low inventory of available commercial land. The current inventory of improved commercial property is considered adequate in the near term, as vacancy of improved space is nominal. Waldport's industrial base is anticipated to continue its nominal growth.



### ***Neighborhood Analysis***

The subject property is situated in Newport's South Beach area which lies south of the Yaquina Bay bridge and along the Highway 101 corridor. Highway 101 is a commercial corridor for approximately one mile south of the bridge. Further south, Highway 101 transitions to a mixture of commercial and residential uses. Near the bridge, the subject's neighborhood includes marine-related businesses such as a marina and the new NOAA facility. Also in this vicinity are the OSU Hatfield Marine Science Center, the Oregon Coast Aquarium, and the Rogue Brewery. RV parks, light industrial uses, and retail/service uses catering to both tourists and marine businesses are present. Commercial uses front Highway 101 south of 32<sup>nd</sup> Street, with these uses including motels, restaurants, & automobile sales/services catering to the highway traveler as well a variety of commercial retail & service uses supporting the local population. Mixed-density residential uses adjoin the commercial corridor, with home quality ranging from below-average to good. Highway 101 is the main arterial serving this neighborhood, with multiple collector streets linking this arterial to the adjacent residential neighborhood.

## **AREA AND NEIGHBORHOOD ANALYSIS (Cont.)**

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The South Beach State Park encompasses significant beachfront south of the Yaquina Bay bridge. This park has developed access from Highway 101 and generally extends from the highway to the beach. However, the north portion of the park is situated west of developed property accessible from Abalone Street as well as from the OMSI parcel.

While some vacant land inventory is present in this neighborhood, few parcels are currently being marketed for sale. The City of Newport is in the process of acquiring property along the highway for redevelopment under its urban renewal activities; however, the City has not yet placed any property on the market for new development. The inventory of commercial buildings available for sale or lease in this vicinity is limited, with the existing inventory attractive to various commercial or light industrial uses.

With regard to residential uses, the inventory of homes available for sale is not excessive, with existing listings varying in home quality from below-average to good. Some homes enjoy an ocean or bay view. Multi-family projects witness good occupancy.

Since the recession, new construction activity in this neighborhood has been limited. However, multiple construction projects are currently underway or in the planning stages. New commercial construction is currently evident near the Rogue Brewery. As stated previously, OMSI intends to build its Coastal Discovery Center on land located west of Highway 101. This center is expected to start construction in March 2015 and be operational in April 2016. New roadways will be constructed concurrent with the OMSI project, and ODOT intends to remove the existing Highway 101/Anchor Way signalized intersection with a new signalized intersection one block south at 35<sup>th</sup> Street. This intersection signalization project is expected to occur in 2017. These changes to the road network are intended to provide better vehicular circulation to the OMSI Center and adjoining property without impairing highway traffic traveling through this region.

Uses adjoining the subject property to the north include undeveloped land owned by the City (in a conservation easement), low to medium density dwellings, and a cemetery. Directly east of the subject is the Abalone Street right of way and undeveloped land. To the south and west is the South Beach State Park.

The subject's neighborhood is considered stable, with no efforts evident to rezone land to alternative zones. This neighborhood is expected to witness growth in the near future due to the City's urban renewal efforts, the construction of the OMSI facility, and improved vehicle access to undeveloped land. The City indicates that its utility infrastructure is sufficient to accommodate additional development in this neighborhood. This neighborhood contains no adverse land uses or businesses that negatively impact value, marketability, or development potential. The neighborhood is not in transition and is being developed in accordance with current zoning.

**SUBJECT PHOTOGRAPHS (Taken July 25, 2014)**



Westerly view of subject from Abalone Street right of way. (A7-661)



Northerly view of east portion of subject near Abalone Street right of way. (A7-632)

**SUBJECT PHOTOGRAPHS (Cont.)**



South portion of subject with abandoned trailer. (A7-635)



Northerly view of middle of subject property. (A7-634)

**SUBJECT PHOTOGRAPHS (Cont.)**



West boundary of subject property. (A7-637)



North portion of subject property near dwellings. (A7-650)

**SUBJECT PHOTOGRAPHS (Cont.)**



Easterly view of 30<sup>th</sup> Street fee taking. (A7-654)



Southerly view of Abalone Street fee taking. (A7-658)

**SUBJECT PHOTOGRAPHS (Cont.)**



Westerly view of proposed public utility easement. (A7-631)



Northerly view of conservation easement area. (A7-645)

**SUBJECT PHOTOGRAPHS (Cont.)**



Westerly view along south boundary of conservation easement area. (A7-648)



Conservation easement area. (A7-644)

## PROPERTY DESCRIPTION



### ***Ownership and Property History***

Oregon Museum of Science & Industry  
1945 SE Water Avenue  
Portland, OR 97214  
(503) 797-4618 (Ms. Jamie Hurd – Project Lead)

The current owner acquired the subject property from Investors XII LLC in November 2011 for \$2,250,000. The seller owns the undeveloped land directly east. The recorded document number for this transaction is Lincoln County 2011-10432. According to the property owner's representative (Ms. Jamie Hurd), the subject property is not currently listed for sale nor have any unsolicited purchase offers been presented for the owners review.

The appraiser's notification letter to the property owner was sent on July 16, 2014 and the appraiser conducted the property inspection on July 25, 2014. A copy of the notification letter is found in the Addenda of this appraisal report. Ms. Hurd contacted the appraiser by telephone on July 29, 2014 at which time the appraisal assignment was discussed. Ms. Hurd is OMSI's Vice President for Programs and the Project Lead for OMSI's Coastal Discovery Center slated for development on the subject property. Ms. Hurd indicates that OMSI anticipates commencing construction of the Center in March 2015 and be operational in April 2016.

According to the City of Newport, no land use, rezone, development, or other applications are currently pending or recently approved with regard to the subject property. To date, the City and OMSI have conducted pre-application meetings.

## PROPERTY DESCRIPTION (Cont.)

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### ***Location and Access***

The subject property is undeveloped land and has not been assigned a street address. The property is currently bordered by developed Brant Street and 30<sup>th</sup> Street in the north portion of the property. These are the only two developed roadways providing access to the subject. Numerous road rights of way extend along and through the subject property; however, these roadways have not been developed. It is noted that the Abalone Street right of way borders the east boundary of the subject property and this roadway is intended to be widened and developed concurrent with construction of the OMSI project.

### ***Legal Description and Larger Parcel Determination***

The subject's current ownership owns 17 tax lots in this vicinity. These 17 tax lots and the abutting road rights of way scheduled for vacation are recognized as the larger parcel for the purpose of this appraisal assignment.

This larger parcel is described as a portion of the Northeast  $\frac{1}{4}$  of the Southwest  $\frac{1}{4}$  of Section 17 in Township 11 South, Range 11 West, in Lincoln County, Oregon. The larger parcel is also commonly described as various tax lots in Lincoln County Assessor's Map 11S-11W-17CA.

### ***Land Size, Shape, and Terrain***

The configuration and boundaries of the subject parcel are depicted on the Plat Map. The 17 tax lots within the larger parcel total 16.40 acres. The road rights of way proposed for vacation total 3.35 acres. As cited earlier in this appraisal report, the subject's larger parcel is assumed to include the land area proposed for road vacation. As such, the larger parcel totals **19.75 acres**. The larger parcel has an irregular but utilitarian shape at to slightly below road grade to the two developed roadways. The parcel has a generally level to gentle terrain with mostly grass & shrub cover. Along the south, west, and northwest boundaries are some native tree cover. The northwest corner of the parcel in proximity to the proposed conservation easement has a gully with moderate to dense native vegetation. This vegetation includes various shrubs as well as both deciduous & coniferous trees. Some of the low-lying terrain is seasonally wet. Footpaths meander through the property; although no developed roads or impervious paths are present.

The subject's elevation generally varies between 28 and 38 feet, except for lower elevation in the bottom of the gully. More specifically, the terrain measures between 28 and 30 feet near the middle of the parcel, between 36 and 38 feet in the west portion of the parcel, and between 32 and 34 feet near the east boundary at Abalone Street. The area in proximity to the gully rises about 10 feet from the surrounding land to the south and east, then has a moderate to steep downslope to the bottom of the gully. While a few coniferous and deciduous trees are present, their quantity and tree size are not representative of merchantable timber.

Excluding the gully, the subject's interior is mostly sand surfaced with native grass & shrub cover. Some patches of shrub cover exceed 8 feet in height. The predominant shrub is scotch broom; however, a variety of shrubs are present along the south and west boundaries as well as in proximity to the gully.

## **PROPERTY DESCRIPTION (Cont.)**

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The subject's soil classifications (in order of size within the property) include Netarts Fine Sand, Urban Land – Waldport complex, and Waldport Fine Sand. The Netarts Fine Sand soil is a Class 6 soil with 3 to 30 percent slopes. This soil is situated on stabilized dunes, has slow to medium runoff, moderate to rapid permeability, and severe wind erosion hazard. Septic systems are only recommended for the minimally-sloped areas. The Urban Land – Waldport complex is a Class 7 soil with 0 to 12 percent slopes. This soil is also situated on stabilized dunes and has generally similar attributes to the Netarts Fine Sand. The Waldport Fine Sand is a Class 8 soil with a 0 to 30 percent slope, similar attributes to the other soils, with the exception that the steeper-sloping area poses septic drainfield issues and groundwater protection issues. These soils are suitable for urban development, particularly with the use of municipal utility services.

### ***Present Use***

The subject property is currently undeveloped land with no site improvements.

### ***Zoning***

The subject's larger parcel is zoned R-4 (High Density Multi-Family Residential District) by the City of Newport. The City's Comprehensive Plan designation for this parcel is also High Density Residential. The zoning and comprehensive plan designations are in conformance. The parcel is not within any overlay zones. The R-4 zone allows an array of residential uses including low, medium, and high density uses such as single family dwellings, duplexes, apartments, manufactured home parks, apartment complexes, senior care facilities, and condominium projects. Municipal uses are also allowed as well as numerous additional uses with a conditional use permit. The subject's proposed use as the Coastal Discovery Center is reported to be an allowed use in the R-4 zone.

Lot requirements within the R-4 zone include a 5,000 SF minimum parcel size and a 50-foot minimum parcel width. Development criteria include a 35-foot maximum building height, a 5-foot side-yard setback, a 10-foot rear-yard setback, and a 15 to 20-foot front-yard setback.

As previously stated, the City of Newport has not recently approved or is currently evaluating any applications for partitioning, land use, Measure 37/49, rezone, or development involving this property. Pre-application meetings regarding the proposed Center have been conducted between the City and OMSI.

### ***Assessed Values and Taxes***

The subject's July 25, 2014 valuation date falls within the 2014/2015 tax year; however, Lincoln County does not intend to release tax & assessment information until the fall. The tax & assessment information on the following page covers the prior 2013/2014 tax year which commenced on July 1, 2013. The land, improvements, and total values reflect the assessor's estimate of the real market value of the subject property. The assessed value is used for the calculation of taxes and was estimated by Lincoln County in accordance with Measures 47 and 50. According to the County Tax Collector's office, the subject has no delinquent taxes.

## PROPERTY DESCRIPTION (Cont.)

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### OMSI Tax Lots

All in Tax Map 11-11-17CA

| Tax Lot                          | Parcel Size (SF) | ---- Assessment/Tax Information ---- |           |             |
|----------------------------------|------------------|--------------------------------------|-----------|-------------|
|                                  |                  | RMV *                                | AV        | Taxes       |
| 200                              | 95,396           | \$65,170                             | \$65,170  | \$1,143.00  |
| 2703                             | 42,900           | 131,880                              | 24,840    | 435.64      |
| 2803                             | 27,707           | 111,050                              | 8,490     | 148.91      |
| 3100                             | 55,400           | 221,380                              | 37,720    | 661.53      |
| 3200                             | 85,800           | 263,260                              | 74,860    | 1,312.91    |
| 3300                             | 85,800           | 263,260                              | 95,150    | 1,668.76    |
| 3500                             | 70,900           | 262,760                              | 74,860    | 1,312.91    |
| 3501                             | 5,000            | 21,730                               | 7,070     | 123.99      |
| 3600                             | 75,900           | 283,990                              | 74,860    | 1,312.91    |
| 3700                             | 55,400           | 221,380                              | 37,720    | 661.53      |
| 4400                             | 19,500           | 68,940                               | 53,560    | 939.33      |
| 4401                             | 6,500            | 22,980                               | 17,760    | 311.50      |
| 4402                             | 10,010           | 25,570                               | 14,590    | 255.89      |
| 4600                             | 19,500           | 68,940                               | 24,840    | 435.64      |
| 4601                             | 19,500           | 68,940                               | 24,840    | 435.64      |
| 4700                             | 32,500           | 136,630                              | 24,840    | 435.64      |
| 4800                             | 6,500            | 26,330                               | 24,840    | 435.64      |
| 714,213 SF<br><b>16.40 Acres</b> |                  | \$2,264,190                          | \$686,010 | \$12,031.31 |

\* RMV (Real Market Value) is land only, no improvements present within lots

### ***Flood, Earthquake, and Other Hazards***

According to the Federal Emergency Management Agency (FEMA), the subject parcel is situated within un-shaded Flood Zone X, depicting an area outside the 500-year flood plain. FEMA map reference is Community Panel 41041C-0506-D, dated December 18, 2009. No LOMAs or LOMRs have been approved in this vicinity in recent years.

Western Oregon is categorized as seismic zone 3. The current probability of the occurrence of a major seismic event has been calculated as moderate. The City indicates that the property is not within a landslide hazard zone, a geohazard zone, or a wildlife/riparian protection zone.

While the subject and surrounding lands are within a tsunami zone, most uses allowed in the R-4 zone are still allowed within the tsunami zone. The only exclusions are schools and government uses. The subject's proposed use is reported to be an allowable use.

## **PROPERTY DESCRIPTION (Cont.)**

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According to the Newport Local Wetlands Inventory Map, the subject contains jurisdictional wetlands in two separate areas near Coho Street south of 30<sup>th</sup> Street. These wetlands areas are within the land proposed for the conservation easement. Any disturbance of the wetlands area must be approved by the Oregon Department of State Lands and abide by their wetlands mitigation requirements. The appraiser is unaware of any environmental conditions on, in, or near the subject property that would impact marketability, development potential, or value.

### ***Utilities***

The City of Newport currently provides municipal water and sanitary sewer service to developed property in the subject's vicinity. Existing utility lines are present within one or more of the adjacent roadways. These utilities are available to the subject. Storm drainage is handled by natural flow and private collection into nearby drainages. Central Lincoln PUD provides electricity service and local telephone is provided by Pioneer Telephone. Northwest Natural provides natural gas to this vicinity. According to the City, adequate utility system capacity exists to serve development of the subject property as presently zoned and proposed.

### ***Street Improvements***

The subject contains frontage along two developed local streets (30<sup>th</sup> Street and Brant Street). 30<sup>th</sup> Street is a paved roadway with two traffic lanes and no offsite improvements. Brant Street in this vicinity is gravel surfaced with no offsite improvements.

The other road rights of way intended to be vacated within the subject are recognized as local streets. Abalone Street which has undeveloped right of way along the subject's east boundary will be developed as a collector street concurrent with the subject's development of the Coastal Discovery Center. This right of way is being widened in order to meet collector street standards.

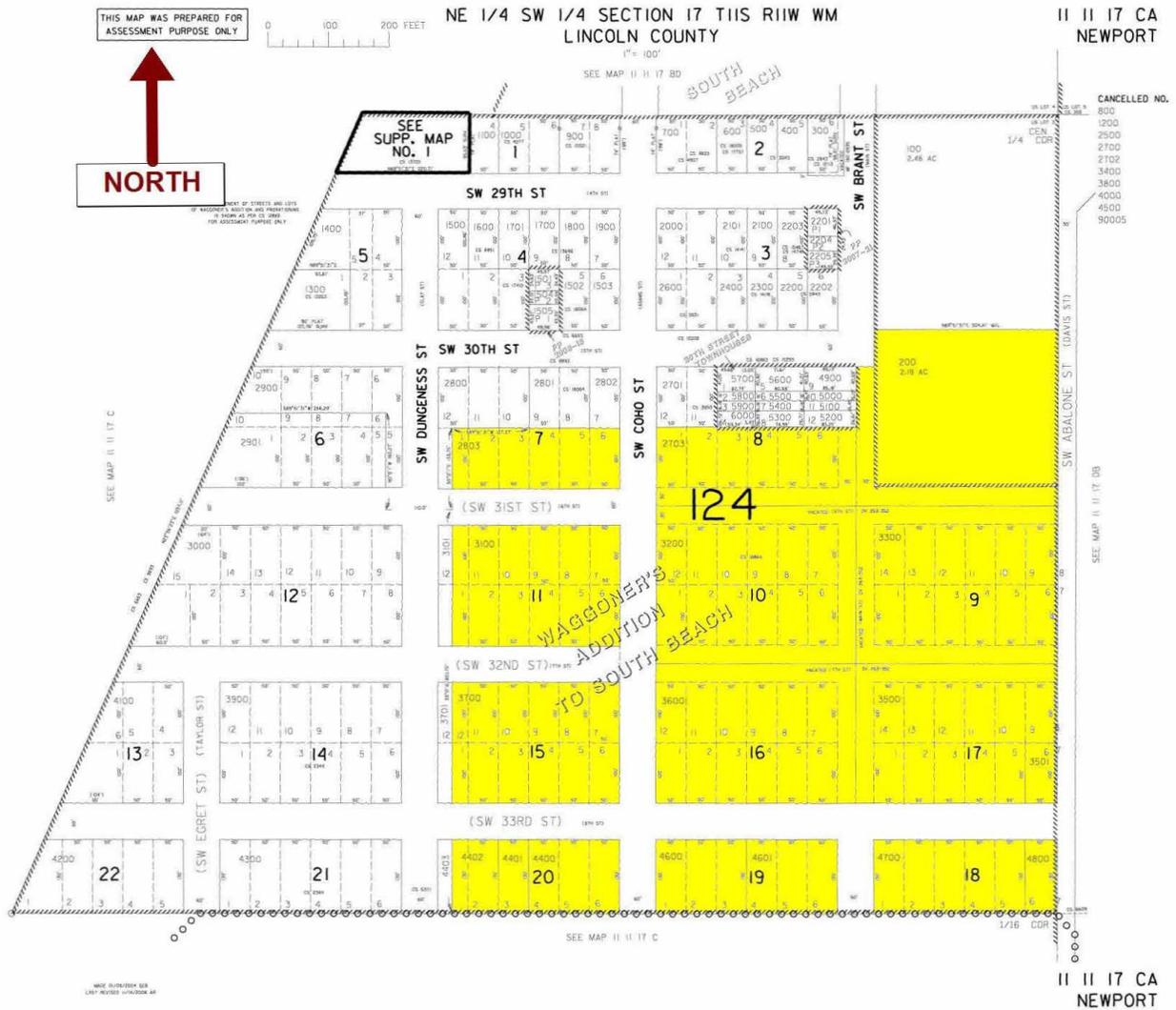
### ***Easements and Encumbrances***

For this appraisal assignment, the client provided the appraiser with a Lot Book Report prepared by Western Title and dated August 6, 2013. This Lot Book Report covers the subject and two adjacent ownerships to the east. With regard to the subject, this report cites public utility easements within vacated roadways, common boundary line agreements (1983 and 1998) due to conflicting property surveys, a covenant to donate land to Lincoln County with a one-year transfer window (1983), and a mutual deed restriction stating that parties to the deed agree not to dispute the vacation of streets & right of way by the City of Newport (2000). Overall, there are no known easements present that are considered to adversely impact the subject's marketability or development potential.

### ***Building and Site Improvements***

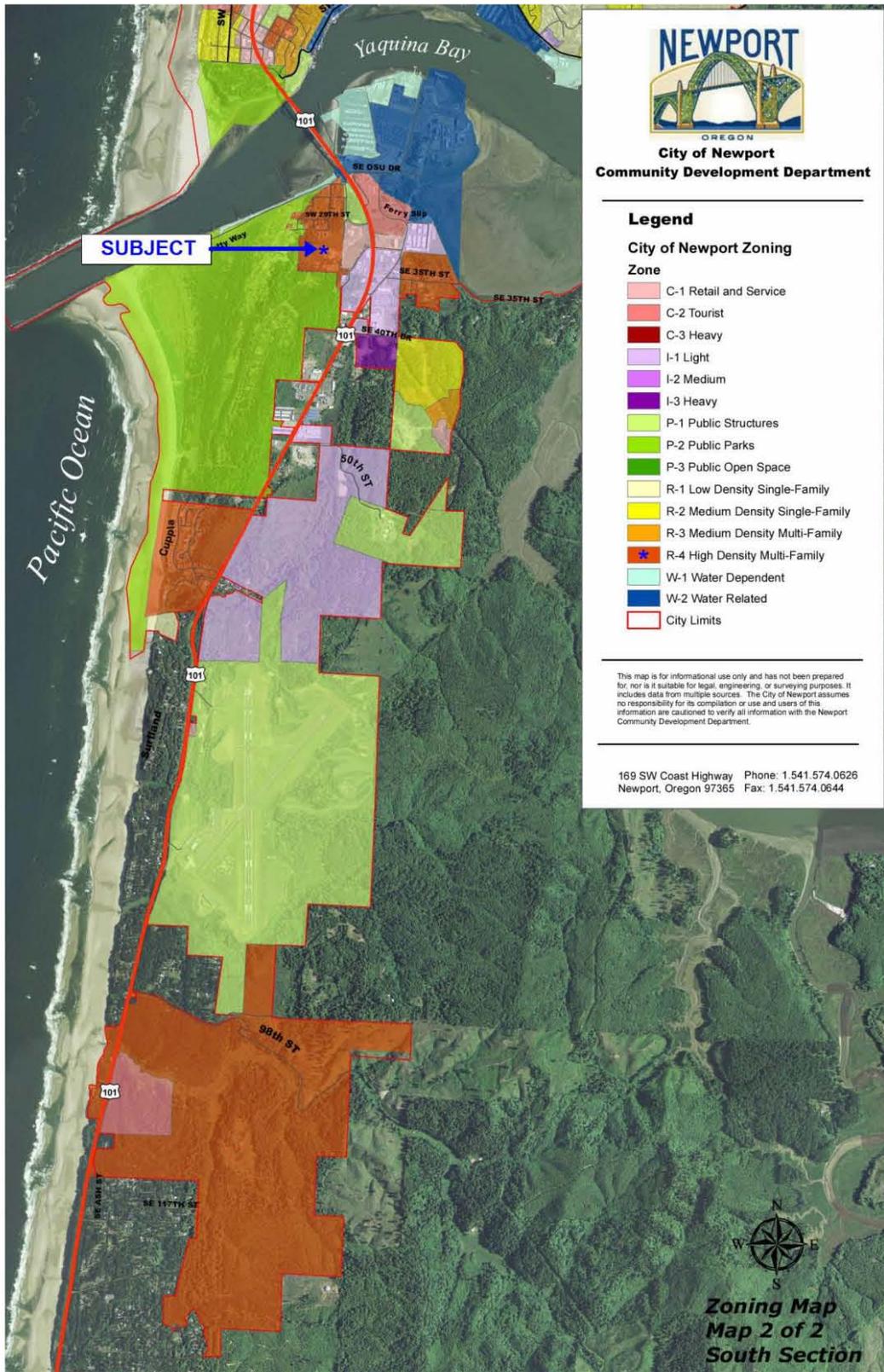
The subject property contains no building or site improvements.

# PROPERTY DESCRIPTION (Cont.)



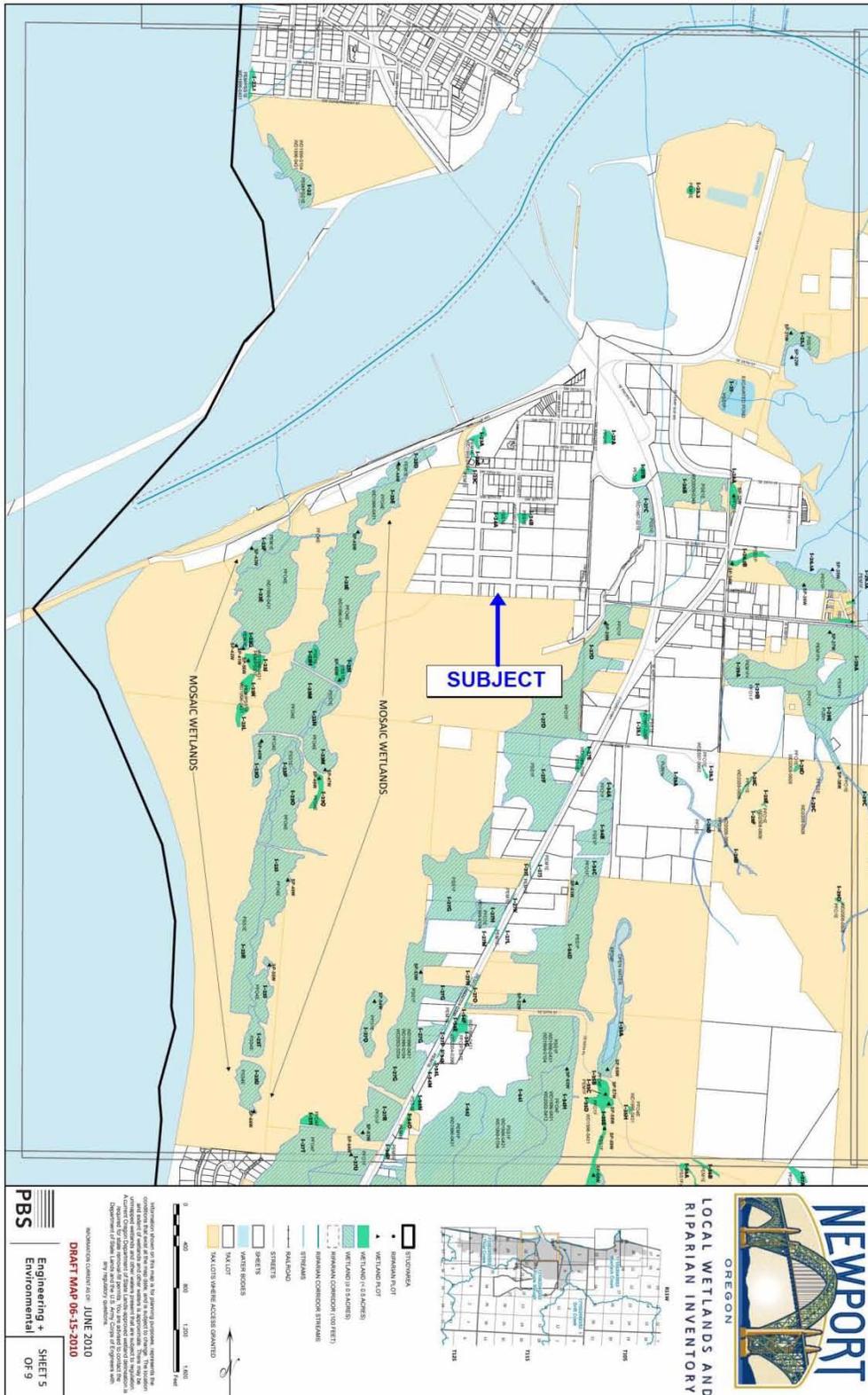
## PLAT MAP

# PROPERTY DESCRIPTION (Cont.)



## ZONING MAP

# PROPERTY DESCRIPTION (Cont.)



## WETLANDS MAP

MAP SCALE 1" = 500'

250 0 500 1000  
FEET  
METERS

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NFP PANEL 0506D

**FIRM**  
FLOOD INSURANCE RATE MAP  
LINCOLN COUNTY,  
OREGON  
AND INCORPORATED AREAS

PANEL 506 OF 880  
(SEE MAP INDEX FOR FIRM PANEL LAYOUT)

CONTAINS:

| COMMUNITY        | NUMBER | PANEL | SUFFIX |
|------------------|--------|-------|--------|
| LINCOLN COUNTY   | 410129 | 0506  | D      |
| NEWPORT, CITY OF | 410131 | 0506  | D      |

Notice to User: The **Map Number** shown below should be used when placing map orders; the **Community Number** shown above should be used on insurance applications for the subject community.

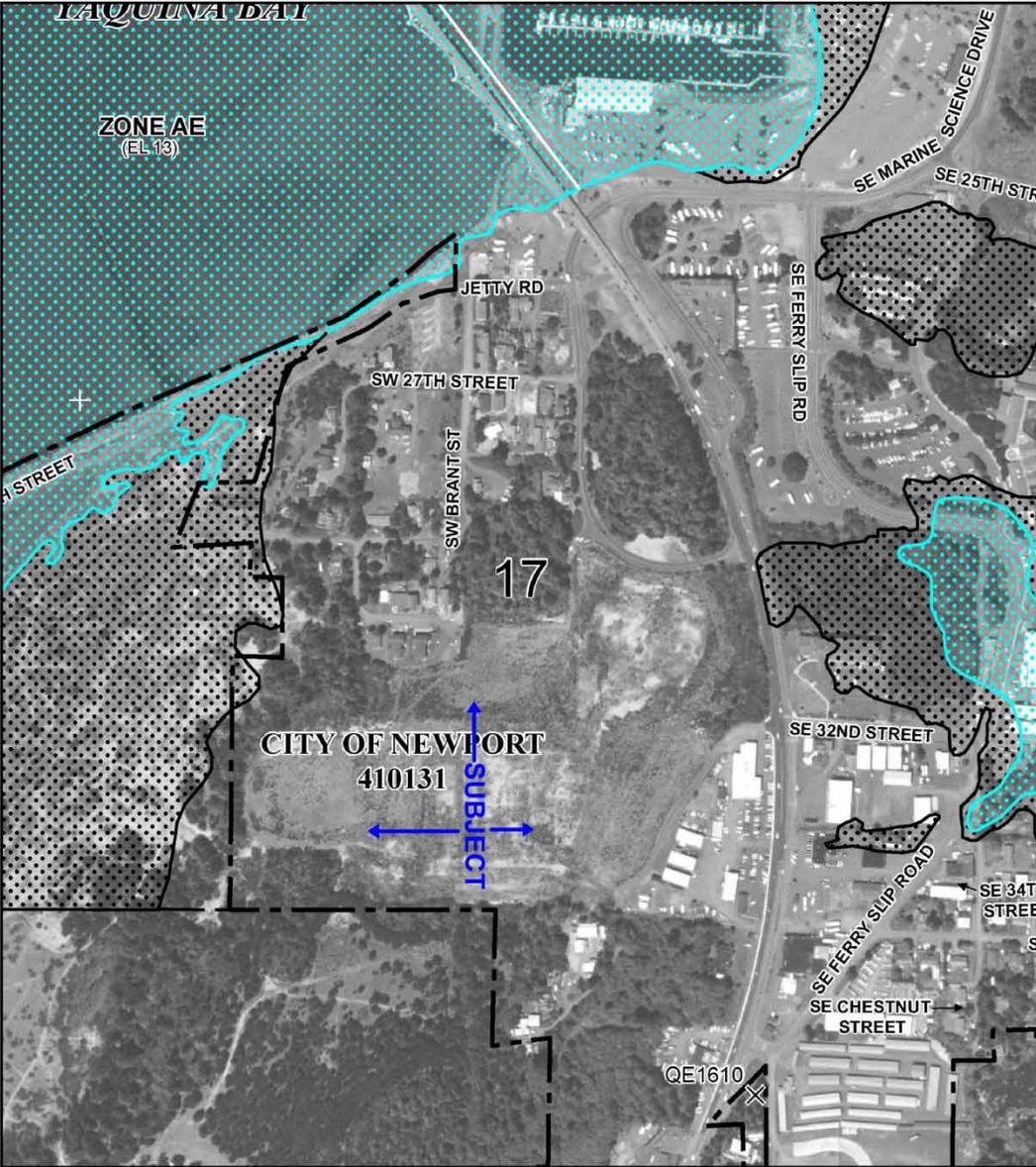
**MAP NUMBER**  
41041C0506D

**EFFECTIVE DATE**  
DECEMBER 18, 2009

Federal Emergency Management Agency

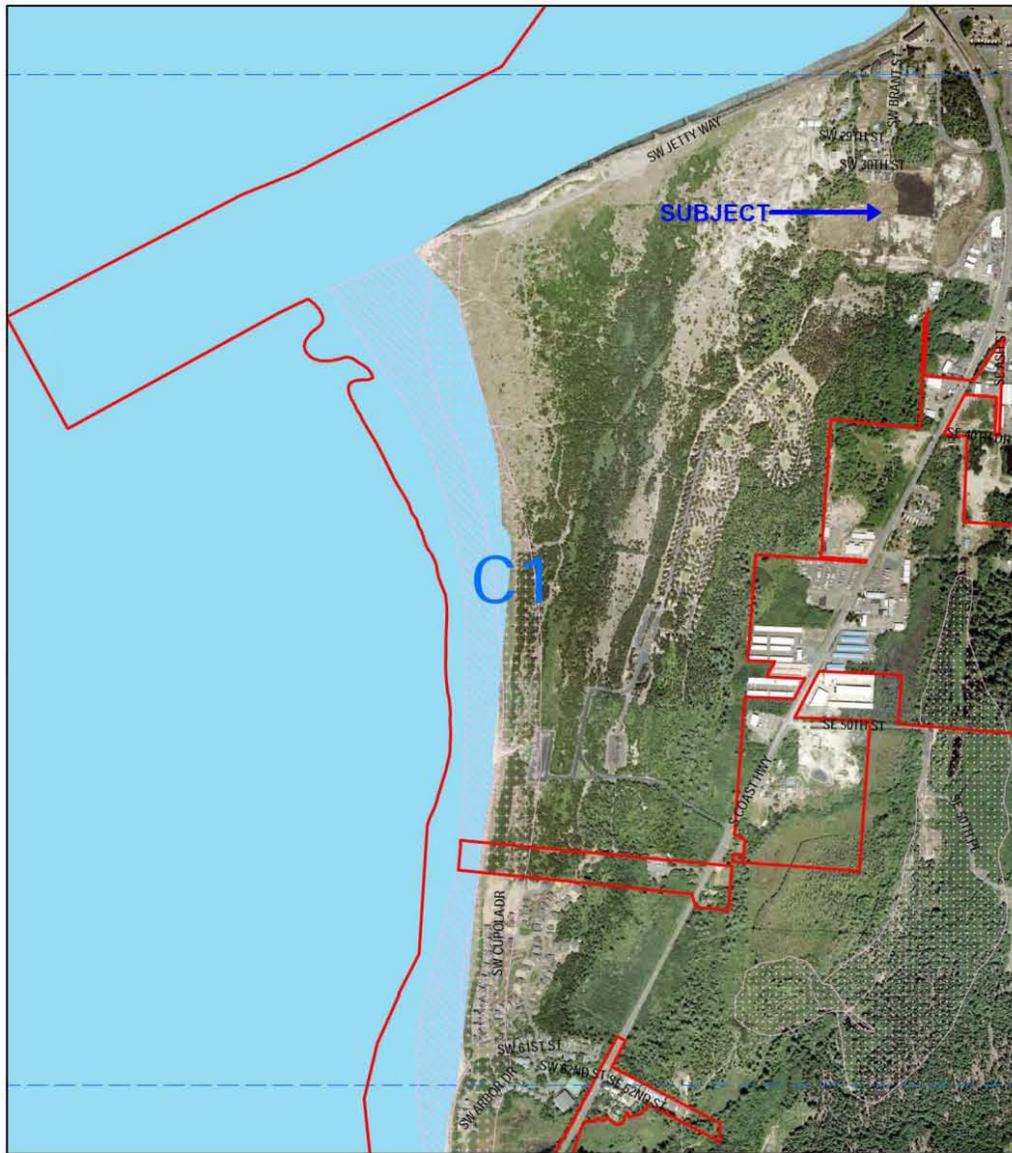
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This is an official copy of a portion of the above referenced flood map. It was extracted using F-MIT On-Line. This map does not reflect changes or amendments which may have been made subsequent to the date on the title block. For the latest product information about National Flood Insurance Program flood maps check the FEMA Flood Map Store at [www.msc.fema.gov](http://www.msc.fema.gov)



**FLOOD MAP**

# PROPERTY DESCRIPTION (Cont.)



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

Phone: 1.541.574.0626  
Fax: 1.541.574.0644



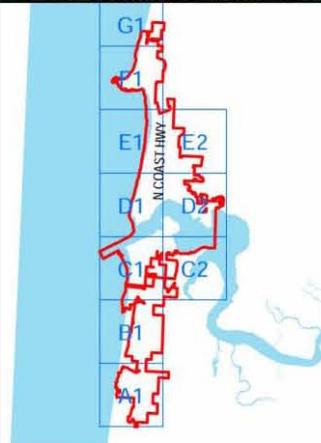
## GEOLOGIC HAZARDS NEWPORT, OR

- Newport City Boundary
- Active Erosion Hazard Zone
- Active Landslide Hazard Areas
- High Risk Bluff Hazard Zone
- High Risk Dune Hazard Zone
- Other Landslide Hazard Areas
- Geologic Hazards Map Index



Geologic Hazard information derived from:  
DOGAMI Open File Report OFR O-04-09, Evaluation of Coastal  
Erosion Hazard Zones Along Dune and Bluff Backed Shorelines  
in Lincoln County, Oregon

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



# GEOLOGIC HAZARDS MAP

## HIGHEST AND BEST USE ANALYSIS

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The subject site is zoned R-4 by the City of Newport. This is multi-family residential zone allowing a variety of single & multiple-family residential uses such as single family dwellings, attached housing, apartment complexes, mobile home parks, residential care facilities, planned unit developments, and various municipal uses. The City's zoning and comprehensive plan designations are in conformance. The subject property is not within any overlay zones, nor do any easements exist which negatively impact the property. The property lies outside the 100-year flood plain and there are no geohazard or protection zones impacting the property. While the property is within a tsunami zone, all uses allowed in the R-4 zone (except schools & government uses) can be developed within the tsunami zone. Jurisdictional wetlands are present in the northwest portion of the property; however, the parcel has sufficient size and access to accommodate development without disturbing the wetlands.

The 16.40-acre parcel is currently served with municipal utilities and has an irregular configuration with multiple bisecting road rights of way. As stated earlier in this appraisal report, the subject property is valued assuming the vacation of these bisecting road rights of way. This will create a more utilitarian parcel of 19.75 acres and simplify the appraisal process. This inclusion of the road vacations was by mutual agreement with the client. Physically, the subject site is suitable for development despite the presence of wetlands and the gully in the northwest corner. The size and shape of the parcel are conducive to development without requiring the wetlands area to be converted to developable land. Such conversion would precipitate conformance with the Department of State Lands Wetlands Mitigation Program. Instead, the wetlands and gully presents opportunities as an amenity feature for the development. Overall, the subject has physical characteristics are suitable for development in accordance with the R-4 zoning criteria.

The parcel's relatively large size is suitable for a large-scale development including a senior living facility or a phased multi-family development including condominiums. The apartment market is relatively strong, but the rental rates achieved in the local market may not support the construction costs. However, there are still numerous R-4 allowed uses suitable for the entire site. In addition, the parcel's size offers the opportunity to partition the parcel into smaller sites for independent development. This could create a variety of allowed uses within the R-4 zoned land which could vary from single family to multi-family projects.

As cited earlier in this appraisal report, the inventory of vacant residential-zoned land being marketed for sale in the subject's immediate vicinity is essentially nil. Furthermore, the availability of residential land within the City of Newport is not considered excessive. If marketed for sale, demand is expected to be good for this parcel.

The subject's neighborhood has characteristics desirable for multiple-family residential development and the neighborhood's proximity to the Highway 101 commercial corridor (to the east) is also desirable. There are no neighborhood conditions or land uses that are detrimental to the subject and the neighborhood is not in transition to alternative uses.

Because of the subject's attributes and current market conditions, the highest and best use of the subject property as if vacant is for multiple family residential use in accordance with the R-4 zoning designation.

## VALUATION OF LARGER PARCEL - LAND

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As previously stated, the valuation of the subject property assumes completion of the proposed road vacations. This results in a total parcel size of 19.75 acres. This figure is based on the 16.40 acres within the 17 tax lots owned by OMSI plus the 3.35 acres of road vacations to be conveyed to OMSI by the City of Newport. The 19.75-acre parcel is suitable for an allowed multi-family residential use under the City's R-4 zoning criteria. A search for land market data suitable for valuing the subject's larger parcel resulted in seven comparables. These comparables specifically consist of three current listings plus four sales occurring between December 2009 and June 2014. It is noted that the volume of sales data for multi-family residential land has been relatively low the past few years and the selected comparables represent the best-available data-set for this valuation. These comparables are located in proximity to the coastal communities of Newport, Depoe Bay, and Lincoln City. The comparables range in size from 0.33 to 16.40 acres and indicate unit prices between \$1.14 and \$5.80/SF. For this analysis, the appropriate unit of comparison is the price per SF.

In estimating the land value of the subject's larger parcel, consideration is given to property rights conveyed, financing, conditions of sale, market conditions (time of sale), location, terrain, utility availability, parcel size, configuration, zoning, the presence of offsite improvements or amenity features, the cost to demolish existing improvements, or the contributory value of any improvements with remaining economic life. Locational factors include access and paved/graveled road surfaces. Due to the lack of data to reliably quantify adjustments, adjustments are made on a qualitative basis in accordance with the market.

No adjustment for property rights is necessary. All seven comparables either conveyed or are currently marketing a similar fee simple estate as the subject's interest being appraised.

With regard to financing, the four sales involved either cash to seller or cash equivalent terms. Regarding conditions of sale, the transactions are arm's length and do not appear to involve duress. However, Sale 4 involved a Bank REO and the sale price is the lowest of the assembled market data. The circumstances surrounding this transaction suggest that an upward conditions of sale adjustment is warranted. With regard to the listings, the seller's motivations are not atypical.

The sales occurred between December 2009 and June 2014. The market for this property type has remained relatively similar during the time span of this market data and up to the subject's valuation date. Arraying the data by date of sale indicates no discernable time trend. The variance in pricing is attributed to factors other than time of sale. Overall, no time adjustment is necessary for the four sales. With regard to the current listings, a downward adjustment for listing status is necessary due to the likelihood of a sale price being negotiated at a lower price than the asking price.

On the following pages are tables summarizing the land comparables as well as a Land Sales Map. In the Addenda of this appraisal report are photographs of each comparable.

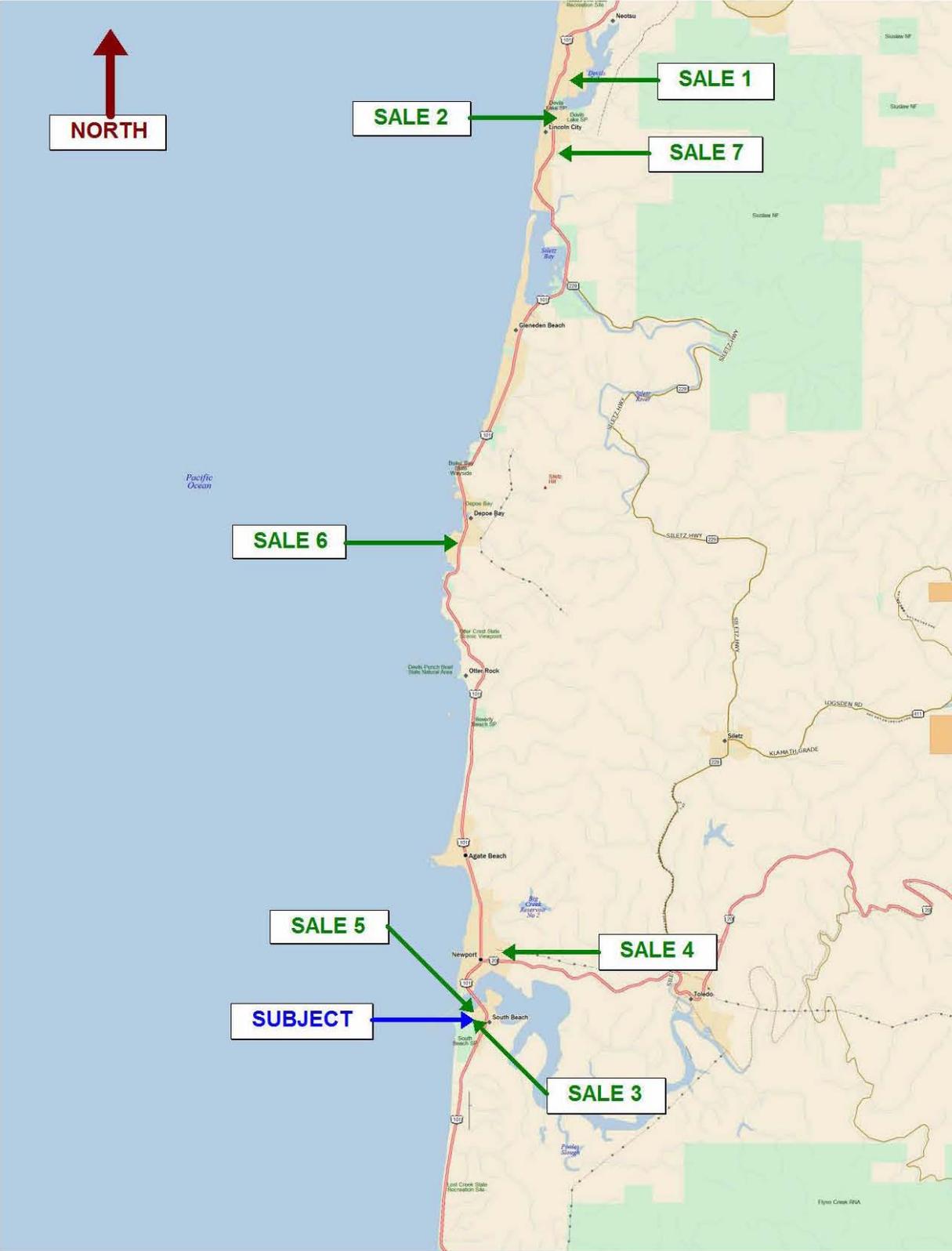
## VALUATION OF LARGER PARCEL - LAND (Cont.)

| SALE | LOCATION  | PRICE/<br>SALE DATE                 | SIZE/<br>ZONING  | UNIT PRICE | COMMENTS  |
|------|---|-------------------------------------|------------------|------------|---|
| 1    | <b>N/S NE 25<sup>th</sup> Street<br/>Lincoln City</b><br><br>7-11-11BB: 4302<br>Doc. No.: 09-14354                                | \$150,000<br>Cash Equiv.<br>(12/09) | 1.85 Ac.<br>R-M  | \$1.86/SF  | Located just east of Highway 101 along paved road near commercial corridor. Parcel located adjacent to church and open space, with buyer being City of Lincoln City wanting to acquire the parcel for open space despite its potential for multi-family residential development. Parcel has varying terrain with dense vegetation, a utilitarian shape, partial ocean view, available utilities, but no offsite improvements. Road-work and site-work required for development. |
| 2    | <b>SWC SE 3<sup>rd</sup> Street<br/>and Jetty Avenue<br/>Lincoln City</b><br><br>7-11-15DA: 1100<br>and 1200<br>Doc. No.: 11-1731 | \$60,000<br>Cash Eq.<br>(2/11)      | 0.33 Ac.<br>R-M  | \$4.17/SF  | Corner parcel located in growing mixed-density residential area with average quality detached & attached dwellings. Parcel within walking distance to Highway 101 commercial corridor. Parcel has a gentle terrain, open interior, utilities available, utilitarian shape, no offsites, and possible ocean view from upper floor.   |
| 3    | <b>W/S Abalone Street<br/>Newport</b><br><br>11-11-17CA: 200+<br>Doc. No.: 11-10432   | \$2,250,000<br>Cash Eq.<br>(11/11)  | 16.40 Ac.<br>R-4 | \$3.15/SF  | Located just south of bridge and west of Highway 101 in South Beach mixed-density residential area containing mixed-age dwellings. Sale includes numerous lots with some lots having paved roads and other roads platted but not developed. Parcel has level to gentle terrain with small area of low-lying terrain in northwest portion of parcel. Parcel also has an irregular shape, available utilities, no view or other amenity features, no offsite improvements.        |

## VALUATION OF LARGER PARCEL - LAND (Cont.)

| SALE | LOCATION  | PRICE/<br>SALE DATE                      | SIZE/<br>ZONING | UNIT PRICE | COMMENTS   |
|------|---|--|-----------------|------------|--|
| 4    | <b>S/S Yaquina<br/>Heights Drive<br/>Newport</b><br><br>11-11-9BA: 500<br>Doc. No.: 2014-4849                   | \$100,100<br>Cash to<br>Seller<br>(6/14) | 2.01 Ac.<br>R-3 | \$1.14/SF  | Located in hillside area near mixed-density residential uses. Cemetery borders parcel to west and north side of roadway. Highway 20 borders to south but no highway access allowed. Parcel has varying terrain with shrub & tree cover, irregular but utilitarian shape, available utilities, no offsite improvements, and no view or amenity features. Some sitework needed for development. Sale involved Bank REO.        |
| 5    | <b>SEC SW 27<sup>th</sup> Street<br/>and Coho Street<br/>Newport</b><br><br>11-11-17BD: 1600+<br>Doc. No.: n/a  | \$455,000<br>Listing<br>(7/14)           | 1.80 Ac.<br>R-4 | \$5.80/SF  | Located just south of bridge in South Beach mixed-density residential area near mixed-age dwellings and apartments. Within walking distance to tourist activities, commercial corridor, and bay. Parcel has a level terrain, paved road access, open interior, utilitarian shape, available utilities, and no view amenity or offsite improvements.  |
| 6    | <b>W/S Highway 101,<br/>North of Singing<br/>Tree Road<br/>Depoe Bay</b><br><br>9-11-08CD: 100<br>Doc. No.: n/a | \$300,034<br>Listing<br>(7/14)           | 2.00 Ac.<br>R-4 | \$3.44/SF  | Located on west side of highway just north of Little Whale Cove and south of Depoe Bay commercial corridor. Nearby dwellings are average to good quality. Parcel has paved road access (highway), gentle downslope from road, utilitarian shape, available utilities, both open and treed interior, and no offsite improvements or amenities.  |
| 7    | <b>South end of SE<br/>Lee Avenue<br/>Lincoln City</b><br><br>7-11-22AD: 2002+<br>Doc. No.: n/a                 | \$650,000<br>Listing<br>(7/14)           | 7.13 Ac.<br>R-M | \$2.09/SF  | Parcel has paved access from Lee Avenue to north and 23 <sup>rd</sup> Drive to south. Located near mixed-age dwellings, apartments, senior living facilities, and churches. Also within walking distance to factory outlet stores. Parcel has dense vegetation, varying terrain (gentle to moderate), partial ocean views, utilitarian shape, available utilities, and no offsites. Much site-work required for development. |

**VALUATION OF LARGER PARCEL - LAND (Cont.)**



**LAND SALES MAP**

## VALUATION OF LARGER PARCEL – LAND (Cont.)

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It is noted that the subject's parcel size is larger than the sizes of the comparable market data. Despite the size variance, the comparables are still suitable for comparison purposes. Size adjustments are made as appropriate.

The following paragraphs discuss each comparable and the factors warranting adjustment for comparison with the subject's larger parcel.

**Sale 1** is a 1.85-acre RM-zoned parcel located on the north side of NE 25<sup>th</sup> Street in Lincoln City. This parcel is located just east of the Highway 101 commercial corridor in proximity to dwellings, a church, open space, and commercial uses. This property sold in December 2009 for \$150,000 or \$1.86/SF. By comparison with the subject's land, Sale 1 is similar in property rights, zoning, utilities, and the lack of offsite improvements. No adjustments are needed for financing, conditions of sale, time of sale, shape, or size. Upward adjustments are necessary for Sale 1's inferior locational attributes and terrain, while a downward adjustment is needed for Sale 1's superior view amenity. With the upward adjustments outweighing the downward adjustment, Sale 1 suggests that the subject's land value is greater than \$1.86/SF.

**Sale 2** is a 0.33-acre RM-zoned parcel located at the southwest corner of SE 3<sup>rd</sup> Street and Jetty Avenue in Lincoln City. This parcel sold in February 2011 for \$60,000 or \$4.17/SF. The parcel is located in a growing mixed-density residential area within walking distance to the Highway 101 commercial corridor. By comparison with the subject's land, Sale 2 is similar in property rights, zoning, utilities, and the lack of offsite improvements. No adjustments are needed for financing, conditions of sale, time of sale, location, size, shape, or terrain. A downward adjustment is necessary for Sale 2's superior view amenity. With no factors requiring upward adjustment, Sale 2 suggests that the subject's land value is less than \$4.17/SF.

**Sale 3** is a November 2011 sale of the subject property purchased by OMSI for \$2,250,000 or \$3.15/SF. The parcel size is 16.40 acres and the parcel is bisected by multiple road rights of way. For this analysis, the subject's parcel size is 19.75 acres inclusive of the road vacations. The inclusion of the road vacation area results in a parcel having a utilitarian shape for development. The actual shape of the property purchased by OMSI is irregular and poses some development issues. The sale does not require adjustments for property rights, financing, conditions of sale, time of sale, or parcel size. The improved shape warrants an upward adjustment; thus suggesting that the value of the subject property is slightly greater than \$3.15/SF.

**Sale 4** is the June 2014 sale of a 2.01-acre R3-zoned parcel located on the south side of Yaquina Heights Drive in Newport. The sale price of \$100,100 is equivalent to \$1.14/SF. As previously stated, the sale involved a Bank REO. By comparison with the subject's land, Sale 4 is similar in property rights, utility availability, and the lack of offsite improvements. No adjustments are needed for financing, time of sale, shape, zoning, or the parcel size differential. Upward adjustments are necessary for Sale 4's conditions of sale as well as its inferior locational attributes and terrain. With no factors warranting downward adjustments, Sale 4 suggests that the subject's land value is greater than \$1.14/SF.

## VALUATION OF LARGER PARCEL – LAND (Cont.)

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**Item 5** is a 1.80-acre R4-zoned parcel located at the southeast corner of SW 27<sup>th</sup> Street and Coho Street in south Newport, one block north of the subject property. This parcel is currently listed for sale at \$455,000 or \$5.80/SF. By comparison with the subject's land, Item 5 is similar in property rights, locational attributes, utilities, zoning, and the lack of offsite improvements. No adjustments are needed for conditions of sale, shape, or the parcel size differential. Downward adjustments are warranted for Item 5's listing status and its superior terrain. With no factors requiring upward adjustment, Item 5 suggests that the subject's land value is less than \$5.80/SF.

**Item 6** involves a current listing of a 2.00-acre R4-zoned parcel located on the west side of Highway 101 just north of Singing Tree Road in proximity to the Depoe Bay community. The asking price of this parcel is \$300,034 or \$3.44/SF. By comparison with the subject, Item 6 is similar in property rights, utilities, zoning, and the lack of offsite improvements. No adjustments are necessary for conditions of sale, shape, or parcel size. Downward adjustments are warranted for Item 6's listing status as well as its superior locational attributes and terrain. With no factors requiring upward adjustment, Item 6 suggests that the subject's land value is less than \$3.44/SF.

**Item 7** involves a current listing of a 7.13-acre RM-zoned parcel located at the south end of SE Lee Avenue with additional frontage along 23<sup>rd</sup> Drive in Lincoln City. The asking price is \$650,000 or \$2.09/SF. By comparison with the subject, Item 7 is similar in property rights, utilities, zoning, and the lack of offsite improvements. No adjustments are necessary for conditions of sale, locational attributes, shape, or parcel size. An upward adjustment is warranted for Item 7's inferior terrain. Conversely, downward adjustments are necessary for Item 7's listing status and superior view amenity. After reviewing these adjustments and emphasizing the terrain adjustment, Item 7 suggests that the subject's land value is greater than \$2.09/SF.

The land value of the 19.75-acre subject parcel is estimated after considering the market data assembled for this analysis, the adjustments identified in the preceding discussion, the characteristics of this parcel, and current market conditions.

The market data indicates unadjusted prices between \$1.14 and \$5.80/SF. After considering differences between these comparables and the subject parcel, Comparables 1, 3, 4, and 7 suggest a land value greater than \$1.14 to \$3.15/SF while the remaining comparables suggest a land value less than \$3.44 to \$5.80/SF.

Based on the preceding analysis, the parcel's attributes, and current market conditions, the land value of the 19.75-acre subject parcel is estimated to be \$3.25/SF.

Please note that the client requests the value of the larger parcel be presented on a \$/SF basis rather than estimating the total land value for the larger parcel.

## VALUATION OF ACQUISITIONS & VACATIONS

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As stated earlier in this appraisal report, the City of Newport wishes to acquire road right of way, utility easements, and a conservation easement to better serve the proposed OMSI Coastal Discovery Center on the subject property. The existing road network is insufficient to serve the OMSI property as proposed. In addition, the City intends to vacate the segment of Anchor Way which lies west of the existing signalized intersection with Highway 101. ODOT intends to develop a new signalized intersection one block south at 35<sup>th</sup> Street and the signalized intersection at Anchor Way will be removed. With regard to the subject property, the City wishes to acquire two fee takings, one permanent public utility easement, and one conservation easement. In addition, three road segments adjacent to the subject property will be vacated.

The Proposed Subdivision Plat on the following page highlights the various acquisitions and vacations involving the OMSI property. Photographs of the fee takings, easements, and vacation areas are located just prior to the Property Description section of this appraisal report. As cited earlier in this report, the City intends to acquire the fee takings and easements under a willing-seller scenario and not under the threat of condemnation using the City's right of eminent domain. It is noted that none of the road rights of way proposed for vacation have existing roadbed improvements.

The fee takings total 31,667 SF. The 18,514 SF fee taking is proposed for an extension of 30<sup>th</sup> Street between the existing Abalone Street right of way and 30<sup>th</sup> Street's existing intersection with Brant Street. The 13,153 SF fee taking is intended for the widening of Abalone Street and extends along the subject's east boundary line. Currently, the two takings are covered with native vegetation and there are no developed site improvements present. While the Abalone Street fee taking has a relatively level terrain, the fee taking for 30<sup>th</sup> Street includes varying terrain below grade to 30<sup>th</sup> & Brant Streets.

The public utility easement measures 28 feet wide, totals 14,252 SF, and is situated west of Abalone Street in the south portion of the parcel. This easement is situated within portions of 33<sup>rd</sup> Street and Brant Street that are proposed for vacation. This easement has an irregular shape and will be used for public utility systems. This area is currently covered with native grass & shrubs.

The three road vacations intended to be transferred to OMSI total 145,845 SF or 3.35 acres. The 113,335 SF road vacation encompasses multiple road rights of way in the south and west portions of the parcel. More particularly, this vacation includes portions of 32<sup>nd</sup>, 33<sup>rd</sup>, Coho, and Brant Streets. The 30,867 SF vacation lies within the boundaries of Lot 1 proposed for the conservation easement in the northwest portion of the parcel and include segments of 31<sup>st</sup> and Coho Streets. The 1,643 SF vacation is situated near the parcel's southeast corner and includes a segment of Abalone Street. As previously stated, none of the road vacations include developed road improvements. All are covered with native vegetation.

The description and valuation of the conservation easement area is presented later in this appraisal report.



## **VALUATION OF ACQUISITIONS & VACATIONS (Cont.)**

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### ***Value of the Land within the Fee Takings***

For the acquisition involving a fee taking, the unit value of the larger parcel (land only) before the taking is applied to the area taken in fee in order to derive compensation for the fee taking of land.

As cited earlier in this appraisal report, the sizes of the fee takings are preliminary and may be revised. As such, the City requests that the value of the fee takings be estimated and presented on a \$/SF basis rather than calculating the total value of the fee taking segments.

The subject's land value before the fee taking was estimated using the Sales Comparison Approach. The value of the subject's land is estimated to be \$3.25/SF. As the fee taking requires conveyance of the entire ownership rights of land within the fee taking area, compensation for the fee taking is equivalent to the fee value of the land. As such, the land value of the two fee takings is \$3.25/SF.

### ***Value of the Land within the Permanent Public Utility Easement***

The City wishes to acquire a 14,252 SF permanent public utility easement which will be used for municipal utility systems (water and sanitary sewer). This permanent utility easement will allow the property owner to utilize the land area for site & landscaping improvements.

In estimating the value of a permanent easement, consideration is given to the restrictions on use imposed on the encumbered land as a result of the easement. For most permanent easements, the property owner is allowed to place certain site and landscaping improvements within the easement's boundaries, yet no structures are allowed. This restriction allows the municipality or a utility provider quick access to the utility infrastructure in case of repair. Overall, the property owner retains surface-use rights of the easement area.

It is noted that the permanent easement does not hinder access to or through the larger parcel. Furthermore, this easement does not adversely impact the parcel's marketability or development potential. Adequate area outside the easement area remains available for the subject's highest & best use.

The appraiser reviewed easement acquisitions from numerous parties during the past few years. Easement acquisitions were specifically reviewed involving various coastal and Willamette Valley municipalities, counties, as well as the Oregon Department of Transportation. For easements with minimal limitations of use, prices paid have ranged between 20 and 30 percent of the fee value of the larger parcel (on a per square foot basis). Please note that this range represents new easements acquired over land with no existing easement encumbrances. For easements that impair a parcel's development potential, a higher rate exceeding 50 percent is typical. For those easements that restrict the property owner from all surface use of the easement area, the easement acquisition was 100 percent of the fee value.

## **VALUATION OF ACQUISITIONS & VACATIONS (Cont.)**

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In consideration of the attributes of the permanent public utility easement, the value of the acquired permanent easement is estimated to be 30 percent of the fee simple value of the land within the larger parcel. As previously stated, the land value of the larger parcel was estimated to be \$3.25/SF. Applying a 30 percent rate to the \$3.25/SF fee land value results in a \$0.98/SF loss in value for the land within the permanent public utility easement. This \$0.98/SF figure is representative of the land value of the permanent public utility easement.

The City requests that the total value of the permanent easement be estimated for this appraisal assignment rather than merely citing the easement's value on a \$/SF basis. Applying the \$0.98/SF unit value of the easement to the 14,252 SF of permanent public utility easement area results in a \$13,967 land value for the permanent utility easement.

### ***Value of the Land within the Road Vacations***

The City intends to vacate segments of multiple roadways abutting the OMSI property. As shown on the Proposed Subdivision Plat, three vacation segments totaling 145,845 SF (3.35 acres) will be assembled into the subject property.

The land within the vacated segments are within the R-4 zone, similar to the zoning of the OMSI property. When assembled with the OMSI property, the vacated road segments will enjoy the same unit value as the remainder of the property. As previously stated, the land value of the OMSI property is estimated to be \$3.25/SF. Typically, road vacations are valued based on their "Across the Fence" value as if assembled with the adjacent property. This methodology is also utilized for railroad corridor properties or abandoned railroad segments.

If the City were to abandon the roadway and not assemble the property with the abutting property(s), then the resulting vacated rights of way would typically lack the site dimensions required under City & County criteria for a new tax lot, or have severe marketability and development issues as a stand-alone parcel. As such, vacated roadway segments are typically assembled with the adjacent parcel(s).

As assembled, the vacated area increases the OMSI parcel's land size and provides the property owner will the ability to utilize the vacated area in a similar manner as is available for the balance of the property.

Please note that the sizes of the road vacation are preliminary and may be revised. Due to this factor, the City requests that the value of the road vacation be estimated on a \$/SF basis rather than calculating the total value of the road vacation. Based on the preceding analysis, the value of the three road vacations are estimated to be commensurate with the \$3.25/SF land value of the OMSI property.

### ***Value of the Improvements within the Acquisition & Vacation Areas***

As previously stated, the subject property and the vacation areas contain no site improvements. As such, there are no improvements requiring valuation for this assignment.

## **VALUATION OF ACQUISITIONS & VACATIONS (Cont.)**

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### ***Valuation of Conservation Easement***

As shown on the Preliminary Subdivision Plat, Lot 1 in the parcel's northwest corner measures 2.43 acres after including the 30,867 SF of vacated roadway. Lot 1 is identified as the area proposed for a conservation easement. As previously stated, the City of Newport wishes to acquire a conservation easement over this area. The City-owned parcel abutting to the north is already encumbered with a conservation easement. The City intends to utilize the combined conservation easement area for passive recreation, foot trails, and wildlife observation. No structures will be allowed within the conservation easement's boundaries.

The City provided an aerial exhibit delineating the preliminary boundaries of the subject's proposed conservation easement and the City's existing and adjacent conservation easement. This exhibit is found on the following page. The City notes that the boundaries of the conservation easement within the OMSI property have been slightly modified since the creation of this exhibit. The City further states that the size of the conservation easement is expected to remain at 2.43 acres inclusive of the vacated roadway segments or 1.72 acres (74,983 SF) net of the road vacations.

Photographs of the conservation easement area within the OMSI property are found prior to the Property Description section of this report. The conservation easement area is situated at the northwest corner of the OMSI property, has an irregular shape, and includes varying terrain with moderate to dense native vegetation. Much of this land is within a gully and its adjoining banks. Some low-lying wet terrain exists at the bottom of the gully, with the banks having moderate to steep slopes. Native vegetation within the easement area includes native grasses, shrubs, and both coniferous & deciduous trees. The easement area has no view or amenity features. Some of the wet terrain is identified as jurisdictional wetlands on the City's Local Wetlands & Riparian Inventory Map. The predominant soil classification within the easement area is Netarts Fine Sand with a 12 to 30 percent slope. The terrain of the easement area poses development issues, with the wetlands area requiring mitigation if disturbed. As part of the entire OMSI property, this area could be used as a natural viewing area or an on-site amenity feature.

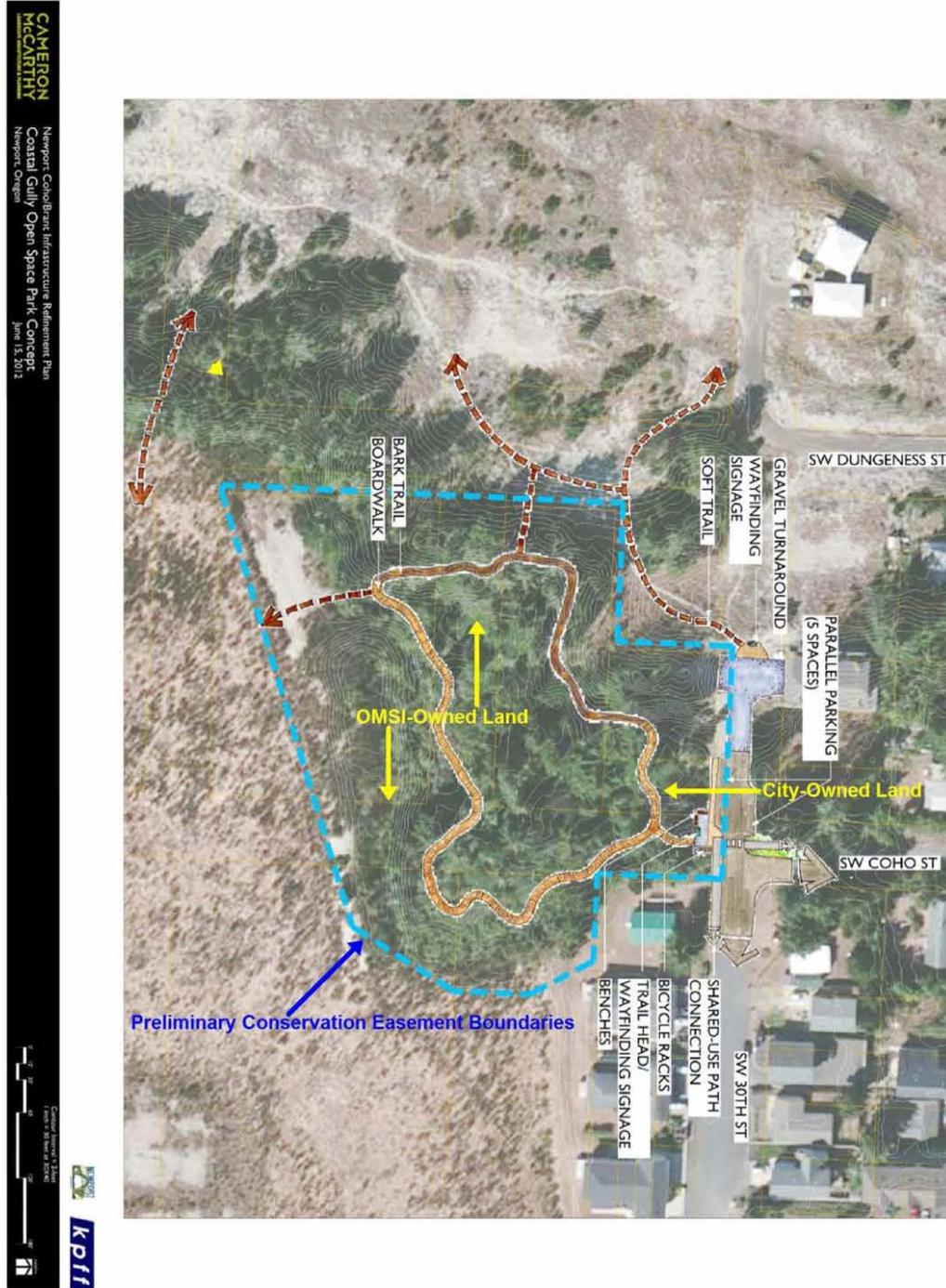
The City provided the appraiser with a copy of the proposed conservation easement documentation. A copy of the easement document is found in the Addenda of this appraisal report. Please note that this easement is unsigned; however, it has been reviewed by both parties and is considered representative of the intentions of both parties.

As stated in the easement, OMSI and the City will collaborate on a program to preserve, in perpetuity, environmentally-sensitive Coastal Gully areas on their respective properties through the use of Lincoln County's Conservation Easement program (or similar method). The goal of both parties is for the conservation easement area to be managed in a manner that allows them to be used as part of OMSI's environmental education curriculum while providing for low-impact public access to the area. The easement will be an encumbrance to the land in perpetuity.

# VALUATION OF ACQUISITIONS & VACATIONS (Cont.)

PREFERRED ALTERNATIVE

Map 3-2. Coastal Gully Open Space Concept Plan



## CONSERVATION EASEMENT EXHIBIT

## VALUATION OF ACQUISITIONS & VACATIONS (Cont.)

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As shown on the Conservation Easement Exhibit on the preceding page, the portion of the City's conservation easement within the OMSI property will include a looped trail through the easement area with a boardwalk along the east and south portions of the trail, a bark trail in the west portion, and two segments of soft trails leading to the remainder of the OMSI parcel directly south and to the State Park beachfront to the west. The existing City-owned conservation easement abutting 30<sup>th</sup> Street to the north will have a trailhead with benches, a bicycle rack, and portion of a parking lot and gravel turnaround for vehicles. There will be no restroom facilities, storage facilities, or other buildings within the combined conservation easement area. Within the OMSI portion, only the trail system with pervious cover will be developed.

Per the conservation easement document, numerous covenants are imposed on the easement area and include: no cutting or removal of native trees or vegetation, except as may be agreed for restoration and enhancement activities; no development of structures or buildings except for boardwalks & trails related to the educational use of the easement; no mining of natural resources; no alteration of topography except for the placement of signs, benches, and trails; no fencing; restrictions for herbicides & pesticides; as well as other limitations. OMSI has the obligation to restore and stabilize any areas damaged by mudslide, tsunami, earthquake, fire, or blow down. If the easement area is devastated by a catastrophic event (earthquake or tsunami), then OMSI has no obligation to restore and stabilize the easement area. OMSI also has the financial responsibility to maintain the easement area. The easement document also defines the process to be undertaken if a violation occurs regarding either party's rights or obligations.

In the valuation of OMSI's larger parcel, the concluded land value was \$3.25/SF. This unit value is reflective of the market value of the entire OMSI property (including road vacations). This value recognizes that portions of the OMSI property vary in physical attributes and that portions of the property are more difficult to develop than others. Certain areas of the OMSI property have varying terrain including wetlands. Disturbance of wetlands requires compliance with DSL's Wetlands Mitigation Program. In addition, utilizing sloping terrain for development incurs higher site preparation and development costs when compared with utilizing level to gentle terrain. The area proposed for the conservation easement includes some wetlands and uneven terrain (gully). Prior to the easement, the owner (or buyer) has the right to develop the easement area, despite the costs associated with the terrain and the wetlands influence. After placing this area under a conservation easement, the owner (or buyer) no longer has the right to develop the easement area. As such, the value of the easement area is impaired relative to its value prior to the placement of the conservation easement.

In estimating the value of the conservation easement, the City directs the appraiser to only calculate the contributory value of the easement area exclusive of the road vacations. As such, only the value of the 1.72 acres (74,983 SF) of easement area is estimated.

As the conservation easement restricts the development of the easement area, the value of the easement is the difference between the property as developable and the property as encumbered with the conservation easement. After the placement of the conservation easement encumbrance, the encumbered area lacks development potential. The value of the encumbered area can be estimated by analyzing comparable market data similarly having no development potential. From this data-set, discounts were derived which reflected the discount from the value of the sale parcel if it had development potential.

## **VALUATION OF ACQUISITIONS & VACATIONS (Cont.)**

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After analyzing these discounts, an appropriate discount is applied to the value of the subject's land (as if developable) in order to derive the value of the land without development potential (as encumbered with the conservation easement).

A search for market data having no development potential was conducted in Newport and other coastal communities in Lincoln County. From this search, eight sales are considered suitable for analysis. These sales occurred between January 2011 and September 2013, range in size from 6,000 SF to 3.69 acres, indicate discounts between 50 and 93 percent, and are located in proximity to the communities of Newport, Otter Rock, and Siletz. The sales are zoned for varying density residential development including rural residential. Two parcels are zoned TC, but their small size makes them eligible for residential development if other physical attributes are present. However, it is noted that none of these eight comparables have development potential. The lack of development potential results from a variety of reasons such as insufficient attributes for a septic system or a location within a wetlands or flood plain.

With regard to the eight sales selected for this analysis, the unit prices vary significantly. The range of discounts is between 50 and 93 percent, with the discounts heavily influenced by surface-use availability. As is common with this property type, parcels with difficult or seasonal surface use generate higher discounts than properties allowing the buyer to utilize the land area year-round. The most common buyer for a property lacking development potential is the adjoining property owner. The buyer's purchase motivation includes increasing the yard area or buffer from neighbors, ensuring a view amenity, or controlling adjacent land use.

It is noted that the appraiser also searched for sales activity involving urban properties encumbered with conservation easements. However, no suitable market data was found. A number of agricultural properties encumbered with conservation easements were uncovered, but this data-set is not suitable for comparison with an urban property such as the subject.

On the following pages are tables summarizing the land comparables as well as a Land Sales Map. In the Addenda of this appraisal report are photographs of each comparable.

## VALUATION OF ACQUISITIONS & VACATIONS (Cont.)

| SALE     | LOCATION   | PRICE/<br>SALE DATE            | SIZE/<br>ZONING  | UNIT PRICE/<br>DISCOUNT | COMMENTS   |
|----------|--|--------------------------------|------------------|-------------------------|--|
| <b>1</b> | <b>W/S Highway 101<br/>North of Newport</b><br><br>10-11-17CA: 100<br>Doc. No.: 11-1135      | \$20,000<br>Cash<br>(1/11)     | 3.69 Ac.<br>RR-2 | \$5,420/Ac.<br>93%      | Oceanfront parcel west of Highway 101 and directly north of Moolak Shores Motel. Parcel has gentle terrain near road, then bluff down to beach. Parcel covered with sand and low shrubs, has no developed entry from highway, and limited recreation potential due to terrain. RV pad could be placed on parcel with County approval. Parcel lacks development potential despite zoning. Parcel has utilitarian shape, good ocean view, and no municipal utilities or septic approval. In 100-year flood plain with wave action. |
| <b>2</b> | <b>N/S Siletz Highway<br/>North of Siletz</b><br><br>8-10-19: 801<br>Doc. No.: 11-3524       | \$25,000<br>Cash Eq.<br>(4/11) | 2.02 Ac.<br>TC   | \$12,376/Ac.<br>75%     | Parcel located in rural residential area north of Siletz. Bought by adjacent homeowner for assemblage. Parcel is 15-feet below road grade, has some tree cover near road, then level terrain with open interior until reach downsloping riverbank to Siletz River. Parcel has a territorial view, utilitarian shape, and no potential for development. Majority of parcel in flood plain. Parcel suitable for pasture and recreation.  |
| <b>3</b> | <b>E/S Old River Road<br/>North of Siletz</b><br><br>9-10-33D: 500, 501<br>Doc. No.: 12-8815 | \$25,000<br>Cash<br>(9/12)     | 2.81 Ac.<br>RR-2 | \$8,897/Ac.<br>58%      | Located in rural residential area near below-average to good quality dwellings. Parcel has paved road frontage, slightly above road grade, utilitarian shape, gentle terrain, territorial view, and moderate stand of medium-growth conifers & some deciduous trees. No municipal utilities available. Septic application denied and parcel is unbuildable. Bought by adjacent homeowner for assemblage & recreation.  |

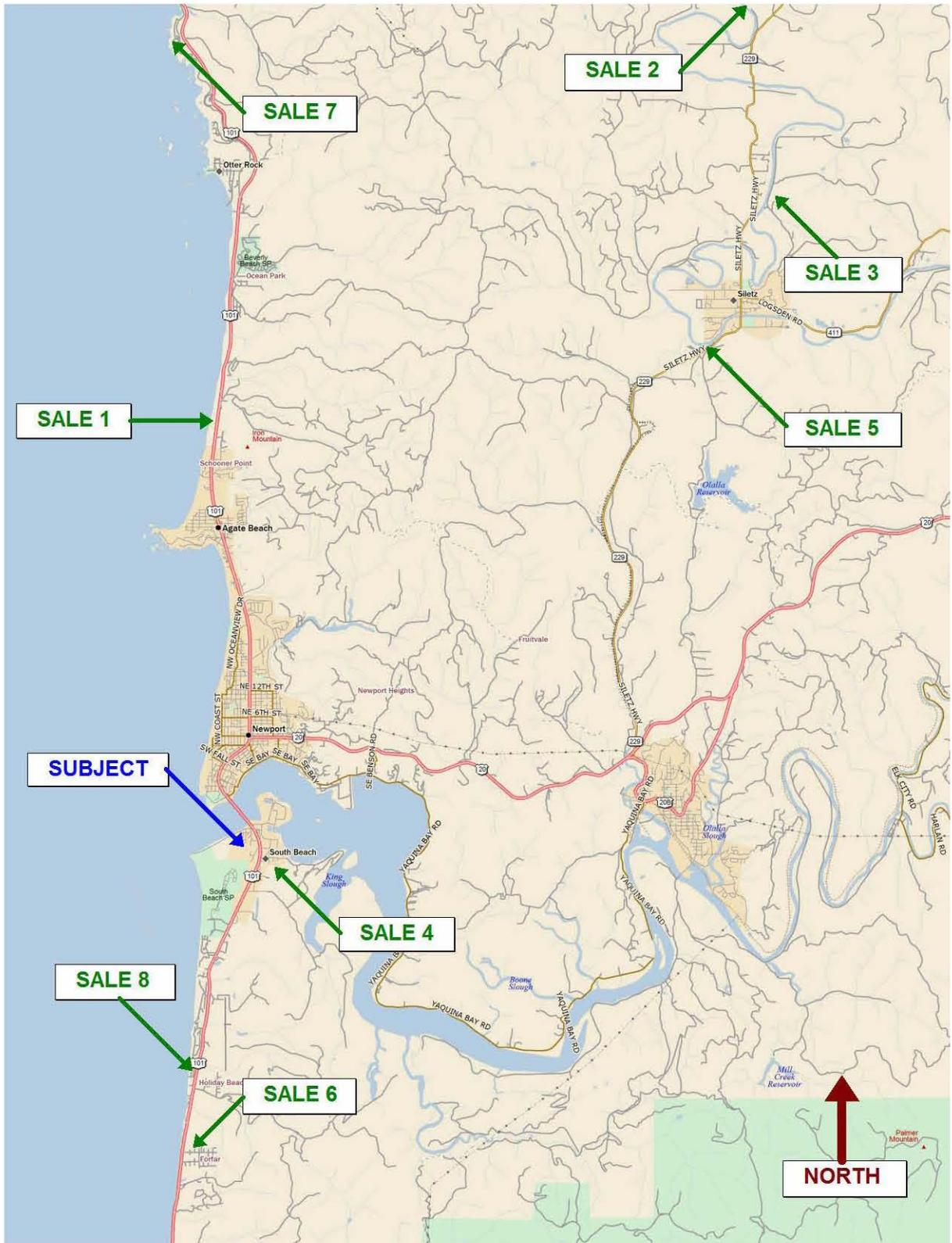
## VALUATION OF ACQUISITIONS & VACATIONS (Cont.)

| SALE | LOCATION  | PRICE/<br>SALE DATE                  | SIZE/<br>ZONING          | UNIT PRICE/<br>DISCOUNT     | COMMENTS  |
|------|---|--------------------------------------|--------------------------|-----------------------------|---|
| 4    | <p><b>South End of<br/>Dogwood Street<br/>Newport</b></p> <p>11-11-17DD: 801<br/>Doc. No.: 2012-9892</p>                            | <p>\$23,000<br/>Cash<br/>(10/12)</p> | <p>2.44 Ac.<br/>R-1</p>  | <p>\$9,426/Ac.<br/>85%</p>  | <p>Located in South Beach area just south of mixed-age residential area and a few blocks east of Highway 101. Parcel also contains frontage along Chestnut Street. Parcel has difficult access due to elevation differential between existing roads and parcel. Much of parcel has wetlands and watercourse presence. Parcel has varying terrain with grass &amp; shrub cover, utilitarian shape, and no view or amenity features. Parcel is undevelopable. Located adjacent but outside city limits. Zoned by County. Bought by City of Newport.</p> |
| 5    | <p><b>W/S Siletz Highway<br/>Siletz</b></p> <p>10-10-09: 105, 106,<br/>and 107<br/>Doc. No.: 12-10889</p>                           | <p>\$25,000<br/>Cash<br/>(11/12)</p> | <p>2.31 Ac.<br/>TC</p>   | <p>\$10,823/Ac.<br/>50%</p> | <p>Located along shared private drive (paved) which parallels highway and Siletz River. Parcel is bisected by drive and has moderate tree cover, gentle and moderate terrain, open area just above river, irregular shape, and territorial view near entry drive. Parcel located near below-average &amp; average quality homes. Parcel mostly within flood plain and is unbuildable. Parcel suited to recreation use, but bought by City of Toledo for water pump station.</p>   |
| 6    | <p><b>NEC SE 116<sup>th</sup> St.<br/>and Acacia Street<br/>South of Newport</b></p> <p>12-11-06CA: 100<br/>Doc. No.: 2013-3214</p> | <p>\$6,250<br/>Cash<br/>(3/13)</p>   | <p>12,150 SF<br/>R-1</p> | <p>\$0.51/SF<br/>84%</p>    | <p>Located in South Beach rural residential area one block east of Highway 101. 116<sup>th</sup> Street is gravel surfaced, Acacia Street frontage not developed. Located near below-average to average quality homes. Parcel has dense vegetative cover, no offsite improvements, gentle upslope to the east, wet terrain present, and no view or amenity features. Parcel is undevelopable and was denied septic approval. Buyer owns adjacent land.</p>  |

## VALUATION OF ACQUISITIONS & VACATIONS (Cont.)

| SALE     | LOCATION  | PRICE/<br>SALE DATE        | SIZE/<br>ZONING  | UNIT PRICE/<br>DISCOUNT | COMMENTS  |
|----------|---|----------------------------|------------------|-------------------------|---|
| <b>7</b> | <b>W/S Rocky Creek Avenue, fronts Pacific Ocean North of Otter Rock</b><br><br>9-11-19DA: 3600<br>Doc. No.: 2013-4598 | \$40,000<br>Cash<br>(5/13) | 6,000 SF<br>R-1A | \$6.67/SF<br>88%        | Located in Miroco Blocks rural subdivision north of Otter Rock community. In proximity to average to good quality homes. Parcel sits on bluff overlooking ocean, has irregular shape with bisecting watercourse. Gravel road access, good ocean view, moderate downslope from road, much rock outcropping. Parcel is undevelopable due to small size, shape, and terrain. Septic application denied. Terrain limits recreation use. |
| <b>8</b> | <b>E/S Brant Street &amp; W/S Abalone St. South of Newport</b><br><br>11-11-31DA: 1402<br>Doc. No.: 2013-9449         | \$7,005<br>Cash<br>(9/13)  | 12,632 SF<br>R-1 | \$0.55/SF<br>88%        | Located in rural subdivision in South Beach area west of Highway 101. In proximity to average to above-average quality homes. Both roads are gravel surfaced. Parcel has partial ocean view, gentle terrain, utilitarian shape, moderate tree & shrub cover, and has a bisecting drainage course. Parcel was denied septic system and is not developable. Buyer owns adjoining home.  |

# VALUATION OF ACQUISITIONS & VACATIONS (Cont.)



## LAND SALES MAP

## VALUATION OF ACQUISITIONS & VACATIONS (Cont.)

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**Sale 1** is a 3.69-acre RR-2 zoned parcel located on the west side of Highway 101 north of Newport. This parcel sold in January 2011 for \$20,000 or \$5,420 per acre. This oceanfront parcel is directly north of the Moolak Shores Motel, has a gentle terrain near the road, then a bluff down to the beach. The parcel has no developed entry to the highway. The parcel lacks development and has limited recreation potential due to terrain and overlay/hazard zones. If developable, the parcel's value would be approximately \$300,000. The discount for its undevelopable status is 93 percent. The parcel has limited recreation potential, but an RV pad could be placed on the parcel with County approval.

**Sale 2** is 2.02-acre TC-zoned parcel located on the north side of the Siletz Highway a few miles north of the Siletz community. This parcel sold in April 2011 for \$25,000 or \$12,376 per acre. The parcel is located in a rural residential area with frontage along the Siletz River. The parcel lacks development potential due to its presence within a flood plain. The parcel was purchased by the adjoining property owner for assemblage purposes. If developable, the parcel's value would be approximately \$100,000. The discount for its undevelopable status is 75 percent. The parcel is suitable for pasture and recreation.

**Sale 3** is a 2.81-acre RR2-zoned parcel located on the east side of Old River Road just north of Siletz. This parcel sold in September 2012 for \$25,000 or \$8,897 per acre. This parcel was denied septic approval and therefore lacks development potential. The parcel is situated near below-average to good quality rural residences and was bought by the adjacent homeowner for assemblage and recreation. If developable, the parcel's value would be approximately \$60,000. The discount for its undevelopable status is 58 percent.

**Sale 4** is a 2.44-acre R1-zoned parcel located at the south end of Dogwood Street and Chestnut Street in Newport's South Beach area. The property sold in October 2012 for \$23,000 or \$9,426 per acre. The property has difficult access due to the elevation differential between the parcel and adjoining roadways. The parcel is undevelopable due to the presence of wetlands and a seasonal watercourse. If developable, the parcel's value would be approximately \$150,000. The discount for its undevelopable status is 85 percent. The parcel has limited recreation potential due to its terrain and was purchased by the City of Newport.

**Sale 5** is a 2.31-acre TC-zoned parcel located on the west side of the Siletz Highway just south of the Siletz downtown area. The parcel is also situated along the Siletz River and in proximity to below-average & average rural residences. This parcel sold in November 2012 for \$25,000 or \$10,823 per acre. The parcel lacks development potential due to its presence within the flood plain. The parcel is also bisected by a shared access drive. Despite the parcel's potential for recreation use or assemblage, the buyer (City of Toledo) purchased the parcel for development of a water pump station. If developable, the parcel's value would be approximately \$50,000. The discount for its undevelopable status is 50 percent.

**Sale 6** is a 12,150 SF R1-zoned parcel located at the northeast corner of SE 116<sup>th</sup> Street and Acacia Street south of Newport. This parcel sold in March 2013 for \$6,250 or \$0.51/SF. Surrounding uses are rural residences rated below-average to average in quality & condition. The parcel's Acacia Street is not developed and the parcel has wet terrain present. The parcel was denied septic approval and is undevelopable. The buyer owns the adjacent property.

## **VALUATION OF ACQUISITIONS & VACATIONS (Cont.)**

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If developable, the parcel's value would be approximately \$40,000. The discount for its undevelopable status is 84 percent. A portion of the parcel is suitable for increased yard area.

**Sale 7** involves an oceanfront parcel totaling 6,000 SF and located on the west side of Rocky Creek Avenue in the Miroco Blocks subdivision north of Otter Rock. This R-1A zoned parcel sold in May 2013 for \$40,000 or \$6.67/SF. The parcel is situated in proximity to average and good quality dwellings, sits on a bluff overlooking the ocean, but has a difficult terrain with a drainage bisecting the parcel. The parcel was denied septic approval and is undevelopable. Furthermore, the terrain limits the parcel's recreation use. If developable, the parcel's value would be approximately \$329,000. The discount for its undevelopable status is 88 percent.

**Sale 8** is a 12,632 SF R1-zoned parcel located on the east side of Brant Street and the west side of Abalone Street in a rural residential subdivision just south of Newport. This parcel sold in September 2013 for \$7,005 or \$0.55/SF. The parcel is situated in proximity to average and above-average quality dwellings, has a partial ocean view, and a gentle terrain with a bisecting watercourse. The parcel was denied septic approval and is undevelopable. The buyer owns the adjoining dwelling. If developable, the parcel's value would be approximately \$60,000. The discount for its undevelopable status is 88 percent.

Overall, the discounts from the eight sales range between 50 and 93 percent. Generally, those sales with severe limitations for surface use generate higher discounts than those parcels having recreation potential or assemblage benefit to the adjoining owner.

As previously stated, the conservation easement area has some terrain issues that make development difficult before the placement of the conservation easement encumbrance. The parcel retains its ability for passive recreation use provided no structures are developed. Based on the attributes of the easement area and the encumbrance placed on this area by the placement of the conservation easement, a discount in the lower range suggested by the sales is appropriate. After reviewing these sales and the subject's attributes, a discount of 50 percent is considered appropriate for the subject's easement area.

The contributory value of the 74,983 SF easement area has been previously estimated at \$3.25/SF or \$243,695. Applying the 50 percent discount results in a deduction of \$121,848. This deduction represents the value of the conservation easement. Deducting this figure from the unencumbered land value results in a \$121,847 land value for the 74,983 SF of land as encumbered with the conservation easement.

### ***Compensable Damages and Special Benefits***

The larger parcel's size before the takings & vacations is 16.40 acres. This parcel size is reduced to 15.67 acres after the loss of the two fee takings, but is increased to 19.02 acres after the assemblage of the road vacations. The remainder parcel's size, shape, and other attributes do not change the parcel's highest & best use, marketability, or unit value relative to OMSI's parcel before the taking.

Given the preceding factors, the subject does not incur compensable damages as a result of the acquisitions, nor are any special benefits derived which enhance the value of the remainder property.

## VALUATION OF ACQUISITIONS & VACATIONS (Cont.)

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### ***Final Value Estimates***

As previously stated, the City requests certain value estimates be presented on a \$/SF basis while the permanent public utility easement and conservation easement be presented on a lump sum basis. The value estimates calculated in this appraisal report are summaries as follows.

| <b>Value Component</b>  | <b>Value Estimate</b> |
|---|-----------------------|
| <b>Larger Parcel</b><br><i>19.75 Acres inclusive of assumed road vacations</i>    | <b>\$3.25/SF</b>      |
| <b>Fee Takings</b><br><i>Two fee takings totaling 31,667 SF (18,514 + 13,153)</i> | <b>\$3.25/SF</b>      |
| <b>Permanent Public Utility Easement</b><br><i>14,252 SF near south boundary</i>  | <b>\$13,967</b>       |
| <b>Road Vacations</b><br><i>145,845 SF in three segments</i>                      | <b>\$3.25/SF</b>      |
| <b>Conservation Easement</b><br><i>74,983 SF net of road vacation</i>             | <b>\$121,847</b>      |

◆ **William E. Adams, MAI** ◆  
Real Estate Appraisal & Consultation  
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Email: 1billadams@comcast.net

July 16, 2014

Ms. Nancy Stueber, President  
OMSI  
1945 SE Water Avenue  
Portland, OR 97214

RE: Appraisal Assignment for South Beach Project in Newport

Greetings:

I have been hired by the City of Newport to prepare a real estate appraisal of OMSI's property located west of Highway 101 and Anchor Way/Abalone Street in Newport's South Beach Area. The City intends to abandon certain road right of way as well as acquire new right of way, permanent easements, and a conservation easement. These acquisitions/abandonments are necessary to facilitate construction of the new OMSI Youth Camp. My contact at the City is Mr. Derrick Tokos (Community Development Director). His phone number is (541) 574-0626.

In order to prepare my appraisal, I need to conduct a property inspection. I would like to coordinate with you (or your property representative) an appropriate time for the inspection. I would welcome the opportunity to discuss the property with you (or your designated representative), including any sales activity you would like me to be aware, or any questions you have regarding my assignment. The acquisition/abandonment areas have already been staked and I hope to conduct my inspections in the next few weeks.

Please contact me at your earliest convenience in order to set an inspection time. If you choose not to accompany me on an inspection, I would appreciate a letter, email, or a phone call so that I may proceed with the assignment. You are welcome to submit any information that you wish to have considered for this appraisal assignment.

Sincerely,



William E. Adams, MAI, MRICS

**PHOTOGRAPHS OF COMPARABLES**



Land Sale 1. (A5-262)



Land Sale 2. (A5-259)

**PHOTOGRAPHS OF COMPARABLES**



Land Sale 3. (A5-249)



Land Sale 4. (A7-688)

**PHOTOGRAPHS OF COMPARABLES**



Land Sale 5. (A5-248)



Land Sale 6. (A5-255)

**PHOTOGRAPHS OF COMPARABLES**



Land Sale 7. (A5-256)



Undevelopable Land Sale 1. (A5-265)

**PHOTOGRAPHS OF COMPARABLES**



Undevelopable Land Sale 2. (A5-285)



Undevelopable Land Sale 3. (A5-283)

**PHOTOGRAPHS OF COMPARABLES**



Undevelopable Land Sale 4. (A7-682)



Undevelopable Land Sale 5. (A5-282)

**PHOTOGRAPHS OF COMPARABLES**



Undevelopable Land Sale 6. (A7-680)



Undevelopable Land Sale 7. (A7-689)

**PHOTOGRAPHS OF COMPARABLES**



Undevelopable Land Sale 8. (A7-681)

After Recording Return to:

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## CONSERVATION EASEMENT

### GRANT OF IRREVOCABLE (PERPETUAL) CONSERVATION EASEMENT BY THE OREGON MUSEUM OF SCIENCE AND INDUSTRY TO CITY OF NEWPORT, OREGON

#### ARTICLE 1: CONVEYANCE AND PURPOSE OF CONSERVATION EASEMENT

1.1 The Property. Oregon Museum of Science and Industry, an Oregon nonprofit public benefit corporation (“OMSI”), is the owner of a parcel of real property in the City of Newport, Lincoln County, Oregon which consists of approximately 19.60 acres of land more particularly described in **Exhibit A** attached hereto and by this reference made a part hereof (the “Property”).

1.2 Memorandum of Understanding. In the course of developing the Property for an outdoor school and campus (the “Project,” as further defined below), OMSI has entered into a Memorandum of Understanding (“MOU”) dated March 4, 2013, with the City of Newport, a municipal corporation of the State of Oregon, and with the Newport Urban Renewal Agency (together with the City of Newport, herein the “City”), as part of an overall infrastructure plan for the South Beach area as depicted in the Coho/Brant Infrastructure Plan, dated August 2012 (the “Plan”), and OMSI and the City have agreed to work collaboratively to implement the Plan in a coordinated and equitable fashion in order to further neighborhood improvement goals. As parties to the MOU, OMSI and the City, among other things, agreed as follows:

“(a) OMSI and the City will collaborate on a program to preserve, in perpetuity, environmentally sensitive Coastal Gully areas on their respective properties as generally depicted on Exhibit C [of the MOU], through the use of Lincoln County’s Conservation Easement program or similar method. The precise area of the conservation easement will be mutually agreed by OMSI [and the City]. The goal of both Parties is for these areas to be managed in a manner that allows them to be used

as part of OMSI's environmental education curriculum while providing for low impact public access to areas as envisioned in the Plan.

“(b) OMSI and the City recognize that this collaboration may result in their respective land ownership and rights-of-way within the Coastal Gully area being consolidated into a single lot or parcel through the platting process and that it may be necessary to put in place conservation easements over the affected areas.”

1.3 Easement Grant. OMSI does hereby grant to City a permanent, irrevocable, non-exclusive easement (the “Conservation Easement”) of the nature and character described herein over that portion of the Property generally described on the attached **Exhibit B** and depicted on **Exhibit C**, each attached hereto and by this reference made a part hereof (the “Easement Area”). The Conservation Easement shall continue in effect in perpetuity and shall run with the land, subject to the terms and conditions hereof.

1.4 Purpose; Project. The purpose of the Conservation Easement is the preservation, promotion, enhancement, and restoration of the native trees, vegetation, wetland, natural beauty and scenic values of the Easement Area in perpetuity (the “Purpose”). The grant of the Conservation Easement initially is intended to be consistent with the development of OMSI's outdoor school and campus project on the Property for an environmental education program (the “Project”).

## ARTICLE 2: PHOTOGRAPHS OF PROPERTY

Photographs of the Easement Area in its current condition shall be kept by both the OMSI and the City to document its condition as of the execution of this Conservation Easement.

## ARTICLE 3: CONDITIONS OF CONSERVATION EASEMENT

3.1 The following covenants shall apply to the Easement Area:

- a. No cutting of native trees or removal of natural vegetation, except as allowed by law and as may be agreed for restoration and enhancement activities.
- b. No development or construction of any structures, buildings, or other non-natural features except for boardwalks and trails related to the educational use of the Easement Area and other lawful development.
- c. No mining such as aggregate, sand, rock, gases, or minerals and no petroleum drilling.
- d. No cell, radio or other communication towers.

e. No application of herbicides or pesticides is permitted if alternative methods of control, including removal by hand are available and not cost prohibitive. If alternative applications are not available or are cost prohibitive, hand application or injection of herbicides or pesticides may be used after notice has been posted in prominent locations in the Easement Area for at least ten days prior to application. The notice, at a minimum, shall identify the time and location of the areas of application, and the chemicals being used.

f. No grading, cuts or fills or other alteration of topography is permitted except in the placement or construction of signs, benches, the construction of trails, or as contemplated in 3.2.k, or as allowed by the law and as may be agreed for restoration and enhancement activities.

g. No dumping of garbage, yard debris, and other waste, nor permanent storage of trash anywhere on the Easement Area.

h. No dumping or storage of hazardous materials.

i. No use of motorized vehicles anywhere on the Easement Area except in sign, bench, or trail construction that shall be agreed upon by OMSI and City.

j. No subdivision of the Easement Area for any additional development except as allowed by law.

k. No fencing except as allowed by the law.

l. Nothing in this Agreement precludes structures, uses and activities which are allowed by law.

3.2 OMSI may (shall have the right to) engage in the following activities in the Easement Area:

a. If catastrophic events impact the Easement Area such as a mudslide, blow down, tsunami, earthquake or fire (collectively "Events") occur, OMSI shall in good faith and in a timely manner use reasonable efforts to restore and stabilize the damaged areas according to best practices that are consistent with and support the purposes of this Conservation Easement and as long as such shall not further compromise the stability of the Easement Area. In restoring the Easement Area, OMSI may remove and sell any salvageable timber resulting from the Event. If the catastrophic event is an earthquake or tsunami and if it devastates the Easement Area and surrounding areas, OMSI shall have no obligation to restore and stabilize the Easement Area.

b. Improve the Property including the Easement Area as allowed by the law.

c. Remove noxious weeds, bushes, and other invasive species.

d. Remove any falling or fallen trees that threaten the safety of OMSI personnel, public trail hikers, residence/structures, or threaten the ingress and egress of the road or trails.

e. Plant or transplant trees, bushes, perennials, annuals and other flora anywhere on the Easement Area.

f. Place signs on the Easement Area that reinforce the Conservation Easement such signage related to trail use, educational information, personal safety and prohibited activities.

g. Sell, rent, mortgage, gift or devise the Property including the Easement Area.

h. Possess all other rights to control and manage the Easement Area normally accorded property owners.

i. OMSI shall have the right to enter into additional easements and legal agreements concerning the Property and the Easement Area without approval of City as long as the additional easements or agreements do not materially violate or conflict with this Conservation Easement. The City shall be promptly informed in writing as to any additional easements/ agreements.

j. All costs and liabilities to maintain the Property, including the Easement Area shall be the sole responsibility of OMSI.

k. Removal of the man-made earthen fill features on the south, southeast, and eastern borders of the easement. Wetland features will be protected from all earthwork activities.

#### ARTICLE 4: ENFORCEMENT OF THE CONSERVATION EASEMENT

4.1 This Conservation Easement may be enforced by OMSI or the City or their respective successors in interest.

4.2 Any alleged violation of the Conservation Easement will be brought to the attention of both OMSI and the City. If the violation includes acts contrary to state statutes, additional enforcement may include Lincoln County Sheriff's Office, Lincoln County District Attorney's Office, and all other Lincoln County or State of Oregon Authorities.

4.3 Remedial measures for violations by third parties shall be instituted by OMSI at the City's reasonable request.

4.4 OMSI shall inspect the Easement Area at least annually to ensure that the covenants in this Conservation Easement are being adhered to, or sooner if a violation of the Conservation Easement is suspected or reported.

4.5 OMSI shall maintain a written and photographic record of any inspections, reports of violations, and all remedial actions taken to assure the enforcement of the Conservation Easement.

4.6 Specific actions to be taken if a violation is suspected.

a. Notice of Intention to Undertake Certain Action; Clarification of Conservation Easement Terms. The reason for requiring OMSI to notify and obtain approval from the City prior to undertaking certain activities, which might impair the conservation values or otherwise defeat or frustrate the purpose of this Conservation Easement, is to afford the City an opportunity to ensure that the activities in question are designed and carried out in a manner consistent with the covenants, other terms, conditions and/or purpose of the Conservation Easement. Whenever notice is required, or if OMSI has a question as to whether an activity is consistent with the terms of this Conservation Easement or might negatively impact the conservation values of the Easement Area, OMSI shall notify the City in writing not less than fourteen (14) days prior to the date OMSI intends to undertake the activity in question; except that in an emergency forty-eight (48) hour oral notification to the City shall suffice. The notice shall describe the nature, scope, design, location, timetable, and any other material aspects of the proposed activity in sufficient detail to permit the City to make an informed judgment of the activity as to its consistency with the purpose of this Conservation Easement.

This term is in addition to any other notice or public forum actions required under this Conservation Easement.

b. City's Response. City shall give OMSI a written response of its determination within ten (10) days after the receipt of OMSI's written request. In the event the City fails to respond to OMSI's written request within the ten (10) day period, such request shall be deemed approved. The City's approval shall be based upon the City's reasonable determination (a) that the proposed use or activity would be consistent with the provisions of the Conservation Easement, (b) that the proposed action will preserve and enhance the conservation values protected by this Conservation Easement, and (c) that the likely effect of the proposed action upon the conservation values of the Easement Area will be positive. Approval or disapproval shall be within the reasonable discretion of the City and may be granted upon conditions, provided they tend to further the purpose of this Conservation Easement. The consent of the City obtained in one circumstance shall not be deemed or construed to be a waiver by the City for any subsequent activities by OMSI under this Article.

c. Mediation. If a dispute arises between the Parties concerning the

consistency of any proposed use or activity with the purpose or terms of this Conservation Easement that they cannot resolve through unassisted consultation between themselves, and OMSI agrees not to proceed with, or shall discontinue, the use or activity pending resolution of the dispute, either party may refer the dispute to mediation by request made in writing upon the other. Within ten (10) days of the receipt of such a request, the Parties shall mutually select a single experienced and impartial mediator. If the parties are unable to agree on the selection of a single mediator, then the parties shall, within fifteen (15) days of receipt of the initial request, jointly apply to the presiding judge of the Lincoln County Circuit Court for the appointment of an experienced and impartial mediator. Mediation shall then proceed in accordance with the following guidelines:

(1) Purpose. The purpose of the mediation is to: (i) promote discussion between the parties; (ii) assist the parties to develop and exchange pertinent information concerning the issues in dispute; and (iii) assist the parties to develop proposals which enable them to arrive at a mutually acceptable resolution of the controversy. The mediation is not intended to result in any express or de facto modification or amendment of the terms, conditions or restrictions of this Conservation Easement.

(2) Participation. The mediator may meet with the parties and their counsel jointly or ex parte. The Parties agree that they will participate in the mediation process in good faith and expeditiously, attending all sessions scheduled by the mediator. Representatives of both parties with settlement authority will attend mediation sessions as requested by the mediator. The Parties may invite additional persons, such as residents in and around the subject property, to participate in the mediation.

(3) Confidentiality. All information presented to the mediator shall be deemed confidential and shall be disclosed by the mediator to third parties only with the consent of the parties or their respective counsel. The mediator shall not be subject to subpoena by any party. No statements made or documents prepared for mediation sessions shall be disclosed in any subsequent proceeding or construed as an admission of a party.

(4) Time Period. Neither party shall be obligated to continue if the mediation process exceeds a period of forty five (45) days from the date of receipt of the initial request or if the mediator concludes that there is no reasonable likelihood that continuing mediation will result in a mutually agreeable resolution of the dispute.

(5) Costs. The costs of the mediator shall be borne equally by OMSI and the City; the parties shall bear their own expenses, including attorney's fees, individually.

d. City's Remedies. It is the City's preference and intent to work on a voluntary basis with the OMSI to solve any problems that arise through unassisted and assisted discussions. However, despite good efforts there may be situations that require corrective action to be taken and the following procedures shall be followed and the following

time frames provided to allow correction of problems before further action.

(1) Notice of Violation; Corrective Action. If the City determines that OMSI or any occupant of the Property is conducting or allowing a use, activity, or condition on the Easement Area which is prohibited by the terms of this Conservation Easement or that a violation of the terms of this Conservation Easement is threatened, City shall give written notice to OMSI of such violation or threatened violation and demand corrective action sufficient to cure the violation or terminate the threat, and, where the violation involves injury to the Easement Area resulting from any use or activity inconsistent with the purposes of this Conservation Easement, to restore the portion of the Easement Area so injured.

(2) Injunctive Relief. If OMSI fails to cure the violation within thirty (30) days after receipt of notice thereof from the City, or under circumstances where the violation cannot reasonably be cured within this period, fails to begin curing such violation within this period, and/or fails to continue diligently to cure such violation until finally cured. The City may enter upon the Easement Area and cure the violation, or bring an action at law or in equity in court of competent jurisdiction to enforce the terms of this Conservation Easement to enjoin the violation, ex parte as necessary, by temporary or permanent injunction, and to require the restoration of the Easement Area to the condition that existed prior to injury.

(3) Damages. The City will be entitled to recover compensatory, but not punitive or consequential, damages for OMSI's violation of the terms of this Conservation Easement, or injury to any conservation values protected by this Conservation Easement. Without limiting OMSI's liability therefore, the City shall apply any damages recovered to the cost of undertaking any corrective action on the Easement Area.

(4) Emergency Enforcement. If the City, in its reasonable discretion, determines that circumstances require immediate action to prevent or mitigate significant damage to the conservation values of the Easement Area, the City may (i) pursue its remedies under 4.6(b) without prior notice to OMSI or without waiting for the period provided for cure to expire; and (ii) enter upon the Easement Area for the purpose of assessing damage or threat to the conservation values thereon and determining the nature of curative or mitigation actions that should be taken. Notwithstanding the foregoing, the City shall use its best efforts to give forty eight (48) hours' notice to OMSI of such actions taken under this sub-paragraph.

(5) Scope of Relief. The City's rights under this paragraph apply equally in the event of either actual or threatened violations of the covenants, other terms, conditions and purpose of this Conservation Easement. OMSI and City expressly agree that the Easement Area, by virtue of its protected features, is unique and that a violation of this Conservation Easement, and any ensuing harm or alteration of the Easement Area, will result in damages that are irremediable and not subject to quantification. Accordingly, OMSI agrees

that City's remedies at law for any violation of the terms of this Conservation Easement are inadequate and that City shall be entitled to the injunctive relief described in this paragraph, both prohibitive and mandatory, in addition to such other relief to which the City may be entitled, including specific performance of the terms of this Conservation Easement, without the necessity of proving either actual damages or the inadequacy of otherwise available legal remedies. The City's remedies described in this section shall be cumulative and shall be in addition to all remedies now or hereinafter existing at law or in equity.

(6) Liquidated Damages. Inasmuch as the actual damages to the conservation values of the Easement Area which could result from a breach of this Conservation Easement by OMSI would be impractical or extremely difficult to measure, the Parties agree that the money damages City is entitled to recover under ORS 105.810 shall be the following:

(i) With respect to the construction of any improvement prohibited by the Conservation Easement, that is not subsequently removed and the Easement Area restored to its previous condition within a reasonable amount of time specified by the City, the damages shall be an amount equal to the actual cost of removal of such improvement;

(ii) With respect to any use or activity prohibited by this Conservation Easement and not involving the construction or maintenance of an improvement, an amount equal to \$10,000 in 2014 Dollars; provided, however, that if timber is harvested in violation of the terms of this Conservation Easement, the amount determined under this subparagraph (ii) will be equal to the actual sales price or value realized upon disposition of such harvested timber; and

(iii) any other damages allowable under ORS 105.810 specifically including, without limitation, restoration of lost or damaged conservation values. Provided, however that in no circumstances shall the City be entitled to treble damages.

e. Costs of Enforcement. In any suit or action brought by the City to enforce or interpret the provisions of this Conservation Easement, the prevailing party shall be entitled to a judgment against the non-prevailing party for the prevailing party's costs and reasonable attorney's fees, including the costs of attorney's fees on appeal and in enforcing any judgment or decree, including in a bankruptcy proceeding.

f. City's Discretion. Enforcement of the terms of this Conservation Easement shall be at the reasonable discretion of the City, and any forbearance by the City to exercise its rights under this Conservation Easement in the event of any breach of any covenant or term of this Conservation Easement by OMSI shall not be deemed or construed to be a waiver by the City of such covenant or term or of any subsequent breach of the same or any other term of this Conservation Easement or of any of the City's rights under this Conservation

Easement. No delay or omission by the City in the exercise of any right or remedy upon any breach by OMSI shall impair such right or remedy or be construed as a waiver.

g. Waiver of Certain Defenses. OMSI hereby waives the defenses of laches, and prescription. Laches constitutes the neglect or omission to assert a right as, taken in conjunction with lapse of time and other circumstances, causes prejudice to the adverse party. Prescription is defined as a manner of acquiring rights in a property of another by the passage of time and usage.

h. Acts Beyond the OMSI's Control. Nothing contained in this Conservation Easement shall be construed to entitle the City to bring any action against OMSI for any injury to or change in the Easement Area resulting from causes beyond OMSI's control, including without limitation, other government's action, fire, flood, storm, tsunami, earthquake and other naturally occurring earth movement and other similar natural events, or from any prudent action taken by OMSI under emergency conditions to prevent, abate, or mitigate significant injury to the Easement Area resulting from such causes.

Additionally, damage caused by trespassers shall not be subject to action against OMSI.

#### ARTICLE 5: LIABILITIES, TAXES, AND INDEMNIFICATION

5.1 Legal Requirements. OMSI shall conduct its activities and uses in accordance with all applicable federal, state and local laws, regulations and requirements.

##### 5.2 Taxes

. For so long as the Easement Area is entitled to exemption from ad valorem property tax under Oregon law, the remainder of this Section 5.2 shall not be applicable. Subject to the foregoing and except as agreed by the parties in providing for the grant of this Conservation Agreement through the Lincoln Land Legacy program, OMSI shall pay or cause to be paid before delinquency all taxes, assessments, fees, and charges of whatever description levied on or assessed against the Easement Area by competent authority (collectively "taxes"), including any such taxes imposed upon, or incurred as a result of, this Conservation Easement, and shall furnish the City with satisfactory evidence of payment upon request. The City is authorized, but in no event obligated, to make or advance any payment of taxes, upon fifteen (15) days prior written notice to OMSI in accordance with any bill, statement or estimate procured from the appropriate authority, without inquiry into the validity of the taxes or the accuracy of the bill, statement or estimate, and the obligation, caused by such payment shall bear interest until paid by OMSI the lesser of nine percent (9%) per annum or at the maximum rate allowed by law. It is intended that this Conservation Easement constitutes an enforceable restriction within the meaning of ORS 271.715 through 271.795.

##### 5.3 Hold Harmless.

a. In accordance with Oregon law including but not limited to the Oregon

Tort Claims Act (ORS 30.260 to 30.300), OMSI shall hold harmless, indemnify, and defend the City and its officers, employees, agents, attorneys, and contractors and the successors and assigns of each of them (collectively the “City’s Indemnified Parties”) from and against all liabilities, penalties, losses, expenses, claims, damages, demands, causes of action, judgments or costs, including, without limitation, reasonable attorney’s fees, arising from or in any way connected with or incident to injury to or the death of any person, or physical damage to any property, resulting from any of OMSI’s negligent, reckless or intentionally wrongful acts, omissions, conditions, or other matter related to or occurring on or about the Easement Area.

b. In accordance with Oregon law, including but not limited to the Oregon Tort Claims Act (ORS 30.260 to 30.300), the City shall hold harmless, indemnify, and defend OMSI and its officers, executives, employees, agents, attorneys, and contractors and the heirs, personal representatives, successors and assigns of each of them (collectively “OMSI’s Indemnified Parties”) from and against all liabilities, penalties, losses, expenses, claims, damages, demands, causes of action, judgments or costs, including, without limitation, reasonable attorney’s fees, arising from or in any way connected with or incident to injury to or the death of any person, or physical damage to any property, resulting from any negligent, reckless or intentionally wrongful acts, omissions, or conditions related to or occurring on or about the Easement Area by the City, its officers, officials, employees, agents, attorneys, contractors, heirs, successors and assigns.

**ARTICLE 6: EXTINGUISHMENT, CONDEMNATION, INABILITY TO PERFORM AND SUBSEQUENT TRANSFER**

6.1. Extinguishment. If circumstances arise in the future that render the Purpose of this Conservation Easement impossible to accomplish (such circumstances to include global climate change, urbanization, unstable soils, etc.), then this Conservation Easement can be terminated or extinguished, whether in whole or in part, by judicial proceedings in a court having jurisdiction. The amount of the proceeds to which OMSI or the City shall be entitled, after the satisfaction of prior claims, from any sale, exchange, or involuntary conversion of all or any portion of the Easement Area subsequent to such termination or extinguishment, shall be determined, unless otherwise provided by Oregon law at the time, in accordance with Section 6.2 of this Conservation Easement.

6.2. Condemnation. If all or any of the Easement Area is taken by exercise of the power of eminent domain or acquired by purchase in lieu of condemnation, whether by public, corporate, or other authority, so as to terminate this Conservation Easement, in whole or in part, OMSI and the City shall act jointly to recover the full value of the interest in the Easement Area subject to the taking or in lieu purchase and all direct or incidental damages resulting from the taking or in lieu purchase. All expenses reasonably incurred by OMSI and the City in connection with the taking or in lieu purchase shall be paid out of the amount recovered. Except as provided by applicable law, the entire balance of the amount recovered shall be paid to OMSI, and the City agree that the City's share of the balance of the amount recovered shall be zero.

6.3 The City's Inability To Fulfill Its Obligations. If the City for any reason cannot fulfill its obligations under this Conservation Easement, then after notice to OMSI and notice to the public given thirty (30) days before the effective date of any action, the City shall assign it rights and obligations to another public entity, including but not limited to the State of Oregon, that is willing and able to receive the benefits and assume the obligations of the Conservation Easement; provided, however, that that the assignee public entity's obligations shall be subject to the limitations of the Oregon Constitution, local charters, state and local laws, and the Oregon Tort Claims Act (ORS 30.260 to 30.300).

Such other entity, with purposes similar to Grantee's, constituting a "qualified organization" within the meaning of the Internal Revenue Code of 1986, as amended (or any successor provision(s) then applicable).

6.4 Application of Proceeds. The City shall use any proceeds received under the circumstances described in this Article 6 for the purposes of this Conservation Easement grant.

6.5 Subsequent Transfers. OMSI agrees to:

a. Incorporate the terms of this Conservation Easement by reference in any deed or other legal instrument by which it divests itself of any interest in all or a portion of the Easement Area, including, without limitation, a leasehold interest;

b. Describe this Conservation Easement in and append it to any executory contract for the transfer of any interest in the Easement Area;

c. Give written notice to the City of the transfer of any interest in all or a portion of the Easement Area no later than thirty (30) days prior to the date of such transfer. Such notice to Grantee shall include the name, address, email and telephone number of the prospective transferee or the prospective transferee's representative.

The failure of OMSI to perform any act required by this subsection shall not impair the validity of this Conservation Easement or limit its enforceability in any way.

#### ARTICLE 7: AMENDMENT

If circumstances arise under which an amendment to or modification of this Conservation Easement would be appropriate, OMSI and the City are free to jointly amend this Conservation Easement; provided that no amendment shall be allowed that will affect the qualification of this Conservation Easement or the status of the City under any applicable laws, including Section 170(h) of the Internal Revenue Code of 1986, as amended (or any successor provision(s) then applicable). Any proposed change that affects the provisions and

integrity of this Conservation Easement shall be directed to OMSI and the City for their review and input, and shall require their written agreement to such changes if such changes alter any conditions set forth in the Conservation Easement. Changes shall not materially alter the conservation purposes of this Conservation Easement. Any such amendment shall be consistent with the Purpose of this Conservation Easement, shall not affect its perpetual duration, and shall be recorded in the official records of Lincoln County, Oregon, and any other jurisdiction in which such recording is required.

#### ARTICLE 8. ASSIGNMENT

This Conservation Easement is transferable, but the City may assign its rights and obligations under this Conservation Easement only to an organization that is a governmental entity or that is a qualified organization at the time of transfer under Section 170(h) of the Internal Revenue Code of 1986, as amended (or any successor provision then applicable), and the applicable regulations promulgated thereunder, and authorized to acquire and hold conservation easements under applicable Oregon law (or any successor provision(s) then applicable), provided that if such vesting in any of the entities named above is deemed to be void under the Rule Against Perpetuities, the rights and obligations under this Conservation Easement shall vest in such organization as a court having jurisdiction shall direct, pursuant to the applicable Oregon law and the Internal Revenue Code and with regard to the Purpose of this Conservation Easement. As a condition of such transfer, the City shall require that the transferee exercise its rights under the assignment consistent with the Purpose of this Conservation Easement. The City shall notify OMSI in writing, at OMSI's last known address, in advance of such assignment. The failure of the City to give such notice shall not affect the validity of such assignment nor shall it impair the validity of this Conservation Easement or limit its enforceability in any way.

#### ARTICLE 9. RECORDATION

The City shall record this instrument in a timely fashion in the official records of Lincoln County, Oregon, and in any other appropriate jurisdictions, and may re-record it at any time as may be required to preserve its rights in this Conservation Easement.

#### ARTICLE 10. GENERAL PROVISIONS

10.1 Controlling Law. The interpretation and performance of this Conservation Easement shall be governed by the laws of the State of Oregon.

10.2 Liberal Construction. Any general rule of construction to the contrary notwithstanding, this Conservation Easement shall be liberally construed in favor of the grant to effect the Purpose of this Conservation Easement. If any provision in this instrument is found to be ambiguous, an interpretation consistent with the Purpose of this Conservation Easement that would render the provision valid shall be favored over any interpretation that would render it invalid.

10.3 Severability. If any provision of this Conservation Easement, or its application to any person or circumstance, is found to be invalid, the remainder of the provisions of this Conservation Easement, or the application of such provision to persons or circumstances other than those as to which it is found to be invalid, as the case may be, shall not be affected.

10.4 Entire Agreement. This instrument sets forth the entire agreement of the parties with respect to the Easement Area and supersedes all prior discussions, negotiations, understandings, or agreements relating to the Easement Area, including the MOU, all of which are merged into this Conservation Easement. No alteration or variation of this instrument shall be valid or binding unless contained in an amendment that complies with Article 7 hereof.

10.5 No Forfeiture. Nothing contained in this Conservation Easement will result in a forfeiture or reversion of OMSI's title in any respect.

10.6 Successors and Assigns. The covenants, terms, conditions, and restrictions of this Conservation Easement shall be binding upon, and inure to the benefit of, the parties to this Conservation Easement and their respective personal representatives, heirs, successors, and assigns, and shall continue as a servitude running in perpetuity with the Easement Area.

10.7 Termination of Rights and Obligations. A party's rights and obligations under this Conservation Easement terminate upon transfer of the party's interest in the Easement or Protected Property, except that liability for acts or omissions occurring prior to transfer shall survive transfer.

10.8 Counterparts. The parties may execute this instrument in two or more counterparts, which shall be signed by both parties. Each counterpart shall be deemed an original instrument as against any party who has signed it. In the event of any disparity between the counterparts produced, the recorded counterpart shall be controlling.

#### ARTICLE 12. SCHEDULE OF EXHIBITS

- A. Legal Description of the Property
- B. Legal Description of Easement Area
- C. Drawing of Easement Area

TO HAVE AND TO HOLD unto Grantee, its successors and assigns forever.

IN WITNESS WHEREOF, the undersigned Grantor (OMSI) has executed this instrument this \_\_\_ day of \_\_\_\_\_, 2014.

OREGON MUSEUM OF SCIENCE AND INDUSTRY,  
an Oregon nonprofit corporation

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name (print or type)

\_\_\_\_\_  
Title

[Acknowledgment follows]

STATE OF OREGON            )  
  ) ss.  
County of \_\_\_\_\_        )

On the \_\_\_ day of \_\_\_\_\_, 2014, \_\_\_\_\_, as \_\_\_\_\_ of Oregon Museum of Science and Industry, an Oregon nonprofit corporation appeared before me and declared the foregoing instrument to be his voluntary act and deed.

\_\_\_\_\_  
NOTARY PUBLIC FOR OREGON

**EXHIBIT A**

**Legal Description of the Property**

**EXHIBIT B**

**Legal Description of the Easement Area**

**EXHIBIT C**

**Drawing of Easement Area**

## QUALIFICATIONS

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### **William E. Adams, MAI**

1809 Sunburst Terrace NW

Salem, OR 97304

Telephone (503) 585-6656

Fax (503) 585-6444

Email: 1billadams@comcast.net

### **ASSOCIATION**

Appraisal career commenced in 1984. The appraisal offices of William E. Adams, MAI opened in Salem, Oregon in August 1999. Between May 1995 and August 1999, William E. Adams, MAI was associated with the commercial real estate appraisal firm of Herrmann & Company in Salem, Oregon. Prior to May 1995, William E. Adams, MAI was a partner with the appraisal firm of Adams, Bambas & Willmette in Stockton, California.

### **PROFESSIONAL AFFILIATIONS**

Member of the Appraisal Institute - Designated MAI (No. 9396)

Member of the Royal Institution of Chartered Surveyors – Designated MRICS (No. 1289469)

Member of the Oregon Society of Farm Managers and Rural Appraisers

State of Oregon - Certified General Appraiser No. C000495

### **EDUCATION**

Willamette University, Salem, Oregon; Bachelor's Degree majoring in Economics and Psychology, 1983.

Appraisal Institute: All required courses for MAI designation, and continuing education requirements have been met.

### **EXPERIENCE**

Clients include many individual property owners and corporations; various agencies of the United States of America; the State of Oregon; the State of California; several counties and cities in Oregon and central California; public utilities; banks and other lending institutions; insurance companies; attorneys and accountants; school districts; and assessment districts.

Assignments were for private purchases and sales; loan and public financing; damage loss; trades; ad valorem and inheritance taxation matters; bankruptcy proceedings; and public acquisitions through condemnation.

Aside from typical commercial, industrial and residential properties, assignments include residential subdivisions and PUDs; master planned communities; mortuaries; auto dealerships; athletic clubs; general and factory outlet retail centers; professional and medical offices; marinas; urban transition property; agricultural and rural property; proposed industrial and business parks; bond districts; school and park sites; surface mines; sanitary landfills (Class II and III); property slated for right of way acquisition; contaminated lands; environmentally sensitive lands; industrial manufacturing and warehousing facilities; forest and governmental land; and other issue or special use property.

## Derrick Tokos

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**From:** Jamie Hurd <JHurd@omsi.edu>  
**Sent:** Thursday, August 14, 2014 4:31 PM  
**To:** Derrick Tokos  
**Subject:** RE: Property Appraisal for Sunset Dunes Plat

Derrick,

I am comfortable keeping the diagram as is with the intent that there would be a more complete design process that we would work together on before actually constructing anything on the site.

Also, upon review of the appraisal one thing that was noted is that the value for the easements seems a little high. As a comparison in previous instances we had worked on recent projects where the easements were valued at 10% of the appraised value because there is nothing that we can do with them. This appraisal sets easements at 30% for the streets and 50% for the conservation easement, which is high in comparison. I know and fully appreciate that the city has undertaken the work of street vacation and replatting as part of the South beach Urban Redevelopment plan which has a cost. For the record, I think that the high appraisal value is worth noting.

Other than that, the appraisal looks OK and I approve moving forward with it on Monday. I am planning on being there. Is there anything in particular I should come prepared for?

Thanks,

Jamie Hurd  
Vice President of Programs

Oregon Museum of Science and Industry  
1945 SE Water Avenue  
Portland Oregon 97214  
O 503 797 4618 | F 503 797 4568  
E jhurd@omsi.edu | www.omsi.edu

Dinosaurs Unearthed on view May 23 - Sept. 2 [facebook.com/omsi.museum](https://www.facebook.com/omsi.museum) | [twitter.com/omsi](https://twitter.com/omsi)

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

**From:** Derrick Tokos [mailto:D.Tokos@NewportOregon.gov]  
**Sent:** Wednesday, August 13, 2014 9:22 AM  
**To:** Jamie Hurd  
**Subject:** RE: Property Appraisal for Sunset Dunes Plat

Jamie,

The boardwalk illustration included in the appraisal was taken out of the 2012 Coho/Brant Plan. It is conceptual in nature and the alignment of the trails/boardwalk is not binding. It is part of our Comprehensive Plan, which means that as long as the end use is generally consistent with what was conceptually envisioned then the work would be able to proceed without further amendment to the Plan.

The appraiser incorporated the diagram into his report because it illustrates a potential future use, which was necessary to establish a value for the easement. It does not commit either party to those improvements. My preference would be to avoid amending the appraisal unless you see something that would potentially impact the rationale the appraiser used to establish the value.

Derrick I. Tokos, AICP  
Community Development Director  
City of Newport  
169 SW Coast Highway  
Newport, OR 97365  
ph: 541.574.0626  
fax: 541.574.0644  
d.tokos@newportoregon.gov

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

From: Jamie Hurd [mailto:JHurd@omsi.edu]  
Sent: Tuesday, August 12, 2014 8:11 PM  
To: Derrick Tokos  
Subject: RE: Property Appraisal for Sunset Dunes Plat

Derrick,

Thanks you for having the appraisal completed. I am going to have our finance and legal team review the document and will get back to you. I expect the process to be fairly smooth since we have been working so closely together.

I have a question on the boardwalk in the conservation easement. My understanding is that the diagram we have been using is very preliminary. I have concerns about how the design is currently represented because it provides access right into the camp. I think there are other options that allow the public to enjoy the wetlands while protecting the campers. Knowing that was not part of the original design scope I did not address it. I guess I am curious that the description of the boardwalk was so specific in the appraisal and wonder how much bearing that has on future options. If it is possible to strike the specific description (I would be happy to mark it for us) that would be my preference. I had planned that we would work closely with the city at a future date when funding is secured, but would want to keep the documentation clear just in case it is not you and I working together in the future. How binding is this document?

Best,  
Jamie

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From: Derrick Tokos [D.Tokos@NewportOregon.gov]  
Sent: Tuesday, August 12, 2014 5:41 PM  
To: Jamie Hurd  
Subject: Property Appraisal for Sunset Dunes Plat

Hi Jamie,

Enclosed is a copy of an appraisal of your property prepared by William Adams, MAI, MRICS, dated August 11, 2014, related to the proposed plat of Sunset Dunes. The appraisal establishes a per square foot values for the entire property, the proposed right-of-way take for SW 30th Street and SW Abalone Street, a utility easement the City would be retaining over portions of SW 33rd Street and SW Brant Street, the value of the Conservation Easement over Lot 1, Block 1 of the Plat of Sunset Dunes, and the value of land OMSI will receive as a result of the City vacating SW 31st Street, SW 32nd Street, SW 33rd Street, SW Coho Street, SW Brant Street, and SW Abalone Street.

The appraisal shows that you will be receiving more value out of the transaction than you will lose through the dedication of right-of-way and the conservation easement. For this reason, Agency proposes that no monetary compensation be paid. Agency has taken on the cost of preparing the subdivision plat and appraisal. This was not factored into the analysis and the Agency is not looking for OMSI to reimburse it for any of that work.

We hope that you agree that this process has contributed value to your landholding by eliminating rights-of-way that would otherwise be an impediment to your developing the Coastal Discovery Center and in facilitating the extension of road access to the property.

Please review the appraisal and let me know if you have any questions. The Newport City Council is considering the proposed right-of-way vacations at its August 18, 2014 meeting and I would appreciate if you could confirm as to whether or not you agree that this is a reasonable outcome in advance of that meeting.

Thank you,

Derrick I. Tokos, AICP  
Community Development Director  
City of Newport  
169 SW Coast Highway  
Newport, OR 97365  
ph: 541.574.0626  
fax: 541.574.0644  
d.tokos@newportoregon.gov

## Derrick Tokos

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**From:** Bob Neathamer <Bob@neathamer.com>  
**Sent:** Friday, August 15, 2014 10:05 AM  
**To:** Derrick Tokos  
**Cc:** eric@rubicon-investments.com; Stdsis@aol.com  
**Subject:** RE: Appraisal Report for Sunset Dunes Right-of-Way Acquisition

Derrick,

The members of Investors XII find the appraisal acceptable and support proceeding with the proposed right-of-way vacations. Please contact me with questions or comments.

**Robert V. Neathamer | President | Neathamer Surveying, Inc.**

**Professional Land Surveyor – Water Right Examiner – NSPS Oregon Governor**

☎ (541) 732-2869 | 📠 (541) 732-1382 | ✉ [bob@neathamer.com](mailto:bob@neathamer.com)  
3126 State St., Suite 203 | Medford, OR 97504 | [www.neathamer.com](http://www.neathamer.com)

**From:** Derrick Tokos [mailto:D.Tokos@NewportOregon.gov]  
**Sent:** Friday, August 08, 2014 2:49 PM  
**To:** Bob Neathamer  
**Cc:** Nathan Ruf; Tim Gross  
**Subject:** Appraisal Report for Sunset Dunes Right-of-Way Acquisition

Bob,

Attached is a copy of the appraisal report for the rights-of-way being taken and vacated. It also accounts for a public utility easement that will be acquired and establishes a value for the portion of vacated Anchor Way that will be conveyed to Richard Murry. All of the areas assessed are as depicted on the proposed plat for Sunset Dunes. Please share this appraisal with your client and let me know if you have any questions or concerns.

The Agency proposes to compensate Investors XII, LLC in the amount of \$147,682. This amount represents the value of the right-of-way the Agency is obtaining to construct the SW Abalone Street extension less the land Investors XII will gain through the vacation of SW Anchor Way. Agency will also compensate for the utility easement it is obtaining and the portion of the Anchor Way right-of-way that would otherwise have accrued to Investors XII but is instead being conveyed to Richard Murry.

We believe that this is a fair outcome that will allow us to proceed to construct SW Abalone Street, a project that will ultimately benefit your client's property.

The Newport City Council is considering the proposed right-of-way vacations at its August 18, 2014 meeting and I am hoping that we can come to agreement as to the amount of due compensation in advance of that meeting.

Derrick I. Tokos, AICP  
Community Development Director  
City of Newport  
169 SW Coast Highway  
Newport, OR 97365  
ph: 541.574.0626  
fax: 541.574.0644  
[d.tokos@newportoregon.gov](mailto:d.tokos@newportoregon.gov)

PAUL V. VAUGHAN  
Direct: (541) 302-5244

August 25, 2014

**BY FIRST CLASS MAIL AND  
E-MAIL ([d.tokos@newportoregon.gov](mailto:d.tokos@newportoregon.gov))**

Derrick I. Tokos, AICP  
Community Development Director  
City of Newport  
169 SW Coast Highway  
Newport, OR 97365

RE: Richard Murry  
Toby Murry Motors, Inc.  
Newport Urban Renewal Agency Condemnation  
Our File No. 40381.00003

Dear Mr. Tokos:

Mr. Murry and I have carefully reviewed your letter to me of August 19, 2014. We have the following response.

As stated in my letter to you of August 14, 2014, and we believe this bears repeating, the subject tentative subdivision plat approval was initiated by the Renewal Agency and the subject street vacations were initiated by the City Council. Those projects are principally for the benefit of the city and the Renewal Agency and will allow OMSI to develop its new Coastal Discovery Center campus. Mr. Murry's company, on the other hand, has been successfully operating its business on the Murry property for over 50 years. The Murry property is already developed, it has excellent access and exposure to the S.W. Coast Highway, and Mr. Murry has been completely satisfied with the property in its current configuration.

In its current configuration, the Murry property already comprises three separate lots. Through one or two simple boundary adjustments, Mr. Murry could easily reconfigure his existing lots so that his leased industrial buildings, with access to S.W. Anchor Way, could be separately sold and conveyed. That is what Mr. Murry had planned to do. At the same time, Mr. Murry would

be able to retain two of his boundary adjusted lots comprising slightly more than three acres as necessary to support the franchise for his Toyota dealership.

However, if the city were to condemn the right-of-way needed for the S.W. 35<sup>th</sup> Street extension without adding some additional property to the Murry property through a street vacation or by some other means, then unless Mr. Murry were to tear down his industrial buildings (or at least some portion of them), he would not be able to separately convey a reconfigured "industrial buildings lot" as described above and yet still maintain the required minimum three-acre property ownership in his remaining two lots as necessary to support his Toyota dealership franchise. Therefore, as stated previously, without the additional land that will inure to his property by virtue of the vacation of S.W. Anchor Way, the city's taking from the Murry property of the land necessary for the new right-of-way for S.W. 35th Street would substantially increase the city's cost of the taking because of the very significant damages to the remainder of the Murry property that would flow from the taking.

We would also point out that since S.W. Anchor Way already provides access to the existing industrial buildings on the Murry property, vacating that street provides little benefit to the Murry property even if roughly one-half of the vacated street inures to the property, since Mr. Murry still needs to provide access to his industrial buildings. Following the street vacation, the necessary access will simply be provided by a private access drive on the Murry property that was formally a part of a public street. For that reason, it could reasonably be argued that Mr. Murry will be worse off as a result of the proposed vacation because presently, there is a 75-foot public right-of-way width within S.W. Anchor Way to allow long vehicles to turn into the industrial buildings whereas after the vacation of that street, Mr. Murry will only have a 50-foot-wide private driveway providing access to those buildings.

In short, while Mr. Murry is not opposed to the proposed vacation of S.W. Anchor Way in accordance with the tentative subdivision plat approval that was initiated by the Renewal Agency, the benefits of the street vacation, even with the additional property added to the Murry property thereby, is from Mr. Murry's perspective neutral, or even slightly negative. On the other hand, the taking of 8,722 square feet of his property along its southerly boundary is very significant, and he should be fully compensated for that taking.

As a further compromise, however, Mr. Murry is reluctantly willing to agree that the taking along the southerly boundary of his property for the new right-of-way for S.W. 35th Street may be deemed to be a taking of only 7,366 square feet. This is in consideration of the fact that 1,356 square feet of vacated S.W. Anchor Way (which would otherwise inure to Investors XII's property) has, with Investors XII's consent and as part of the tentative subdivision plat approval, been shifted to the Murry property. On that basis, Mr. Murry is willing to make a final offer of compromise as follows:

Derrick I. Tokos, AICP  
August 25, 2014  
Page 3

Assuming (i) that S.W. Anchor Way is vacated as proposed, (ii) that a final subdivision plat consistent with the tentative plat approval is finalized (with property ownerships adjusted as shown on the preliminary plat—at least as they are relevant to the Murry property), and (iii) that Mr. Murry is assured that he has no responsibility for, and that his property will not be assessed for any portion of the cost of the improvement of any of the public streets shown on the preliminary plat (or any infrastructure costs associated therewith), including (without limitation) the cost of the improvements to S.W. 35<sup>th</sup> Street (and any new traffic signal at S.W. Coast Highway), the improvements to relocated Abalone Street, and the improvements to proposed S.W. 30<sup>th</sup> Street; then Mr. Murry is willing to accept \$108,156 for (x) the fee taking along the southerly boundary of his property, (y) the contributory value of the affected site improvements, and (z) the permanent public utility easement. That price is equal to the sum of \$14 per square foot for the “deemed” taking of 7,366 square feet of his property along its southerly boundary, plus \$3,995 for the site improvements, plus \$1,037 for the permanent public utility easement.

We trust that the city will agree that Mr. Murry’s offer is quite reasonable under the circumstances.

Thank you.

Yours truly,



PAUL V. VAUGHAN

PVV:ao

cc: Richard Murry (by e-mail only at [dickm@tobymurrytoyota.com](mailto:dickm@tobymurrytoyota.com))

CITY OF NEWPORT  
169 SW COAST HWY  
NEWPORT, OREGON 97365

COAST GUARD CITY, USA



phone: 541.574.0629  
fax: 541.574.0644  
<http://newportoregon.gov>

mombetsu, japan, sister city

August 19, 2014

Paul Vaughan, Attorney  
Hershner Hunter, LLP  
180 East 11<sup>th</sup> Avenue  
Eugene, OR 97401

**RE: Richard Murry Property**

Dear Mr. Vaughan,

Thank you for your letter of August 14, 2014, in which you outline your client, Richard Murry's, desire to receive \$130,000 in compensation from the Newport Urban Renewal Agency ("Agency") for the 8,722 sq. ft. of land that it is interested in acquiring to expand the width of the SW 35<sup>th</sup> Street right-of-way by 20-feet. As I mentioned on the phone, the Agency has been working with Mr. Murry, the partners of Investors XII, LLC, and the Oregon Museum of Science and Industry (OMSI) for several months now to reconfigure rights-of-way in the area in order to facilitate future construction of SW 30<sup>th</sup> Street, SW Abalone Street, and SW 35<sup>th</sup> Street. Attached is a copy of the final and agreed upon plat illustrating where rights-of-way are being vacated, public easements are being acquired, and rights-of-way are being acquired. I also darkened up the line showing where your client's new property boundary will be located if SW Anchor Way is vacated.

Mr. Murry's request for \$130,000 would be understandable if the Agency was only surveying the 8,722 sq. ft. that it is looking to acquire for roadway purposes at SW 35<sup>th</sup> Street. That is not the case here though. As you can see from the map, the Agency is acquiring rights-of-way in some areas and releasing them in others in an effort to allow for the construction of the listed roads while at the same time adding value to the adjoining properties. In OMSI's case the added value is derived from the vacation of rights-of-way that would otherwise prevent them from being able to develop a planned Coastal Youth Camp in a logical manner. With respect to Investors XII, it is the enhanced access to their vacant commercial property that will result from the extension of SW Abalone Street in 2015, coupled with the installation of a new US 101/35<sup>th</sup> Street signal and the construction of SW 35<sup>th</sup> Street by the State in 2017. For your client, the additional .26 acres of land gained from vacating SW Anchor Way allows him to place the three buildings he currently leases for light-industrial use onto a separate parcel while still maintaining the 3.0 acres he needs for the dealership<sup>1</sup>.

Both OMSI and Investors XII have acknowledged that what is proposed here is a land swap and both have agreed to deduct land being vacated from the land being acquired on 1:1 square footage basis. Agency's August 8, 2014 offer to your client followed this same approach.

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<sup>1</sup> Richard Murry currently owns 3.5 acre of property as a single unit of land that includes the Toyota Dealership, three light industrial buildings. Agency acquisition of the 8,722 sq. ft. of land would not put the property at risk of falling below the 3.0 acre minimum that Mr. Murry has indicated is required in order for him to maintain a Toyota franchise.

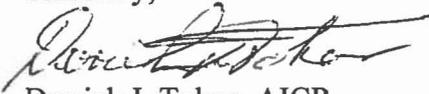
You are correct that through a typical street vacation petition, the adjoining right-of-way would accrue to the adjoining properties on a proportional basis. However, this street vacation was initiated by the City Council, not a petition, and they are under no obligation to follow through with that action if they do not believe that it is in the public interest to do so.

Frankly, our Council is struggling with the same issue that your client has expressed, which is why should they gift 18,580 sq. ft. of land to Richard Murry, and acquire an additional 1,356 sq. ft. from Investors XII, LLC to append to Mr. Murry's property (at his request) if at the end of the day they get no consideration for their effort<sup>2</sup>. This is not to mention, additional benefits Mr. Murry will receive as a result of SW 35<sup>th</sup> Street being constructed along his south property boundary; the value of the paved road that he obtains through the vacation of SW Anchor Way, which was not accounted for in the appraisal; and the fact that he is getting his property surveyed into three lots, in a configuration of his choosing, at no cost. For these reasons the Agency believes that it is only fair that there be some consideration given by Mr. Murry.

The Agency recognizes that Mr. Murry's Toyota dealership is the only developed site impacted by this proposed plat and that he has not sought any of the changes discussed. Given that is the case, the Agency is willing to revise its offer to provide \$50,000 in compensation in addition to the steps it has already taken (or is prepared to take), as listed herein, to ensure that Mr. Murry is fairly compensated.

I appreciate the time and effort you have taken to express your client's interests and concerns and hope that we can find a way to get to an equitable accommodation.

Sincerely,



Derrick I. Tokos, AICP  
Community Development Director  
City of Newport  
ph: 541-574-0626

Attachment

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<sup>2</sup> Agency is using the Plat of Sunset Dunes to adjust the location of the property line that would otherwise have resulted from vacating SW Anchor Way so that it is configured in a manner that is advantageous to Mr. Murry. This required that 1,356 sq. ft. of land that would have otherwise gone to Investors XII, LLC be instead transferred to Richard Murry. The location of the new common boundary line is as requested by Mr. Murry, giving him 50-feet of loading area in front of the three industrial buildings, something he felt was very important for resale purposes. This is land that Mr. Murry does not currently own and would not possess even with a typical street vacation.

August 14, 2014

**BY FIRST CLASS MAIL AND  
E-MAIL ([d.tokos@newportoregon.gov](mailto:d.tokos@newportoregon.gov))**

Derrick I. Tokos, AICP  
Community Development Director  
City of Newport  
169 SW Coast Highway  
Newport, OR 97365

RE: Richard Murry  
Toby Murry Motors, Inc.  
Newport Urban Renewal Agency Condemnation  
Our File No. 40381.00003

Dear Mr. Tokos:

Our office represents Richard Murry and his company, Toby Murry Motors, Inc., in connection with various matters. I am writing this letter in response to your letter to Mr. Murry of August 8, 2014 regarding the city's proposed condemnation of a strip of land along the southerly boundary of the Murry property for a new right-of-way for the extension of S.W. 35<sup>th</sup> Street. The proposed take also includes (i) the improvements located within the subject strip of land consisting of asphalt, parking bumpers, gravel and a display sign; and (ii) a permanent public utility easement near the southerly boundary of the Murry property.

In your letter, you state that the Newport Urban Renewal Agency has proposed that Mr. Murry receive no compensation for the taking of his property. Stated otherwise, the Renewal Agency proposes that Mr. Murry make a gift to the city that is valued, per the city's own appraisal, at more than \$127,000 dollars. For the reasons explained below, Mr. Murry is unwilling to make the requested gift and he expects to be fully compensated for the taking of his property.

Although Mr. Murry believes that the fair market value of the takings property is at least \$144,584 and that an independent appraisal would likely indicate a value of substantially more

than \$150,000, as a compromise, he would be willing to accept compensation in the amount of \$130,000 if the issue can be resolved expeditiously and without the need for litigation.<sup>1</sup>

We understand that the Renewal Agency believes that Mr. Murry should make this gift because additional property will inure to his property by virtue of the vacation of Anchor Way, which street is proposed to be vacated pursuant to File No. 1-SV-14. Effectively, the Renewal Agency is arguing that Mr. Murry should pay for the land that will become his if Anchor Way is vacated, even though the other property owners who will also benefit from additional land that will inure to their respective properties upon approval of the street vacations described in File No. 1-SV-14 are not being asked to pay the city for that land. We don't understand why the Renewal Agency believes that Mr. Murry should be singled out and treated differently from other property owners, and indeed, we believe that such disparate treatment would violate the Equal Protection Clause of the United States Constitution.

Moreover, we are also unaware of any provision of the city's code that obligates a property owner to pay for land that inures' to the benefit of the property owner's property as a consequence of the city's vacation of a public right-of-way.

We would also point out that the subject tentative subdivision plat approval was initiated by the Renewal Agency and that the subject street vacations were initiated by the City Council. Those projects are principally for the benefit of the city and the Renewal Agency and will allow OMSI to develop its new Coastal Discovery Center campus. Mr. Murry's company, on the other hand, has been successfully operating its business on the Murry property for over 50 years. The Murry property is already developed, it has excellent access and exposure to the S.W. Coast Highway, and Mr. Murry has been completely satisfied with the property in its current configuration. Nevertheless, he has endeavored to cooperate with the city, the Renewal Agency and Investors XII with respect to the proposed street vacations and tentative subdivision plat; but that cooperation has always been subject to his understanding that he would not be expected to pay for the land that would inure to his property by virtue of the vacation of Anchor Way.

We would also point out that the Minutes of the Newport Planning Commission's July 14, 2014 meeting (during which the commission held public hearings on both the proposed vacation ordinance and the tentative subdivision plan approval) reflect that you testified that Mr. Murry and Investors XII had consented to the proposed vacations "as long as they got the land."

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<sup>1</sup> Mr. Murry's offer is, of course, subject to the provisos (i) that the portion of Anchor Way abutting his property that is proposed to be vacated pursuant to File No. 1-SV-14 must be vacated so that the Murry property will continue to satisfy the three-acre minimum required for his company to maintain its Toyota dealership franchise; and (ii) that the adjusted boundaries of his property conform to the tentative subdivision plat approved by the Final Order of the city's Planning Commission in File No. 1-SUB-13. If the land condemned for the S.W. 35th Street extension and the utility easement is not offset by the land that will inure to the Murry property by the vacation of Anchor Way as proposed in File No. 1-SV-14 and as supplemented by the additional land adjustment from the adjacent property owner as reflected in the tentative subdivision plat approval, the damages to the remainder of Mr. Murry's property would be enormous, and he would be forced to relocate his Toyota dealership.

Derrick I. Tokos, AICP  
August 14, 2014  
Page 3

Furthermore, in Mr. Murry's case and as mentioned in Footnote 1 to this letter, without the additional land that will inure to his property by virtue of the vacation of Anchor Way, the city's taking from the Murry property of the new right-of-way for S.W. 35<sup>th</sup> Street would very substantially increase the city's cost of the taking because of the damages to the remainder of the Murry property and the cost of relocating Mr. Murray's franchised Toyota dealership to another property that meets the minimum three-acre requirement that is a condition of the franchise.

In short, Mr. Murry is entitled to the land that will inure to his property by virtue of the vacation of Anchor Way, just as any other property owner in Newport is entitled to receive, without compensating the city, the land that inures to such property owner's property by virtue of a city initiated street vacation. Mr. Murry is also entitled to be paid just compensation for the property that the city seeks to take for the extension of S.W. 35<sup>th</sup> Street and as stated above, he expects to be fully compensated for that taking as required by law.

Thank you for your consideration.

Yours truly,

A handwritten signature in blue ink that reads "Paul V. Vaughan". The signature is written in a cursive, flowing style.

PAUL V. VAUGHAN

PVV:ao

cc: Richard Murry (by e-mail only at [dickm@tobymurrytoyota.com](mailto:dickm@tobymurrytoyota.com))

CITY OF NEWPORT  
169 SW COAST HWY  
NEWPORT, OREGON 97365  
  
COAST GUARD CITY, USA



phone: 541.574.0629  
fax: 541.574.0644  
<http://newportoregon.gov>  
  
mombetsu, japan, sister city

HAND DELIVERED

August 8, 2014

Richard Murry  
13398 Alsea Highway  
Tidewater, OR 97390

**RE: Property Appraisal for Sunset Dunes Plat**

Dear Mr. Murry,

Enclosed is a copy of an appraisal of your property prepared by William Adams, MAI, MRICS, dated August 7, 2014, related to the proposed plat of Sunset Dunes. The appraisal establishes a per square foot values for the entire property, the proposed right-of-way take along SW 35<sup>th</sup> Street, the improvements within the take area, a utility easement the City would be acquiring along SW 35<sup>th</sup> Street, land you will receive as a result of the City vacating SW Anchor Way, and the value of the land that would have otherwise accrued to Investors XII but will instead be incorporated into your ownership.

The appraisal shows that you will be receiving more value out of the transaction than you will lose through the dedication of right-of-way. For this reason, Agency proposes that no monetary compensation be paid.

We hope that you agree that this process has contributed value to your landholding by increasing the overall size of your ownership, and that the lots as newly configured will meet your business needs.

Please review the appraisal and let me know if you have any questions. The Newport City Council is considering the proposed right-of-way vacations at its August 18, 2014 meeting and I would appreciate if you could confirm as to whether or not you agree that this is a reasonable outcome in advance of that meeting.

Sincerely,

A handwritten signature in black ink, appearing to read "Derrick I. Tokos".

Derrick I. Tokos, AICP  
Community Development Director  
City of Newport  
Ph: 541-574-0626  
[d.tokos@newportoregon.gov](mailto:d.tokos@newportoregon.gov)

attachment





**JOINT CITY COUNCIL, TOURISM FACILITIES GRANT REVIEW TASK FORCE, AND LOCAL  
CONTRACT REVIEW BOARD MEETING AGENDA  
Tuesday, September 2, 2014 - 6:00 P.M.  
Council Chambers**

The joint meeting of the Newport City Council, Tourism Facilities Grant Review Task Force, and Local Contract Review Board will be held on Tuesday, September 2, 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  
Tuesday, September 2, 2014 - 6:00 P.M.  
Council Chambers**

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

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

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

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

- A. Proclamation - September Disaster Preparedness Month
- B. Presentation by the 2014 Mombetsu Sister City Student Delegation

**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 the Regular Meeting of August 18, 2014, Joint City Council and Urban Renewal Agency Executive Session of August 18, 2014, Special Meeting and Executive Session of August 25, 2014 (Hawker)
- B. Approval of a Recommendation to the Oregon Liquor Control Commission (OLCC) to Grant a Change of Ownership for Off-Premise Sales Liquor License for Bevan's Market.
- C. Approval of a Recommendation to Oregon Liquor Control Commission (OLCC) to Grant an Off-Premise Sales Liquor License to Nye Beach Sweets
- D. Mayoral Committee Appointments
  - 1. Confirm the Mayor's Appointment of Laura Anderson to the Bay Front Parking District Committee.
  - 2. Confirm the Mayor's Appointment of Debra Smith to the Airport Committee for a Term Expiring 12/31/15
  - 3. Confirm the Mayor's Appointment of Susan Painter to the Airport Committee for a Term Expiring 12/31/15
- E. Approval to Pay the Expenses for Council President Swanson to Attend Leadership Lincoln.
- F. Approval of Emergency Expenses for the Schooner Landing Sewer Failure in the Amount of \$50,099.77

**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 Consideration of Resolution No. 3690 of the City of Newport which Provides for a Supplemental Budget and Makes Appropriation Adjustments to the Airport Fund and Capital Projects Fund.

**VII. Communications**

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

- A. From the Tourism Facilities Grant Review Task Force - Recommendations for Tourism Facilities Grant Awards
- B. From the Airport Committee - Recommendation to Explore the Contractual Operation of Parts or all of the Newport Municipal Airport

**VIII. City Manager Report**

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

- A. Consideration of Resolution No. 3691 Declaring the Intention to Reimburse Expenditures from Proceeds of Tax-Exempt Obligations
- B. Possible Adoption of Ordinance No. 2088 - an Ordinance Vacating Portions of SW 31st Street, SW 32nd Street, SW 33rd Street, SW Coho Street, SW Brant Street, SW Abalone Street, and SW Anchor Way
- C. Report on the Finance Department Reorganization
- D. Report on the Process to Review and Amend Title X of the Municipal Code Relating to Electronic Message Signs in Publicly Zoned Properties

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**IX. LOCAL CONTRACT REVIEW BOARD MEETING AGENDA**  
**Tuesday, September 2, 2014**  
**City Council Chambers**

- A. Call to Order
- B. Approval of the Purchase of Two Police Vehicles.
- C. Approval of the Purchase of 2014 John Deere 410K Backhoe Loader
- D. Adjournment

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**X. Report from Mayor and Council**

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

**XI. Public Comment**

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

**XII. Adjournment**





## PROCLAMATION

### NATIONAL PREPAREDNESS MONTH, SEPTEMBER 2014

WHEREAS, "National Preparedness Month" creates an important opportunity for every resident of Newport to prepare their homes, businesses, and communities for any type of emergency from natural disasters to hazardous materials incidents or potential terrorist attacks; and

WHEREAS, investing in the preparedness of ourselves, our families, businesses, and communities can reduce fatalities and economic devastation in our communities and in our nation; and

WHEREAS, the Federal Emergency Management Agency's *Ready* Campaign, Citizen Corps and other federal, state, local, private, and volunteer agencies are working to increase public activities in preparing for emergencies and to educate individuals on how to take action; and

WHEREAS, emergency preparedness is the responsibility of every citizen of Newport and all citizens are urged to make preparedness a priority and work together, as a team, to ensure that individuals, families, and communities are prepared for disasters and emergencies of any type; and

WHEREAS, all citizens of Newport are encouraged to participate in citizen preparedness activities and asked to review the *Ready* campaign's Web sites at [www.ready.gov](http://www.ready.gov) or [www.listo.gov](http://www.listo.gov) (in Spanish) and become more prepared.

NOW, THEREFORE, I, Sandra N. Roumagoux, Mayor of the City of Newport hereby proclaim September, 2014 as National Preparedness Month in Newport, and encourage all citizens and businesses to develop their own emergency preparedness plan, and work together.

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Sandra N. Roumagoux, Mayor



August 18, 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, Busby, Sawyer, and Swanson were present. Roumagoux and Saelens were excused.

Staff present was City Manager Nebel, City Recorder Hawker, Community Development Director Tokos, Interim Fire Chief Rob Murphy, Public Works Director Gross, Parks and Recreation Director Jim Protiva, and Police Chief Miranda.

### PLEDGE OF ALLEGIANCE

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

### PUBLIC COMMENT

### PROCLAMATIONS, PRESENTATIONS, AND SPECIAL RECOGNITIONS

Proclamation of Appreciation to Lincoln County Sheriff's Office Chief Civil Deputy Christie Meister on her Retirement. Swanson issued a proclamation to Lincoln County Sheriff's Office Chief Civil Deputy Christie Meister recognizing her on her retirement. Meister accepted the proclamation.

Proclamation of Appreciation to Pamela Salisbury on her Retirement from the Children's Advocacy Center. Swanson issued a proclamation to Pamela Salisbury, Executive Director of the Children's Advocacy Center, recognizing her on her retirement. Salisbury accepted the proclamation.

### CONSENT CALENDAR

The consent calendar consisted of the following items:

- A. Approval of City Council Minutes from the regular meeting and work session of July 21, 2014.

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

### PUBLIC HEARING

Public Hearing and Possible Adoption of Ordinance No. 2068 Vacating Portion of SW 31<sup>st</sup> Street, SW 32<sup>nd</sup> Street, SW 33<sup>rd</sup> Street, SW Coho Street, SW Brant Street, SW Abalone Street, and SW Anchor Way. Hawker introduced the agenda item. Nebel reported that on April 7, 2014, the City Council initiated the process to vacate portions of SW 31<sup>st</sup> Street, SW 32<sup>nd</sup> Street, SW 33<sup>rd</sup> Street, SW Coho Street, SW Brant Street, SW

Abalone Street, and SW Anchor Way in conjunction with the Newport Urban Renewal Agency and in coordination with the Oregon Museum of Science and Industry (OMSI), Investors XII, LLC, and Richard Murry (Toby Murry Motors) to reconfigure road rights-of-way adjoining these properties which will extend SW Abalone Street and provide for the construction of portions of SW 30<sup>th</sup> Street and SW 35<sup>th</sup> Street.

Nebel reported that this matter was referred to the Planning Commission which recommended that the City Council proceed with the public hearing and consider adoption of an ordinance which would vacate the streets listed above.

Nebel reported that if approved by the City Council, the street vacations will not be effective until the Sunset Dunes plat is recorded and a conservation easement is put into place over Lot 1, Block 1 of the plat. He noted that the conservation easement facilitates low impact public access to a coast gully and wetland areas in a manner consistent with the plans developed with the South Beach community in 2012.

Nebel reported that Exhibit B in the City Council agenda summary shows the proposed street vacations as well as the proposed new streets that will be created to reconfigure the traffic patterns to the property located to the west of Highway 101 in South Beach.

Nebel recommended that the City Council hold a public hearing on the adoption of Ordinance No. 2068, vacating portions of SW 31st Street, SW 32nd Street, SW 33rd Street, SW Coho Street, SW Brant Street, SW Abalone Street and SW Anchor Way to be effective once the Sunset Dunes plat is recorded and a conservation easement is put in place over Lot 1, Block 1 of the plat.

Swanson opened the public hearing at 6:08 P.M. She called for public comment. There was none. She closed the public hearing for Council deliberation at 6:09 P.M.

MOTION was made by Beemer, seconded by Sawyer, that Council finds that vacating the subject street rights-of-way is in the public interest subject to negotiations being completed with the three affected landowners for rights-of-way that are being acquired with the plat of Sunset Dunes, and that a copy of the street vacation ordinance be scheduled on the Council agenda as an action item once those negotiations have been wrapped up. The motion carried unanimously in a voice vote. Allen noted that Council has made a finding that the street vacations are in the public interest, but more specific detailed findings will be included in the final ordinance presented for adoption. The motion carried unanimously in a voice vote.

**Public Hearing and Possible Adoption of Ordinance No. 2070 Adopting the 2014 Oregon Fire Code.** Hawker introduced the agenda item. Nebel reported that the Office of the State Fire Marshal has statutory authority to adopt a Fire Code. He stated that the office uses the model code from the International Code Council (ICC) and, along with amendments from the Oregon Fire Code Committee, adopts the Oregon Fire Code. He noted that all jurisdictions in Oregon are required to adopt the 2014 Code by September 1, 2014.

Nebel recommended that the City Council hold a public hearing on Ordinance No. 2070, an ordinance repealing and re-enacting Chapter 11.10 of the Newport Municipal Code and adopting the 2014 Oregon Fire Code.

Swanson opened the public hearing at 6:12 P.M. She called for public comment. There was none. She closed the public hearing at 6:13 P.M. for Council deliberation.

MOTION was made by Sawyer, seconded by Allen, to read Ordinance No. 2070, an ordinance repealing and re-enacting Chapter 11.10 of the Newport Municipal Code

adopting the 2014 Oregon Fire Code, by title only and place for final passage. The motion carried unanimously in a voice vote. Hawker read the title of Ordinance No. 2070. Voting aye on the adoption of Ordinance No. 2070 were Sawyer, Swanson, Busby, Beemer, and Allen.

**Public Hearing and Possible Action Authorizing the City to Design, Construct, and Acquire a Community Electronic Message Sign Located on the NW Corner of Highway 101 and Hurbert Street as Proposed by the City Center Newport Association.** Hawker introduced the agenda item. Nebel reported that at the July 21, 2014 City Council meeting, a presentation was made by the City Center Newport Association regarding proceeding with the design, construction, and acquisition of an electronic message sign that would be located at the NW corner of Highway 101 and Hurbert Street.

Nebel reported that on behalf of the City Center Newport Association, Frank Geltner and Zach Pool have been working on this project as an alternative to a park development, at this location, that was designed and bid but deemed too expensive to move forward with after bids were received. He added that the City Council had appropriated \$100,000 for this purpose, and of the original \$100,000, \$90,000 is still reserved for a city center project.

Nebel reported that the City Center Newport Association has been spearheading an effort to create a community message sign at this location that would not only benefit the city center but other city organizations. He added that a presentation was made by the City Center Newport Association representatives to the City Council at the November 18, 2013, City Council meeting. He noted that during this meeting, a number of questions were raised as to the community acceptance of the sign, operations, and financial sustainability of the project after it is constructed, along with questions regarding the overall design, and the reader board. He stated that the packet contains communication from Frank Geltner which includes a financial analysis of the potential revenue that could be generated to help maintain the project. He added that there has been initial discussion with the Greater Newport Chamber of Commerce acting as the administrator on operational issues related to the sign. He noted that in reviewing the November 18, 2013, minutes which are included in the packet, there was discussion related to whether this project should go forward, and that city support will be necessary to proceed with final design and procurement processes. He added that there are a number of issues that the City Center Newport Association would like to explore with the city if the sign is permitted, including the timing restrictions on the routing of messages.

Nebel reported that at the November 18, 2013 Council meeting, it was suggested that citizen input be solicited prior to making a final decision on the sign.

Nebel reported that this would not be a private project, but rather, a city project on city property utilizing transient room tax funds that have been reserved for a city center project. He added that if the project receives support, it will be necessary to develop a specific operations plan that would provide revenue to help sustain the operation of the sign.

Nebel reported that in his previous community, the city operated two community message signs. He stated that the technology has improved dramatically to reduce maintenance and energy costs for operating these type of signs. He added that he knows that the signs fare well in subzero temperatures, but that he has not had

experience with these signs in a corrosive salt air environment. He stated that the signs can play a role in informing the community of various events and activities, however, they are limited in the amount of time a message is displayed if there are several messages on the display.

Nebel reported that following the public hearing, if the Council is interested in going forward with this project, he recommends, as a preliminary step, that the City Center Newport Association develop a proposal with the Chamber outlining the role that the Chamber would play in administering the messages and sign components once the structure is built. He noted that he also suggests that the Council request a report and recommendations on the timeframe for implementing this project.

Nebel recommended that the City Council hold a public hearing on the benefit of proceeding with the construction of a community electronic message sign to be located on the NW corner of Highway 101 and Hurbert Street in the city center.

Swanson opened the public hearing at 6:17 P.M. She called for public comment.

Becky DeFrancisco, 407 SW Coast Highway, spoke in opposition to the proposed sign. Her objections included: the city center is the front door to the rest of the community, and the proposed sign is not the way to portray a welcome to visitors; the sign is not what was proposed for that corner; the original plan was to beautify the corner with a park-like setting; if the purpose of the sign is to promote Chamber and public activities, the sign would be better located in front of the Chamber; former CCNA merchants spent a lot of time designing the area, and costs could have been trimmed down to be in the same area; aesthetically, a pocket-park is more user-friendly, and might help get businesses to locate in the city center core; electronic reader boards divert attention to the reader board rather than the area businesses; getting away to the beach should be a break from electronics; the area does not need another sign, but rather a pleasant looking area with sidewalk improvements and landscaping. She urged Council to reject the placement of the sign and revisit the original proposals.

Alisha Kern stated that she is opposed to the placement of a reader board at this location. She noted that this is one of the narrowest spots of lanes on Highway 101, and she cannot imagine riding a bike with drivers distracted by reader boards. She added that reader boards are very bright and will glare eyes, and further that she does not think that this is the image that the city wants to portray to visitors. She urged Council not to approve the reader board request.

Zach Poole and Beau Smith, President and Board Member of the City Center Newport Association, appeared before Council in support of the sign. Pool stated that the sign would be a benefit to the area and contain a number of art deco features. He noted that the group is open to suggested changes or further direction, but that the CCNA would like to see this sign, or something similar, move forward as a benefit to this district.

Smith reported that the sign would benefit and be a part of the definition and identity for neighborhood. He urged Council support of the project.

Swanson reported that Cris Torp and Pete McKeeman had expressed opposition to the sign via e-mail.

Vickie Steen reported that an event sign is needed in the community, and that she supports the sign. She noted that the sign does not need to be at that location, and perhaps could be located near the clock on Highway 101. She added that the reader

board does not have to be that bright, and that Council needs to consider the timing of the message noting that five minutes is too long.

Nebel reported that these signs are allowed in commercial districts with a five minute time limit for the message.

Swanson closed the public hearing at 6:31 P.M. for Council deliberation.

Allen asked how the reader board sign was installed in front of the high school if they are only allowed in commercial districts. He asked that staff investigate this issue.

Allen asked whether Poole was speaking on behalf of all CCNA board members or individually. Poole agreed to provide Nebel with a list of all board members and board members in support of the sign.

Beemer noted that with the heavy traffic and parked vehicles in the area, any distraction such as a reader board sign would not be in the best interest of drivers, as they would not be looking at the businesses, but rather staying in the driving lane.

Busby noted that it is significant that two business owners on the corners object to the proposed sign. He added that he thinks that the average citizen and business owner would rather see a tree on that corner rather than the proposed sign. He stated that he supports looking at another location for the sign.

Beemer noted that there is a need for a similar sign, but that he is not convinced that this is the best location for it.

Sawyer stated that if the Chamber is not on board, he does not think this proposal will go anywhere. He added that he feels that the design is overblown, although he does like the sign idea. He noted that one of the original designs had a little park at that location. He stated that he knows that CCNA has worked on this a long time, but that he would like to see a redesign making a simple sign that is not overpowering. He added that an anchor is needed to define this as the Deco District.

Gross suggested reallocating the money to another tourist facility.

Nebel noted that the issue is providing resolution as to whether this is a concept that Council wishes to move forward with.

Allen asked whether there would be an agreement with the Chamber if this project moves forward. Nebel reported that if the project moves forward, there would be two conditions: (1.) a report to the City Council on the timing with other projects and the timeline for proceeding with this project; and (2.) that CCNA obtain an agreement with the Chamber for the management of the sign. He added that CCNA has put together some preliminary costs, but that the costs need to be refined if the project moves ahead. He stated that if Council is not in favor of this project at this location, it is appropriate to indicate that at this time.

Allen asked where an alternate Highway 101 location might be. Swanson suggested either the clock tower park or the library. Allen suggested the Chamber as an alternate site.

Lorna Davis reported that the Chamber board has similar sentiments regarding design and location. She added that the Chamber board is not taking a position in favor of the design unless there is momentum by the merchants and City Council support. She added that there might be space at the Chamber for a reader board with scrolling announcements.

Busby stated that he would like to see a motion to spend a small amount of funds for something simple on the corner.

Allen suggested that something downsized associated with the Chamber facility, and a downsized park would accomplish both objectives.

Gross recommended retaining a landscape architect to identify the project and design that will fit within the budget in that corner and provide aesthetics that would complement neighborhood.

MOTION was made by Allen, seconded by Beemer, support the concept of a city-owned message sign, that city administration provide a report to the City Council which will include a time table for the design, acquisition, and placement of an electronic message sign near the chamber facility, and a park design at the NW corner of Highway 101 and Herbert Street, by the October 6, 2014 City Council meeting. The motion carried in a voice vote with Swanson voting no.

## COMMUNICATIONS

Nebel reported that staff used a demonstration agenda management software for the production of this packet. He noted that it would be helpful if Council wished to provide comments on how it appears from the Council standpoint.

Spencer reported that he, Allen, and Swanson had a discussion regarding the City Attorney recruitment, and that this matter will be discussed later during this meeting.

**From the Destination Newport Committee - Recommendation for Award of a Tourism Marketing Grant to the OCCC Foundation and the Oregon Coast Aquarium for the Promotion of the 2014 Oyster Cloyster.** Hawker introduced the agenda item. Nebel reported that the City Council has budgeted \$25,000 in transient room tax funds for marketing various events outside the immediate area. He added that an organization can request funding for up to three years to promote these types of events. He noted that the Oyster Cloyster is a fundraiser for the Oregon Coast Aquarium and the Oregon Coast Community College, and is a culinary event featuring local and regional chefs who present unique oyster dishes for guests to sample while strolling the Aquarium grounds. He noted that the event planners would like to expand the marketing efforts to the Willamette Valley to target the foodie demographic in the Portland, Salem, Corvallis, and Eugene areas. He added that the Destination Newport Committee reviewed this request and is recommending the City Council consider awarding a grant of \$5,000.

MOTION was made by Sawyer, seconded by Beemer, that the Tourism Marketing Grant for marketing the 2014 Oyster Cloyster, in the amount of \$5,000, be approved for the OCCC Foundation and Oregon Coast Aquarium. The motion carried unanimously in a voice vote.

**From the Destination Newport Committee - Recommendation to Award a Tourism Marketing Grant to the Newport Symphony for the Promotion of the 2014/2015 Season Expansion.** Hawker introduced the agenda item. Nebel reported that the Newport Symphony Orchestra has requested a second round of funding to promote the expanded season which was initiated during the 2013/2014 season. He stated that, if approved, this will be the second year that grant funds will have been awarded to promote the concert series. He noted that the Destination Newport Committee has recommended that Council award a grant of \$5,000 for this purpose.

MOTION was made by Busby, seconded by Beemer, to approve the Tourism Marketing Grant request, for a second year, as submitted by the Newport Symphony Orchestra for assistance with marketing and advertising the continuation of the expanded season that was initiated last year in the amount of \$5,000. The motion carried unanimously in a voice vote.

**From the Oregon Coast Council for the Arts - Signage from the Oregon Coast Council for the Arts - Request to Initiate a Zoning Code Change to Allow for electronic Signs in a Public Zone.** Hawker introduced the agenda item. Nebel reported that the Oregon Coast Council for the Arts has been involved in a multiphase capital campaign to enhance the Newport Performing Arts Center. He added that OCCA is currently beginning the next phase of improvements to the PAC which addresses the need for adequate signage. He stated that currently, the PAC utilizes four foot by eight foot sheets of plywood, with vinyl or hand painted images, on those signs. He noted that OCCA is interested in the installation of electronic versions of the signs that are currently used at the corner of Olive and Coast Streets. He added that the proposed signs would have the same general look but would be created electronically and allow multiple events to cycle through the panels to better reflect the large variety and number of performances at the PAC.

Nebel reported that since this is a city facility, OCCA is asked the city to review this specific request, and if the change is supported, to have the City Council initiate a zoning code change if necessary to allow for electronic signs in a public zones.

Allen asked whether the PAC would be paying for the upgraded sign through its budget. Nebel reported that OCCA would pay for the sign, but improvements to this facility are let as city contracts as it is a city building. Allen asked whether the ongoing maintenance of the sign would be funded by private fundraising. Nebel reported that this matter would have to be addressed in the management contract. Tokos noted that the Chamber is also on publicly-owned property. He added that the PAC is in the Historic Nye Beach Overlay Zone, noting that when the City Council was considering this zoning designation, it made a conscious choice not to allow these types of signs in Nye Beach or on the Bayfront. He encouraged Council to look at what can be done to reduce sign clutter.

MOTION was made by Sawyer, seconded by Busby, to support the concept of the signage upgrade for the Performing Arts Center, and direct staff to prepare a report with recommendations for the September 2, 2014 City Council meeting, on how to proceed with any zoning changes if necessary. Allen asked for clarification from OCCA regarding maintenance costs. The motion carried unanimously in a voice vote.

## CITY MANAGER'S REPORT

**Authorization to Submit a Request for an Oregon Coastal Management Program Technical Assistance Grant to Fund Development Strategies for Promoting the Construction of Student Housing.** Hawker introduced the agenda item. Nebel reported that Oregon State University has announced its desire to construct a 100,000 square foot research education building as part of its initiative to expand the Hatfield Marine Science Center campus to accommodate 500 additional students and associated faculty. He added that to date, Oregon State University is projecting the cost for this facility at \$50

million with a \$15 million endowment for operational expenses for the program. He stated that approximately \$25 million has been committed with a request going to the state legislature for funding in 2015. He noted that in order to hit the ground running, County Commissioner Terry Thompson suggested that the county and city split a \$15,000 housing study that would serve several purposes. He noted that the housing study will demonstrate that the city and county are willing to engage in strategies to address impacts on housing from this campus being located in the city. He reported that the study could specifically update the city's building lands inventory, review strategies currently being pursued by other college towns, and determine options that could be employed in Newport to create incentives for private investment to construct rental units. He noted that as part of this project, a consultant would be retained and a technical advisory committee formed with the objective of creating a preliminary report in early November with a final draft due at the end of January 2015. He added that the early report would be utilized as part of the effort to assist OSU in demonstrating that the region is preparing itself to address the impact of these additional housing needs affiliated with this residential campus.

Nebel reported that Lincoln County is prepared to contribute \$7,500 to this project if the city will match its contribution. He added that it is our intent to use this grant to match the contribution. He noted that if there is a delay in receiving authorization to go forward with this grant, staff has identified \$7,500 in budgeted funds that could be used in its place.

Allen asked whether the Board of Commissioners has voted on this matter. Nebel reported that it will have to be approved by the Board, and this motion should be conditional on passage by the Board of County Commissioners. Nebel reported that the city would take the lead on this project, and that the money would come out of other professional services appropriated funds if the grant is not timely or provided. Allen asked whether there is any ability for OSU to participate in this study. Nebel reported that the recommendation is that the city and county handle this component as a part of the overall effort. Allen asked whether a formal agreement would be required if the county approves this, and Nebel noted that an agreement would be necessary.

MOTION was made by Allen, seconded by Beemer, to authorize the city's participation in a joint city/county collaborative effort to conduct a housing study on the impact that 500 additional students and associated faculty would have on the housing market in the City of Newport and Lincoln County. The motion carried unanimously in a voice vote.

MOTION was made by Allen, seconded by Sawyer, to authorize staff to submit an application to the Department of Land Conservation and Development for funding in the amount of \$7,500 to offset a portion of the cost to evaluate impacts on the region requiring the student housing and specifically update the Newport Comprehensive Plan related to the provision of student housing. The motion carried unanimously in a voice vote.

**Report to the City Council on Possible Policies to Reduce False Alarms within the City for Police and Fire Calls.** Hawker introduced the agenda item. Nebel reported that in June, the City Council heard a request from a citizen indicating that a significant amount of public resources are utilized responding to repeated false alarms for fire and police within the city. Chief Miranda and Interim Chief Murphy have been reviewing alarm ordinances and fee schedules from several Oregon cities to potentially develop an alarm ordinance and fee schedule for consideration by the City Council.

Nebel reported that overall, false alarms generate expenses for the Police and Fire Departments because resources are often called in to respond to the false alarm calls. He stated that many communities have a charge for false alarms received after a certain number (i.e. more than three false alarms in a 12-month period, or other variation on this plan.) He added that the Fire Department provides assistance to residents, particularly when an individual has fallen and needs help getting up. He stated that there are a number of individuals in the community who utilize these services dozens of times throughout the year. He noted that the City Council might want to establish some sort of fee when these services are requested over a certain number of times in order to avoid abuse of the system.

Nebel reported that it is the intent of staff to provide a report with a draft ordinance and fee schedule for consideration by the City Council before the end of this calendar year unless the Council directs otherwise.

MOTION was made by Sawyer, seconded by Allen, to direct the city administration to prepare a report with a draft false alarm ordinance and fee schedule for the City Council's consideration prior to the end of the calendar year to address false alarms and other redundant types of calls for police and fire services. The motion carried unanimously in a voice vote.

**Status Report on the Sewer Main Failure at the Schooner Landing Resort.** Hawker introduced the agenda item. Nebel reported that prior to his vacation, a city sewer line failed causing wastewater to overflow from a manhole immediately adjacent to condominium unit 509 at the Schooner Landing Resort. Gross reported that line under building failed and began backing up through a manhole. He added that despite repeated attempts, crews were unsuccessful at opening the obstruction and began bypass pumping around the apparent collapse of the sewer main. He stated that the city employed the services of Central Coast Excavating on an emergency basis to realign the sanitary sewer line, set two manholes, and reroute the sewer around the building. He noted that nine units were uninhabitable during the work because the power, phone, and cable had to be disconnected because they were built over the top of the sewer line. He stated that work on the pipe was completed on August 7 with pavement being restored the following day. A brief discussion ensued regarding potential liability.

Nebel reported that he authorized the emergency repairs precluding the waiver of the normal procurement processes to get this work done. He stated that he will bring a report to the City Council at the September 2, 2104 meeting for Council to authorize expenditures for this emergency repair.

## **LOCAL CONTRACT REVIEW BOARD MEETING**

Swanson called the August 18, 2014 meeting of the City Council, acting as the Local Contract Review Board, to order.

**Approval of Addendum No. 2 to Task Order No. 1 with HDR Engineering Services for the Big Creek Dams 1 and 2 Seismic Evaluation.** Hawker introduced the agenda item. Nebel reported that in September of 2013, HDR Engineering Inc. was contracted to conduct a seismic evaluation and feasibility study of the Big Creek Dams 1 and 2. He stated that Addendum No. 2 initiates the last and final phase of the seismic evaluation of

the dams including design data acquisition, analysis of parameters and engineering approach, risk analysis, engineering evaluation and corrective action concept development, preliminary environmental review, and planning report and presentation. He noted that it is expected that upon completion of this report, the city will be able to select the top two or three scenarios for further study.

Nebel reported that \$350,000 was appropriated for this phase and that \$100,000 in local funds and \$250,000 in grant funds make up this amount. He added that the work needs to be completed by June 30, 2015 in order to utilize the grant funds.

MOTION was made by Sawyer, seconded by Beemer, to authorize the City Manager to execute Addendum No. 2 to Task Order No.1 with HDR Engineering Services for the Big Creek Dams 1 and 2 Seismic Evaluation in the amount of \$303,912. The motion carried unanimously in a voice vote.

**Authorization to Procure T770 Bobcat Compact Track Loader with Forestry Cutter Attachment.** Hawker introduced the agenda item. Nebel reported that in the 2014/2015 fiscal year budget, the City Council appropriated \$125,000 for the purchase of a skid loader with a forestry mulcher/cutter that works very much like a stump grinder. He stated that the Public Works Department staff reviewed a number of units, and determined that the unit that best fits the needs of the department is the T770 Bobcat compact track loader. He noted that the loader will be used to apply the wastewater treatment sludge on approximately 170 acres of the airport property east of the runways.

MOTION was made by Sawyer, seconded by Allen to authorize the purchase of a T770 Bobcat compact track loader with forestry cutter attachment in the amount of \$103,056. The motion carried unanimously in a voice vote.

**Approve Procurement of a RAVO 5-Series Street Sweeper.** Hawker introduced the agenda item. Nebel reported that the City Council appropriated \$220,000 in the 2014/2015 fiscal year budget to replace the 2009 Schwarze A7000 Street Sweeper which has reached the end of its useful life. He stated that the Public Works Department staff reviewed several types of sweepers and elected to purchase a RAVO 5-series sweeper equipped with a third articulating broom and a wanderhose, which is a hose used for cleaning catch basins.

Nebel reported that the sweeper has actually been purchased by the city based on the appropriation of the funds. He noted that he has indicated to staff that any purchases over \$50,000 must be specifically authorized by motion of the Local Contract Review Board prior to purchasing.

MOTION was made by Sawyer, seconded by Allen, to approve the procurement of a RAVO 5-series Street Sweeper in the amount of \$195,240 after trade-in value for the existing Schwarze A7000 Street Sweeper. The motion carried unanimously in a voice vote.

## RETURN TO CITY COUNCIL MEETING

Nebel reported that a Special City Council Meeting has been scheduled at noon on August 25 regarding the City Attorney hiring process. He noted that five applications/proposals had been received.

Nebel reported that a Town Hall meeting has been scheduled on September 29 at the northside fire station. He noted that a dedication of the station would be held prior to the start of the meeting. He briefly reviewed potential agenda items.

## REPORTS FROM MAYOR AND COUNCIL

Busby requested an excused absence from the City Council meetings of September 29 and October 6. MOTION was made by Allen, seconded by Beemer, to excuse Busby from the Council meetings of September 29 and October 6. The motion carried unanimously in a voice vote.

Busby reported that he attended the dedication of the sculpture, "Mother and Child," by Mary Lewis. He reported that the sculpture donation was made possible by the Sponenburgh estate.

Busby reported that the Public Arts Committee is scheduled to meet on Thursday.

Busby reported that the Airport Committee is scheduled to meet next week.

Busby reported that the Business License Working Group continues to move forward, and he expects Council to see suggested revisions soon.

Beemer reported that he spent time with the Japanese Consul General from Portland, along with a driver, Japanese television crew, and the manager of the Japanese Garden. He noted that they were interested in tsunami preparedness. He added that they visited the tsunami docks; had lunch at the Rogue Brewery; saw the sea lions; visited the Hatfield Marine Science Center; visited the Aquarium; and saw Safe Haven Hill (although did not walk up the hill).

Allen requested an excused absence from the August 25 meeting as he will be out of state. MOTION was made by Sawyer, seconded by Busby, to excuse Allen from the August 25 meeting. The motion carried unanimously in a voice vote.

Allen reported that the Oregon Coast Economic Summit will be held in Florence. He noted that Senator Roblan's staff has a link to the registration materials.

Allen reported that he attended the YBEF banquet at which Nebel and Roumagoux presented letters of support to OSU President Ray. He requested that Council receive copies of these letters.

Allen reported that he attended LaVern Weber's celebration of life. He noted that this was a touching event which was held at the HMSC Visitor's Center.

Allen reported that he attended the recent Business After Hours at Chamber to celebrate NOAA's third anniversary.

Allen reported that Shelby Walker is the new director of Oregon SeaGrant.

Allen reported that, to date, he has abstained from the City Attorney recruitment discussion, but noted that this issue is separate. He stated that he asked Hawker and Nebel how the position was advertised. He stated that the recruitment was never distributed on the Oregon City Attorney's Association listserv, and that would be approximately 250 people who did not receive notification on the listserv. Allen reported that the advertisement was supposed to have been posted on the Oregon State Bar Career Center, and that the OSB has several sections that have separate listservs that would have reached an additional 430 people. He stated that the recruitment was posted on the Lewis and Clark Law School website, but that he was unsure whether it was posted on the University of Oregon Law School website or the Willamette University Law School website. He suggested that on Monday, when Council considers the

applications, Nebel could address the timeline of extending the application period. Nebel noted that the deadline was the previous Friday, and the City Council has a number of options. He added that staff will compile a packet for next week's executive session, and if Council wishes to extend the application deadline to take advantage of other listservs, that will be one of Council's options.

Sawyer reported that he attended the open house on the airport runway rehabilitation project, and that Melissa Roman had done an excellent job.

Sawyer reported that the Tourism Facilities Grant Review Task Force had reviewed grant applications, asked difficult questions, and heard presentations from the applicants. He noted that the Task Force felt that the application from Salmon for Oregon was not ready to go.

Sawyer reported that a new round of CERT training will start soon. He noted that the training is free, and interested persons should contact Melanie at the Fire Department.

Busby addressed the tourism facilities grants and noted that the hospital grant application brings up questions. He stated that he would like to have a legal review as to whether a grant can be approved to an entity with its own tax base. Beemer noted that he also had questions, but would hold the questions until Council considers the Task Force recommendations. Sawyer noted that the Task Force questioned whether the hospital project was tourist related, but that the presentation began with a video from the Chamber of Commerce that talked about the impact of medical conferences on tourism.

Busby asked whether the city is going forward with removal of two houses on Nye Street, and who had boarded the houses up. Nebel reported that the city had boarded the houses up, and that a conference call would be held with the attorney's later this week.

Allen reported that Nebel had received a copy of the city manager evaluation form draft for review. He noted that he had met with Nebel who thought the form was a good product. Allen suggest that the sub-group meet after the first meeting in September, but before the second meeting, to plan an evaluation later in September.

Swanson reported that the Library Board did not hold a meeting this month.

Swanson updated Council on activities of the Senior Advisory Committee.

Nebel invited Council to attend the employee barbecue scheduled for August 22, 2014.

## ADJOURNMENT

Having no further business, the meeting adjourned at 8:07 P.M.

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Margaret M. Hawker, City Recorder

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Laura Swanson, Council President

August 25, 2014  
Noon  
Newport, Oregon

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

Staff attending was as follows: City Manager Nebel and City Recorder Hawker.

Also in attendance were Dave Morgan from News Lincoln County, Dennis Anstine from the Newport News-Times, and Larry Coonrod from the Lincoln County Dispatch.

MOTION was made by Saelens, seconded by Swanson, to enter executive session pursuant to ORS 192.660(2)(a), to discuss the employment of a public officer, specifically a City Attorney. The motion carried unanimously in a voice vote, and Council entered executive session at 12:02 P.M.

MOTION was made by Beemer, seconded by Busby, to return to the special City Council meeting. The motion carried unanimously in a voice vote, and Council exited executive session at 12:13 P.M.

#### **DISCUSSION RELATED TO A POSSIBLE EXTENSION OF THE RECRUITMENT PERIOD FOR CITY ATTORNEY**

MOTION was made by Busby, seconded by Beemer to interview two applicants/proposers; one at 9 A.M., and one at 10 A.M., on Thursday, September 4; and decide after the interviews whether it is necessary to extend the recruitment period. The motion carried unanimously in a voice vote.

It was noted that legal services will continue to be performed by Speer Hoyt until a decision is made.

#### **COUNCIL COMMENTS**

Saelens noted that Council candidates Saelens and Allen, and Mayoral candidate Sawyer, participated in a radio show with Cheryl Harle earlier in the day.

#### **ADJOURNMENT**

Having no further business, the meeting adjourned at 12:17 P.M.

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Margaret M. Hawker, City Recorder

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Sandra N. Roumagoux, Mayor



# CITY MANAGER'S REPORT AND RECOMMENDATIONS



Agenda Item #: V.B.  
Meeting Date: September 2, 2014

## Agenda Item:

**Approval of a Recommendation to the Oregon Liquor Control Commission (OLCC) to Grant a Change of Ownership for Off-Premise Sales Liquor License for Bevan's Market.**

## Background:

Bevins Market & Deli, at 960 SW Coast Highway is requesting a transfer of liquor license from Shamrock Enterprises Inc. to BY Corporation, after conducting background checks the Police Department recommends favorable action.

## Recommended Action:

I recommend that the City Council approve as part of the Consent Calendar a recommendation to the OLCC to approve the transfer of the liquor license for Bevins Market & Deli at 960 SW Coast Highway, in Newport Oregon.

## 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 # \_\_\_\_\_  
Meeting Date \_\_\_\_\_

**CITY COUNCIL AGENDA ITEM SUMMARY**  
City Of Newport, Oregon

Issue/Agenda Title OLCC Liquor License

Prepared By: Miranda Dept Head Approval: Chief Mark J. Miranda *[Signature]* City Mgr Approval: \_\_\_\_\_

**Issue Before the Council:**

Shall the City Council recommend approval of the liquor license application for the Bevins Market & Deli?

**Staff Recommendation:**

The Police Department recommends favorable action by the City Council.

**Proposed Motion:**

Consent Calendar item.

**Key Facts and Information Summary:**

Bevins Market & Deli, 960 SW Coast Highway, has made application to the Oregon Liquor Control Commission for an "Off Premises Sales" license due to a change in ownership. Such a license allows for the applicant to sell factory sealed containers of wine, malt beverages and cider. Containers of malt beverages sold under the license may not hold more than two and one-quarter gallons.

A background check of the applicant revealed no disqualifying information. Bevins Market & Deli is located on the west side of S. Coast Hwy, at SW 10<sup>th</sup> Street. The store also sells auto fuel. During the last year there have been several police calls at the business. The calls include found property where one instance the item was drugs, and a hit and run crash in their parking lot.

ORS 471.166 requires an applicant to obtain a recommendation from the local governing body in the city where the business is located. The City Council may make a "Favorable Recommendation" or an "Unfavorable Recommendation" to OLCC. The Commission will then decide if granting a license is appropriate.

**Other Alternatives Considered:**

None applicable

**City Council Goals:**

Public Safety

Attachment List:  
OLCC Application

Fiscal Notes:  
The City's license application fee covers the investigation and processing time expended by Staff.





**OREGON LIQUOR CONTROL COMMISSION  
LIQUOR LICENSE APPLICATION**

|   |  |  |   |
|---|--|--|---|
| <p>Application is being made for:</p> <p><b>LICENSE TYPES</b></p> <input type="checkbox"/> Full On-Premises Sales (\$402.60/yr)<br><input type="checkbox"/> Commercial Establishment<br><input type="checkbox"/> Caterer<br><input type="checkbox"/> Passenger Carrier<br><input type="checkbox"/> Other Public Location<br><input type="checkbox"/> Private Club<br><input checked="" type="checkbox"/> <del>Limited On-Premises Sales (\$202.60/yr)</del><br><input checked="" type="checkbox"/> Off-Premises Sales (\$100/yr)<br><input type="checkbox"/> with Fuel Pumps<br><input type="checkbox"/> Brewery Public House (\$252.60)<br><input type="checkbox"/> Winery (\$250/yr)<br><input type="checkbox"/> Other: _____ |  | <p><b>ACTIONS</b></p> <input checked="" type="checkbox"/> Change Ownership<br><input type="checkbox"/> New Outlet<br><input type="checkbox"/> Greater Privilege<br><input type="checkbox"/> Additional Privilege<br><input type="checkbox"/> Other | <p><b>CITY AND COUNTY USE ONLY</b></p> <p>Date application received: <u>8/12/14</u></p> <p>The City Council or County Commission:</p> <p>_____</p> <p>(name of city or county)</p> <p>recommends that this license be:</p> <input type="checkbox"/> Granted <input type="checkbox"/> Denied |
| <p><b>90-DAY AUTHORITY</b></p> <input checked="" type="checkbox"/> Check here if you are applying for a change of ownership at a business that has a current liquor license, or if you are applying for an Off-Premises Sales license and are requesting a 90-Day Temporary Authority <p><b>APPLYING AS:</b></p> <input type="checkbox"/> Limited Partnership <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Limited Liability Company <input type="checkbox"/> Individuals   |  | <p><b>OLCC USE ONLY</b></p> <p>Application Rec'd by: <u>Jah</u></p> <p>Date: <u>7-8-14</u></p> <p>90-day authority: <input type="checkbox"/> Yes    <input checked="" type="checkbox"/> No</p>   |   |

RECEIVED  
AUG 12 2014  
NEWPORT POLICE

1. Entity or Individuals applying for the license: [See SECTION 1 of the Guide]  
 ① BY CORPORATION    ② \_\_\_\_\_  
 ③ \_\_\_\_\_    ④ \_\_\_\_\_
2. Trade Name (dba): BEVENS' MARKET & DELI
3. Business Location: 960 SW COAST HWY NEWPORT Lincoln Oregon 97365  
(number, street, rural route)    (city)    (county)    (state)    (ZIP code)
4. Business Mailing Address: 20322 102ND AVE SE KENT WA 98031  
(PO box, number, street, rural route)    (city)    (state)    (ZIP code)
5. Business Numbers: 541-265-2922    \_\_\_\_\_  
(phone)    (fax)
6. Is the business at this location currently licensed by OLCC?  Yes     No
7. If yes to whom: SHAWROCK ENTERPRISE INC Type of License: OFF PREMISES SALES
8. Former Business Name: BEVENS' MARKET & DELI
9. Will you have a manager?  Yes     No Name: Sung Wook Chun  
(manager must fill out an Individual History form)
10. What is the local governing body where your business is located? NEWPORT  
(name of city or county)
11. Contact person for this application: SUNG WOOK CHUN    425-681-1353  
(name)    (phone number(s))  
20322 102ND AVE SE KENT WA 98031    PACKMAN0963@yahoo.com  
(address)    (fax number)    (e-mail address)

I understand that if my answers are not true and complete, the OLCC may deny my license application.

**Applicant(s) Signature(s) and Date:**

① Sung Wook Chun    Date 6-20-14    ② \_\_\_\_\_    Date \_\_\_\_\_  
 ③ \_\_\_\_\_    Date \_\_\_\_\_    ④ \_\_\_\_\_    Date \_\_\_\_\_

# CITY MANAGER'S REPORT AND RECOMMENDATIONS



Agenda Item #: V.C.  
Meeting Date: September 2, 2014

## Agenda Item:

**Approval of a Recommendation to the Oregon Liquor Control Commission (OLCC) to Grant an Off-Premise Sales Liquor License for Nye Beach Sweets.**

## Background:

Nye Beach Sweet, at 314 NW Coast Street has made application to the OLCC for an Off-Premise Sales Liquor License as a new outlet. The Police Department has completed a background check and recommends favorable action.

## Recommended Action:

I recommend that the City Council approve as part of the Consent Calendar a recommendation to the OLCC to grant an Off-Premise Sales Liquor License for Nye Beach Sweets at 314 NW Coast Street, in Newport Oregon as a new outlet.

## Fiscal Effects:

None.

## Alternatives:

**None recommended.**

Respectfully Submitted,

Spencer R. Nebel  
City Manager



Agenda Item # \_\_\_\_\_  
Meeting Date \_\_\_\_\_

**CITY COUNCIL AGENDA ITEM SUMMARY**  
City Of Newport, Oregon

Issue/Agenda Title OLCC Liquor License

Prepared By: Miranda Dept Head Approval: Chief Mark J. Miranda *MJM* City Mgr Approval: \_\_\_\_\_

**Issue Before the Council:**

Shall the City Council recommend approval of the liquor license application for the Nye Beach Sweets?

**Staff Recommendation:**

The Police Department recommends favorable action by the City Council.

**Proposed Motion:**

Consent Calendar item.

**Key Facts and Information Summary:**

Nye Beach Sweets, 314 NW Coast Street, has made application to the Oregon Liquor Control Commission for an "Off Premises Sales" license as a new outlet. Such a license allows for the applicant to sell factory sealed containers of wine, malt beverages and cider. Containers of malt beverages sold under the license may not hold more than two and one-quarter gallons.

A background check of the applicant revealed no disqualifying information. Nye Beach Sweets is located on the east side of NW Coast Street between NW 3<sup>rd</sup> Street and NW Beach Street. There have been no police calls to the business.

ORS 471.166 requires an applicant to obtain a recommendation from the local governing body in the city where the business is located. The City Council may make a "Favorable Recommendation" or an "Unfavorable Recommendation" to OLCC. The Commission will then decide if granting a license is appropriate.

**Other Alternatives Considered:**

None applicable

**City Council Goals:**

Public Safety

Attachment List:  
OLCC Application

Fiscal Notes:

The City's license application fee covers the investigation and processing time expended by Staff.





# OREGON LIQUOR CONTROL COMMISSION LIQUOR LICENSE APPLICATION

Application is being made for:

|   |  |
|---|--|
| <b>LICENSE TYPES</b><br><input type="checkbox"/> Full On-Premises Sales (\$402.60/yr)<br><input type="checkbox"/> Commercial Establishment<br><input type="checkbox"/> Caterer<br><input type="checkbox"/> Passenger Carrier<br><input type="checkbox"/> Other Public Location<br><input type="checkbox"/> Private Club<br><input type="checkbox"/> Limited On-Premises Sales (\$202.60/yr)<br><input checked="" type="checkbox"/> Off-Premises Sales (\$100/yr)<br><input type="checkbox"/> with Fuel Pumps<br><input type="checkbox"/> Brewery Public House (\$252.60)<br><input type="checkbox"/> Winery (\$250/yr)<br><input type="checkbox"/> Other: _____ | <b>ACTIONS</b><br><input type="checkbox"/> Change Ownership<br><input checked="" type="checkbox"/> New Outlet<br><input type="checkbox"/> Greater Privilege<br><input type="checkbox"/> Additional Privilege<br><input type="checkbox"/> Other _____ |
|---|--|

RECEIVED  
AUG 18 2014  
NEWPORT POLICE

**CITY AND COUNTY USE ONLY**  
 Date application received: 8/18/14  
 The City Council or County Commission:  
 \_\_\_\_\_  
(name of city or county)  
 recommends that this license be:  
 Granted     Denied  
 By: \_\_\_\_\_  
(signature) (date)  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

**OLCC USE ONLY**  
 Application Rec'd by: Jah  
 Date: 4/25/14  
 90-day authority:  Yes     No

**90-DAY AUTHORITY**  
 Check here if you are applying for a change of ownership at a business that has a current liquor license, or if you are applying for an Off-Premises Sales license and are requesting a 90-Day Temporary Authority

**APPLYING AS:**  
 Limited Partnership     Corporation     Limited Liability Company     Individuals

- Entity or Individuals applying for the license: [See SECTION 1 of the Guide]  
 ① James L. 27 Ministry, LLC ③ \_\_\_\_\_  
 ② \_\_\_\_\_
- Trade Name (dba): Nye Beach Sweets
- Business Location: 314 N W Coast St Newport Lincoln OR 97365  
(number, street, rural route) (city) (county) (state) (ZIP code)
- Business Mailing Address: 2101 One Studentant Place Toledo OR 97391  
(PO box, number, street, rural route) (city) (state) (ZIP code)
- Business Numbers: 541-574-1963  
(phone) (fax)
- Is the business at this location currently licensed by OLCC?  Yes     No
- If yes to whom: n/a Type of License: n/a
- Former Business Name: n/a
- Will you have a manager?  Yes     No Name: n/a  
(manager must fill out an Individual History form)
- What is the local governing body where your business is located? Newport Lincoln  
(name of city or county)
- Contact person for this application: REBECAH LUTZ 541-574-1963  
(name) (phone number(s))  
314 NW Coast Street, Newport none nyebeachsweets@gmail.com  
(address) (fax number) (e-mail address)

I understand that if my answers are not true and complete, the OLCC may deny my license application.

Applicant(s) Signature(s) and Date:

① Rebecca E. Lutz Date 8/22/14 ③ \_\_\_\_\_ Date \_\_\_\_\_  
 ② \_\_\_\_\_ Date \_\_\_\_\_ ④ \_\_\_\_\_ Date \_\_\_\_\_

**Agenda Item:**  
**Confirmation of Mayor Appointments**

**Background:**

Mayor Roumagoux would like to make the following appointments subject to confirmation by City Council: 1. Laura Anderson to the Bay Front Parking District Committee. 2. Debra Smith to the Airport Committee for a term expiring 12/31/15. 3. Susan Painter to the Airport Committee for a term expiring 12/31/15. Please note that the Airport Committee review both applicants for the Airport Committee and recommends their appointment.

**Recommended Action:**

**I recommend that the City Council confirm the Mayor's appointment of these three individuals as part of the Consent Calendar.**

**Fiscal Effects:**

None.

**Alternatives:**

None recommended.

Respectfully Submitted,

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

Spencer R. Nebel  
City Manager

## Cindy Breves

---

**From:** CommitteeApp@newportoregon.gov  
**Sent:** Friday, August 15, 2014 12:21 PM  
**To:** Cindy Breves; Peggy Hawker  
**Cc:**  
**Subject:** Committee Application

Application for City Council - Email Application

Date: 8/15/2014

Commission/Committee of Interest: Bayfront Parking District

Name: Laura Anderson

Address:

Workphone: !

Homephone:

Email:

Occupation: Restaurant Owner

Employer: Local Ocean Seafoods

Why do you want to serve on this committee/commission/board/task force, and how do you believe you can add value? I sincerely want to work towards solution for the bayfront's parking problems; solutions that will allow development and redevelopment, and help us move people (both employees and visitors) into and out of the district. I believe I bring an open mind, out of the box thinking and a spirit of cooperation to the committee.

What is a difficult decision you have made concerning issues of bias and/or issues of conflict of interest? As a commissioner for the Department of Fish and Wildlife I am often in a position where I make decisions that could potentially effect my business. Certainly there are times when declaring a conflict is required (if the decision will have a financial impact) but mostly its not of that nature. For example my decision to vote against the Governor's plan to eliminate drift gilnets on the Columbia River did not have a financial impact on me, but was based on my sense that the plan lacked fairness and equity.

Describe the process of how you make decisions. I generally start with a deliberative process of weighing the pros and cons of each option. Sometimes I go to peers, mentors and advisors for insight. In the end I often just have to trust my basic instincts.

What do you think about consensus decision making? What does the consensus decision making process mean to you? I have been involved in countless consensus decision making groups. I think its a good process that involves a lot of negotiation. In the end rarely does everyone get what they want. And usually its for the best. Sometimes you just have to bend and give a little so the process can move forward.

Describe all other pertinent information/background for this position. As a bayfront business owner for the last 9 years, I had been fairly unaware of the parking district and what it does and does not do. When I purchased the Local Ocean building this year I was surprised to learn of the requirements for a new or expanding business to provide parking. And dismayed to learn of the current lack of options. I am concerned that we will hamper bay front development and redevelopment if we don't try some new solutions. That may include shuttling, satellite parking, parking meters, parking garages and other possibilities. I know all these have been discussed in the past and each has its challenges. But not doing anything is surely the least favorable option of all.

## Cindy Breves

---

**From:** CommitteeApp@newportoregon.gov  
**Sent:** Tuesday, August 05, 2014 9:05 PM  
**To:** Cindy Breves; Peggy Hawker  
**Cc:**  
**Subject:** Committee Application

Application for City Council - Email Application

Date: 8/5/2014

Commission/Committee of Interest: Airport Committee

Name: Debra J. Smith

Address: ;

Newport, OR 97365

Workphone: !

Homephone: -----

Email: -

Occupation: General Manager

Employer: Central Lincoln PUD

Why do you want to serve on this committee/commission/board/task force, and how do you believe you can add value? I've been in Newport for a little over a year and I'm interested in finding ways to support my new community. I'm an experienced manager with specific skills in planning, budgeting, and cost management. I think my skill set would be a benefit to the City of Newport and the Airport Committee.

What is a difficult decision you have made concerning issues of bias and/or issues of conflict of interest? I've been a public employee for over 18 years and I believe in the transparency of public process. I try to manage myself with the knowledge that anything I say or do could show up in the local newspaper. I've mostly been successful with that approach!

I met my husband when I was employed at the Eugene Water & Electric Board, and he was a consultant supporting a project I was leading. I dealt with the potential conflict of interest by being very open about the developing relationship and creating additional checks and balances about the financial transactions. As a result, Dale was able to continue working for the utility for many years in various capacities.

Describe the process of how you make decisions. I have a number tools in my decision making toolbox and the process I use is dependent on the amount of time that's available for the process and the relative importance on stakeholder buy-in. I am generally able to make a decision with whatever information is available and if more information becomes available, I'm able to step back and reconsider the outcome.

What do you think about consensus decision making? What does the consensus decision making process mean to you? I'm a strong proponent of consensus decision making when the need for buy-in supports it and there is sufficient time for the process. For me, consensus means everyone has had an opportunity to be heard and to express themselves and all participants can "live with" the decision. It doesn't mean it was necessarily my first choice but I can represent and support it to others.

Describe all other pertinent information/background for this position. I'm excited about the opportunity and I believe I could be a strong contributor. Thank you for your consideration.

## Cindy Breves

---

**From:** CommitteeApp@newportoregon.gov  
**Sent:** Thursday, July 31, 2014 4:46 PM  
**To:** Cindy Breves; Peggy Hawker  
**Cc:**  
**Subject:** Committee Application

Application for City Council - Email Application

Date: 7/31/2014

Commission/Committee of Interest: Airport committee

Name: Susan Elizabeth Reese Painter

Address:

Newport, Oregon 97365

Workphone: !

Homephone: !

Email: .

Occupation: Attorney

Employer: self - Susan Elizabeth Reese, LLC

Why do you want to serve on this committee/commission/board/task force, and how do you believe you can add value? I have long watched with interest as Newport's airport has struggled to be a community resource. I would like to see air service restored to the greater Newport community at large, and I would like to see the airport become an asset to all in the area, not just those fortunate enough to own airplanes. I believe my 40 years of practicing law provide a solid foundation for my ability to make decisions that will benefit Newport and assist in the work of this committee.

What is a difficult decision you have made concerning issues of bias and/or issues of conflict of interest? I had to fire a staff person for a personal relationship that staff member had which jeopardized the confidentiality requirement for clients of my firm; I had to withdraw from representing a client when I found that the client had lied to me and created a conflict of interest between us.

Describe the process of how you make decisions. I gather as much information as I can from all available sources; review it carefully, ponder the options on all sides, and then decide the best course of action and the reasons to justify that action.

What do you think about consensus decision making? What does the consensus decision making process mean to you? Consensus means cooperation, openmindedness, and thoughtful evaluation of all options and points of view. I believe consensus gives the participants a meaningful role in the decision making process and, as a result, the decisions may be firmly based and more easily implemented. I believe consensus decision making is at the core of our democracy. Juries come to consensus decisions all the time and and this process is vital to our government.

Describe all other pertinent information/background for this position. I have been in solo practice of law for over 40 years. I have participated in various law related committees and have both written and spoken on legal issues throughout Oregon. I have served on the Council of my church in Newport and currently serve on the Finance and Health ministry committees there. I would bring a curiosity and interest to this committee and a commitment to address the best interests of all of Newport if I am chosen to serve.

# CITY MANAGER'S REPORT AND RECOMMENDATIONS



Agenda Item #: V.E.  
Meeting Date: September 2, 2014

## Agenda Item:

### Approval to Pay the Expenses for Council President, Swanson to Attend Leadership Lincoln.

#### Background:

Council President Laura Swanson, is requesting approval of City Council members to attend 2014-15 Leadership Lincoln Program. Under the City of Newport Council Rules the following is stated: "Council members are urged to educate themselves about local government. To that end, and as funding allows, Council members are urged to attend the League of Oregon Cities functions at city expense. Request to attend other government-related conferences, training, seminars, and meetings will be presented to the Council for approval".

Council President Swanson is requesting, in lieu of attending the Oregon League of Cities Annual Conference in Eugene, that the Council authorize reimbursement for tuition expenses for Leadership Lincoln.

#### Recommended Action:

I recommend that as part of the Consent Calendar that the City Council approve the payment of \$495 tuition for Council President Swanson to attend Leadership Lincoln Program for the 2014-14 year.

#### Fiscal Effects:

The tuition expenses are \$495 there are sufficient funds in the City Council training budget to cover this cost. Furthermore the City Council will not be covering any travel and or room costs related to this training what will take place within the City of Newport.

#### Alternatives:

None recommended.

Respectfully Submitted,

Spencer R. Nebel  
City Manager

Enrollment is limited to 35 participants to ensure maximum implementation.

\$495.<sup>00</sup> tuition covers program and materials, meals and 2 graduation banquet tickets. A limited number of Full and partial scholarships are possible—please call to check availability.

Attendance at all sessions is important. Two absences are allowed, and there are three opportunities throughout the program for make-up sessions. Make up sessions can be attended by anyone, even if they don't need the make-up! Tuition is non-refundable and due upon receipt of application. Special arrangements for payment can be made as needed.

Please detach or copy the Leadership Lincoln Application, complete, and return to:

Greater Newport  
Chamber of Commerce  
555 S.W. Coast Highway  
Newport, OR 97365-4934

Or Fax to: 541-265-5589

Questions?  
Phone: 541-265-8801

"Many people never understand that leading and managing are two completely different concepts. Through Leadership Lincoln, Dr. John Baker and invited guest speakers can help people understand the difference and provide students with important tools to become good leaders."

Dennis Dotson  
Lincoln County Sheriff



## Leadership Lincoln '14-'15 Application

Name: \_\_\_\_\_

Business Name: \_\_\_\_\_

Title: \_\_\_\_\_

Home Address: \_\_\_\_\_

Business Address: \_\_\_\_\_

Please check preferred address to receive correspondence.

Home Phone: \_\_\_\_\_

Business Phone: \_\_\_\_\_

Email Address: \_\_\_\_\_

What do you hope to gain from your participation in Leadership Lincoln? \_\_\_\_\_

- Check in the amount of \$495.<sup>00</sup> enclosed
- Please send an invoice in the amount of \$495.<sup>00</sup>
  - To home address  To Business address
- Please Charge \$495.<sup>00</sup> to the following
  - Visa OR  MasterCard
- Customized Payment Plan

Number: \_\_\_\_\_

Expiration Date: \_\_\_\_\_

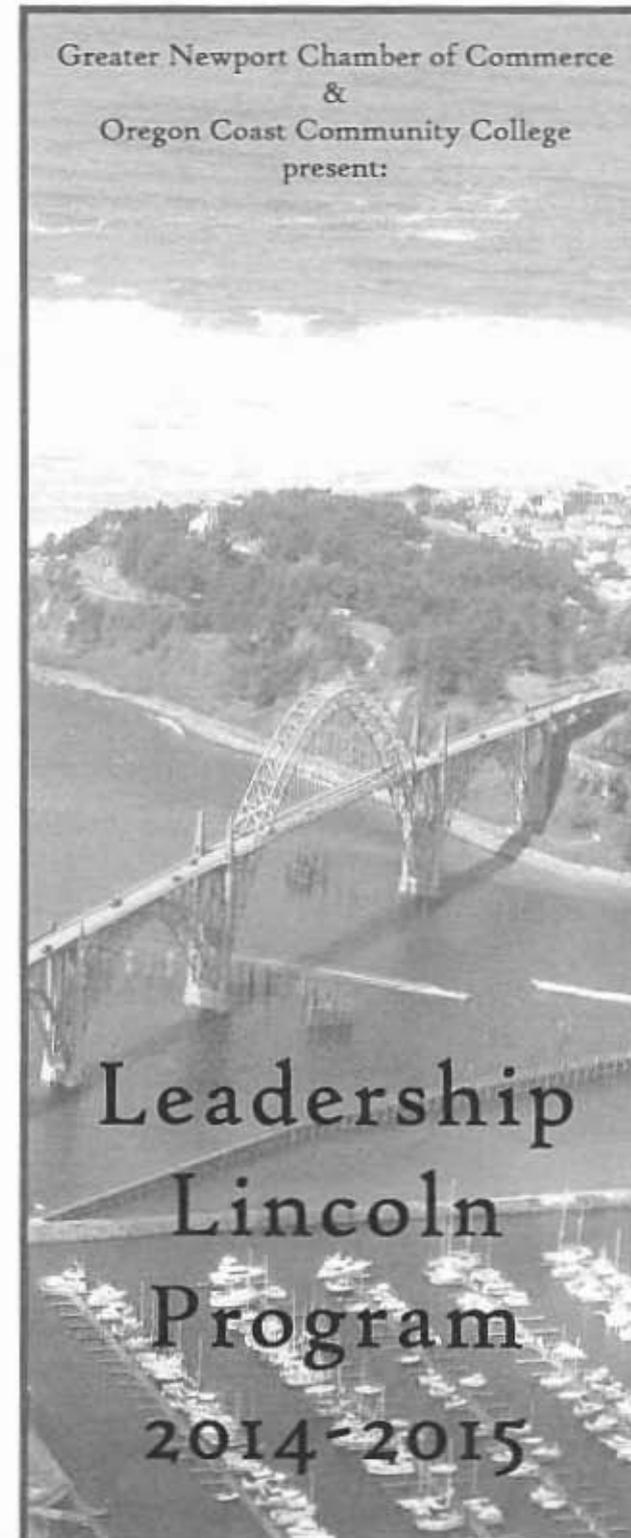
Name on Card: \_\_\_\_\_

Commitment: I have read this brochure in its entirety and understand the goals, rules and expectations. By signing below I give Greater Newport Chamber of Commerce permission to share the information I've provided on this application for articles about the program and attendees. I also agree to allow my photo to be taken and used by Greater Newport Chamber of Commerce for publications and newsletters.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Greater Newport Chamber of Commerce  
&  
Oregon Coast Community College  
present:



## OVERVIEW

Greater Newport Chamber of Commerce has been identifying and preparing future leaders for over twenty years through the Leadership Lincoln Program.

## VISION

The future of our community is directly tied to the abilities of its leaders. Leadership Lincoln hopes to foster a commitment in this program's participants to a lifetime of community service.

## GOALS

- ◀ Identify, motivate and develop community leaders.
- ◀ Expand the leadership abilities of participants through education, exposure to existing leadership and civic organizations, and discussions of relevant issues.
- ◀ Improve communication among leaders.
- ◀ Provide a channel for participants to gain access to leadership opportunities and become involved in the development of solutions for community challenges.
- ◀ Enable participants to create lasting business relationships with fellow participants.

## Program Schedule: September 2014 through June 2015 with a June Graduation Dinner/Program

(Locations will be announced prior to the start of the series.)

Wednesday, September 10th, 2014  
Introductions, Leadership and  
Management  
8:30-4:30

Wednesday October 8th, 2014  
Community and Quality of Life:  
Arts and Leisure  
8:30-2:30

Wednesday November 12th, 2014  
Education  
8:30-2:30

Wednesday December 10th, 2014  
Leadership Topics  
8:30-3:30

"Leadership Lincoln is a unique opportunity to learn about the county where we work and live and to develop lasting relationships with a wide variety of community and business leaders. These experiences enrich our communities and each of our lives individually. A great benefit and an even better bargain."

Doug Hunt  
Lincoln County Commissioner

Wednesday January 14th, 2015  
Health and Human Resources  
8:30-2:30

Wednesday February 11th, 2015  
Challenges Facing our Communities  
(From impoverished to cultural  
diversity)  
8:30-2:30

Wednesday March 11th, 2015  
Communications and Media Relations  
8:30-2:30

Wednesday April 8th, 2015  
Business Climate  
8:30-2:30

Wednesday May 13th, 2015  
Government  
8:30-2:30

Wednesday June 3rd, 2015  
Law Enforcement and the Legal  
System  
8:30-2:30

Wednesday, June 10th, 2015  
Graduation Dinner  
(Evening Function)





# CITY MANAGER'S REPORT AND RECOMMENDATIONS



Agenda Item #: V.F.  
Meeting Date: September 2, 2014

**Agenda Item:  
Approval of Emergency Expenses for the Schooner Landing Sewer Failure in the Amount of \$50,099.77**

**Background:**

At the August 18, 2014, City Council meeting a full report was provided on the sewer failure that occurred at Schooner Landing that was discovered July 31, 2014. Attached is a report from Public Works Director Tim Gross outlining the total cost for these emergency repairs which amount to a total of \$50,099.77. The two major portions of the emergency repairs were Central Coast Excavating at \$32,598 and the Road and Driveway repairs at \$15,155.19. Although our past practices have not been consistent, I think it is appropriate that the City Council formally authorize the emergency expenditures when an emergency is declared by the City Manager for the purposes of way our normal procurement processes to address any emergency repair.

**Recommended Action:**

I recommend that as part of the Consent Calendar that the City Council approve the emergency expenses from the Schooner Landing sewer failure in the amount of \$50,099.77.

**Fiscal Effects:**

\$80,000 has been appropriated for this type of repairs in the Wastewater Fund for the 2014-15 fiscal year.

**Alternatives:**

None recommended.

Respectfully Submitted,

Spencer R. Nebel  
City Manager



Agenda Item #  
Meeting Date Sept 1, 2014

**CITY COUNCIL AGENDA ITEM SUMMARY**  
City Of Newport, Oregon

Issue/Agenda Title: Schooner Landing Sewer Failure Financial Update

Prepared By: TEG                      Dept Head Approval: TEG                      City Manager Approval:

**Issue Before the Council:**

Update memo on the final costs of the Schooner Landing sewer failure that occurred on July 31, 2014

**Staff Recommendation:**

N/A

**Proposed Motion:**

N/A

**Key Facts and Information Summary:**

This memo is an update to the report presented to Council at the August 18, 2014 regular Council Meeting on the sewer failure that occurred at Schooner Landing on July 31, 2014.

Several contractors participated in the repair of that sewer failure including pipe and manhole installation, electrical work, asphalt paving, and curb restoration. A summary of costs is as follows:

|                                   |                    |
|-----------------------------------|--------------------|
| Aboveboard Electric:              | \$608.08           |
| Coast Range Equipment and Repair: | \$538.50           |
| Central Coast Excavating:         | \$32,598           |
| Road and Driveway:                | \$15,155.19        |
| Allen and Sons:                   | \$1,200            |
| <b>Total:</b>                     | <b>\$50,099.77</b> |

**Other Alternatives Considered:**

None

**City Council Goals:**

N/A

**Attachment List:**

Invoicing is attached from Above Board Electric, Coast Range Equipment and Repair, Central Coast Excavating, and Road and Driveway. The City has not received an invoice from Allen and Sons as of the writing of this memo.

**Fiscal Notes:**

See above. Costs were charged to the Wastewater Fund/Collections/Water-Sewer Repairs (304-3420-6116). \$80,000 was budgeted in this line item in FY15.

**ABOVEBOARD ELECTRIC, INC.**  
P.O. BOX 387 TOLEDO, OREGON 97391  
(541)574-2948 \* CELL (541)270-5705 \* FAX (541) 265-9047  
Aboveboardelectric@msn.com  
CCB#154247

**DATE:** 8/12/14

**JOB #:** 10870

**BILL TO:** City of Newport  
Waste Water Plant  
169 SW Coast Hwy  
Newport, OR 97365

**JOB  
ADDRESS:** Schooner Creek Project

**JOB  
DESCRIPTION:** Repair/replace existing circuits and light poles from excavation project.

**LABOR:** \$240.00 John3hrs @ \$80.00/hr

**MATERIAL:**

**AMOUNT DUE:** \$240.00

**THANK YOU FOR YOUR BUSINESS**

**ABOVEBOARD ELECTRIC, INC.**  
P.O. BOX 387 TOLEDO, OREGON 97391  
(541)574-2948 \* CELL (541)270-5705 \* FAX (541) 265-9047  
Aboveboardelectric@msn.com  
CCB#154247

DATE: 8/8/14

JOB #: 10862

BILL TO: City of Newport  
Waste Water Plant  
169 SW Coast Hwy  
Newport, OR 97365

JOB  
ADDRESS: Portable Pump and Gen set

JOB  
DESCRIPTION: Assemble temporary sump pump for Schooner creek project.

LABOR: \$160.00 John 2 hrs @ \$80.00/hr

MATERIAL: \$208.08

AMOUNT DUE: \$368.08

**THANK YOU FOR YOUR BUSINESS**

# Coast Range Equipment and Repair

Ph. (541)265-4465 Fax. (541)265-3347  
 CCB#128944  
 Remit To: P.O. Box 1253  
 Newport, OR. 97365

# Invoice

|          |           |
|----------|-----------|
| DATE     | INVOICE # |
| 8/1/2014 | 5636      |

|   |
|---|
| <b>BILL TO</b>  |
| Newport Wastewater Treatment Plant<br>5525 S.E. 50th Place<br>South Beach , OR. 97366 |

|   |
|---|
| <b>SHIP TO</b>  |
| Bill to : 169 S.W. Coast Highway<br>Newport , OR. 97365 |

| P.O. NUMBER  | TERMS  | REP   | SHIP      | VIA | F.O.B. | PROJECT |
|--------------|--------|-------|-----------|-----|--------|---------|
| John R./Mark | Net 30 | Larry | 7/30/2014 |     |        |         |

| QUANTITY | ITEM CODE        | DESCRIPTION  | PRICE EACH | AMOUNT |
|----------|------------------|--|------------|--------|
| 1        | Liberty 1/2/115M | Liberty Solid Handling Pump 1/2 HP /208-230 volt / 1PH | 515.00     | 515.00 |
| 1        | Freight          | Freight  | 23.50      | 23.50  |

|  |          |              |          |
|--|----------|--------------|----------|
| Thank You for the Oppurtunity to Serve You | Larry W. | <b>Total</b> | \$538.50 |
|--|----------|--------------|----------|

Central Coast Excavating, Inc  
671 NE Newport Hts Dr  
Newport OR 97365  
CCB#069019  
Cell 270-2017

8-17-14

City of Newport  
Attn: John

Schooner Landing sewer main repair

|  |          |
|--|----------|
| Move In equip & shoring & materials    | 2,200.00 |
| 160 Exc 32 hrs                         | 4,928.00 |
| 310 Hoe pack 13 hrs                    | 1,644.00 |
| 35 Exc 12 hrs                          | 1,518.00 |
| Labor 84 hrs                           | 4,158.00 |
| Shop truck (tools)                     | 1,300.00 |
| Shoring rental 2 ea boxes, 9 ea plates | 1,900.00 |
| Trucking 20 hrs                        | 2,090.00 |
| Rock 210 yds 1"-0                      | 4,200.00 |
| Saw cutting (drill existing manhole)   | 1,600.00 |
| Concrete pump & concrete (bases)       | 1,300.00 |
| Manholes 2 ea (delivery & grout)       | 3,760.00 |
| Pipe & fitting                         | 2,000.00 |

32,598.00

## \*\*\*\*\* INVOICE \*\*\*\*\*

Road & Driveway Co., Inc.  
PO Box 730  
Newport, OR 97365

(541) 265-9441

Invoice Number: 0022540-IN

Invoice Date: 8/15/2014

City of Newport-Maintenance  
169 SW Coast Hwy  
Newport, OR 97365

Customer Number: 00-CTYNPT2

Customer P.O.:

Terms: DUE 25th OF MONTH

Comment: Schooner Landing Sewer Repair

| Sales Code       | Description               | UM  | Quantity | Price   | Amount   |
|------------------|---------------------------|-----|----------|---------|----------|
| 8-5-14           |                           |     |          |         |          |
| 401              | Labor                     | HR  | 12.000   | 53.500  | 642.00   |
| E325             | 325 Excavator             | HR  | 8.000    | 182.000 | 1,456.00 |
| 8-6-14           |                           |     |          |         |          |
| 401              | Labor                     | HR  | 11.500   | 53.500  | 615.25   |
| E325             | 325 Excavator             | HR  | 8.000    | 182.000 | 1,456.00 |
| 8-7-14           |                           |     |          |         |          |
| 401              | Labor                     | HR  | 10.500   | 53.500  | 561.75   |
| E325             | 325 Excavator             | HR  | 7.500    | 182.000 | 1,365.00 |
| 8-8-14 prep crew |                           |     |          |         |          |
| E210             | 210 Tractor w/Drag Box    | HR  | 4.000    | 89.000  | 356.00   |
| EBROOM           | Broom                     | HR  | 2.500    | 71.000  | 177.50   |
| 401              | Labor                     | HR  | 6.000    | 53.500  | 321.00   |
| EROLL            | Roller                    | HR  | 5.000    | 102.500 | 512.50   |
| ETILT            | Mobilization of Equipment | HR  | 4.000    | 110.500 | 442.00   |
| EWATER           | Water Truck               | HR  | 3.000    | 97.000  | 291.00   |
| 8-8-14 pave crew |                           |     |          |         |          |
| EPAVEL           | Paver (leeboy)            | HR  | 3.000    | 99.500  | 298.50   |
| ESCREE           | Screed                    | HR  | 6.000    | 56.500  | 339.00   |
| 401              | Labor                     | HR  | 3.000    | 53.500  | 160.50   |
| EROLL            | Roller                    | HR  | 6.000    | 102.500 | 615.00   |
| E15YD            | 15 Yard Truck             | HR  | 5.750    | 90.000  | 517.50   |
| ETILT            | Mobilization of Equipment | HR  | 2.000    | 110.500 | 221.00   |
| 101              | Asphalt "C" Mix           | TON | 68.420   | 69.500  | 4,755.19 |
| 152 T            | CSS1                      | TON | 0.060    | 875.000 | 52.50    |

Invoice Total: 15,155.19

**Agenda Item:**

**Public Hearing and Consideration of Resolution No. 3690 of the City of Newport which Provide for a Supplemental Budget and Makes Appropriation Adjustments to the Airport Fund and Capital Projects Fund.**

**Background:**

As was indicated during the budget process, any projects that were fully appropriated in the previous fiscal year were estimated as if the entire appropriation would be spent in the past fiscal year. This was for purposes of calculating a clean beginning fund balance in the various funds projects are appropriated from. As was indicated at budget time it is our intent to carryover the unspent capital outlay funds appropriated in the previous fiscal year through a series of budget amendments. The first budget amendment is for the airport projects. You may recall at the end of the last fiscal year, a new set of accounts was created to pull the capital outlay funds out of the airport operating fund and place the funds in the capital projects fund for the major runway project as well as other smaller projects appropriated in the previous fiscal year. This amendment will carryover the unexpended project funds from the previous fiscal years to complete these projects in the current fiscal year which began July 1, 2014. This will amount to \$6,863,838 in grant and local funds that remain available for the projects with the expenditures of \$241,000 for maintenance and repairs to the FBO building and T hangers and \$6,632,838 to complete the runway reconstruction work that was initiation in the last fiscal year.

Furthermore, we are recommending an increase in appropriations of \$80,000 from the airport fund from a higher than anticipated fund balance on June 30, 2014. This will provide an additional \$46,000 in building and grounds funding to the fixed based operator building repairs from \$34,000 for the capital projects including the runway with those funds beginning transfer from the airport fund to the capital projects fund.

**Recommended Action:**

I recommend the Mayor conduct a public hearing on Resolution No. 3690, which provides for a supplemental budget through adjustments to the airport fund by transferring unspent appropriated project funding in the previous fiscal year to the 2014-15 fiscal year and increasing the amount of appropriation from the airport fund by \$80,000 due to a higher than anticipated available beginning fund balance with these funds being transferred to provide \$34,000 additional funding to meet the needs of the runway project and \$46,000 of additional funding for the repairs to the FBO building and T hangers.

Following public hearing I further recommend the City Council approve the following motion:

I move the adoption of Resolution No. 3690 with attachment A, a resolution adopting a supplement budget for the fiscal year 2014-15 and making appropriations and changes for fiscal year 2014-15.

**Fiscal Effects:**

As outline in this report along with the attached report from Bob Gazewood.

Alternatives:  
None recommended.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "S. R. Nebel". The signature is written in a cursive style with a large initial "S" and "R".

Spencer R. Nebel  
City Manager



Agenda Item #  
Meeting Date

VI. A. Public Hearing  
September 2, 2014

**CITY OF NEWPORT AGENDA ITEM SUMMARY**  
City Of Newport, Oregon

**Issue/Agenda Title:** Resolution No. 3690 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:** Gazewood    **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 Capital Projects Fund and to provide for a net increase in appropriations in the Airport Fund. This supplemental budget provides appropriation authority for the new construction activity account within the Capital Projects Fund for the Airport AIP Projects Activity account. While the new Activity was initially set up by supplemental budget in FY 2013-14, no appropriation authority was provided for in FY 2014-15 due to budget policy. Additionally, this supplemental budget provides for a net appropriations increase to the Airport Fund due to additional projected beginning fund balance in excess of budgeted beginning fund balance.

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 August 27, 2014 edition of the Newport News Times. The budgeted fund issue subjected to ORS 294.473 is summarized as follows:

1. A new appropriation category is being established in the Capital Projects Fund with the Airport AIP Projects Activity and the estimated expenditures within the Fund differ by more than 10 percent with the new Activity.

**Staff Recommendation:** Staff recommends the adoption of the supplemental budget and making appropriation changes in the two funds as detailed on Attachment "A" to Resolution No. 3690.

**Proposed Motion:** I move to adopt Resolution No. 3690 with Attachment "A", a resolution adopting a supplemental budget for fiscal year 2014-15 and making appropriations and changes for fiscal year 2014-15.

**Other Alternatives Considered:** None

**Fiscal Notes:** (1) This supplemental budget provides additional appropriation authority to the Capital Projects Fund totaling \$6,896,838 for the new Airport AIP Projects Activity as a new appropriation category within the Fund. While the new Activity was formally established in the Capital Projects Fund in FY 2013-14 by supplemental budget, appropriations for the Activity was not provided for in the FY 2014-15 Budget due to budget policy. The Airport AIP Projects Activity provides for two budgeted categories of expense: (a) Materials & Services for building and grounds maintenance and repairs of \$231,000 for the FBO facility; and (b) Capital Outlay for airport construction projects totaling \$6,632,838. The total budgeted requirements for the Capital Projects Fund increases from \$17,334,560 to \$24,198,398. (2) The Airport Fund requires a net increase in appropriation of \$80,000. This is the projected increase in beginning fund balance in excess of the budgeted beginning fund balance and provides partial funding for a transfer of \$265,000 to the Airport AIP Projects Activity within the Capital Projects Fund for building and grounds repair and maintenance costs related to the FBO facility and provides for a funding gap for construction projects. This transfer of \$265,000 is additionally offset by an appropriation decrease of \$(185,000) in the Airport Fund's Materials & Services category of expense. Based on budget policy of having project costs all in one fund/activity cost center, the FBO repairs budget of \$185,000 is being transferred to the Airport AIP Projects Activity. It has been determined that an additional \$46,000 is needed to accomplish the repairs for total estimated repairs of \$231,000. An additional amount of \$34,000 is required for construction projects due to an estimated shortfall in funding by that amount. These changes bring the Transfer amount to \$265,000. In summary, the changes to the Airport Fund appropriation are as follows:

- Net increase of \$80,000 due to higher projected beginning fund balance;
- Decrease Materials & Services appropriation by \$185,000 for removal of building and grounds repair and maintenance costs for FBO facility; and
- Increase appropriation by \$265,000 for transfer to Capital Projects Fund - Airport AIP Projects Activity.

The total budgeted requirements for the Airport Fund increases from \$964,019 to \$1,044,019.

**CITY OF NEWPORT  
RESOLUTION NO. 3690**

**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 appropriation for the Capital Projects Fund and Airport Fund; and

**WHEREAS**, no appropriation category was provided for the expenditure of monies for the Airport AIP Projects Activity in the Capital Projects Fund pursuant to FY 2014-15 budget policy, a supplemental budget with public hearing is required to provide for such appropriation authority to expend monies in materials & services and capital outlay categories of expense within Airport AIP Projects; and

**WHEREAS**, the City is creating a new appropriation activity account with categories of expense for FY 2014-15 expenditures for Airport AIP Projects Activity within the Capital Projects Fund and such action requires a supplemental budget and public hearing; and

**WHEREAS**, the Airport Fund is transferring appropriations to the new Airport AIP Projects account within the Capital Projects Fund and such Airport Fund requires a net increase in appropriation due to additional beginning fund balance partially offset by a reduction in budgeted expense to allow for such transfer of funds; 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 appropriation authority totaling \$6,863,838 for the Airport AIP Projects Activity in the Capital Projects Fund (CPF) for the building and grounds maintenance and repairs of the FBO facility of \$231,000 and AIP Projects totaling \$6,632,838. The amended budget requirements for the Capital Projects Fund totals \$24,198,398; and hereby adopts and hereby increases the net appropriation for the Airport Fund by \$80,000 due to additional available beginning fund balance providing for a transfer of funds appropriation of \$265,000 offset with reduction in appropriation expense of \$(185,000) in Materials & Services. The amended budget requirements for the Airport Fund totals \$1,044,019. Attachment "A" sets forth the supplemental budget requirements for the two funds.

This resolution will become effective immediately upon passage.

Adopted by the Newport City Council on September 2, 2014.

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Sandra Roumagoux, Mayor

Attest:

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Margaret M. Hawker, City Recorder

CITY OF NEWPORT, OREGON

ATTACHMENT "A" - RESOLUTION No. 3690 ADOPTING A SUPPLEMENTAL BUDGET  
 MAKING APPROPRIATIONS AND CHANGES FOR FISCAL YEAR 2014-15

| Capital Projects Fund                    |                   |  |                   |
|--|-------------------|--|-------------------|
| Resource                                 | Amount            | Expenditure                              | Amount            |
| <b>Airport AIP Projects - 6130</b>       |                   | <b>Airport AIP Projects - 6130</b>       |                   |
| Beginning Fund Balance                   | 533,263           | M & S - Bldg & Grds Maint & Repairs      | 231,000           |
| Aviation Grant                           | 5,778,698         | Capital Outlay - Construction            | 6,632,838         |
| Connect Oregon Grant                     | 286,877           |  |                   |
| Transfer from Airport Fund               | 265,000           |  |                   |
| <b>Total Airport AIP Projects - 6130</b> | <b>6,863,838</b>  | <b>Total Airport AIP Projects - 6130</b> | <b>6,863,838</b>  |
| <b>Revised Total Resources</b>           | <b>24,198,398</b> | <b>Revised Total Requirements</b>        | <b>24,198,398</b> |

Comments: To provide for: (1) Setting up a new Airport capital project activity cost center (6130) in the Capital Projects Fund and to provide appropriation authority for category of expense (Materials & Services) of \$231,000, specifically for building & grounds maintenance & repairs; and to provide appropriation authority for airport capital projects totaling \$6,632,838.

| Airport Fund                   |                  |   |                  |
|--------------------------------|------------------|---|------------------|
| Resource                       | Amount           | Expenditure                                 | Amount           |
| Beginning Fund Balance         | 80,000           | Materials & Svcs - Bldg & Grds - M&R        | (185,000)        |
|                                |                  | Transfer to Capital Proj - Airport Activity | 265,000          |
| <b>Revised Total Resources</b> | <b>1,044,019</b> | <b>Revised Total Requirements</b>           | <b>1,044,019</b> |

Comments: (1) To increase Airport Fund appropriation by net of \$80,000 due to approximated actual beginning fund balance exceeding Budgeted beginning fund balance; and, decrease Materials & Services category of expense by \$185,000 for building & grounds maintenance & repairs transferred to Airport Projects Activity (6130) within the Capital Projects Fund plus an additional amount to transfer of \$80,000 to cover anticipated added costs of 46,000 for Building and Grounds and \$34,000 for capital projects in Fund/Activity 601-6130 and such transfers totaling \$265,000 (\$185,000 plus \$80,000).





**Agenda Item:  
From the Tourism Facilities Grant Review Task Force - Recommendations of Tourism  
Facilities Grant Awards**

**Background:**

The Tourism Facilities Grant Review Task Force has review four applications for funding from the \$100,000 of Room Tax funding that remains that was originally allocated for an event center. The task force consisting of Stan Rowe, John Lavrakas, Margaret Dailey, Ann Aronson, Caroline Bauman, Julie Hanrahan, Randy Getman, Dean Sawyer, Council Liaison and Peggy Hawker City/Recorder/Special Projects Director, met and develop a list of questions for each applicant and requested that responses be submitted in writing. The task force met again to hear presentation from the four applicants and review the responses to the questions. As a result of the applications and the response to questions raised, the task force is recommending that the City Council enter into grant agreements in the following amounts: 1. \$10,000 for the Sea Lion Docks Foundation; 2. \$14,000 for the Lincoln County Historical Society; and 3. \$50,000 for the Pacific Communities Health Foundation. The committee did not recommend funding a request from Salmon for Oregon in the amount of \$25,000. The committee felt that the project was not ready to be funded at this time. Peggy Hawker has provided notice to the applicants that the Council will be making a decision on this funding at the September 2, 2014, Council meeting and suggested they may want to be present in the event there are any questions from the City Council. We have not scheduled any presentation to the Council since the Tourism Facilities Grant Task Force did a thorough job in their evaluation of the four proposals.

**Recommended Action:**

**I recommend the City Council approve the following motions:**

**I move the award of a tourism facility grant to the Sea Lion Dock Foundation in the amount of \$10,000 and direct the city manager to develop a grant agreement for the disbursement of these funds.**

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

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

**Fiscal Effects:**

\$100,000 has been provided for these grants. If these three grants are approved \$26,000 will remain unappropriated from this funding source. I would recommend that the City Council not take any action at this time on the remaining funds but review the remaining allocation of funds in March of 2015 for perhaps a final round of disbursements.

Alternatives:  
None recommended.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "S. R. Nebel". The signature is fluid and cursive, with the first name "Spencer" and last name "Nebel" clearly distinguishable.

Spencer R. Nebel  
City Manager



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.

April 30, 2014  
10:00 A.M.  
Newport, Oregon

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

#### REVIEW AND POTENTIALLY REVISE APPLICATION MATERIALS

The Task Force reviewed the tourism grant program and application materials. Several suggestions were made including:

1. The first two sentences of the program material have been revised to read:  
  
"This grant program is intended to fund projects that develop tourism related facilities within the city limits of the City of Newport. The 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."
2. All dates have been revised to reflect a grant application deadline of June 30, 2014.

#### ESTABLISH SCHEDULE FOR RECEIPT OF APPLICATIONS AND REVIEW

The Task Force established the following dates (at 5:00 P.M.):

|                 |  |
|-----------------|--|
| June 30, 2014   | Application deadline                                   |
| June 9, 2014    | Questions due from potential applicants                |
| June 17, 2014   | Responses from Task Force to applicants with questions |
| July 15, 2014   | Task Force review of proposals                         |
| August 5, 2014  | Presentations by applicants to Task Force              |
| August 18, 2014 | Task Force recommendations acted upon by City Council. |

#### TASK FORCE COMMENTS

The Task Force expressed frustration with redundancies with the last grant round.

#### ADJOURNMENT

Having no further business, the meeting adjourned at 10:35 A.M.

## 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 City 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 Grant Review Task Force" is a task force, consisting of seven members, appointed by the City Council in accordance with Resolution No. 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 ten 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 2014 grant cycle are due in the City Manager's office by 5:00 P.M. on Friday, May 30, 2014. Applicants must submit ten hard copies of the application and one electronic copy on a flash drive or memory stick. Applications submitted by e-mail or fax will not be considered.
4. All applicants shall supply the following information:
  - a. Name of applicant;
  - b. Name, physical and e-mail 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;



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 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.
5. Applicants recommended to the City Council by the Tourism Facilities Task Force will be expected to make an oral presentation before the City Council.
6. The City Council is not bound by the Tourism Facilities Task Force recommendations.
7. The City 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 City 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 City 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 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.

CITY OF NEWPORT  
TOURISM FACILITIES GRANT INSTRUCTIONS

City of Newport  
169 SW Coast Highway  
Newport, Oregon 97365  
541.574.0613

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 Monday, June 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 may be requested 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 Monday, June 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**

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 questions by June 9, 2014, so the task force can reply by June 17, 2014. This will allow time to complete the application by June 30, 2014. 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.

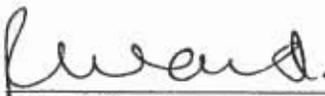
## Required Attachments

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

**CITY OF NEWPORT  
TOURISM FACILITIES GRANT APPLICATION**

Name of Applicant/Organization : Newport Sea Lion Docks Foundation  
 Mailing Address & City: 525 NW 57 Street, Newport, Oregon 97365  
 Contact Person: Bob Ward  
 Contact Phone No.: 541-574-4475 Contact Fax No.: 541-574-4475  
 Contact E-Mail Address: wcmi@live.com  
 Name of Project: Replacement of Sea Lion Docks, Final Phase  
 Total Project Budget: \$ 25,000  
 Amount Requested: \$ 10,000  
 Authorization Signature:   
 Title: Director and Secretary

**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 16, 2012, so the task force can reply by November 28, 2012. This will allow time to complete the application by January 18, 2013. 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)

*This request is to cover 40% of the final \$25,000 cost of the sea lion dock replacement program. Last year, the City provided a grant, subject to matching funds, of \$50,000 towards the cost of replacing the sea lion docks and providing a viewing platform that would separate members of the public from trucks servicing boats moored at Port Dock 1. The estimated total cost at that time was \$100,000. Since then, the project has been partly completed, but the overall cost has risen to \$125,000 for reasons beyond the control of the Newport Sea Lion Docks Foundation, and a further \$10,000 is now requested from the Tourist Facilities Fund to cover part of the additional total cost.*

*Sea lions have been using a set of floating docks adjacent to Pier Dock One on the Newport Bay Front for almost twenty years. The docks were originally built for use by small boats visiting Newport, but almost immediately were commandeered by sea lions. Pier Dock One allows members of the public a rare opportunity to view these interesting and amusing animals from close up, and they soon became a key attraction for both tourists and Newport residents alike, and an integral feature of the Newport tourist industry.*

*Over the 2011/12 winter, storms severely damaged the docks, and by spring of 2012, only a 40 foot section of the original 120 foot of dock was left, and this in very poor condition. Traditionally the docks had been maintained by local businesses supplying materials and the Port of Newport supplying the associated labor. At a meeting of stakeholders, including the Port of Newport, local business owners, Hatfield Marine Science Center and Oregon Sea Grant, it was agreed that the community wanted the docks to be replaced, but the Port explained that it had no resources to apply to the project, because of the priority needed for projects like the new NOAA dock and the new international terminal. A non-profit corporation, the Newport Sea Lion Docks Foundation, was formed by some interested local people, including some of the local merchants, in order to fund the replacement of the docks. IRS 501.c.3 status was achieved, and the Foundation started collecting public donations and applying to funding foundations for the money. In October 2012, the final section of dock disintegrated. The Foundation bought an 80 foot length of used dock from the Port as a short term measure,*

*During the 2013/14 in water work window, the Foundation installed five new pilings for the floating docks, and would have replaced the floating docks themselves, but the Federal Government introduced new regulations that forbade the use of treated wood in floating docks, and this caused the cost of the planned replacement docks to more than double, and caused a significant delay while alternatives were explored. A further 40 foot of temporary dock was installed to take advantage of the new pilings, and it looks like a set of concrete docks will shortly be installed as long term replacements for the wooden docks. ODFW have agreed that the floating docks can be replaced without waiting for the November 1 in water work window.*

*However, work on the new viewing platform cannot start until that next window because it involves pile driving. Meanwhile, the cost of the platform has increased by \$25,000 from the initial estimate on which the City contribution of \$50,000 was based. Although the Foundation's fund-raising has been reasonably successful, funds are proving hard to come by and this*

current request for an additional \$10,000 is being made in order to ensure that this final phase of the work can be completed in this next in-water work window, which ends February 15, 2014

The project has widespread support in the community, and thanks to the continued efforts of the Foundation, there has been virtually no interruption of the availability of the sea lion docks as a tourist attraction. A 24 x 7 web cam has been installed by OSU's Marine Mammal Institute, and can be accessed from the Foundation's web site, and a program of volunteer docents, operated in cooperation with the Oregon Sea Grant program is in place for the second year. More details of the project, the Foundation and several letters of support can be viewed at [www.newportsealiondocks.com](http://www.newportsealiondocks.com), which also promotes Newport as a tourist destination.



October 2011



March 2012



October 2012

Going

Going

Gone!



Injured sea lion and Isolation cage



Temporary Dock Nov. 2012



Almost there, May 2014

Incidentally, the docks facilitate the treatment of injured sea lions by accommodating a cage which enables the animal to be isolated and treated by the Marine Mammal Institute. Jim Rice, marine biologist for the Institute is the fifth member of the Foundation's Board of Directors. The cage, which is used to isolate and treat injured sea lions, has been stored elsewhere while the docks were damaged, but will be put back once the replacement floating docks are in place.

**Business Plan and Budget: (25 points)**

- What is the total cost of the project? \$ 25,000 for this final phase
- What is the amount requested from the city? \$ 10,000
- What is the ratio of the request to the total cost? 40%
- What funds have already been raised for the project? (Include the source of funds, i.e. cash on hand, grants awarded, grants committed.) \$ 21,500 cash from public donations  
\$ 15,000 from Lincoln County  
\$ 20,000 from Oregon Community Fdn.
- What funds remain to be raised for the project? \$19,000 (incl. this \$10,000 request)
- How are the remaining funds to be raised? (Other grants, pledges, etc.)

\$3,000 from Georgia Pacific Foundation, \$6,000 from further public donations

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?

End of February, 2015

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

*After initially providing replacement sea lion docks and public observation platforms, the Foundation will provide funds for ongoing maintenance and for future damage replacement by collecting public donations via web-site and collection boxes. (Estimated income \$3,000 p.a.) The Foundation would also be able to apply to funding foundations in the future if, for example, a major storm destroyed the docks before the Foundation had built up sufficient funds to replace them from its own reserves.*

*The Foundation is also going to promote the sea lion docks (and thus Newport) in the media and through signage on Highways 101 and 20: "This way to Sea Lion Docks" and "Newport, Home of the Sea Lion Docks!", etc., and through increased use of social media such as Facebook. None of the Room Tax funds will be used for such ongoing operating costs. In recent years, Newport has reduced its share of visitors to the central Oregon coast, and perhaps this will help redress that.*

*The Foundation has no staff and all Board members are unpaid volunteers, so there are no operating costs, other than very minor costs like that of providing collection boxes, paying for the web site, printing and annual reporting costs.*

How does the project demonstrate financial stability?

*The Foundation Board includes four experienced business people with successful track records, and the project has wide public appeal. The Foundation has achieved 501.c.3 status and collected over \$100,000 in donations since its inception. There are virtually no operating expenses, and lots of potential funding sources if additional costs are incurred in the future (e.g. if the new docks were destroyed prematurely by future storms or tsunamis), or if any of the current applications are rejected. This combination of factors suggests that the Foundation will be prudently managed so that its finances remain stable in the future.*

*Access to the sea lion docks is free (one of its attractions) and they have been attracting and entertaining members of the public for almost twenty years in their current location. The beneficiaries of the Foundation's investment are: (a) members of the public who get a rare close-up view of these interesting and entertaining wild animals, and (b) Newport businesses who will benefit from the tourists that the sea lions help to attract/retain.*

How does the project demonstrate a viable business plan?

*The replacement docks and the new observation decks are being funded out of public donations and a series of grants from funding sources that are mainly available because the Foundation is 501.c.3 approved. There are 1,449 funding foundation recognized by the IRS in Oregon, and listed in the 2012 Oregon Foundation DataBook. Of these detailed profiles are provided for the largest 298 grant-making foundations, and the Sea Lion Docks Foundation is eligible to apply to most of them.*

*The Success of the sea lion docks does not depend on attracting paying customers, and there is about 18 years of history showing that the docks are a proven tourist attraction, so there is not really a risk associated with the replacement of the docks, nor a question mark over the viability of the project.*

**Economic Impact: (20 points)**

Are project funds to be spent locally on:

|                 |     |                                     |    |   |
|-----------------|-----|-------------------------------------|----|---|
| Planning        | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/>                          |
| Design          | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/>                          |
| Construction    | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> (some will not be local) |
| Post-Completion | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/>                          |

*It was hoped that all aspects of the project would be sourced locally, but it has not been possible, so far, to find suitable local suppliers for the docks and their installation. A local company capable of doing the piling and installing the docks was identified and was selected to undertake the work, but this company eventually decided recently to withdraw from the project because of other commitments, to the regret of the Foundation.*

*The planning and design of the project has all been undertaken on a voluntary basis to date, with some benefit to local businesses via printing, signage etc.*

*A section of interim temporary docks was purchased from the Port of Newport for \$2,800 and another borrowed from Captain's Reel charter service.*

*Efforts will continue to find means of involving local companies in the construction of the docks and viewing platforms, and the company doing the construction work, if not local, will be encouraged to use local labor, sub-contractors and material suppliers.*

*On-going maintenance of the docks, as has been the case for many years, will be undertaken using local labor and materials.*

*Of course, the major benefit to the local economy comes not from the spending of funds on the capital construction of the docks and viewing platforms, but from the spending of tourists who will have come to visit the sea lion docks during the various phases of the capital construction, and who will continue to do so for many years post-construction, as addressed in the next two sections.*

**How does the project create local jobs in all phases?**

*The replacement of the docks has, and will, generate income for local businesses by attracting and re-attracting tourists to Newport at each phase of the project and for many years after it has been completed. Even before the decision was made to replace the docks, there was considerable publicity generated in the local and State-wide media about the damage to the docks and about the question of whether they were going to be replaced. This was followed by publicity about the plans to replace the docks and there has a constant stream of visitors, who have then also spent money in the local businesses, as well as donating to the cost of replacing the docks.*

*From June through to the end of September, a team of volunteer docents attend Pier Dock One each day, providing information to visitors about the sea lions and about the Newport working waterfront. This was organized by the Oregon Sea Grant Program, in conjunction with the Port of Newport and the Sea Lion Docks Foundation, and arose out of the initial stakeholder meetings. The docents report that they had received nothing but positive feedback about the plans to replace the sea lion docks, and about the enjoyment that the sea lions provide for visitors. Docent organizer Chris Burns summarizes the feedback as follows:*

*"In the course of our interaction with people at Port Dock 1, our customary starting point is to ask visitors where they are from. With only rare exceptions, we discovered that visitors had come to Newport from all regions of Oregon (a sizeable number from the Portland metro area), the Pacific Northwest (many from Idaho and Washington), other US states, and a surprising percentage from overseas (Germany, Japan, South Korea, The Netherlands, Britain, Australia, even Russia). It should be noted that even local visitors from the Newport area usually had in-town friends or relatives from out of town who were brought to Port Dock 1 to look at the sea lions.*

*When asked why they traveled to Newport, the common response from all visitors could easily be paraphrased as: "We came to see the sea lions. This is such a unique opportunity to view these wild animals up close."*

*Our goal, after discussing the natural history of the sea lions, was to broaden visitors' understanding of Newport's working waterfront, and then point them to our other local attractions, from the Bayfront to Nye Beach and Agate Beach, to the marine-oriented facilities in South Beach, to Yaquina Bay State Park, and Yaquina Head Outstanding Natural Area. A common comment was, "Newport has so much more going on than other Oregon coast communities." Often this was followed by a pledge to stay for 'a couple more days' or that they'd return to Newport again soon to take it all in."*

*Collection boxes have been set up in more than twenty businesses on the Bay Front and these businesses also reported very positive feedback from customers, who also donated money for replacement of the docks. Many of the businesses report that they have repeat customers, year after year, who mention the importance of the sea lions. Indeed some businesses report that they now have visitors who originally came with their parents to see the sea lions, and are coming back with their own children.*

*Although this evidence is anecdotal rather than scientific, it is a fact that people have been visiting the sea lion docks in their present location for almost twenty years, and that those same people then go and spend money in the local shops and some in the local hotels. There is, therefore, every reason to assume that people will continue to visit the sea lion docks for many years in the future after the docks have been replaced, and will continue to spend money in local businesses for many years to come.*

What is the projected economic impact?

*According to the June 2012 "Travel Impacts" report prepared for the Newport Chamber of commerce by Dean Runyon Associates, Newport's tourist industry has been stable over the past six years, from 2006 to 2011. Spending by visitors in 2011 is estimated at \$123.4 million, with two thirds coming from people who stay overnight and one third by day visitors. The average overnight visitor is part of a party of three and stays for an average of just over two nights.*

*The sea lion docks average, conservatively, 1,000 visitors per day in the tourist season, and 150 per day in the off-season. This is an annual volume of over 250,000 people, making it one of the City's most popular attractions. Runyon estimates 427,000 overnight visitors in 2011, but does not estimate day visitors. Longwoods International "Oregon Visitor's Report 2009" reported that about 58% of visitors are day-trippers and the remaining 42% overnights. These two combined would suggest that Newport has just over a million visitors per year (1,017,000), and therefore about one quarter of them visit the sea lion docks during their stay.*

*Runyon reported that visitors in total spent \$123.4 million in Newport in 2011, an average of \$121 per visitor. The City has other tourist attractions, including the Aquarium, HMSC and the working waterfront, but there is no doubt that the sea lion docks are another strong attraction. Even if we attributed only 1% of the tourist volume to the sea lion docks, then that would account for \$1 million of tourist spend in the City each year, or \$15 - \$20 million over the anticipated life of the replacement docks. Even at one tenth of that level, attributing only one tenth of one percent to the sea lion docks, that would still represent double the return (\$100,000 additional spend) each year for the total of \$60,000 that the Foundation will have requested from the City's Room Tax Fund. The actual impact is probably much higher, to judge from the feedback we received from the docents and local shopkeepers, and this could be improved in the future by better publicity and marketing of the docks as an attraction.*

Will the project create spin-off businesses?

*The project will not create spin-off businesses per se, but will help existing and future local businesses to survive and be profitable in the future. Located in the heart of the Bay Front makes it likely that visitors to the dock will then customize the local shops and attractions, and may well be tempted to increase their observation of sea lions and other wildlife by taking marine tours or visiting the Oregon Coast Aquarium. The docents volunteering at the docks each day also encourage the public to explore more of the many other interesting aspects of a visit to Newport, and it is clear from their feedback, as reported earlier, that visitors go on to do so.*

*In the last ten years, Newport has lost tourist market share of visitors to the Central Oregon Coast. According to Runyon, the Central Oregon Coast as a whole now has 70% more lodging sales than it had in 2000, but Newport has only 20% more. In 2000, Newport had a 25% share of the lodging income, but in 2011 had less than 20%. The gap developed in the years 2006 and 2007 and has been maintained since. Perhaps better management/exploitation of the sea lion docks as a tourist attraction in future can help redress the balance.*

#### Tourism Spending: (15 points)

How does the project encourage overnight stays?

*Replacement of the sea lion docks will enable them to continue to attract visitors, who might be less inclined to visit the City if the opportunity to view these animals in the wild but close up was allowed to just disappear. For many people, the sea lion docks represent the quintessential Newport experience, and are a key element in the decision to visit Newport in the first place. This will increase as the Foundation plays a more proactive role in promoting the sea lion docks, and Newport as a whole. The Foundation's web-site already does this, but at this stage is just the tip of a potentially large iceberg. The volunteer docents, who are present at the docks each day during the*

*tourist season, encourage visitors to explore other attractions in Newport, as explained earlier, and the feedback from the docents is that some visitors tell them that they are extending their stay.*

How does the project encourage increased spending at local businesses?

*The experience of seeing these interesting wild animals close up can itself spark an interest in exploring other similar experiences. For example, people might want to take marine tours, or visit the Aquarium, or HMSC, the Under Sea Gardens or other areas of interest. Some businesses actually overlook the docks and attract customers who want to refresh themselves while continuing to watch the sea lions. Other local businesses sell sea-lion related products, such as soft toys or T shirts. The longer a visitor spends in Newport, the more they are likely to spend in local businesses, whether it be retail, food or lodging.*

How does the project increase the capacity for tourism?

*The project is initially about replacing tourist capacity that would otherwise be lost. In addition, the forming of the non-profit Foundation provides a vehicle for interested parties such as the Board of Directors to extend their reach into promoting the sea lion docks as a Community Asset, to the benefit of both the local economy and local residents. The project is also building bridges between parts of the communities that have not always seen themselves as interwoven. For example, this is providing the opportunity for the Port of Newport and the Commercial Fishing Community to recognize their responsibility to the larger community, and to develop the benefits that will come from working cooperatively with the tourist economy.*

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

Is the project open year round:      Yes          No     

If yes:

Daily                                        (24 x 7 x 365)

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   | <input checked="" type="checkbox"/>                                    |
| Families   | <input checked="" type="checkbox"/>                                    |
| Adults 21+ | <input checked="" type="checkbox"/>                                    |
| Seniors    | <input checked="" type="checkbox"/>                                    |
| Groups     | <input checked="" type="checkbox"/>                                    |
| Business   | <input type="checkbox"/>   |
| Pleasure   | <input checked="" type="checkbox"/>                                    |
| Arts       | <input type="checkbox"/>   |
| Heritage   | <input type="checkbox"/>   |
| Cultural   | <input type="checkbox"/>   |
| Sports     | <input type="checkbox"/>   |
| Other      | <input checked="" type="checkbox"/> (Nature, recreation and education) |

Will the project attract repeat visits:

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

What is the potential for repeat business?

*Anecdotal evidence in the form of feedback to docents and local businesses suggest that visitors visit and re-visit the sea lion docks while they are in Newport.*

What is the regularity of usage?

*There is no hard evidence to support this, but again feedback to the docents at Pier Dock One and to local businesses is that people visit the sea lion docks every time they visit Newport, and this is for some several times per year.*

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

*We think not, at this stage, though somebody has suggested a "Sea Lion Fair".*

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

*No. The sea lion docks appeal to visitors of all demographic groups and is fully wheelchair accessible.*

Who does the project attract?

*Visitors of all ages and from all demographic groups*

Other: (5 points)

How does the location relate to the current tourism hubs?

*The sea lion docks are at the heart of the Bay Front tourist community, adjacent to the commercial fishing docks, and with buses offering complementary transportation to other tourist areas such as Nye Beach.*

How is the project energy efficient or environmentally friendly?

*The project consumes no energy whatsoever, and requires minimal maintenance, and is effectively a part of the surrounding natural environment, so is totally sustainable.*

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

*The sea lion docks offer a unique opportunity to observe close up wild animals that are an integral element of the waterfront environment in which Newport is located. The experience is constantly varied and totally free, and epitomizes life in our Community.*

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

*The local Tourist Industry will be much the worse off without the sea lion docks. Also, the same group of people who are replacing the sea lion docks have also installed the Misawa Dock Tsunami Information Center almost adjacent to Port Dock 1, and the docents this year will be directing people towards it, in order to raise tsunami awareness and preparedness among visitors to the City.*

(Overall project 25 points)

*Please refer also to the Project Summary on Pages 2 and 3 of the application. The sea lion docks have been an integral part of Newport's Bay Front and local tourist economy for almost twenty years. For many they represent the quintessential Newport experience. In many ways, they have been taken for granted, but when the docks were all but destroyed by winter storms, their likely demise galvanized many people into realizing their importance, and out of a series of stakeholder meetings came a solution where an effective partnership was formed between the Port of Newport, local businesses, the Marine Mammal Institute, HMSC and the local community. The non-profit Newport Sea Lion Docks Foundation was formed to raise the funding for, and organize the replacement of, the docks, thus enabling them to continue to draw tourists.*

*At the request of the Port of Newport, the Foundation will also install an observation platform inboard of Port Dock One, so that the public cannot be endangered by trucks driving onto the Pier to service ships moored there.*

*Layout of the new dock arrangement, fund raising details, and further information about the project are included in the required attachments that follow.*

*End of ten page Grant Application*

## Required Attachments

1. IRS determination letter for 501(c)
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

ATTACHMENT 1: IRS DETERMINATION LETTER FOR 501(c)3

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

DEPARTMENT OF THE TREASURY

Date: **AUG 30 2012**

NEWPORT SEA LION DOCKS FOUNDATION  
C/O ROBERT WARD  
525 NW 57 ST  
NEWPORT, OR 97365

Employer Identification Number:  
45-5170075  
DLN:  
17053200308022  
Contact Person:  
GLENN W COLLINS ID# 31392  
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:  
April 23, 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.

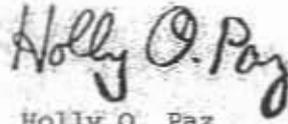
Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. We determined that you are a public charity under the Code section(s) listed in the heading of this letter..

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)

NEWPORT SEA LION DOCKS FOUNDATION

Sincerely,

A handwritten signature in black ink that reads "Holly O. Paz". The signature is written in a cursive, slightly slanted style.

Holly O. Paz  
Director, Exempt Organizations  
Rulings and Agreements

Enclosure: Publication 4221-PC

Letter 947 (DO/CG)

### 3. EXECUTIVE SUMMARY OF BUSINESS PLAN and BUDGET

*The Mission of the Newport Sea Lion Docks Foundation is to fund, and to organize, the replacement of the Sea Lion Docks adjacent to Pier Dock One on the Newport Bay Front, which were severely damaged over recent winters by stormy weather, and to improve the safety of the public looking at the sea lions by providing a viewing platform to separate them from trucks servicing boats moored at Port Dock 1.*

*The objective in replacing the docks is to provide an ongoing attraction for tourists, who have demonstrated over the past twenty years or so a liking for viewing these wild sea lions from close up.*

*The winter storms had caused extensive damage to the 100 foot of floating docks, and had damaged pilings securing the docks. Replacement of pilings requires Government permits and can only take place between November 1<sup>st</sup> and February 15<sup>th</sup> each year. When the last section of the original docks finally disintegrated in October 2012, a temporary replacement 60 foot long was bought from the Port of Newport for \$2,800 and put in place until the long-term replacement docks are available.*

*New pilings for the floating docks were installed in February 2014, but replacement docks were not available because a change in environmental regulations banning the use of treated wood meant that the design of the proposed docks had to be reassessed. A set of concrete docks are now being examined, and are likely to be installed by the end of August, at a cost of \$35,000.*

*Pilings and supports for the viewing platform will be installed in November at a cost of about \$25,000. That will leave only the actual platform to be manufactured and installed, at a cost of about \$35,000, for a total project cost of \$125,000. Some \$106,000 has either been spent already or is available towards that total, leaving \$19,000, of which \$10,000 is being requested from the City Tourist Facilities Fund.*

*When the project is completed, the City will have made available \$60,000 out of a total of \$125,000, with \$65,000 secured by the Foundation in matching funds.*

*Work on the platform cannot start until November 1<sup>st</sup>, 2014 and should be finished by the end of February 2015.*

*The budget for the remaining work is:*

|   |                                      |                        |
|---|--------------------------------------|------------------------|
| <i>Purchase 90 foot of floating docks</i>         | <i>\$ 35,000</i>                     |                        |
| <i>Install new pilings for viewing platform</i>   | <i>\$ 25,000</i>                     |                        |
| <i>Construct and install observation platform</i> | <i>\$ 35,000</i>                     | <i>Total \$ 95,000</i> |
|   | <i>Available as of June 6, 2019:</i> | <i>\$ 76,000</i>       |
|   | <i>Balance required</i>              | <i>\$ 19,000</i>       |

#### 4. TIMEFRAME FOR FUNDRAISING

*Funding for everything except the manufacture and installation of the viewing platform is already in hand, so the floating docks can be installed as soon as they are available, and the piling work for the public viewing platform can commence as soon as the in water work window commences on November 1, 2014.*

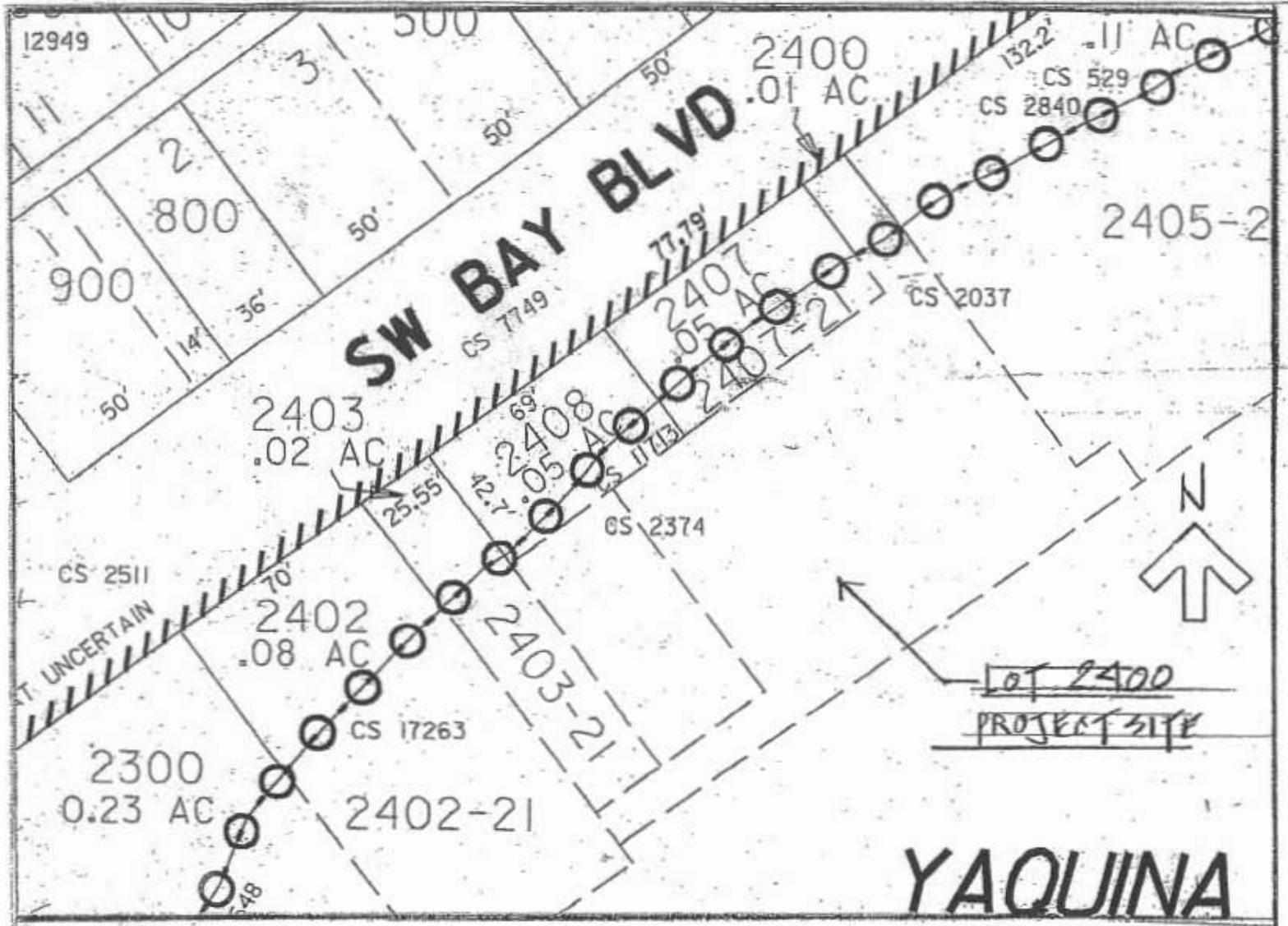
*The manufacture of the platform itself can commence as soon as the funds are available, and though the installation does not have to take place during the in water work window, it is hoped that the platform is installed, and the project completed, by the end of February 2015.*

*The anticipated timeframes for fundraising of the final phase of the project is:*

|   |                  |
|---|------------------|
| <i>Public donations already secured</i>                             | <i>\$ 6,000</i>  |
| <i>Grant from Pacific Georgia Foundation by September 1, 2014</i>   | <i>\$ 3,000</i>  |
| <i>Public donations, to be secured by November 1, 2014</i>          | <i>\$ 6,000</i>  |
| <i>Second Grant from Tourist Facilities Fund by January 1, 2015</i> | <i>\$10,000</i>  |
| <i>Total</i>  | <i>\$ 25,000</i> |

*Note: if the second City grant is delayed for any reason, the final completion will be delayed to match. The lowering of the viewing platform onto its supports and subsequent attachment does not have to be done during the in-water work window, as the platform is located above the high water mark.*

OPTIONAL ATTACHMENT 1: DRAWINGS OF FLOATING DOCK ARRANGEMENT



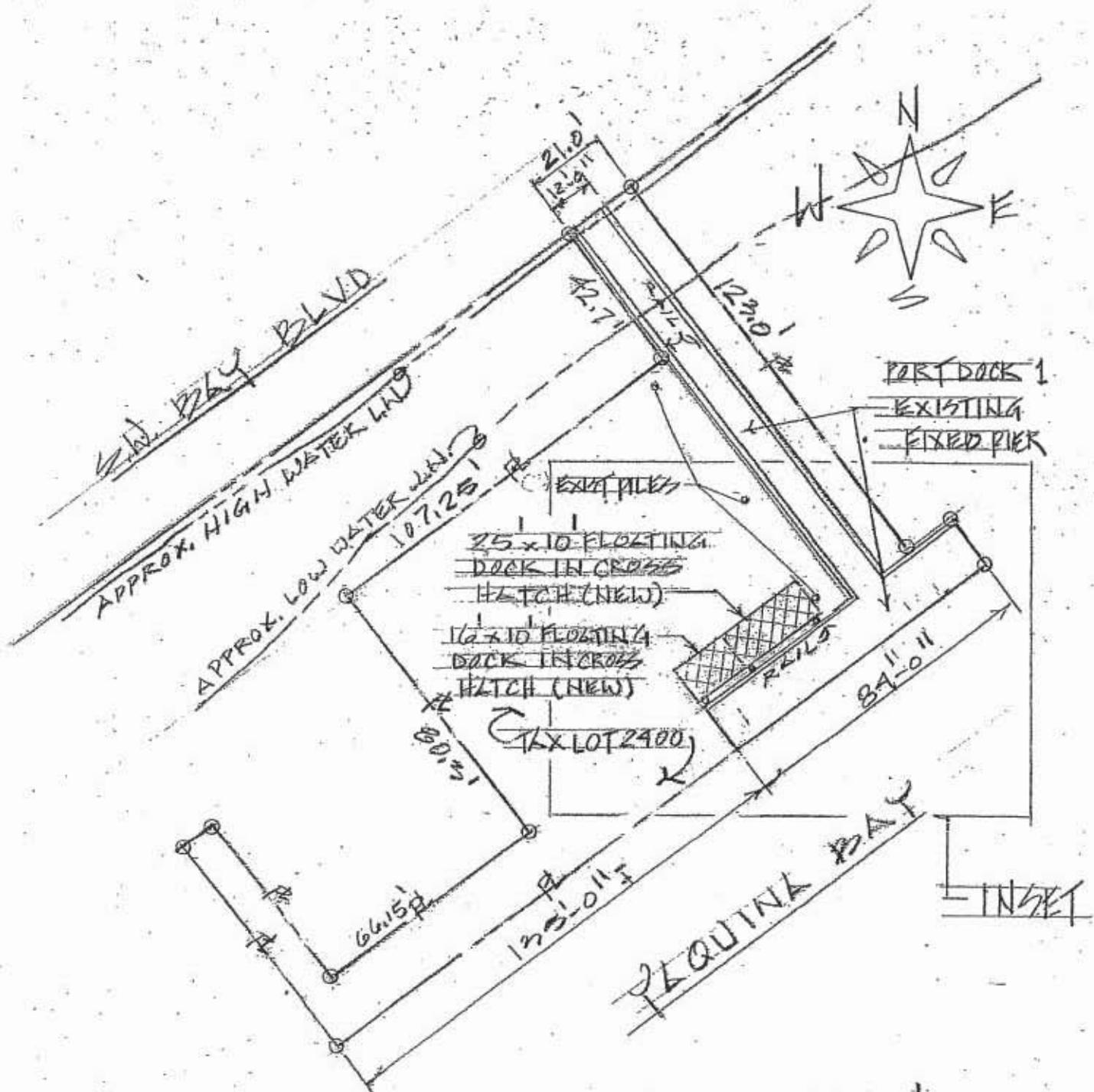
TX MLP 11-11-08-DB

SITE LOCATION



SECTION FOUNDATION FLOATING DOCKS FOR SEA LION HULL OUT AT PORT OF NEWPORT PORT DOCK 1

TX MLP NO. 11-11-08-DB  
LOT 2400



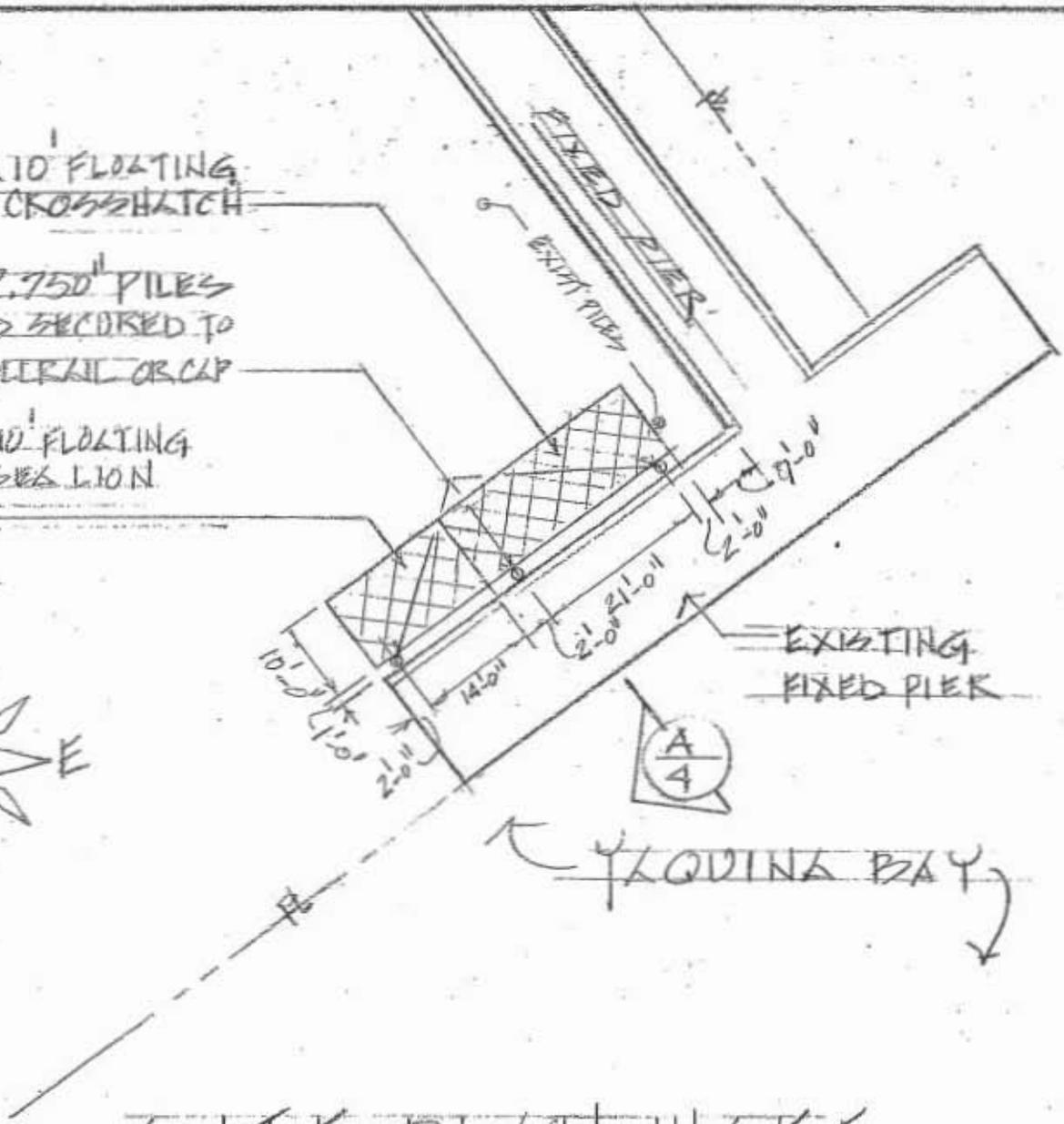
SITE PLAN  
SCALE 1"=40.0'

SECTION FOUNDATION FLOATING DOCK AT  
PORT OF NEWPORT PORT DOCK 1  
TAX MAP NO. 11-11-03-DB LOT 2400

NEW 25' x 10' FLOATING DOCK IN CROSSHATCH

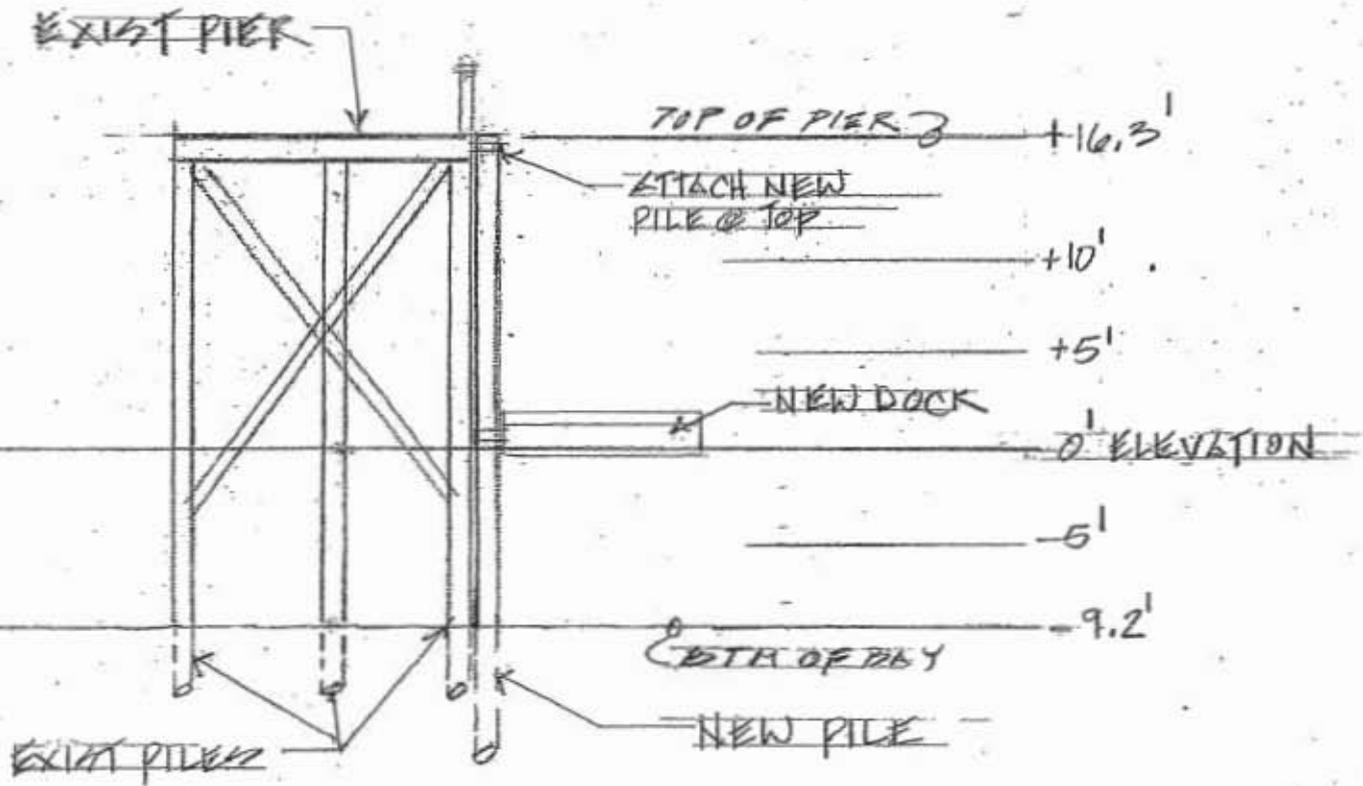
(3) NEW 12.750" PILES W/ TOP ENDS SECURED TO PIER @ BENTRAL OR CAP

NEW 16' x 10' FLOATING DOCK W/ SEA LION CAGE



SITE PLAN INSET  
SCALE = 20.0'

SEA LION FOUNDATION FLOATING DOCK AT  
PORT OF NEWPORT PORT DOCK 1  
TX MAP NO. 11-11-03 DB LOT 2400



(A/4) SECTION  
 SCALE 1"=10.0'

SECTION FOUNDATION FLOATING DOCK AT  
 PORT OF NEWPORT PORT DOCK 1  
 TX MAP NO. 11-11-08 DB LOT 2400

# Yaquina Bay

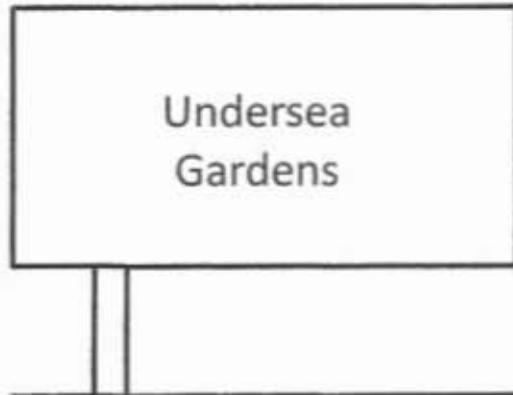
## PHASED REPLACEMENT OF SEA LION DOCKS WITH NEW PUBLIC OBSERVATION DECK AT PORT DOCK ONE

Port Dock One Working Dock

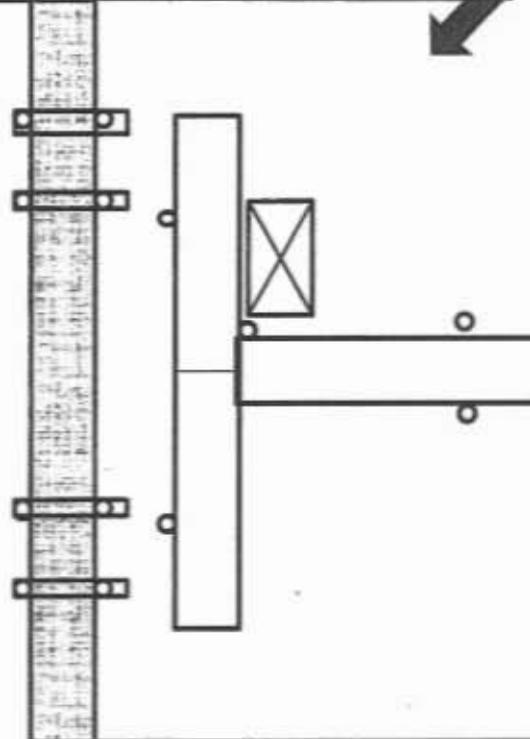
Simulation below is from here



Note: Not to scale.  
Long dock is 64 foot  
Short dock is 32 foot



Undersea Gardens

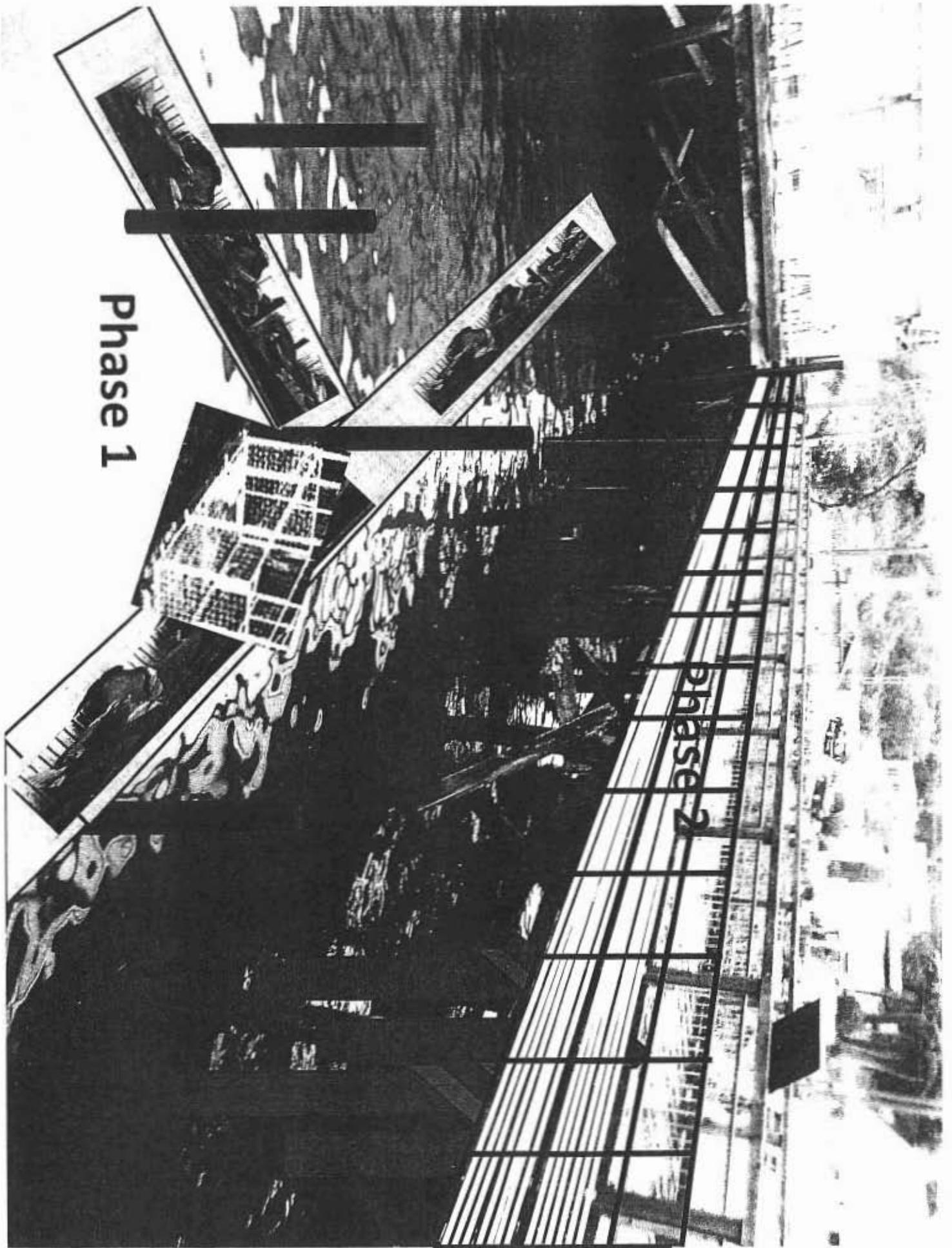


- Key**
-  New Self-standing Observation Deck (Dec 2014)
  -  Isolation Cage (Existing)
  -  New Docks (Jul 2014)
  -  New Pilings (Jan 2014 )
  -  New Pilings (Nov, 2014 )

Port Dock One Restaurant

Bayscapes Gallery

SW Bay Boulevard





600 S.E. BAY BOULEVARD NEWPORT, OREGON 97365 (541) 265-7758 FAX (541) 265-4235

March 12, 2013

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

Subject: Replacement of Sea Lion Docks at Port Dock One

Dear Mayor Roumagoux and City Council Members:

As you are aware, the Port of Newport has been working with the Newport Sea Lion Dock Foundation to achieve improvements to the Port Dock One sea lion viewing area and the floating sea lion docks. Many hours have been spent in meetings with Foundation members and surrounding bayfront businesses discussing a long-term solution and viable plan for this project.

Sea lions have been using a set of floating docks adjacent to Port Dock One on the Newport bayfront for almost twenty years. The docks were originally built for use by small boats visiting Newport, but were almost immediately commandeered by sea lions. Port Dock One allows members of the public a rare opportunity to view these interesting and amusing animals up close, and they soon became a key attraction for both tourists and Newport residents alike, and an integral feature of the Newport tourist industry.

Over the past few winters, storms have damaged the docks, and by spring of 2012, only a 40-foot section of the original 120-foot of dock remained, and this in very poor condition. At a meeting of stakeholders, including the Port of Newport, local business owners, Hatfield Marine Science Center, and Oregon Sea Grant, it was agreed that the docks should be replaced, but the Port explained that it had no resources to apply to the project. A non-profit corporation, the Newport Sea Lion Docks Foundation, was formed in order to fund the replacement of the docks. IRS 501.c.3 status was achieved and the Foundation started collecting public donations and applying to funding sources for the money. In October 2012, the final section of the dock disintegrated. The Foundation has bought an 80-foot length of used dock from the Port but this is unlikely to last much more than a year, and a long-term replacement is needed if this tourist attraction is to continue. The project has widespread support in the community. More details of the project, the Foundation, and several letters of support can be viewed at [www.newportsealiondocks.com](http://www.newportsealiondocks.com), which also promotes Newport as a tourist destination.

The Port of Newport supports the Newport Sea Lion Dock Foundation's application to the City of Newport Tourism Facilities Grant Program for funding. The Port will continue to work with the Foundation towards the mutual goal of maintaining a working dock for our fishing industry at Port Dock One and providing a safe platform for visitors and local residents to view the sea lions and our working waterfront.

It will be incumbent on the Sea Lion Dock Foundation to provide the Port of Newport with a complete package of design and engineering plans prior to proceeding with their project. We look forward to a positive project conclusion.

Thank you for your consideration of this request.

Sincerely,

A handwritten signature in cursive script that reads "Don Mann".

Don Mann  
General Manager

C: Port of Newport Board of Commissioners  
Newport Sea Lion Docks Foundation



*Stimulating economic growth  
in the greater  
Yaquina Bay region*

November 1, 2012

To Whom It May Concern:

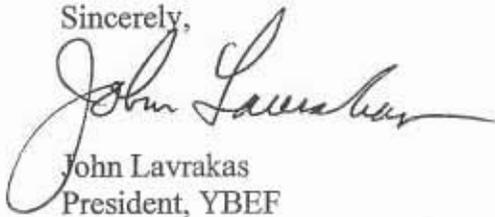
The Yaquina Bay Economic Foundation (YBEF) is an all-volunteer 501(c)(6) corporation formed in 1981 to encourage and promote growth and economic development in the greater Yaquina Bay region. Its members represent a dynamic cross-section of public and private sector business and community leaders from throughout the Newport and Toledo area, including cities, ports, schools, marine science, health care, the arts, and the business sector.

The Newport Sea Lion Docks Foundation, whose directors comprise local merchants, a business consultant, and a marine mammal biologist, is advocating for restoration of a dock on the Newport Bayfront used as a haul out by local sea lions. The dock area is part of the working waterfront used by local fishermen, and has been a major tourist draw for nearly twenty years. Signage on the dock informs visitors about the fishing activities taking place there as well as about the sea lions.

The Newport Sea Lion Dock Foundation has been active in working collaboratively with dockside fishermen, the Port of Newport, and Oregon Sea Grant to establish a docent program, both to provide local interpretation and to help control the crowds for fishermen when visitors crowd onto the docks in the summer time to see the sea lions. Now they are raising funds to restore the docks so this important tourist site can continue to entertain and inform tourists for years to come.

We wholeheartedly endorse the collaborative efforts of the Newport Sea Lion Dock Foundation to restore the sea lion docks.

Sincerely,



John Lavrakas  
President, YBEF



**Central Oregon Coast Association**

P.O. Box 2094  
Newport, OR 97365  
(541) 265-2064 (800) 767-2064  
[www.coastvisitor.com](http://www.coastvisitor.com)

October 17, 2012

Bob Ward  
Newport Sea Lion Docks Foundation  
525 NW 57th Street  
Newport, Oregon 97365

To whom it may concern:

The purpose of this letter is to provide support for the fund raising efforts and good works that the Newport Sea Lion Docks Foundation is providing on behalf of the sea lion population that resides on the docks on the Newport Bay Front. The sea lions on the Newport Bay Front are a tremendous asset to tourism on the Central Oregon Coast. Tourists who visit the Newport Bay Front thoroughly enjoy the sights and sounds of the sea lions, and they enhance and enrich the visitor experience. Sea Lions are very gregarious, social animals and the Newport Bay Front would not be the same without the resident sea lion population that currently resides on the docks. Tourists of all ages delight in watching the sea lions on the Bay Front. Many times I have seen big smiles and excited conversations among tourists while they watch the sea lions from Pier Dock One. They snap photos and share their visitor experience with the sea lions on social media. All of this helps to grow and sustain tourism in Lincoln County.

The Central Oregon Coast Association fully supports the fundraising efforts of the Newport Sea Lion Docks Foundation as a sustainable tourist attraction. Please lend your support to this worthy cause. It's good for tourism and good for local business.

Thank you for your support.

Gale Hart  
Director  
Central Oregon Coast Association  
Office: 541-265-2064  
Direct: 541-921-3120  
[director@coastvisitor.com](mailto:director@coastvisitor.com)



11/27/12

Newport Sea Lion Docks  
525 NW 57 Street  
Newport, Oregon 97365

Tel: (541) 574 4475  
admin@newportsealiondocks.com

To Whom It May Concern,

The Oregon Coast Visitors Association is a regional tourism agency that supports developing and investing in our tourism economy along all 363 miles of the Oregon Coast. We believe the more opportunities and attractions we have to offer visitors, the longer visitors will stay and the greater the long-term economic benefits will be for our coastal communities.

We know that people from all over the county and the world visit the Oregon Coast to experience its raw natural beauty and for the chance to get close to the wildlife which inhabits it. The Newport Sea Lion Docks are one of those rare "free things" that visitors can take advantage of which offers a wonderful wildlife viewing opportunity for all ages and is ADA accessible! Therefore, we are in favor of community projects such as the Newport Sea Lion Docks, which aims to replace/refurbish an iconic, Oregon Coast attraction.

The Oregon Coast Visitors Association encourages community members, potential government and non-profit partners and potential funders to support this grass roots community effort. It is the vision of the people on the People's Coast which keeps our natural beauty protected and accessible for all generations to come and for all the world to enjoy.

Sincerely,

Marcus Hinz  
director@ThePeoplesCoast.com

*OREGON COAST VISITORS ASSOCIATION*

*po box 940 ~ 2200 1st St #490 tillamook, oregon 97141 p 541 574 2679 ~ 888 628 2101 ~ c 541 264 0543*

**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: jamesfwright@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  No   
OR

Is the project proposed by a non-profit organization? Yes  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  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

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 500, Undersea Gardens 500, Bob Weinert 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

Does the project require continued support from the city? If yes, explain. Yes  No

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"/> | No | <input type="checkbox"/> |
| Design          | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> |
| Construction    | Yes | <input checked="" 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?

*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 me 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  

Is the project seasonal:              Yes         No  

Is the project off-season:            Yes         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   | X |
| Adults 21+ | X |
| Seniors    | X |
| Groups     | X |
| Pleasure   | 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 be come 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 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:

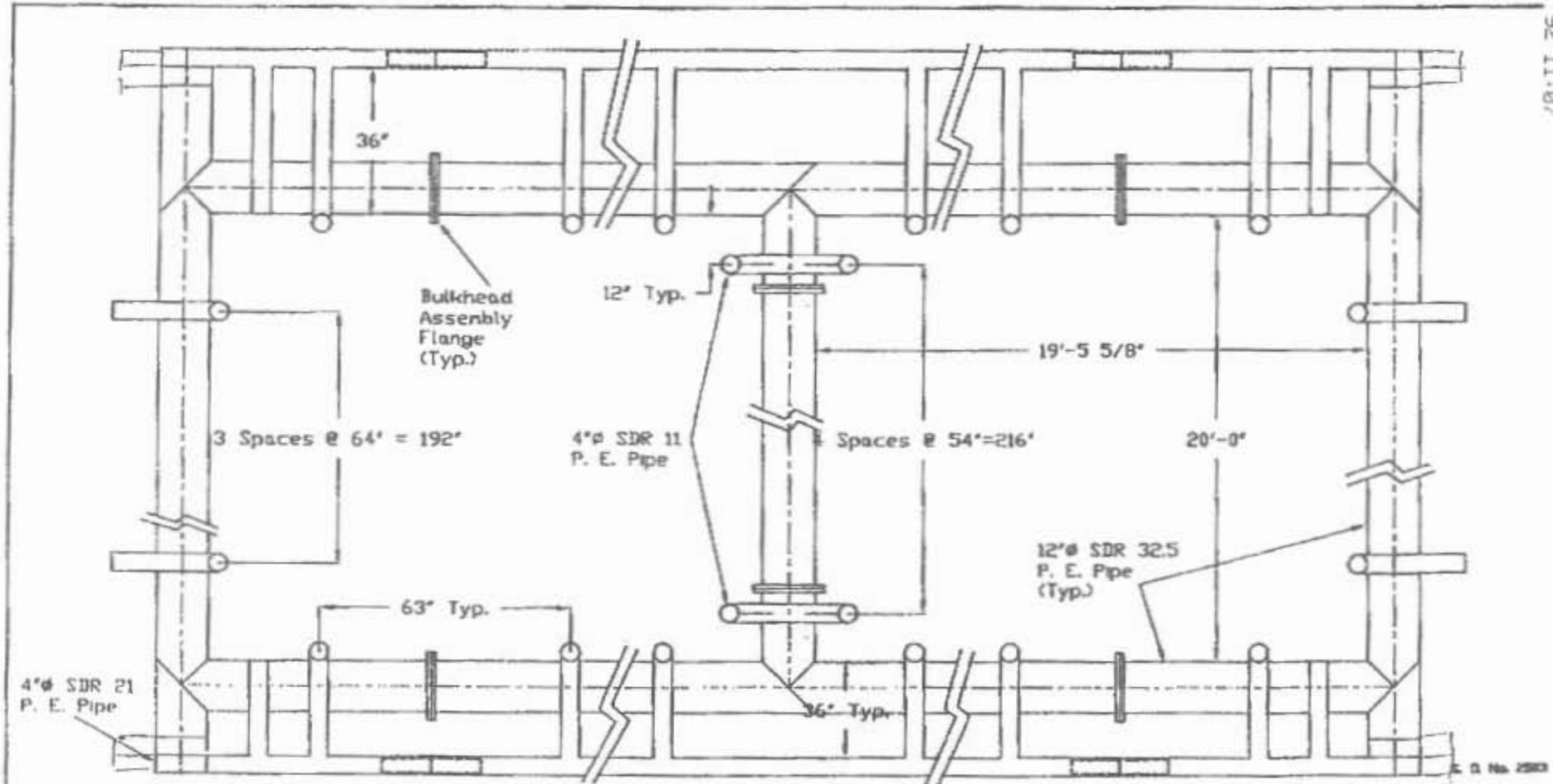
We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive 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)

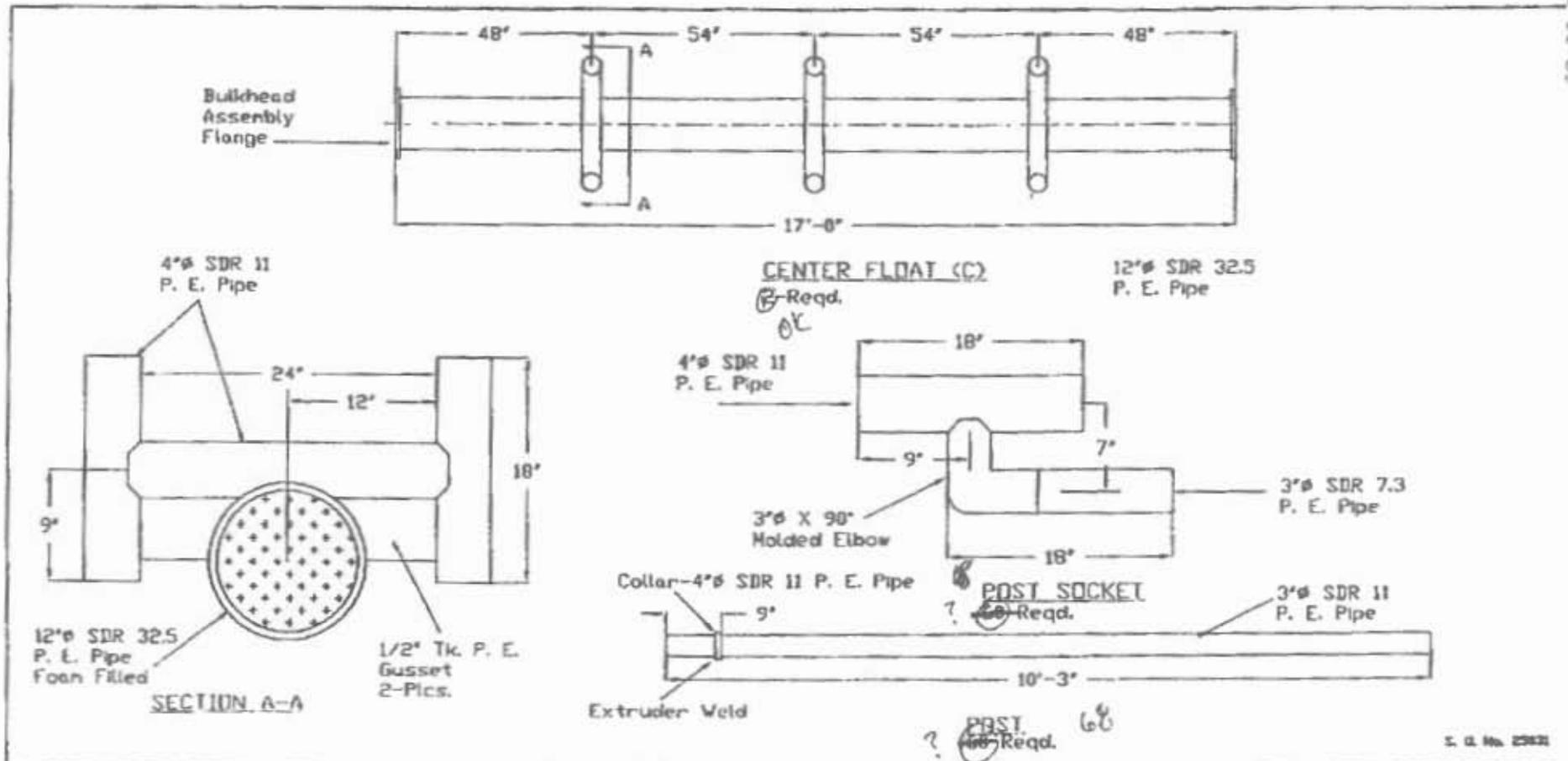




|   |          |  |  |
|---|----------|--|--|
| <p><b>NOTICE</b></p> <p>The drawing information and subject matter herein are the confidential, sole and exclusive property of Industrial Plastics, Inc. and are not to be copied, reproduced or used in any manner for any purpose whatsoever without written consent.</p> |          | INDUSTRIAL PLASTICS, INC.<br>WASHEGAL, WA. 98571 |  |
|   |          | 10-2-92  | L. Liebr   |
|   | 10-16-92 | Accepted - <i>Jonathan M. Hill</i>               | 20' X 40' Fish Pen                                   |
|   | Date     | Revisions  | Clatsop Economic Development Council<br>Astoria, Or. |

B 27

75071



S. G. No. 2582

|      |          |                          |   |
|------|----------|--------------------------|---|
|      | 10-16-92 | 68 Post sockets          | INDUSTRIAL PLASTICS, INC.<br>WASHOUGAL, WA. 98671       |
| JMK  | 10-14-92 | 68 Post sockets          | 10-2-92 L. Liebr  |
|      | 10-16-92 | Accepted - James M. Hill | 2-Unit Modular Fish Pen (20' X 40')                     |
| Date |          | Revisions                | Clatsop Economic Development Con.<br>Astoria, Or. B 280 |

CITY OF NEWPORT  
TOURISM FACILITIES GRANT INSTRUCTIONS  
City of Newport  
169 SW Coast Highway  
Newport, Oregon 97365  
541.574.0613

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 Monday, June 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.
- 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.

CITY OF NEWPORT TOURISM FACILITIES GRANT APPLICATION

Name of Applicant/Organization : Lincoln County Historical Society  
Mailing Address & City: 545 S.W. Ninth St., Newport, Oregon 97365  
Contact Person: Steve Wyatt, Executive Director  
Contact Phone No.: 541-265-7509 Contact Fax No.: 541-265-3992  
Contact E-Mail Address: ochcdirector@newportnet.com  
Name of Project: Propeller Promenade  
Total Project Budget: \$28,000.00  
Amount Requested: \$14,000.00

Authorization Signature:



---

Title: Executive Director  
General

Submit the questions by June 9, 2014, so the task force can reply by June 17, 2014. This will allow time to complete the application by June 30, 2014.

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? (A non-profit agency is defined as a 501(c) organization) Yes  No

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)*

The requested funds, which will be matched dollar-for-dollar by a secured matching grant pledge, are for the creation of a landmark, pedestrian-friendly community promenade on Bay Boulevard at the entrance of the Pacific Maritime & Heritage Center. The components of this unique project include a 14-foot-diameter ship's propeller from the Port of Newport, significant signage for the museum, the creation of an inviting pedestrian-friendly promenade, and interpretive historical signage. The Propeller Promenade will occupy the triangular-shaped lot directly across from Port Dock 5, where the once (in)famous Smuggler's Cove nightclub waterwheel once stood.

This project was sparked with the discovery of a 14-foot-diameter, 14,000-pound

propeller that was attached to the sunken, World War II-era Liberty ship *C.W. Pasley*. The concrete-hulled *C.W. Pasley* was purchased in the late 1940s by the Port, purposely sunk, and filled with rocks and dirt to serve as its International Dock. In the course of an extensive modernization of the International Terminal, the *Pasley* was dismantled. The Port wisely salvaged the *Pasley's* propeller.

Planning for this project began well over a year ago with negotiations with the Port of Newport for use of the propeller and informal discussions with the City of Newport on the project's feasibility and use of City property. Negotiations coincided with concept design work (see attached concept drawings).

A renewable, five-year loan for the propeller was negotiated under two Port Commissioners. The Port is supportive of the project and will continue as a project partner by assisting with logistics, installation oversight, and in developing interpretive signage on the history of the prop, the International Terminal and Port of Newport. The City is also a significant player in this project, as a large section of the project site is owned by the City of Newport. The Historical Society owns the remaining land outright. The city will review and guide this project to fruition in compliance with its codes and ordinances.

Central to the Propeller Promenade project is the installation of the historic propeller in a safe manner. The goals of the project are three-fold:

- 1) Provide tourists with an opportunity to spend more time and dollars on the Bayfront. *This will be an inviting space with benches and interpretive signage explaining the interesting history of the propeller, Yaquina Bay shipping, and the Port of Newport. This lighted space will be publicly accessible 24/7. Additionally, a coffee kiosk or food vendor(s), and/or buskers will be encouraged to conduct business on the Propeller Promenade.*
- 2) Boost Pacific Maritime & Heritage Center attendance by creating a highly visible landmark, combined with museum signage. *In the summer months, thousands of pedestrians and motorists pass by what is now a nondescript, vacant lot each day. Passers-by will not miss this visually striking propeller. The added visibility afforded by the Propeller Promenade will certainly lead to additional paid admissions to the Heritage Center and help bring it closer to self-sufficiency.*
- 3) Convey historical information and provide context and a sense of place for tourists and locals. *This is central to the mission of the Lincoln County Historical Society and the Pacific Maritime & Heritage Center.*

The 30,000-square-foot Pacific Maritime & Heritage Center is a unique museum, gallery, and event center on the Bayfront open to the public year-round, from 11 a.m. to 4 p.m. Thursdays through Sundays. Currently, the main-floor galleries are open to the public. Phase II, ground-floor renovations, are in the advance planning/preliminary construction stage. Central to the lower-floor renovations is the highly anticipated Doerfler Family Theater, an amphitheater-style event venue that will seat approximately 140 people.

The Propeller Promenade Project fits well within the goals of this facility – the Maritime Center's exhibits and programs strive to weave together the story of the area's maritime

environment, economy, and culture. Museum visitors are encouraged to *experience* the full breadth of a community. The Pacific Maritime & Heritage Center, in its first year of operation, has become a part of the community and thoroughly invested in its health and livability. The Maritime Center also adds to Newport's economy: Special events generate revenue for event planners, rental companies, entertainers, food vendors and caterers. Weddings, memorial services and similar events held at the Maritime Center draw attendees from out-of-town and out-of-state who often stay overnight. Exhibits, programs and special events give tourists a reason to spend more time and money while visiting Newport.

As of June 28, the Maritime Center has been in operation a full year. It has averaged two special events a month, with day-to-day attendance running at 165 percent over the previous year's attendance at the Historical Society's Burrows House and Log Cabin Museum combined.

The Maritime Center's opening (spurred in a big way by a city tourism grant) and its subsequent successful operation demonstrates that the Lincoln County Historical Society is well capable of garnering public support and drawing together diverse interests to bring complex projects to fruition. The success of the Pacific Maritime & Heritage Center gained statewide recognition earlier this year when the Oregon Parks and Recreation Department awarded this project with an Oregon Heritage Excellence Award.

Work on the Propeller Promenade project will be carried out by local contractors whenever possible.

This project marks the first installment of several pedestrian-friendly improvements the Historical Society has on tap along Bay Boulevard.

Business Plan and Budget: (25 points)

What is the total cost of the project? \$28,000

What is the amount requested from the city? \$14,000

What is the ratio of the request to the total cost? 1:2

What funds have already been raised for the project? (Include the source of funds, i.e., cash on hand, grants awarded, grants committed.) \$12,000 secured matching grant pledge, \$2,000 in donations already expended for design work and engineering consultation

What funds remain to be raised for the project? \$14,000

How are the remaining funds to be raised? (Other grants, pledges, etc.) If tourism grant is awarded, no additional funds will need to be raised for this project.

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?**

May 2016. We would love to complete this unique project on a shorter time frame, but it is logistically challenging and will involve the coordination of a diversity of interests.

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

The Propeller Promenade will be publicly accessible 24/7. Operational hours of the Maritime Center are currently from 11 a.m. to 4 p.m. Thursdays through Sundays and by arrangement seven days a week for after-hours lectures, concerts and other performances, and special events.

Within three years, plans call for expanding the Maritime Center's open hours to seven days a week during the busy summer months.

**How does the project demonstrate financial stability?**

The Pacific Maritime & Heritage Center and the proposed Propeller Promenade project are both on a pay-as-you-go basis, incurring no debt. Volunteer labor, grants and donations minimize construction costs and help support day-to-day expenses.

One of the central goals of the Propeller Promenade Project is to draw attention to the Maritime Center, thereby increasing paid attendance and museum revenue.

**How does the project demonstrate a viable business plan?**

In 2008, LCHS contracted with Northwest Management Specialists to develop a Business Plan for the Pacific Maritime & Heritage Center. This plan provides a pathway for staffing and operating the facility once fully completed. The staffing strategy for the Pacific Maritime & Heritage Center is based on the business practices in use by the Historical Society since 1963, when it opened the Log Cabin Museum.

Admissions, gift shop sales, rental fees for events and activities, and on-site donations offset operational costs. Based on the business model developed in 2008 and modified in 2011, the business strategy provides a viable and sustainable approach to operating the Pacific Maritime & Heritage Center. For tourists, museum visitors, and event attendees, the Propeller Promenade will be a value-added component of their museum visit.

**Economic Impact: (20 points)**

Planning Yes  No

Design Yes  No

Construction Yes  No

Post-Completion Yes  No

**How does the project create local jobs in all phases?**

Local contractors have been used almost exclusively on all aspects of the Pacific Maritime & Heritage Center project. This policy has been and will continue to be implemented in the planning and construction of the Propeller Promenade project.

Additionally, anticipated increased attendance to the Maritime Center will lead to adding staff and hours at the museum. Statistically, the more time tourists spend in Newport, the more dollars they spend at hotels, restaurants, and other attractions.

**What is the projected economic impact?**

When completed, the Propeller Promenade project will draw additional visitors to the museum. A central goal of the Pacific Maritime & Heritage Center exhibits and programs is to generate an awareness and appreciation of the region's rich history. With this added knowledge and appreciation, tourists will explore Newport with greater interest, thus spending more time and money.

While impossible to quantify with precision, the Propeller Promenade project will lead to an increase in tourist spending elsewhere on the Bayfront and in Newport. Bayfront visitors who do not visit the Pacific Maritime & Heritage Center can still access, enjoy, and linger at this new point of interest on the Bayfront. During the summer months street vendors and/or buskers (street musicians and performers) will be encouraged to take advantage of this new venue and the tremendous foot traffic on the Bayfront.

**Will the project create spin-off businesses?**

The Propeller Promenade will provide a suitable location for a seasonal coffee kiosk, street food or merchandise vendor, a dock tour starting point, and/or busking.

**Tourism Spending: (15 points)**

**How does the project encourage overnight stays?**

The Propeller Promenade will be a larger-than-life calling card for the Pacific Maritime & Heritage Center, not only marking the museum's location but also piquing tourists' curiosity, drawing them into the facility.

Once in the Maritime Center they will be immersed in a diversity of local maritime art and history. It is well documented that with each additional hour visitors spend in a single attraction, the likelihood of their staying overnight increases exponentially.

**How does the project encourage increased spending at local businesses?**

The Pacific Maritime & Heritage Center is a catalyst for spending at local businesses. Tourists visiting the Maritime Center most often are seeking an immersive leisure/vacation experience. Readily accessible and welcoming museum host staff answer tourists' questions about Newport's amenities and direct them to the area's restaurants, hotels, and attractions -- both manmade and natural. The Propeller Promenade will bring more visitors to the Heritage Center, where they in turn will be directed throughout the community in a manner catered to their specific interests.

**How does the project increase the capacity for tourism?**

Completion of the Propeller Promenade project will result in the creation of an additional point of interest on Newport's Bayfront geared for pedestrians. The striking presence of the 14-foot propeller will draw Bayfront tourists further east than they might otherwise go, thus resulting in a more even distribution of tourists afoot throughout the Bayfront.

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

Is the project open year round: Yes  No

If yes:

Daily

Weekdays \_\_Thursdays and Fridays\_\_

Weekends \_\_Saturdays and Sundays\_\_

Once a week \_\_\_\_\_

Is the project seasonal: Yes  No

Daily

Weekdays \_\_\_\_\_

Weekends \_\_\_\_\_

Once a week \_\_\_\_\_

Is the project off-season: Yes  No

Daily \_\_\_\_\_

Weekdays \_\_Thursdays and Fridays\_\_

Weekends \_Saturdays and Sundays\_\_\_\_\_

Once a week \_\_\_\_\_

Is the project monthly: Yes  No

Daily

Weekdays \_\_Thursdays and Fridays\_\_

Weekends \_\_Saturdays and Sundays\_\_

Once a week \_\_\_\_\_

Is the project open on holidays: Yes  No  Only

Other: \_Except New Years and Christmas

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

Children

Families

Adults 21+

Seniors

Groups

Business

Pleasure

Arts

Heritage

Cultural

Sports

Other Educational

Will the project attract repeat visits:

during a single stay? Yes  No

during a single season? Yes  No

over a single year? Yes  No

over multiple years? Yes  No

#### What is the potential for repeat business?

Museum visitors tend to be thrilled with the Maritime Center. A single visit leads to a repeat visit with the accompaniment of friends and/or family. The Maritime Center will benefit from higher visibility and the value-added experience the Propeller Promenade will afford. Additionally, the exhibits at the Maritime Center change and attract people to come back and see what's new. Special events include lectures, films, performances, historic programming and music. After-hours events also draw people to the Heritage Center who might not otherwise seek out a history/art museum experience.

#### What is the regularity of usage?

The Propeller Promenade will be a 24/7, not-so-subtle reminder of the Maritime Center's presence on the Bayfront and the value this community places on its history. The Pacific Maritime & Heritage Center is open on a regular and continuous basis. Upon completion of Phase II, lower floor renovations, plans call for the museum to be open seven days a week during high season.

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

The Propeller Promenade will generate awareness of the Pacific Maritime & Heritage Center and its ongoing dynamic activities, including those that will be added upon completion of Phase II renovations:

**After-hours events** - Events such as weddings, conferences, classes, performances and presentations enliven the Maritime Center and create jobs for caterers, performers, event organizers, equipment rental agencies, and additional staff. Typically, groups range between 50 and 150. With each successful event, more have followed. This center is becoming known statewide as Newport's premier social gathering venue.

**Cultural Events** - These may include concerts (Phase II), lectures, film festivals (Phase II), performances, and other activities staged by LCHS and/or collaborative partners. A typical event will be held in the evening and attract between 40 and 200 attendees.

**Special Events** - Community celebrations, fundraising activities, or holiday programs typically held on weekend evenings draw from 40 to 320 attendees.

**Workshops** - Thematic programs and/or classes staged by LCHS and/or collaborative partners will expand knowledge of a field related to the Maritime Center's mission. Workshops may be single-day or multi-day programs and will attract between 40 and 200 attendees. The Hatfield Marine Science Center, NOAA, the Oregon Coast Aquarium, and the Newport Symphony have expressed an interest in utilizing the Doerfler Family Theater (Phase II).

**Exhibits** - Currently the locally focused and history exhibits (including a hands-on children's area) are available during open hours Thursday through Sunday. Walk-in attendance for exhibits was 2,655 in the Maritime Center's first year of operation.

**Tours** - The Maritime Center hosts special prearranged group tours (30-60 people), and beginning July 4<sup>th</sup> will serve as the starting point for Bayfront historical walking tours.

**Meetings** - In its first year of operation, the Maritime Center hosted a City Council meeting,

large annual company and agency staff gatherings, and several non-profit agency meetings. Meetings typically draw from 65 to 10 attendees.

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

The goal of Propeller Promenade project is to expand and add diversity to the all-inclusive demographic already served at the Pacific Maritime & Heritage Center. By telling the story of Newport's rich maritime culture, the Pacific Maritime & Heritage Center serves as a unique regional venue that honors the inseparable connection between the residents of the Central Oregon Coast, hard work, and the bounty of nature.

**Who does the project attract?**

The Pacific Maritime & Heritage Center provides the opportunity for individuals of all interests to be educated and entertained in a stellar setting. Through its prominent location and cross-marketing efforts with other organizations and venues in Newport, the Pacific Maritime & Heritage Center has enhanced the heritage tourism market. A recent exhaustive study by Oregon Heritage, an arm of Oregon State Parks, found that tourists interested in heritage tend to spend more, stay longer, and are more willing to travel during off-peak seasons.

**Other: (5 points)**

**How does the location relate to the current tourism hubs?**

The Propeller Promenade will do more than just fit in with Newport's Historic Bayfront, it will enhance its genuine working waterfront atmosphere that draws thousands annually. The pedestrian-friendly nature of the Propeller Promenade will be yet another temptation on the Bayfront for tourists to get out of their cars and experience Newport up close and personal. Aside from being an inviting space in which to linger, the Propeller Promenade's interpretation and signage will afford tourists an opportunity to gain a greater understanding of Newport and its history.

**How is the project energy-efficient or environmentally friendly?**

The Pacific Maritime & Heritage Center has a policy of incorporating energy efficiency and sustainable upgrades into all of its renovation work. The reuse of the massive *C.W. Pasley* propeller is itself a 14,000-pound recycling project. Its historic value greatly outweighs its scrap metal value. Plans call for the Propeller Promenade to include LED lighting and indigenous, low-maintenance plantings.

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

The Propeller Promenade will augment the Bayfront's walkability. A goal central to the project is to entice people out of their cars and into a space that is conducive to living comfortably, shopping, visiting, and spending a pleasant time on the Bayfront and visiting the Pacific Maritime & Heritage Center. The Propeller Promenade will complement the popular boardwalk and recent (and future) sidewalk upgrades.

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

A successful tourism strategy cannot exist outside the bounds of the community. It must reflect the community and be embraced by its residents. The Pacific Maritime & Heritage Center is unquestionably such a project. To date, more than \$2 million worth of money, materials and volunteer muscle has been invested by the community into making this vision a reality.

The Pacific Maritime & Heritage Center has been years in the making, but with its opening last year, it seemingly overnight made a major contribution to Newport's livability. Today, the Maritime Center stands as a beacon and reminder of what this community can do when it works together for a common goal.

The Pacific Maritime & Heritage Center is an active and inviting place that serves residents and visitors alike. The exhibits and programs educate and inform community members of all ages on the rich history and strength of character that form the foundation of this community.

The special events at the Maritime Center create a need for vendors, musicians, food and beverage distributors, and other staff, thus creating more jobs and livability for Newport and the surrounding community.

The Propeller Promenade project will not only draw more visitors to the Maritime Center, it will enhance the atmosphere of the Bayfront and give tourists yet another reason to stay longer and get to know the community.

(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 (attached)
2. Financial history of the project, if available: three years of year-end revenue/expense summaries, and current balance sheet; or feasibility study (attached)
3. Executive Summary of the business plan for the project, including a budget (attached)
4. Timeframe for fundraising  
If the City Tourism grant is awarded, fundraising for this project will be complete.
5. Timeframe for project construction/completion  
Completion is estimated for May 2016.

#### Optional Attachments

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

Internal Revenue Service

Department of Treasury

District  
Director

P.O. Box 3151, Los Angeles, Calif. 90053

Lincoln County Historical Society  
545 SW 9th  
Newport, OR 97365-4726

Person to Contact: Felicia C. Mirafior

Telephone Number: 213-894-4232

Refer Reply to: EO-1106-90

Date: NOV 13 1990

RE: Lincoln County Historical Society  
EIN: 93-0545940

Gentlemen:

This is in response to your request for a determination letter of the above named organization.

A review of our records indicate that Lincoln County Historical Society was recognized to be exempt from Federal income tax in October 1955, as an organization described in Internal Revenue Code section 501(c)(3). It is further classified as an organization that is not a private foundation as defined in section 170(b)(1)(A)(vi).

If you need any further assistance, please feel free to contact me at the above address or telephone number.

Sincerely,

*Felicia C. Mirafior*  
Felicia C. Mirafior  
Disclosure Assistant

## Required Attachments

### 3. Executive Summary of the business plan for the project, including a budget

Completion of the Propeller Promenade Project will result in the creation of a landmark, pedestrian-friendly community promenade on Bay Boulevard at the entrance of the Pacific Maritime & Heritage Center. The components of this unique project include a 14-foot-diameter ship's propeller from the Port of Newport, significant signage for the museum, the creation of an inviting pedestrian-friendly promenade, and interpretive historical signage. The Propeller Promenade will occupy the triangular-shaped lot directly across from Port Dock 5.



#### Propeller Promenade Budget:

##### Expenses

|  |                |
|--|----------------|
| • Concept Development & Engineering Consultation | \$2,000        |
| • Engineering                                    | \$1,300        |
| • Stand & installation                           | \$4,600        |
| • Signage  | \$10,000       |
| • Pedestrian Improvements                        | \$7,000        |
| • Electrical                                     | \$2,100        |
| • Landscaping                                    | <u>\$1,000</u> |

**Total= \$28,000**

##### Revenue

|                                    |                 |
|------------------------------------|-----------------|
| • Donations to date                | \$2,000         |
| • Secured Match Grant Pledge       | \$12,000        |
| • City Tourism Grant (applied for) | <u>\$12,000</u> |

**Total Revenue \$28,000**



## Site of Propeller Promenade 2007 & 2014



Triangle shaped lot owned by the City & LCHS, former waterwheel site.

Thousands of people pass by here everyday.

# Ship's propeller to serve as maritime museum's centerpiece

Modified: Saturday, Jun 28th, 2014  
BY:



*Jim Durkee, the Port of Newport's terminal operations supervisor, holds a picture of the S.S. C.W. Pasley as it entered Yaquina Bay after being purchased by the port in 1948. He's sitting on the World War II liberty ship's 7-ton propeller, which, if the port agrees, will be transported down Bay Boulevard to serve as a street-level landmark for the Pacific Maritime & Heritage Center. (Photo by Rockne Roll)*

NEWPORT – While the S.S. C.W. Pasley spent more than 60 years serving unceremoniously as a submerged wharf in Yaquina Bay; its 14,000-pound propeller will soon become a fixture on Newport's Historic Bayfront.

Steve Wyatt, executive director of the Lincoln County Historical Society, has asked the Port of Newport for permission to use the prop as a welcoming landmark at the foot of the Pacific Maritime & Heritage Center.

Wyatt made a presentation Tuesday to the

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port's board of commissioners that would allow the museum to use the prop for at least five years. He said the length of the "loan" is important because of the amount of investment involved.

*For the complete article see the 06-27-2014 issue.*

*Click here to view the 06-27-2014 E-Edition containing the rest of this article.*

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**City of Newport Tourism Grant Application**

**Name of Applicant:** Pacific Communities Health District Foundation

**Mailing Address & City:** 930 SW Abbey Street, Newport OR 97365

**Contact Person:** Ursula Marinelli

**Contact Phone:** 541-574-4745      **Contact Fax:** 541-574-4761

**Contact Email:** umarinelli@samhealth.org

**Name of Project:** Center for Health Education

**Total Project Budget:** \$3,764,054

**Amount Requested:** \$50,000

**Authorization Signature:**  \_\_\_\_\_

**Title:** Executive Director

**General:**

Is the project proposed by a non-profit organization? (501(c) organization) Yes   x  

Will the project encourage people to travel to Newport from more than 50 miles away? Yes   x  

Will the project encourage people to spend the night in Newport? Yes   x  

Is the reason the project encourages visitors due to one or more of the following?:

Business   x  

Pleasure   x  

Recreation   

Arts   

Heritage   

Culture   

Requesting funding for improved real property with a useful life of at least ten years? Yes   x  

**Summary Description of the Project:**

We are seeking funding to support construction of the Center for Health Education in Newport, Oregon. The 1.5-story, 10,000 square-foot facility will include a community resource center, a teaching kitchen, labs for ongoing health professional training, and dedicated spaces for support groups, health classes and other community health-related activities. As a community hub for research-based health promotion and wellness activities, the Center will provide programs that help the residents and visitors to Lincoln County prevent or manage chronic illness, ultimately improving health outcomes and quality of life, while lowering health care costs. The Center will also offer training to health professionals from both inside and outside Lincoln County, drawing

health-related conferences and meetings of professional associations throughout the Pacific Northwest. In the first year of operation we anticipate more than 1,000 residents will access health resources through the Center, more than 200 local health professionals will participate in either a professional development or certification program, and at least 1,000 out of area health professionals will participate in conferences and wellness programs hosted by the Center. Utilization of the Center will grow in subsequent years as additional programs are developed and the public becomes more familiar with the services offered. Within five years, we expect health education activities of the Center to give Newport a reputation as a destination for health and wellness conferences and workshops.

**Business Plan and Budget:**

What is the total cost of the project? \$3,764,054

What is the amount requested from the City? \$50,000

What is the ratio of the request to the total cost? 1.33%

What funds have already been raised for the project? \$3,571,542  
 (Include source of funds, i.e., cash on hand, grants awarded, grants committed.)

| Source                           | Goal               | Committed          | Balance to be raised |
|----------------------------------|--------------------|--------------------|----------------------|
| Board Allocations                | \$260,000          | \$280,444          | (\$20,444)           |
| Fundraising Events               | \$325,000          | \$328,061          | (\$3,061)            |
| Individuals and Community Groups | \$353,054          | \$417,137          | (\$64,083)           |
| Foundations and Grants           | \$1,506,000        | \$1,281,500        | \$224,500            |
| Businesses/Corporations/City     | \$70,000           | \$14,400           | \$55,600             |
| Gifts-in-Kind                    | \$1,250,000        | \$1,250,000        | 0                    |
| <b>Total</b>                     | <b>\$3,764,054</b> | <b>\$3,571,542</b> | <b>\$192,512</b>     |

What funds remain to be raised for the project? \$192,512

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

The remaining funds will be raised through the major gifts campaign initiated by the Pacific Communities Health District Foundation. This campaign includes solicitation of the Northwest Health Foundation and individual donors, including medical providers. We continue to meet with donors who have the capacity to make major gifts and are interested in improving health care in our communities by supporting disease prevention and chronic disease management.

Does the project provide a service the City currently funds? Yes \_\_\_ No X

Does the project require continued support from the City? Yes \_\_\_ No X

**When do you anticipate completion of the project?**

We anticipate construction to be complete in April 2015. The target date for ground breaking is August 2014 and construction is expected to take nine months, according to the contractor, Quade Commercial Construction

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

The Pacific Communities Health District will own the Center for Health Education and Samaritan Pacific Health Services (SPHS) will operate it, just as they operate the hospital/clinics.

Founded in 1983, the Pacific Communities Health District (PCHD) Foundation's mission is to assist the Health District, in partnership with SPHS, in acquiring equipment, services, and education to enhance the quality of medical care and health-related programs for the 30,000 community members, plus visitors, in our service area, which extends from Yachats to Depoe Bay and reaches the inland to Toledo and Siletz. SPHS includes clinics and Samaritan Pacific Communities Hospital, a 25-bed federally-designated Critical Access Hospital in Newport.

According to the Centers for Disease Control and Prevention, chronic conditions, such as arthritis and diabetes, are the leading causes of death and disability in the US today. Chronic diseases are also the most expensive, now accounting for 75% of healthcare costs (National Council on Aging website). These diseases, often the result of behavior and lifestyle choices, cannot be addressed through medical intervention alone. We are creating the Center for Health Education in response to this crisis. It will be a 1.5-story, 10,000 square-foot, green building containing a community resource center, teaching kitchen, labs for ongoing health professional training, and tailored spaces for support groups and health-related programs, workshops and conferences. The Center will be built on Health District-owned Hwy. 101 frontage property.

A community hub for research-based health promotion and wellness activities, the Center will provide programs that help people prevent or manage chronic conditions, ultimately improving health outcomes and quality of life, while lowering healthcare costs. In addition to providing programs directly to patients and community members, the Center will offer training to health care professionals from both inside and outside Lincoln County.

The hospital currently does not have the facilities to offer the breadth of ongoing professional certification needed by local health care professionals. As a result, our clinical staff must often leave the community to attend training programs offered elsewhere. With the construction of the Center, we will be able to provide ongoing certification programs needed by our local care providers. Many of these programs will be available not only for our own professionals but for others throughout the Pacific Northwest. Newport is a desirable destination and with the appropriate training facilities, could attract health professionals from across the region. Trainings and conferences that will be offered to attract professionals from outside the community include:

- Annual conferences and meetings of professional associations, such as the Annual Leadership Conference of the Oregon Center for Nursing, Children's Wellness Conference, Central Oregon Occupational Safety and Health Conference, and the Greater Oregon Behavioral Health, Inc's Spring Conference.

- Health professional trainings, such as the two-day intensive training in Clinical Applications in Lactation Care.
- Samaritan Professional Development programs, such as Fetal Monitoring, End of Life Nursing Care, and Oncology Nursing Society Chemotherapy and Biotherapy. These programs are currently offered at the Samaritan Lebanon Community Hospital training center but can be offered here once we have the facilities.
- Workshops and conferences targeted toward practitioners of complimentary therapies such as massage, acupuncture, and qigong.
- Wellness programs, such as yoga retreat weekends, that will attract visitors interested in fitness, health and personal wellness.

We are particularly excited about marketing the Center to regional professional associations so that they choose Newport as the location for annual conferences and meetings. The Center will have the capacity to host conferences and meetings for up to 200 people seated at round tables. These conferences attract highly educated health professionals. When such trainings are held in an appealing location, participants often bring spouses for a 'multi-day getaway' trip. We also intend to further develop partnerships with local health care professionals and organizations that are not affiliated with Samaritan, to create and offer conferences that will attract visitors. Programs targeted toward practitioners of complementary therapies such as massage, acupuncture, and qigong are examples of workshops and conferences that will be developed by community members. We plan to offer a minimum of 12 conferences/workshops per year for the life of the Center.

**How does the project demonstrate financial stability?**

In 2002, the Health District created a 30-year operating agreement with SPHS to run the hospital. Staffing, furnishings, and equipment needed for the project will be sustained by SPHS, a non-profit entity, with assistance from the Foundation. SPHS will hire an education coordinator to work with community organizations and hospital staff to develop, implement, maintain, and promote health-related activities. The coordinator will be responsible for creating and sustaining partnerships in the community and attracting health-related programs and conferences from out of the area. In addition, a part-time librarian will be hired to maintain the community resource center and oversee volunteers who will staff it. The building will become the property of the Health District, which means it will be owned by the community. The District and SPHS will maintain the physical structure.

**How does the project demonstrate a viable business plan?**

State and federal health care reform measures place an increased focus on preventing chronic disease and hospital reentry. The industry is changing toward a more holistic model of mind/body wellness and incentivizes wellness over sick care. For example, reimbursements for hospital reentry for the same condition within a limited timeframe will be denied by Medicare. In order to remain a viable industry, health care must shift its focus from fixing what is wrong to preventing chronic conditions that can be the result of poor lifestyle choices, such as smoking, binge drinking, and maintaining an unhealthy diet. The programs offered by the Center will be an extension of services already being offered by the hospital and clinics but with this shift from illness to wellness.

**Economic Impact:**

**Are project funds to be spent locally on?:**

Planning                    Yes X No     
Design                     Yes X No     
Construction            Yes X No     
Post-Construction      Yes X No   

**How does the project create local jobs in all phases?**

From the ground up, construction of a state of the art 1.5-story, 10,000 square foot facility will result in the creation of the full range of construction-related jobs. Examples include an architect, framers, carpenters, plumbers, electricians, painters, and so forth. In an effort to keep jobs local, we have intentionally enlisted the expertise of Lincoln County architects, Dietmar Goebel and Dustin and Amanda Capri, and contractor Quade Commercial Construction. Once construction is complete and the Center is operating, a full-time education coordinator position and a part-time resource librarian position will be created and supported by Samaritan Pacific Health Services to manage the Center.

**What is the projected economic impact?**

A minimum of 75% of the sub contractors for this project will be based in Lincoln County. Therefore, during the construction, \$1,885,540 will be pumped into the local economy. See “Tourism Spending” for additional impact.

**Will the project create spin-off businesses?**

The Center will encourage local health-related practitioners, organizations, and businesses to develop programs of interest to visitors and locals. For example, local therapist Deborah Lyman and physician David Long provide ongoing couples workshops. They offered a full-day Enneagram Program in the hospital education room, which attracted 50 participants (the room’s capacity) and many were from out of the area. These are the kinds of programs that will be encouraged and can be expanded once the venue is available. Just as the Newport Performing Arts Center provides a venue for entertainment of all kinds, the Center for Health Education offers space for local practitioners to provide a variety of health-related programs and activities.

**Tourism Spending:**

**How does the project encourage overnight stays?**

We expect to provide one- and multi-day health-related conference, drawing between 50 and 200 participants per event. There will be no lodging accommodations in the Center, so participants will need to stay in local hotels. Out-of-area participants attending one-day workshops are also likely to spend the preceding and/or subsequent night in an area hotel. We expect that the high quality of area accommodations in conjunction with the beautiful coast environment will make the Center an attractive venue for organizations looking for a host site for their event. Please see the table for details on the number of overnight stays we anticipate generating in Newport.

**How does the project encourage increased spending at local businesses?**

During conferences and programs, participants will spend between one and three nights in Newport. Visitors will eat meals at area restaurants. There will be the option to cater lunch,

significantly increasing business for local catering companies, and subsequently business for grocers who provide food to catering companies.

| Event duration | Participants        | Overnight stays* | Dollar value for overnight stays | Meals, catered or eaten out  |
|----------------|---------------------|------------------|----------------------------------|------------------------------|
| Two days       | 200 (full capacity) | 1 = 100 rooms    | \$7,900                          | \$10x800 meals = \$8000      |
|                | 100                 | 1 = 50 rooms     | \$3,950                          | \$10x400 meals = \$4000      |
| Three Days     | 200 (full capacity) | 2 = 200 rooms    | \$15,800                         | \$10 x 1400 meals = \$14,000 |
|                | 100                 | 2 = 100 rooms    | \$7,900                          | \$10 x 700 meals = \$7000    |

To be conservative, our calculations assume double occupancy at an average rate of \$79 per night. In addition we've assumed 2 meals the first day of an event (lunch and dinner) and 2 meals the last day of event (breakfast and lunch), although for events starting early, many participants will arrive the night before, adding an extra overnight stay and additional meal. We've assumed a conservative average of \$10 per meal. For events that end late, many participants will opt to stay an additional night, enjoying personal time on the coast, and adding another overnight and additional meals.

Information provided to program participants will highlight Newport's many attractions, such as the Oregon Coast Aquarium, lighthouses, the Newport Performing Arts Center and local art galleries, increasing tourism traffic to local attractions as well as hotels and restaurants.

**How does the project increase the capacity for tourism?**

We anticipate that the health-related conferences and wellness programs hosted at the Center will attract approximately 1000 people to Newport each year. In addition to bringing visitors to Newport on a regular basis, the advertising associated with each event will increase the visibility of Newport in health fields as well as among people seeking healthy lifestyles as organizations conducting the events advertise among their constituents.

Facility Usage: (check all that apply)

Is the project open year round?      Yes   X      No       

If yes:

Daily                      X  

Weekdays              X  

Weekends               X  

Once a week               

Is the project seasonal?      Yes           No   X  

Daily                          

Weekdays                  

Weekends                   

Once a week

Is the project off-season? Yes X No \_\_\_\_\_  
 Daily X  
 Weekdays X  
 Weekends X  
 Once a week \_\_\_\_\_

Is the project monthly? Yes X No \_\_\_\_\_  
 Daily \_\_\_\_\_  
 Weekdays \_\_\_\_\_  
 Weekends \_\_\_\_\_  
 Once a week \_\_\_\_\_

Is the project open on holidays? Yes \_\_\_\_\_ No X Only \_\_\_\_\_

Other: \_\_\_\_\_

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

Children \_\_\_\_\_  
 Families X  
 Adults 21+ X  
 Seniors X  
 Groups X  
 Business X  
 Pleasure X  
 Arts \_\_\_\_\_  
 Heritage \_\_\_\_\_  
 Cultural \_\_\_\_\_  
 Sports \_\_\_\_\_  
 Other X (health care providers)

Will the project attract repeat stays?

During a single stay? Yes x No \_\_\_\_\_  
 During a single season? Yes x No \_\_\_\_\_  
 During a single year? Yes x No \_\_\_\_\_  
 Over multiple years? Yes x No \_\_\_\_\_

**What is the potential for repeat business?**

Many health-related associations offer annual conferences and multiple workshops throughout a single year. This community is a haven for complementary therapy and mental health practitioners who can create ongoing programs designed to attract multiple levels of training. Using the Enneagram Workshop example, Deborah Lyman subsequently developed an ongoing series for people who have already taken the introductory course. Samaritan Professional Development offers multiple programs throughout the year. Health care professionals are required to renew certifications and gain new certifications regularly. There is always a need for health related programs.



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

To our knowledge, there is no other facility on the Central Oregon Coast that specifically attracts health care providers to the area. They will be the primary demographic attending medical conferences at the Center.

**Who does the project attract?**

The Center is designed to appeal to, and respond to, the needs of a wide range of people, from those who are very ill and seeking information about their illness to those who are healthy and seeking information to help them remain healthy.

Events hosted at the Center will attract a range of participants, depending on the type of event offered. Health-related conferences, such as the Oregon Society for Anesthesiologists Annual Conference, will attract highly educated health professionals. Trainings and wellness programs will attract visitors from across the region interested in health and fitness.

Health professionals attending conferences often bring their spouses and children so that they can combine business with pleasure and relaxation. Since Newport is a destination location, the likelihood of participants bringing family members is high.

**Other:**

**How does the location relate to the current tourism hubs?**

The location will be sandwiched between the Lucky Thai Elephant Restaurant and the Samaritan Patient Financial Services building on Highway 101, just north of the Yaquina Bay Bridge. This is within walking distance of the Historic Bayfront, shopping in the Deco District and many area hotels. It is just a short drive (or more lengthy walk) to Nye Beach, the Oregon Coast Aquarium, the lighthouses, the Newport Recreation Center, and the Newport Performing Arts Center.

**How is the project energy efficient or environmentally friendly?**

The Center for Health Education will serve as an example of how energy efficiency and sustainability can be achieved in the coastal environment. The building will consider the environment in its layout, material selection, wall assembly, and mechanical systems. To begin, the building was designed as a thin, two story volume accessed by a central hall. Operable windows in the occupied spaces and clerestory windows in the circulation space provide natural light to each room and opportunities for cross ventilation. This will reduce the demand on the electric lighting and HVAC systems simultaneously. Large expanses of glass at each entry allow light to penetrate deep into the two-story circulation corridor, providing daylight from three sides and further reducing the need for electric light at the building's core.

Also featured in this central hall are exposed concrete floors. By protecting the structural floor throughout construction, the building will eliminate the need for a finished floor. In a variety of places, the building will leave the structure exposed, thus reducing the addition of finish materials. Where finish materials are used, low-VOC options will be selected. Wherever possible, materials incorporating recycled content will be used to reduce the embodied energy of the building.

The Center for Health Education must also consider the processes used to create building materials and the distance materials must travel to reach the site. A product's "embodied energy" refers to the energy consumed by the manufacturing and transportation processes in addition to the energy consumed by the raw materials used to make the product. For example, by using locally produced concrete, the energy used to transport the product to the site will be minimized. Where wood and engineered wood products are used, materials from sustainable forests will be used to ensure the availability of wood products in years to come. Further, steel products used on-site will be made of recycled materials. This reduces the overall carbon footprint and embodied energy of the building.

To ensure the building operates efficiently, the building envelope will be carefully detailed. Using high insulation levels and reducing thermal bridging will keep heat in while heating systems are operating or heat out while air conditioning runs. A tight envelope reduces strain on HVAC equipment and enhances the efficiency of these systems. To heat and cool the building, high efficiency HVAC systems will be used. The combination of a heat pump system and gas-powered units will reduce heat loss in ductwork, allow for flexible climate control in the building, and reduce future operating costs. The addition of operable windows will allow building users additional control over their thermal comfort, offsetting the cooling load placed on the mechanical systems.

Electric lighting will use efficient florescent fixtures on occupancy sensors. Additionally, lighting will be zoned to react to the presence of daylight within each room. When natural light is adequate, only half of the fixtures will be illuminated to supplement the daylight, with the other half of the lighting on only when required by building users.

By paying careful attention to how building layout, mechanical equipment, operating costs, embodied energy, and envelop efficiency, the facility incorporates sustainability into nearly every component of the building. As the Center for Health Education brings wellness to our community, it also strives to support the health of our environment.

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

The building will help to beautify that stretch of Highway 101 between the Yaquina Bay Bridge and the Deco District. Just as community centers fortify neighborhoods by serving as gathering places, the Center can strengthen our area by providing a hub for health-related information, classes, workshops, and support groups. The Center for Health Education will offer the community a safe place to gather, learn, maintain wellness, heal, and find support.

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

More than 2000 community members, organizations, and businesses have contributed to make this project a reality. Notably, the Center received \$25,000 from the Lincoln Economic Development Alliance of Lincoln County Grant Program. This demonstrates that a large segment of our community is supportive of the Center. Its focus on wellness and attracting health care providers to our area is extremely timely considering national and statewide health care reform efforts. It is the right project for the right reasons at the right time.

Internal Revenue Service  
District Director

Department of the Treasury



date: JAN 17 1986

EP/EO-TT(YO)  
Employer Identification Number:

93-0858825  
Accounting Period Ending:

June 30  
Form 990 Required:  Yes  No

The Pacific Communities Hospital  
Foundation  
721 SW Ninth Street  
Newport, OR 97365

Person to Contact:  
EO Desk Officer  
Contact Telephone Number:  
(206) 442-5106

Dear Applicant:

Based on information supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code.

We have further determined that you are not a private foundation within the meaning of section 509(a) of the Code, because you are an organization described in section 509(a)(3).

If your sources of support, or your purposes, character, or method of operation change, please let us know so we can consider the effect of the change on your exempt status and foundation status. Also, you should inform us of all changes in your name or address.

As of January 1, 1984, you are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more you pay to each of your employees during a calendar year. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Since you are not a private foundation, you are not subject to the excise taxes under Chapter 42 of the Code. However, you are not automatically exempt from other Federal excise taxes. If you have any questions about excise, employment, or other Federal taxes, please let us know.

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Box checked in the heading of this letter shows whether you must file Form 990, Return of Organization Exempt from Income Tax. If Yes is checked, you are required to file Form 990 only if your gross receipts each year are normally more than \$25,000. If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. The law imposes a penalty of \$10 a day, up to a maximum of \$5,000, when a return is filed late, unless there is reasonable cause for the delay.

(over)

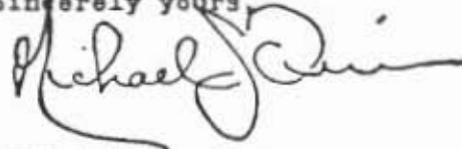
You are not required to file Federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-7, Exempt Organization Business Income Tax Return. In this letter, we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

You need an employer identification number even if you have no employees. If an employer identification number was not entered on your application, a number will be assigned to you and you will be advised of it. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

Because this letter could help resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Michael J. Quinn". The signature is written in dark ink and is positioned to the right of the typed name "Michael Quinn".

District Director

DOCNO:08750:jc

OGDEN UT 84201-0046

In reply refer to: 0423273402  
Mar. 16, 2011 LTR 252C 0  
93-0858825 000000 00  
00007436  
BODC: TE

  
PACIFIC COMMUNITIES HEALTH DISTRICT  
FOUNDATION  
PO BOX 945  
NEWPORT OR 97365-0072

Taxpayer Identification Number: 93-0858825

Dear Taxpayer:

Thank you for the inquiry dated Jan. 15, 2011.

We have changed the name on your account as requested. The number shown above is valid for use on all tax documents.

If you need forms, schedules, or publications, you may get them by visiting the IRS website at [www.irs.gov](http://www.irs.gov) or by calling toll-free at 1-800-TAX-FORM (1-800-829-3676).

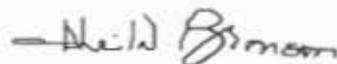
If you have any questions, please call us toll free at 1-877-829-5500.

If you prefer, you may write to us at the address shown at the top of the first page of this letter.

Whenever you write, please include this letter and, in the spaces below, give us your telephone number with the hours we can reach you. Also, you may want to keep a copy of this letter for your records.

Telephone Number ( ) \_\_\_\_\_ Hours \_\_\_\_\_

Sincerely yours,



Sheila Bronson  
Dept. Manager, Code & Edit/Entity 3

Enclosure(s):  
Copy of this letter

**Pacific Communities Health District Foundation  
Center for Health Education -- Financial History and Budget**

| Revenue Contributions                   | Total Budget        | Cash Budget         | In-kind Budget      | Actual              |
|---|---------------------|---------------------|---------------------|---------------------|
| Gifts in kind                           | \$ 1,250,000        |                     |                     | \$ 1,250,000        |
| Individual/Community Groups             | \$ 353,054          |                     |                     | \$ 417,137          |
| Business/Corporation                    | \$ 70,000           |                     |                     | \$ 14,400           |
| Foundations and Grants                  | \$ 1,506,000        |                     |                     | \$ 1,281,500        |
| Event Fundraisers                       | \$ 325,000          |                     |                     | \$ 328,061          |
| Board Allocations                       | \$ 260,000          |                     |                     | \$ 280,444          |
| <b>Total Revenue</b>                    | <b>\$ 3,764,054</b> |                     |                     | <b>\$ 3,571,542</b> |
| <b>Capital Costs</b>                    |                     |                     |                     |                     |
| <b>Land</b>                             |                     |                     | \$ 850,000          | \$ 850,000          |
| <b>Hard costs</b>                       |                     |                     |                     |                     |
| General requirements                    |                     | \$ 12,991           |                     |                     |
| Sitework and sitework utilities         |                     | \$ 70,327           |                     |                     |
| Concrete                                |                     | \$ 226,028          |                     |                     |
| Metals                                  |                     | \$ 41,725           |                     |                     |
| Carpentry                               |                     | \$ 139,979          |                     |                     |
| Thermal-moisture protection             |                     | \$ 19,278           |                     |                     |
| Doors and windows                       |                     | \$ 145,023          |                     |                     |
| Roofing                                 |                     | \$ 33,472           |                     |                     |
| Finishes                                |                     | \$ 259,544          |                     |                     |
| Mechanical                              |                     | \$ 125,070          |                     |                     |
| Electrical                              |                     | \$ 378,000          |                     |                     |
| Plumbing                                |                     | \$ 116,830          |                     |                     |
| Management and insurance                |                     | \$ 377,269          |                     |                     |
| General contracting fees                |                     | \$ 285,518          |                     |                     |
| <b>Soft Costs</b>                       |                     |                     |                     |                     |
| Architect and engineer fees             |                     | \$ 111,000          |                     | \$ 57,635           |
| Permits/other fees                      |                     | \$ 72,000           |                     |                     |
| <b>Equipment and Furnishings</b>        |                     |                     |                     |                     |
| Information technology equipment        |                     |                     | \$ 150,000          |                     |
| Telephone system                        |                     |                     | \$ 50,000           |                     |
| Furnishings and other equipment         |                     |                     | \$ 200,000          |                     |
| Kitchen equipment                       |                     | \$ 100,000          |                     |                     |
| <b>Total capital costs and non-cash</b> |                     | <b>\$ 2,514,054</b> | <b>\$ 1,250,000</b> | <b>\$ 907,635</b>   |
| <b>Net Revenue/Expenses</b>             |                     |                     |                     | <b>\$ 2,856,419</b> |

### Attachment III

#### Center for Health Education -- Executive Summary of the Business Plan

Driven and sustained by a payment system that rewards late intervention and expensive procedures, health care today is not designed to effectively prevent or manage the chronic conditions that are overwhelming our health care system nationwide. To provide high-quality, affordable health care for all Oregonians, the State of Oregon passed House Bill 3650 (July 2011), which mandates the implementation of Coordinated Care Organizations (CCO) for Oregon Health Plan (Medicaid and Children's Health Insurance Program) enrollees. Per House Bill 3650, Oregon's payment reform is converting from a fee-for-service model to a system that no longer rewards overutilization of medical services and undervalues preventive services. Chronic conditions account for 75% of health care costs nationally.

The result is a shift in focus to helping healthy people stay that way and helping people with chronic conditions improve their quality of life. Preventive services are becoming an essential component of cost effective care. Samaritan Health Services is now a CCO in our region. As health care payment reform takes root locally, the Center, with its focus on helping patients prevent and manage chronic conditions will result in cost savings for SPHS that will help to offset the operating and staffing costs of the Center. Community members offering programs to participants free of charge (such as support groups) will not be charged to use the facility. Organizations that charge participants will pay rental fees.

Below is a conservative five-year revenue/expense outlook based on conferences offered by SPHS.

|                |                      | <b>Current Year</b> |                      | <b>Project Year 1</b> | <b>Project Year 2</b> | <b>Project Year 3</b> | <b>Project Year 4</b> |
|----------------|----------------------|---------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Expense</b> | Labor                | 0                   | Labor                | \$55,016              | \$55,666              | \$58,366              | \$60,117              |
|                | Benefits             | 0                   | Benefits             | \$18,155              | \$18,700              | \$19,261              | \$19,839              |
|                | Utilities            | 0                   | Utilities            | \$18,300              | \$18,850              | \$19,414              | \$19,997              |
|                | Building Maintenance | 0                   | Building Maintenance | \$5,820               | \$5,995               | \$6,175               | \$6,360               |
|                | Food                 | 0                   | Food                 | \$ 9,800              | \$ 15,553             | \$20,053              | \$21,626              |
|                | Housekeeping         | 0                   | Housekeeping         | \$17,730              | \$18,262              | \$18,810              | \$19,374              |
|                | General Supplies     | 0                   | General Supplies     | \$ 1,400              | \$ 1,442              | \$1,486               | \$ 1,530              |
|                | Printing and Forms   | 0                   | Printing and Forms   | \$ 1,000              | \$ 1,030              | \$1,090               | \$ 1,120              |
|                | Travel and Education | 0                   | Travel and Education | \$ 2,500              | \$ 2,575              | \$2,650               | \$ 2,725              |
|                | Speakers' Fees       | 0                   | Speakers' Fees       | \$ 3,000              | \$ 6,000              | \$9,000               | \$12,000              |
|                | Depreciation         | 0                   | Depreciation         | \$42,000              | \$42,000              | \$42,000              | \$42,000              |
| <b>Total</b>   |                      |                     |                      | <b>\$174,721</b>      | <b>\$186,073</b>      | <b>\$198,305</b>      | <b>\$206,688</b>      |
| <b>Revenue</b> |                      | <b>Current Year</b> |                      | <b>Project Year 1</b> | <b>Project Year 2</b> | <b>Project Year 3</b> | <b>Project Year 4</b> |
|                | Workshops            | 0                   |                      | \$8,000               | \$16,480              | \$25,462              | \$34,962              |
|                | Conferences          | 0                   |                      | \$45,000              | \$92,700              | \$143,222             | \$147,520             |
|                | External Conf.       | 0                   |                      | \$15,000              | \$23,175              | \$23,870              | \$24,587              |
|                | SPHS Subsidy         | 0                   |                      | \$106,721             | \$53,718              | \$5,751               |                       |
| <b>Total</b>   |                      |                     |                      | <b>\$174,721</b>      | <b>\$186,073</b>      | <b>\$198,305</b>      | <b>\$207,069</b>      |

## **Attachment IV**

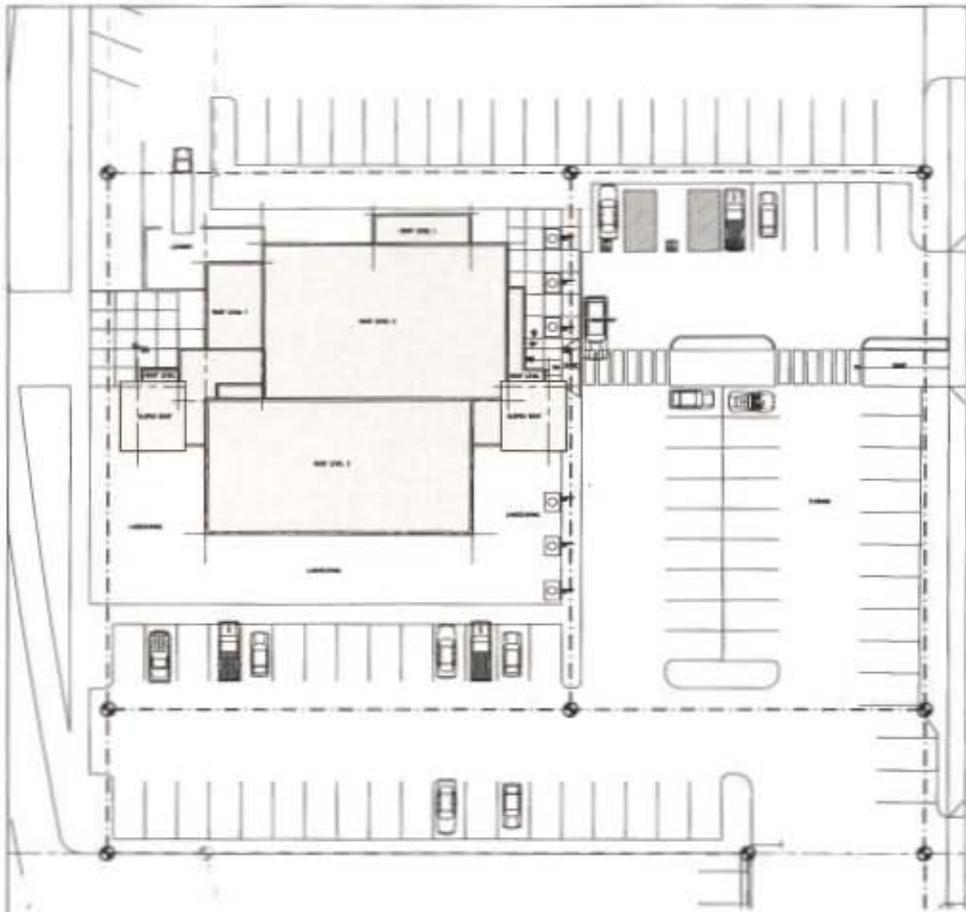
### **Timeframe for Fundraising**

The PCHD Foundation has been raising funds for the Center for Health Education for the past nine years. Thanks to the support of more than 2000 donors, by January 2014, we raised \$2.3 million for construction costs, a level of funding that prompted us to hold a ceremonial groundbreaking and move forward with design and construction drawings. We have hired the architects and contractors and plan to begin excavation and foundation prep on August 1, 2014 (provided we receive our phase I permit from the City of Newport). With just \$192,512 left to raise, we are confident we can complete fundraising by the spring of 2015.

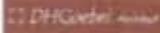
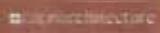
The remaining funds needed to complete construction of the Center will be raised through the major gifts campaign administered by the PCHD Foundation. This campaign includes funding requests to the City of Newport, Northwest Health Foundation and solicitation of individual donors who have expressed an interest in disease prevention and health promotion via education.

- City of Newport Tourism Grant (pending): \$50,000
- Northwest Health Foundation (planned): \$50,000
- Individual community members, including physicians (planned): \$42,512





SITE PLAN - 1/16" = 1'-0"



CENTER FOR HEALTH EDUCATION IN CONTEXT















## CITY MANAGER'S REPORT AND RECOMMENDATIONS

Agenda Item #: VII.B.  
Meeting Date: September 2, 2014

### Agenda Item:

### From Airport Committee - Recommendation to Explore the Contractual Operation of Parts or All of the Newport Municipal Airport

#### Background:

As you are aware I have developed a draft report on the Newport Municipal Airport covering the history of the Newport Municipal Airport, the description of current airport operations, and discussion with airport stakeholders, which resulted in the development of preliminary issues that have been identified for review. This report has been submitted to the Airport Committee in draft form for their review and comments. One of the specific issues that I have ask for input on is what type of management structure would work best for the long-term operation of the airport. I did indicate that the current arrangement with the City Manager fulfilling some of the requirements of the Airport Manager along with utilization of the Airport Operations Manager and assistance from city engineering is not a sustainable management structure for the continued operation of the airport.

During the discussion with the Airport Committee, I outlined five potential scenarios that could be pursued for the management structure of the airport which are as follows: A) Hire an Airport Manager with that position being a department head position with the city, as has been done in the past, to operate the fixed base operations and the airport; B) Utilize an airport maintenance supervisor and seek proposals for the fixed base operations services at the airport; C) seek proposals for an FBO to service provide for the general maintenance and operations of all airfield activities as well; D) Seek proposals from private operators of the airport to operate all operations (this is virtually the same as alternate C); and E) operator the airport as part of the Public Works Department.

There was considerable discussion at the Airport Committee on these various options. While there was support for having a management company operate the airport, there were also concerns regarding the commitment that a private operation would have in maintaining airport infrastructure. There were also concerns that by hiring an Airport Manager as a department head, what level of control the city could effectively have if that person proved not to be a good fit for the airport. There were questions on who might be available on a private contractual basis for operating the airport. It was suggested by the Airport Committee that perhaps a first step would involve soliciting "letters of interest" from private operators to gage potential interest, benefits, and detriments of operating the airport under a private contractual bases either for airport services (FBO) and for maintenance services for the airport. Ultimately the Airport Committee unanimously recommended that the city pursue "expression of interest" from private operators in the operation of the Newport Municipal Airport".

Based on the discussion that have occurred regarding the management of this facility, I have had a few airport operators express interest in our airport. If the City Council concurs, it would be my intent to put together a packet of information to solicit any expressions of interest for the operation of the airport with some preliminary information for the Airport Committee and myself to review regarding the possible validity of seeking full request for proposals for all or part of the operation of the airport.

I think it is a good suggestion from the Airport Committee to do a preliminary test of the waters to determine how feasible contracting operations would be and what benefits (or lack of benefits) would occur under this type of an operation. This would also give the city an opportunity to view other airports that maybe using a similar model at this time as well.

These are always difficult decision to make and they certainly could have an impact on current employees of the airport depending on the extent of services contracted. I certainly want to express my appreciation to Lance Vanderbeck for his efforts during this time of change. Just in a short period of eight months, we have gone from three full-time employees at the airport including Lance Vanderbeck as Manager of Operations, Terry Durham as FBO Manager, and a lineman position, to Lance being responsible for all the day to day operations and FBO responsibilities there. Despite these significant changes in operations Lance has worked very hard to keep the airport functioning on a day to day basis, managed airport operations us through the tragic loss of one of our Newport based pilots with the impacts that this type of accident has on airport operations. Lance has seen us through a Part 139 review with the comments coming back from the FAA that the airport is in the best shape it has been over the past three years as it relates to this inspection and other activities.

**Recommended Action:**

**I recommend the City Council approve the following motion:**

**I move the City Council authorize the city administration to pursue “expression of interest” from private operators for the possible operation of various services at the Newport Municipal Airport with this information being utilized to determine whether pursuing a private management option would be in the best interest for the long-term operation for the Municipal Airport.**

**Fiscal Effects:**

None by requesting expression of interest. There will be some staff time in developing the materials they would be submitted to solicit “expression of interest” and in reviewing any submissions relating to this matter.

**Alternatives:**

Do not proceed with the preliminary steps towards evaluating private operation of all or parts of the airport or as suggestion by the City Council.

Respectfully Submitted,



Spencer R. Nebel  
City Manager

**Agenda Item:  
Consideration of Resolution No. 3691 Declaring the Intention to Reimburse Expenditures  
from Proceeds of Tax-Exempt Obligations**

**Background:**

As part of the 2014-15 fiscal year budget, it is the city's intent to finance costs relating to the upgrading of the city's water system through tax-exempt bonds in the amount of \$4,500,000. In order to include expenses incurred as part of this bonding issue prior to issuance of the bond it is required that the City Council approve a resolution which will allow the city to incur expenses that can be reimbursed through the bond issue provide that these expenses are not incurred more than sixty days before Resolution No. 3691 is approved. The resolution indicates that the expenses included be documented in writing no later than eighteen months after the expenditure is paid or the project is placed into disservice. The resolution will bring the city into compliance with Treasury Regulations Section 1.150-2 relating to expenditures financed with tax-exempt bonds for improvements to the city's water system.

**Recommended Action:**

**I recommend that the City Council approve the following motion:**

**I move that the adoption of Resolution No. 3691 that declares the City of Newport's intent to reimburse expenditures from proceeds of tax-exempt obligations issued for improvements to the city's water system.**

**Fiscal Effects:**

Approval of the resolution will allow the city to reimburse cost incurred (engineering, and other related expenses) related to the water improvements that will be financed through this bonds.

**Alternatives:**

None recommended.

Respectfully Submitted,

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

Spencer R. Nebel  
City Manager



Agenda Item # City Manager Report Item VIII A

Meeting Date September 2, 2014

**CITY COUNCIL AGENDA ITEM SUMMARY**  
City Of Newport, Oregon

Issue/Agenda Title - RESOLUTION OF THE CITY OF NEWPORT DECLARING ITS INTENTION TO REIMBURSE EXPENDITURES FROM PROCEEDS OF TAX-EXEMPT OBLIGATIONS

Prepared By: Mike Murzynsky Dept. Head Approval: \_\_\_ City Mgr. Approval: \_\_\_\_\_

**Issue Before the Council:**

The City of Newport desires to finance the costs of improvements to the City's water system and intends to finance costs of these improvements from the proceeds of the sale of obligations the interest which is tax-exempt for federal tax purposes. Prior to the issuance of said obligations, the City desires to incur certain capital expenditures with respect to these improvements from available monies of the City. With the attached resolution approved, the City Council has deemed that the monies advanced prior to issuance of the obligations are available for a short time period and find it necessary to reimburse the capital expenditures from the proceeds of the obligations. The ordinance to authorize the sale of obligations of \$4,500,000 will be presented for adoption at a later date.

**Staff Recommendation:**

Finance staff recommends the Council accept the resolution.

**Proposed Motion:**

I move to adopt Resolution no. 3691 and once obligations are approved and ready for reimbursement the Public Works Director shall provide a detailed listing of expenditures to the City Manager for approval and the City Manager will forward the list to the Finance Director for final distribution.

**Key Facts and Information Summary:**

1. This resolution is being adopted no later than 60 days after the date on which the City paid its first capital expenditure related to the capital improvements.
2. The City shall make a written reimbursement allocation no later than 18 months after the later of the date on which the expenditure is paid but in no event more than three years after the date the expenditure is paid out.
3. The City Manager or designee is authorized to make future declarations of intent to reimburse and shall be in writing and the original or certified copy of each declaration shall be maintained in the public records of the City.

**Attachment List:**

Resolution number 3691 – City’s declaration of intent to reimburse expenditures

**Fiscal Notes:**

Reimbursements are included in the 2014-15 Fiscal Year Budget...no supplemental budget required.

CITY OF NEWPORT

RESOLUTION NO. 3691

RESOLUTION OF THE CITY OF NEWPORT  
DECLARING ITS INTENTION TO  
REIMBURSE EXPENDITURES FROM PROCEEDS  
OF TAX-EXEMPT OBLIGATIONS

**WHEREAS**, the City Council of the City of Newport (the "Issuer") desires to finance the costs of improvements to the City's water system, including but not limited to conversion to a new meter reading process and upgrades to the water infrastructure (collectively, the "Project"); and

**WHEREAS**, the Issuer intends to finance costs of the Project or portions thereof with the proceeds of the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the "Obligations"); and

**WHEREAS**, prior to the issuance of the Obligations the Issuer desires to incur certain capital expenditures (the "Expenditures") with respect to the Project from available moneys of the Issuer; and

**WHEREAS**, the City Council of the Issuer has determined that those moneys advanced to pay the Expenditures prior to the issuance of the Obligations are available only for a temporary period and it is necessary to reimburse the Issuer for the Expenditures from the proceeds of the Obligations.

**THE CITY OF NEWPORT RESOLVES AS FOLLOWS:**

**Section 1.** The Issuer hereby states its intention and reasonably expects to reimburse Expenditures of the Project paid prior to the issuance of the Obligations with proceeds of the Obligations.

**Section 2.** The reasonably expected maximum principal amount of the Obligations is \$4,500,000.

**Section 3.** This resolution is being adopted no later than 60 days after the date on which the Issuer paid its first Expenditure on the Project to be reimbursed from proceeds of the Obligations (excluding certain preliminary expenditures which may have been paid before that date).

**Section 4.**The Issuer will make a reimbursement allocation, which is a written allocation that evidences the Issuer's use of proceeds of the Obligations to reimburse an Expenditure, no later than 18 months after the later of the date on which the Expenditure is paid or the Project is placed in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid.

**Section 5.**This resolution is adopted as official action of the Issuer in order to comply with Treasury Regulation Section 1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Expenditures of the Issuer incurred prior to the date of issue of the Obligations.

**Section 6.**The City Manager or his or her designee is hereby authorized to make future declarations of intent to reimburse under Section 1.150-2 of the Federal Income Tax Regulations, on behalf of the Issuer and without further action by the City Council. All such future declarations shall be in writing and the original or a certified copy of each declaration shall be maintained in the public records of the Issuer.

**Section 7. Effective Date.** This resolution takes effect upon adoption by the City Council.

Adopted by a vote of \_\_\_\_\_ to \_\_\_\_\_ on September 2, 2014.

Approved by the Mayor on \_\_\_\_\_, 2014.

\_\_\_\_\_  
Sandra N. Roumagoux, Mayor

ATTEST:

\_\_\_\_\_  
Margaret M. Hawker, City Recorder





## CITY MANAGER'S REPORT AND RECOMMENDATIONS

Agenda Item #: VIII.B.  
Meeting Date: September 2, 2014

### Agenda Item:

**Possible Adoption of Ordinance No. 2088 - an Ordinance Vacating Portions of SW 31st Street, SW 32nd Street, SW 33rd Street, SW Coho Street, SW Brant Street, SW Abalone Street and SW Anchor Way**

### Background:

At the August 18, 2014, City Council meeting, the Council held a public hearing on the vacation of a portion of SW 31st Street, SW 32nd Street, SW 33rd Street, SW Coho Street, SW Brant Street, SW Abalone Street and SW Anchor Way. No comments were received by the Council. The public hearing was closed and action on the ordinance was deferred until agreements on acquisition of right-of-way from the OMSI, Investors XII, LLC, and Richard Murry were negotiated and approved by the Planning Commission. If approved by the Urban Renewal Agency at the meeting immediately prior to the September 2 City Council meeting then the City Council would be able to approve the vacations. Please note it is not necessary to hold a second public hearing since the hearing was held at the August 18, 2014 City Council meeting.

The proposed street vacations will be effective once the Plat of Sunset Dunes is recorded and a conservation easement is put in place over Lot 1, Block 1 of the plat. The conservation easement will allow for low impact public access to this area once the street vacation are effective.

### Recommended Action:

**I move that the City Council adopt Ordinance No. 2088, an ordinance vacating portions of SW 31st Street, SW 32nd Street, SW 33rd Street, SW Coho Street, SW Brant Street, SW Abalone Street and SW Anchor Way with the vacation being effective once the Plat of Sunset Dunes is recorded and a conservation easement is put in place over Lot 1, Block 1 of the plat.**

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

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

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

### Fiscal Effects:

None to the City of Newport for vacating the streets. Please note that the Newport Urban Renewal Agency has covered the costs of preparing the subdivision plat, obtaining the appraisals on the right-of-way being acquired and relinquished, and covering compensation for rights-of-way that are being acquired from the parties from fund budget in the 2014-15 fiscal year Urban Renewal Budget.

### Alternatives:

None recommended.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "S. R. Nebel". The signature is fluid and cursive, with the first name "Spencer" and last name "Nebel" clearly distinguishable.

Spencer R. Nebel  
City Manager



## CITY COUNCIL AGENDA ITEM SUMMARY

City of Newport, Oregon

Issue/Agenda Title Adoption of an ordinance vacating portions of SW 31<sup>st</sup> Street, SW 32<sup>nd</sup> Street, SW 33<sup>rd</sup> Street, SW Coho Street, SW Brant Street, SW Abalone Street and SW Anchor Way

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

**ISSUE BEFORE THE COUNCIL:** Consideration of whether or not it is in the public interest for the City of Newport to vacate portions of SW 31<sup>st</sup> Street, SW 32<sup>nd</sup> Street, SW 33<sup>rd</sup> Street, SW Coho Street, SW Brant Street, SW Abalone Street and SW Anchor Way. The rights-of-way at issue are located within the Harborton and Waggoner's Addition to South Beach subdivision plats, in Section 17, Township 11 South, Range 11 West of the Willamette Meridian. At its July 14, 2014 meeting, the Newport Planning Commission recommended the Council vacate these rights-of-way. The Council held a public hearing on this matter on August 18, 2014.

**STAFF RECOMMENDATION:** Staff recommends the City Council accept the Planning Commission recommendation and vacate the rights-of-way.

**PROPOSED MOTION:** I move for reading by title only of Ordinance No. 2068, an ordinance vacating portions of SW 31<sup>st</sup> Street, SW 32<sup>nd</sup> Street, SW 33<sup>rd</sup> Street, SW Coho Street, SW Brant Street, SW Abalone Street and SW Anchor Way. Such ordinance shall be adopted by roll call vote.

**KEY FACTS AND INFORMATION SUMMARY:** The Newport Urban Renewal Agency is coordinating with the Oregon Museum of Science and Industry (OMSI), Investors XII, LLC, and Richard Murry (Toby Murry Motors) to reconfigure road rights-of-way adjoining their properties in order to facilitate the extension of SW Abalone Street and the construction of portions of SW 30<sup>th</sup> Street and SW 35<sup>th</sup> Street. New rights-of-way need to be dedicated for this purpose. The Agency is creating the rights-of-way with a subdivision plat titled "Plat of Sunset Dunes" that was reviewed and approved by the Newport Planning Commission at its July 28, 2014 meeting.

Certain existing road rights-of-way on or adjacent to the OMSI, Investors XII, and Richard Murry properties are not needed for public purposes. These rights-of-way are proposed to be vacated in conjunction with the rights-of-way that are being dedicated with the Plat of Sunset Dunes. While rights-of-way proposed to be vacated can be depicted on a plat, the actual method of vacating the rights-of-way follows a separate process that requires hearings before the Planning Commission and City Council as provided in NMC Chapter 14.52 and ORS Chapter 271.

On April 7, 2014, the Newport City Council initiated the process to vacate the above referenced streets. Criteria for the approval of a City initiated street vacation are listed under ORS 271.130. They require that a public hearing be held to consider the question of whether or not the public interest will be prejudiced by the street vacation, and that abutting and affected property owners receive notice of the public hearing as provided by ORS 271.110. Further, ORS 271.130 requires that abutting property owners consent to the street vacation if it will substantially affect the market value of their property unless the city provides for paying damages, and it prohibits a vacation from occurring if the owners of a majority of the area, computed on the basis provided in ORS 271.080, object in writing to the proposal. Findings contained in Ordinance No. 2068 establish that these criteria have been satisfied.

The proposed street vacations will be effective once the Plat of Sunset Dunes is recorded and a conservation easement is put in place over Lot 1, Block 1 of the plat. This is necessary because the legal descriptions for the rights-of-way that are being vacated tie to streets that are being created with the plat. The conservation easement facilitates low-impact public access to a coastal gully and wetland area in a manner consistent with plans developed with the South Beach community in 2012. Having this easement in place justifies vacating rights-of-way that would otherwise provide that access; therefore, it is necessary that the easement be recorded before the street vacations are effective.

**OTHER ALTERNATIVES CONSIDERED:** Requiring the property owners to vacate the rights-of-way independently. This would be a more cumbersome and complex process given the number of rights-of-way involved and would be difficult to correlate with rights-of-way the City is acquiring for future streets.

**CITY COUNCIL GOALS:** This effort is consistent with the Council's objective of working with its community partners to facilitate economic development.

**ATTACHMENT LIST:**

- Ordinance No. 2068, with attachments

**FISCAL NOTES:** The Newport Urban Renewal Agency has covered the cost of preparing the subdivision plat and appraisals of the right-of-way being acquired and relinquished. The amount of due compensation to be paid for rights-of-way that are being acquired has been negotiated with the parties and will come out of funds budgeted in FY 14/15 for the roadway improvements.

After Recording Return to:

Margaret Hawker  
City Recorder  
City of Newport  
169 SW Coast Hwy  
Newport, OR 97365

CITY OF NEWPORT

ORDINANCE NO. 2068

AN ORDINANCE VACATING PORTIONS OF SW 31<sup>ST</sup> STREET, SW 32<sup>ND</sup> STREET,  
SW 33<sup>RD</sup> STREET, SW COHO STREET, SW BRANT STREET, SW ABALONE  
STREET, AND SW ANCHOR WAY

**Summary of Findings:**

1. On April 7, 2014, the Newport City Council initiated the process to vacate portions of SW 31<sup>st</sup> Street, SW 32<sup>nd</sup> Street, SW Coho Street, SW Brant Street, SW Abalone Street, and SW Anchor Way as provided in Oregon Revised Statutes (ORS) Chapter 271 for the purpose of assisting the Newport Urban Renewal Agency in its effort to reconfigure rights-of-way for future street development as depicted on the Plat of Sunset Dunes.
2. Legal descriptions for the rights-of-way that are to be vacated are attached as Exhibit A to this ordinance and the real property abutting the rights-of-way to be vacated is identified by tax lot reference and ownership, as follows:
  - a. SW 31st Street: Tax Lots 2803 and 3100 of Lincoln County Assessor's Map 11-11-17-CA. The properties are owned by the Oregon Museum of Science and Industry (OMSI).
  - b. SW 32nd Street: Tax Lots 3100 and 3700 of Lincoln County Assessor's Map 11-11-17-CA. The properties are owned by OMSI.
  - c. SW 33rd Street: Tax Lots 3500, 3501, 3600, 3700, 4400, 4401, 4402, 4600, 4601, 4700 and 4800 of Lincoln County Assessor's Map 11-11-17-CA. The properties are owned by OMSI.
  - d. SW Coho Street: Tax Lots 2703, 2803, 3100, 3200, 3600, 3700, 4400, and 4600 of Lincoln County Assessor's Map 11-11-17-CA. The properties are owned by OMSI.
  - e. SW Brant Street: Tax Lots 4601 and 4700 of Lincoln County Assessor's Map 11-11-17-CA. The properties are owned by OMSI.
  - f. SW Abalone Street: Tax Lot 4800 of Lincoln County Assessor's Map 11-11-17-CA. This property is owned by OMSI. Tax Lot 1400 of Lincoln County Assessor's Map 11-11-17-DC. This property is owned by Investors XII, LLC.

g. SW Anchor Way: Tax Lot 1800 of Lincoln County Assessor's Map 11-11-17-DB and Tax Lot 1400 of Lincoln County Assessor's Map 11-11-17-DC. These properties are owned by Investors XII, LLC. Tax Lots 1200 and 1201 of Lincoln County Assessor's Map 11-11-17-DB. These properties are owned by Richard Murry.

3. Criteria for the approval of a City initiated street vacation are listed under ORS 271.130. They require that a public hearing be held to consider the question of whether or not the public interest will be prejudiced by the street vacation, and that abutting and affected property owners receive notice of the public hearing as provided by ORS 271.110. Further, ORS 271.130 requires that abutting property owners consent to the street vacation if it will substantially affect the market value of their property unless the city provides for paying damages, and it prohibits a vacation from occurring if the owners of a majority of the area, computed on the basis provided in ORS 271.080, object in writing to the proposal. Findings contained in this ordinance establish that these criteria have been satisfied.

4. The Planning Commission of the City of Newport held a public hearing on July 14, 2014, for the purpose of reviewing the proposed street vacations and providing a recommendation to the City Council. Notice of the hearing was published in the Newport News-Times on July 4, 2014 and July 9, 2014. Notice of the hearing was mailed to abutting and affected property owners on June 23, 2014. The Planning Commission public hearing was held in accordance with the appropriate provisions of the Newport Zoning Ordinance and, after due deliberation and consideration of the proposed vacation, the Planning Commission, by a unanimous vote, recommended that the proposed street vacation be approved, provided the ordinance vacating the street rights-of-way is effective upon recordation of the Sunset Dunes subdivision plat and conservation easement over Lot 1, Block 1 of the plat.

5. It has been determined that, at the present time, no City liens are existing or unpaid against the property to be vacated and, by virtue of the fact that it is a dedicated right-of-way, no taxes are unpaid thereon.

6. The City Council fixed August 18, 2014, at 6 p.m. at the Newport City Hall, 169 SW Coast Highway, Newport, Oregon, as the time and place for a formal public hearing regarding the vacation.

7. The City Recorder gave notice of the public hearing by publishing a notice in the Newport News-Times newspaper once each week for three consecutive weeks on August 1, 2014, August 6, 2014, and August 13, 2014, which notice described the ground proposed to be vacated, the date the street vacation was initiated, the name of at least one of the petitioners (i.e. the City Council), the date of the public hearing, and the requirement that written objections or remonstrances must be filed with the City of Newport prior to the time of the hearing, in accordance with ORS 271.110(1). Notice of the hearing was mailed to affected property owners on July 23, 2014.

8. Within five (5) days after the first day of publication of said notice in the newspaper and not less than fourteen (14) days before the hearing date, the City Recorder caused a copy of the notice to be posted in at least two (2) conspicuous places at or near each end of

the proposed vacation, in accordance with ORS 271.110(2).

9. On August 18, 2014, at 6 p.m. at the Newport City Hall, the City Council held a public hearing in the Council Chambers on the vacation of the area described above and heard any written objections filed thereto, and heard oral testimony from members of the public in favor of and/or in opposition to the vacation.

10. The owners of the majority of the area affected, computed on the basis provided in ORS 271.080, have not objected in writing to the proposed vacation.

11. The market value of abutting properties will not be adversely affected by the street vacation because the rights-of-way are not needed for access purposes and the land accruing to abutting property owners as a result of the vacation increases the size and value of their respective properties. Further, in the case of the OMSI ownership, eliminating the right-of-way allows the property to be developed as a single block of land, which increases its value.

12. Abutting property owners have had an opportunity to review the proposed street vacation and have consented in writing to the vacation.

13. The Newport City Council finds that the policies it adopted on October 6, 2008, to guide when it will exercise its authority under state law to initiate a street vacation are sufficient to ensure the public interest will not be prejudiced. The Council considered how the subject proposal satisfied those policies when it elected to initiate the street vacation process on April 7, 2014, and concludes that the rationale set forth at that time continues to be compelling. It is summarized as follows:

a. The extent of public benefit. Vacating the subject rights-of-way provides a public benefit because it helps the City realize a better street system. With the exception of SW Anchor Way, the rights-of-way are unimproved and are not needed for future street development. While SW Anchor Way is improved, it effectively serves as an internal drive for two commercial properties and is; therefore, not needed as part of the public system. The Newport Urban Renewal Agency has collaborated with the abutting property owners to secure new rights-of-way with the Plat of Sunset Dunes that will facilitate the extension of SW Abalone Street, and the construction of portions of SW 30th Street and SW 35th Street. This effort is consistent with public outreach the City and Agency have undertaken over the last several years to update the Newport Transportation System Plan. Vacating these rights-of-way offsets the impact of the right-of-way acquisitions on abutting property owners. Further, eliminating rights-of-way internal to the OMSI ownership is necessary so that they may construct a new coastal science camp, which will add jobs, improve the appearance of the undeveloped lot, and enhance the character of the area through its focus on being a complimentary marine research and educational venue. Survey work performed by the Newport Urban Renewal Agency, depicted on the tentative subdivision plat for Sunset Dunes (File No. 1-SUB-13), shows that a portion of the as-travelled roadway for SW Anchor Way encroaches onto the adjoining commercial properties. Vacating the right-of-way eliminates the encroachment and will allow the commercial property owners to reconfigure the road in a manner that meets their needs.

b. The extent of present and anticipated future use of the right-of-way. A right-of-way is property dedicated to the public for use as a street, path, trail, or utility corridor. This policy must also be read in concert with Newport Municipal Code (NMC) Chapter 14.26 and ORS 271.300 to 271.360, which require rights-of-way be retained if they provide ocean access, unless adequately replaced. As noted, the undeveloped rights-of-way are not needed for future public streets and the only developed roadway, SW Anchor Way, does not need to remain a public street because it effectively serves just two commercial properties. Currently, SW 33<sup>rd</sup> Street provides public access through the OMSI property to the Pacific Ocean via South Beach State Park. OMSI will replace this access by dedicating right-of-way across the northernmost end of its lot so that SW 30<sup>th</sup> Street can serve this purpose. SW 30<sup>th</sup> Street is within a few hundred feet of SW 33<sup>rd</sup> Street making it an adequate replacement. OMSI will also dedicate a conservation easement over Lot 1, Block 1 of the Plat of Sunset Dunes. This area contains a coastal gully and wetland, along with portions of SW 31<sup>st</sup> Street and SW Coho Street that are proposed to be vacated. The 2012 Coho/Brant Infrastructure Refinement Plan calls for the gully and rights-of-way to be developed with low impact trails, a boardwalk and interpretive signage. Those trails will not conform to the rights-of-way as platted, so vacating the right-of-way in favor of a conservation easement that will allow for publicly accessible trails to be constructed in an environmentally sensitive manner is in the public interest. Rights-of-way being vacated are not needed for future utility purposes. The Urban Renewal Agency has identified the location of existing utilities and easements over those utilities will be dedicated as part of the Plat of Sunset Dunes. In the case of SW Anchor Way, a temporary utility easement will be reserved. NW Natural has a 4-inch gas main in place at this location. The temporary easement will expire once SW 35<sup>th</sup> Street is constructed. The 4-inch gas main can be relocated to the SW 35<sup>th</sup> Street alignment when that road is built.

c. Potential environmental and geologic impacts. This policy recognizes that certain rights-of-way should be retained to preserve sensitive environmental features such as wetlands or steep slopes that may be prone to landslides or erosion. As noted, the area contained within Lot 1, Block 1, of the Plat of Sunset Dunes contains wetlands and one of the few remaining natural coastal gullies in Newport. Rights-of-way within the lot that are proposed to be vacated extend into the wetlands. The conservation easement that OMSI is dedicating over Lot 1 puts in place safeguards to protect the wetlands, so it is not necessary for the City to retain control over the rights-of-way in order to preserve these environmentally sensitive lands. None of the other rights-of-way that are proposed to be vacated contain City identified or inventoried environmental or geologic features.

d. Financial factors. This policy requires the City consider the cost to the public of initiating vacation proceedings, which would otherwise be borne by an applicant when filing a petition. When an applicant files a petition to vacate a street it is because they will be the primary beneficiary of the action. That is, if the street is vacated it becomes their property. In this case though, the street vacations are being pursued as part of a package that also includes rights-of-way being dedicated by all three property owners. The value of both the vacated right-of-way

and new dedications is being taken into consideration and all parties, including the City, benefit from the new street and property alignments.

e. Effect on property owners. This policy gets at the difficulty an applicant may face in obtaining the consents required in order to file a petition. It is not a compelling factor in this case, although it is relevant to note that the abutting property owners are willing participants in the platting effort.

f. Consistency with applicable plans, ordinances, and regulations. This policy calls for street vacations to be consistent with the City's adopted Transportation System Plan. As noted, that is the case in the subject circumstances.

g. The amount and quality of the information provided by the person requesting vacation. The case record for this street vacation (File No. 1-SV-14) includes a staff report, maps, legal descriptions, public meeting minutes, and other written information that is sufficient to establish the scope and nature of the proposed street vacations.

h. Other factors. City of Newport and OMSI entered into a non-binding Memorandum of Understanding in March of 2013 that called for the City to initiate street vacation proceedings for rights-of-way identified herein in exchange for dedication of right-of-way for SW 30th Street and SW Abalone Street. This ordinance fulfills the objectives outlined in that agreement.

14. The City Council made a determination after considering the recommendation of the Planning Commission, the Planning Staff Report, and the evidence and argument presented at the public hearings and in the record, that the request is in compliance with the applicable criteria and voted to proceed with the street vacation.

15. To ensure that the public interest is not prejudiced, it is appropriate to make the vacation of these rights-of-way contingent upon the recordation of the Plat of Sunset Dunes subdivision in a manner that substantially conforms to the tentative plan approved by the Newport Planning Commission on July 28, 2014 (Exhibit B) and that a conservation easement be recorded over Lot 1, Block 1 of the plat, containing language that conforms to the draft document attached to this ordinance (Exhibit C). Legal descriptions for some of the rights-of-way that are to be vacated tie to streets that will be created with the Plat of Sunset Dunes. This is another reason why the Plat of Sunset Dunes must be recorded before the street vacations can become effective.

#### **THE CITY OF NEWPORT ORDAINS AS FOLLOWS:**

**Section 1. Findings.** The findings set forth above are hereby adopted in support of vacating the rights-of-way identified in Section 2 of this Ordinance.

**Section 2. Street portions to be vacated.** Legal descriptions for those portions of SW 31<sup>st</sup> Street, SW 32<sup>nd</sup> Street, SW 33<sup>rd</sup> Street, SW Coho Street, SW Brant Street, SW Abalone Street, and SW Anchor Way to be vacated are attached as Exhibit "A" to this ordinance.

**Section 3. Dedication of the Plat of Sunset Dunes.** The vacation of the rights-of-way identified in Section 2 of this ordinance is contingent upon the Plat of Sunset Dunes being signed and recorded with the Lincoln County Clerk’s Office in a manner that substantially conforms to tentative plan approved by the Newport Planning Commission on July 28, 2014 and attached as Exhibit “B” to this ordinance.

**Section 4. Dedication of a conservation easement over Lot 1, Block 1, Plat of Sunset Dunes.** The vacation of the rights-of-way identified in Section 2 of this ordinance is contingent upon a conservation easement being recorded over Lot 1, Block 1, Plat of Sunset Dunes that conforms to the draft attached as Exhibit “C” to this ordinance.

**Section 5. Effective Date of Vacation.** The vacation of the rights-of-way identified in Section 2 of this ordinance shall take effect upon satisfaction of all the conditions identified in Sections 3 and 4 of this ordinance. However, under no circumstances shall this ordinance be effective any sooner than 30 days after passage.

**Section 6. Recording.** The City Recorder is hereby directed to file certified copies of this ordinance for recording with the Lincoln County Clerk’s Office, the County Assessor, and the County Surveyor upon satisfaction of all the conditions identified in Sections 3 and 4 of this ordinance.

Date adopted and read by title only: \_\_\_\_\_

Signed by the Mayor on \_\_\_\_\_, 2014.

\_\_\_\_\_  
Sandra Roumagoux, Mayor

ATTEST:

\_\_\_\_\_  
Margaret M. Hawker, City Recorder

**LAND DESCRIPTION FOR THE BOUNDARIES  
OF THE PORTION OF SW 31<sup>ST</sup> STREET TO BE  
VACATED LYING WITHIN THE PLAT  
OF WAGGONER'S ADDITION  
TO SOUTH BEACH**

All that portion of **SW 31<sup>st</sup> Street** lying within the Plat of **WAGGONER'S ADDITION** to South Beach, located in the SW  $\frac{1}{4}$  of Section 17, Township 11 South, Range 11 West, Willamette Meridian, in Lincoln County, Oregon being more particularly described as follows:

That portion of platted **SW 31<sup>st</sup> Street** lying westerly of the westerly Right of Way of SW Coho Street and easterly of the westerly boundary of a tract as described in Document No. 2011-10432, Lincoln County Film Records, said portion being a 60 foot wide strip.

This description is based on Lincoln County Survey No. 18864 by Russell Johnson.

Street Vacation Description  
DSI-4313 (11-11-17 CA)  
21 April 2014

**LAND DESCRIPTION FOR THE BOUNDARIES  
OF THE PORTION OF SW 32nd STREET TO BE  
VACATED LYING WITHIN THE PLAT  
OF WAGGONER'S ADDITION  
TO SOUTH BEACH**

All that portion of **SW 32nd Street** lying within the Plat of **WAGGONER'S ADDITION** to South Beach, located in the SW ¼ of Section 17, Township 11 South, Range 11 West, Willamette Meridian, in Lincoln County, Oregon being more particularly described as follows:

That portion of platted **SW 32nd Street** lying westerly of the westerly Right of Way of SW Coho Street and easterly of the westerly boundary of a tract as described in Document No. 2011-10432, Lincoln County Film Records, said portion being a 60 foot wide strip.

This description is based on Lincoln County Survey No. 18864, by Russell Johnson.

Street Vacation Description  
DSI-4313 (11-11-17 CA)  
21 April 2014

**LAND DESCRIPTION FOR THE BOUNDARIES  
OF THE PORTION OF SW 33rd STREET TO BE  
VACATED LYING WITHIN THE PLAT  
OF WAGGONER'S ADDITION  
TO SOUTH BEACH**

All that portion of **SW 33rd Street** lying within the Plat of **WAGGONER'S ADDITION** to South Beach, located in the SW ¼ of Section 17, Township 11 South, Range 11 West, Willamette Meridian, in Lincoln County, Oregon being more particularly described as follows:

That portion of platted **SW 33rd Street** lying easterly of the westerly boundary of a tract as described in Document No. 2011-10432, Lincoln County Film Records and westerly of the westerly Right of Way of SW Abalone Street as indicated on the Plat of **SUNSET DUNES**, recorded in Book \_\_, Page \_\_, Lincoln County Plat Records, said portion being a 60 foot wide strip.

This description is based on Lincoln County Survey No. 18864, by Russell Johnson.

Street Vacation Description  
DSI-4313 (11-11-17 CA)  
21 April 2014

**LAND DESCRIPTION FOR THE BOUNDARIES  
OF THE PORTION OF SW COHO STREET TO BE  
VACATED LYING WITHIN THE PLAT  
OF WAGGONER'S ADDITION  
TO SOUTH BEACH**

All that portion of **SW COHO Street** lying within the Plat of **WAGGONER'S ADDITION** to South Beach, located in the SW ¼ of Section 17, Township 11 South, Range 11 West, Willamette Meridian, in Lincoln County, Oregon being more particularly described as follows:

That portion of platted **SW COHO Street**, said portion being a 60 foot wide strip lying southerly of a line between the Southeast corner of Lot 7, Block 7 and the Southwest corner of Lot 12, Block 8, Plat of **WAGGONER'S ADDITION** to South Beach and northerly of the southerly line of said Plat of **WAGGONER'S ADDITION**.

This description is based on Lincoln County Survey No. 18864, by Russell Johnson.

Street Vacation Description  
DSI-4313 (11-11-17 CA)  
21 April 2014  
Revised on:  
12 August 201

**LAND DESCRIPTION FOR THE BOUNDARIES  
OF THE PORTION OF SW BRANT STREET TO BE  
VACATED LYING WITHIN THE PLAT  
OF WAGGONER'S ADDITION  
TO SOUTH BEACH**

All that portion of **SW BRANT Street** lying within the Plat of **WAGGONER'S ADDITION** to South Beach, located in the SW  $\frac{1}{4}$  of Section 17, Township 11 South, Range 11 West, Willamette Meridian, in Lincoln County, Oregon being more particularly described as follows:

That portion of platted **SW BRANT Street** lying southerly of the southerly Right of Way of SW 33<sup>rd</sup> Street and northerly of the southerly boundary of a tract as described in Document No. 2011-10432, Lincoln County Film Records, said portion being a 60 foot wide strip.

This description is based on Lincoln County Survey No. 18864, by Russell Johnson.

Street Vacation Description  
DSI-4313 (11-11-17 CA)  
21 April 2014

**LAND DESCRIPTION FOR THE BOUNDARIES  
OF THE PORTION OF SW ABALONE STREET  
TO BE VACATED LYING WITHIN  
THE PLAT OF HARBORTON**

All that portion of **SW ABALONE STREET** lying within the Plat of **HARBORTON**, located in the SW  $\frac{1}{4}$  of Section 17, Township 11 South, Range 11 West, Willamette Meridian, in Lincoln County, Oregon being more particularly described as follows:

Beginning at the southeast corner of a tract as described in Document No. 2011-10432, Lincoln County Film Records, said corner being a 5/8 inch rebar established in Lincoln County Survey No. 12882, by Charles Denison; thence South 89°57'46" East to the easterly Right of Way of Platted SW Abalone Street, a distance of 30.00 feet; thence North 00°12'32" East, along said easterly Right of Way, a distance of 35.48 feet to the westerly Right of Way of Re-platted SW Abalone Street as indicated on the Plat of **SUNSET DUNES**, recorded in Book \_\_, Page \_\_, Lincoln County Plat Records; thence along the Re-platted westerly Right of Way, on the arc of a 230 foot radius curve right (the long chord of which bears N 36°00'30" W, 51.28'), a distance of 51.38 feet to the westerly Right of Way of Platted SW Abalone Street; thence South 00°00'46" East, along said westerly Right of Way, a distance of 76.94 feet to the point of beginning.

Street Vacation Description  
DSI-4313 (11-11-17 CA)  
21 April 2014

**LAND DESCRIPTION FOR THE BOUNDARIES  
OF THE PORTION OF SW ANCHOR WAY  
TO BE VACATED LYING WITHIN  
THE PLAT OF HARBORTON**

Commencing at the Northeast corner of a tract of land as described in Microfilm 250-0776, Lincoln County Film Records, said corner being at the intersection of SW 32<sup>nd</sup> Street and Oregon Coast Highway 101; thence North 87°24'46" West, along the north line of said tract, a distance of 108.08 feet to the Northwest corner thereof and the Point of Beginning of the following described Right of Way of **SW ANCHOR WAY**; thence North 03°07'25" East, a distance of 49.92 feet; thence North 76°51'41" West, a distance of 53.12 feet; thence South 00°02'14" West, a distance of 51.06 feet; thence South 07°02'14" West, a distance of 66.38 feet; thence South 42°54'14" West, a distance of 95.49 feet; thence South 01°14'14" West, a distance of 50.01 feet; thence South 45°32'14" West, a distance of 107.01 feet; thence South 20°59'14" West, a distance of 235.85 feet; thence North 89°57'46" West, a distance of 63.36 feet; thence South 41°53'38" West, a distance of 67.02 feet; thence South 00°07'34" East to the northerly Right of Way of Re-platted SW Abalone Street, as indicated on the Plat of **SUNSET DUNES**, recorded in Book \_\_, Page \_\_, Lincoln County Plat Records, a distance of 33.88 feet; thence along the arc of a 170 foot radius curve left (the long chord of which bears S 79°35'02" E, 46.31'), a distance of 46.46 feet; thence continuing along said Re-platted SW Abalone Street, South 87°24'46" East, a distance of 4.65 feet; thence North 00°02'14" East, a distance of 18.10 feet; thence North 42°01'14" East, a distance of 25.78 feet; thence South 89°55'46" East, a distance of 72.97 feet; thence North 20°59'14" East, a distance of 264.85 feet; thence North 45°32'14" East, a distance of 116.48 feet; thence North 01°14'14" East, a distance of 51.34 feet; thence North 42°54'14" East, a distance of 92.65 feet; thence North 07°02'14" East, a distance of 77.78 feet to the point of beginning.

PLAT OF:  
**SUNSET DUNES**

CONCEPT MAP FOR PROPOSED SUBDIVISION  
 AND PROPOSED SW ABALONE AND SW 35th STREET  
 CITY OF NEWPORT, LINCOLN COUNTY, OREGON  
 FOR THE CITY OF NEWPORT

**SURVEYOR'S NARRATIVE:**

THE PURPOSE OF THIS SURVEY IS TO ESTABLISH THE BOUNDARIES OF TRACTS AS DESCRIBED IN LOT BOOK REPORT NUMBER 79066, DATED AUGUST 12, 2013, BY WESTERN TITLE COMPANY. THIS SURVEY FOUND AND HELD THE MONUMENTS AT THE SOUTHEAST AND NORTHEAST CORNERS OF THE TRACT SURVEYED IN COUNTY SURVEY NO. 18864 BY THIS FIRM, FOR THE BASIS OF BEARING (N 00°00'45" W, 965.75'). THIS RESULTED IN A DIFFERENCE OF BEARING BETWEEN THE RECORD BEARINGS IN THE PLAT OF HARBORTON AND THE LINES AS ESTABLISHED IN THIS SURVEY BY 00°12'46". THE MONUMENTS THAT WERE ESTABLISHED AND FOUND IN SAID SURVEY WERE HELD FOR THE BOUNDARIES OF THE WESTERLY TRACT (DMSI). THE BOUNDARIES OF THE EASTERLY TRACTS WERE DERIVED BY THE FOLLOWING METHODS:

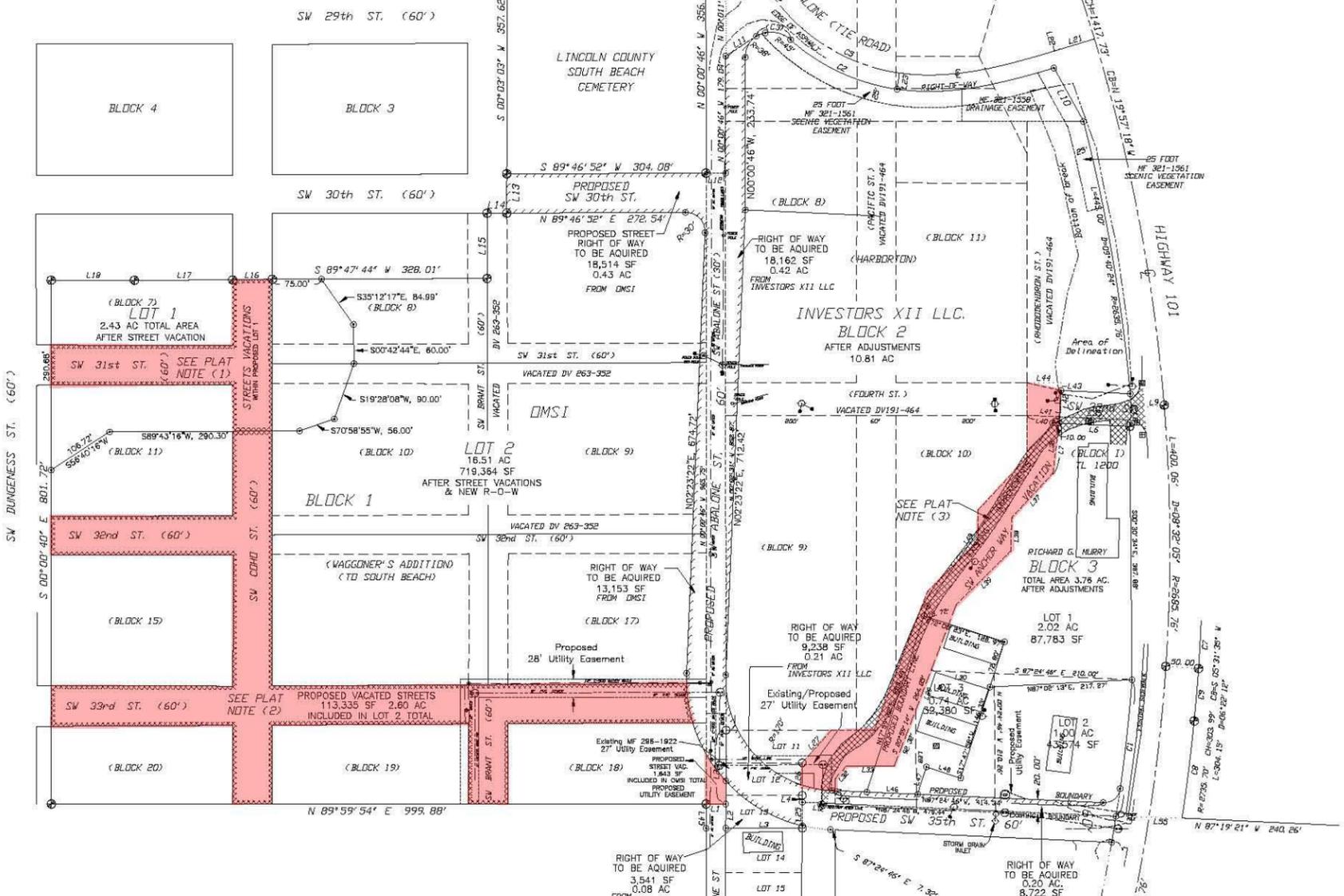
- 1) THE EASTERLY BOUNDARY (HIGHWAY 101) WAS DERIVED BY HOLDING THE MONUMENTS ALONG THE CENTERLINE OF THE HIGHWAY AT STATIONS POC 253+30.39, POC 247+00.00 AND POC 243+00.00, AS INDICATED ON DDT DRAWING NO. 48-26-19. 2) THE WESTERLY RIGHT OF WAY BETWEEN SW 32ND AND THE NORTH LINE OF TAX LOT 1300 APPEARS TO BE THE WESTERLY R/W OF TAYS AVE, PER THE PLAT OF HARBORTON. COUNTY SURVEYS 2217 (BURDETT) AND 9915 (FREDRICKSON) BOTH INDICATE THIS SCENARIO. THIS SURVEY HELD THE MONUMENT FOUND AT THE NORTHEAST CORNER OF TL 1200, AS ESTABLISHED IN SAID CS #9816 IN THE DETERMINATION OF SAID TAYS AVE. 3) THE RECORD DATA FROM SAID CS #9816, WAS HELD TO DERIVE THE NORTHERLY R/W OF SW 35th. THE EASTERLY LINE OF LOTS 11-13, BLOCK 9-HARBORTON WERE DERIVED BY HOLDING THE MONUMENTS ESTABLISHED IN CS #9893 (BURRELL).
- 4) THE R/W'S OF RHODODENDRON DRIVE WERE DERIVED BY HOLDING THE MONUMENT AT THE NORTHEAST CORNER OF TL 1200 AND THE RECORD ANGLES AND DISTANCES FROM THE PLAT OF HARBORTON. AFTER TRYING SEVERAL METHODS TO MATCH THE DATA ON THE PLAT, THIS SURVEY HAD TO CHANGE SOME OF THE DISTANCES ALONG RHODODENDRON TO MATCH THE ALIGNMENT OF SW 35th STREET.
- 5) THE NORTH END OF BLOCKS 9 AND 10, AS WELL AS THE CORNERS OF BLOCKS 7, 8, 11 AND 12 WERE CALCULATED FROM THE DATA DERIVED FROM THE MONUMENT FOUND AT THE NORTHEAST CORNER OF TL 1200 AND THE RECORD ANGLES FROM THE PLAT OF HARBORTON. THIS SURVEYOR DISCOVERED THAT THE TRANSITION FROM THE EAST AND WEST SIDES OF RHODODENDRON DO NOT COINCIDE. THEREFORE, THE CORNERS OF THE BLOCKS WERE CALCULATED AS DESCRIBED. THIS METHOD LEAVES A DIFFERENCE BETWEEN THE NORTHERLY LINE OF LOTS 11-13 AS ESTABLISHED IN CS #9893 (BURRELL) AND THE METHOD USED AS DESCRIBED ABOVE OF APPROXIMATELY 18 FEET. THIS METHOD FIT THE INTENTIONS OF THE PLAT OF HARBORTON. BUT, IMPROVEMENTS HAVE BEEN BUILT BASED ON THE POSITION OF THE BURRELL MONUMENTS. THEREFORE, THIS SURVEY HELD THE MONUMENTS AS THE SOUTHERLY BOUNDARY OF THE HARBORTON LOTS. 6) THE NORTHERLY BOUNDARY IS THE SOUTHERLY R/W OF ABALONE STREET "TIE ROAD", AS DEFINED IN THE DESCRIPTION OF SAID ROAD IN DDT DRAWING NO. 08-30-15. THE WESTERLY BOUNDARY AT THE NORTH END IS THE EASTERLY R/W OF SW ABALONE STREET.

SCALE: 1" = 100'  
 REV #1 OCT 21, 2013  
 REV #2 NOV 5, 2013  
 REV #3 FEB 14, 2014  
 REV #4 MARCH 20, 2014  
 REV #5 APRIL 4, 2014  
 REV #6 JUNE 6, 2014

\* Rights-of-way to be vacated are shown in red.

**PLAT NOTES**

- (1) STREETS VACATION LOCATED IN PROPOSED LOT 1, BLOCK 1 PER CITY ORDINANCE #
- (2) STREETS VACATION LOCATED IN PROPOSED LOT 2, BLOCK 1 PER CITY ORDINANCE #
- (3) SE ANCHOR WAY VACATION PER CITY ORDINANCE #  
 (a.) A TEMPORARY PUBLIC EASEMENT OVER EXISTING STREET AND WILL TERMINATE ONCE 35TH STREET IS CONSTRUCTED BETWEEN THE FORMER ANCHOR WAY AND US HWY 101.



**LINE TABLE**

| LINE | BEARING       | DISTANCE | LINE | BEARING       | DISTANCE |
|------|---------------|----------|------|---------------|----------|
| L1   | S 89°57'46" E | 30.00    | L89  | N 80°29'14" E | 64.47    |
| L2   | S 00°12'32" V | 36.59    | L90  | S 87°24'46" E | 96.62    |
| L3   | S 89°57'46" E | 116.99   | L91  | N 00°02'14" E | 38.12    |
| L4   | N 00°06'51" V | 10.26    | L92  | N 48°01'14" E | 25.78    |
| L5   | S 87°24'46" E | 80.18    | L93  | S 89°59'46" E | 78.97    |
| L6   | N 87°24'46" V | 109.09   | L94  | S 89°57'46" E | 35.00    |
| L7   | S 07°02'14" V | 77.78    | L95  | N 87°24'46" V | 106.78   |
| L8   | N 05°09'32" E | 28.47    | L96  | S 07°02'14" V | 87.80    |
| L9   | N 89°20'38" E | 30.00    | L97  | S 48°54'14" V | 96.65    |
| L10  | N 09°56'17" V | 53.40    | L98  | S 01°14'14" V | 51.34    |
| L11  | S 57°00'11" V | 55.77    | L99  | S 45°32'14" V | 116.48   |
| L12  | S 89°46'52" V | 30.00    | L100 | S 87°44'27" E | 50.30    |
| L13  | S 00°03'03" V | 60.08    | L101 | N 07°02'14" E | 18.04    |
| L14  | S 89°51'29" V | 30.00    | L102 | N 00°02'14" E | 27.96    |
| L15  | S 00°01'10" E | 99.92    | L103 | N 00°02'14" E | 12.04    |
| L16  | S 88°56'01" V | 60.55    | L104 | N 89°57'46" V | 51.73    |
| L17  | S 89°47'53" V | 150.05   | L105 | S 00°00'46" E | 37.11    |
| L18  | N 89°59'41" V | 127.12   | L106 | S 87°24'46" E | 73.63    |
| L19  | S 54°44'31" V | 50.00    | L107 | N 17°47'58" E | 43.97    |
| L20  | S 65°12'29" E | 30.00    | L108 | S 71°56'15" E | 33.00    |
| L21  | S 79°14'24" V | 54.81    | L109 | N 34°16'59" E | 379.46   |
| L22  | S 79°17'42" V | 17.79    | L110 | N 00°00'46" V | 106.00   |
| L23  | N 00°14'24" E | 23.00    | L111 | S 89°29'29" V | 123.91   |
| L24  | S 00°12'32" V | 113.02   | L112 | N 00°25'45" V | 100.16   |
| L25  | N 00°06'51" V | 39.87    | L113 | N 89°33'07" E | 54.99    |
| L26  | N 00°07'34" V | 49.96    | L114 | N 00°03'03" E | 106.00   |
| L27  | N 41°53'38" E | 67.82    | L115 | N 88°25'58" V | 101.20   |
| L28  | N 00°12'46" V | 146.99   |      |               |          |

**CURVE TABLE**

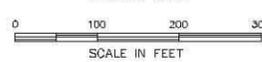
| CURVE | ARC    | BETA      | RADIUS  | CHORD LENGTH | CHORD BEARING |
|-------|--------|-----------|---------|--------------|---------------|
| C1    | 210.36 | 04°34'38" | 2635.76 | 210.51       | N 08°41'43" E |
| C2    | 181.79 | 33°26'17" | 311.48  | 179.21       | N 65°02'28" V |
| C3    | 56.35  | 71°44'50" | 45.00   | 32.74        | N 84°13'09" E |
| C4    | 168.14 | 03°27'33" | 2685.76 | 168.18       | N 19°04'19" E |
| C5    | 162.19 | 33°26'17" | 296.48  | 164.83       | N 65°02'28" V |
| C6    | 114.36 | 28°09'34" | 286.48  | 114.19       | N 34°45'33" V |
| C7    | 73.67  | 01°38'38" | 2735.70 | 73.67        | N 02°06'46" E |
| C8    | 149.95 | 03°08'26" | 2735.70 | 149.93       | N 07°08'34" E |
| C9    | 80.91  | 01°41'10" | 2735.71 | 80.91        | N 04°44'28" E |

- LEGEND:**
- MONUMENTS FOUND - HELD FOR CONTROL
  - MONUMENTS FOUND AS SHOWN
  - CALCULATED POSITION ONLY
  - RECORD DATA FROM CS #2217
  - RECORD DATA FROM CS #18864
  - RECORD DATA FROM CS #12882
  - RECORD DATA FROM CS #9893
  - RECORD DATA FROM DDT DRAWING NO. 48-26-19
  - RECORD DATA FROM DDT DRAWING 08-30-15
  - DENOTES PROPOSED STREET ALIGNMENT
  - DENOTES PROPOSED STREET VACATION (DMSI)
  - EXISTING EDGE ASPHALT
  - DENOTES ROAD CENTERLINE
  - WATERLINE
  - SANITARY SEWER LINE
  - POWER POLE/POWER POLE WITH GUY WIRE
  - SANITARY SEWER MANHOLE
  - FIRE HYDRANT
  - CATCH BASIN
  - TRAFFIC SIGNAL / ELEC TRANS
  - STORM DRAIN MANHOLE
  - EQUIPMENT USED: WILD T1610 TOTAL STATION.

SURVEY BY:  
 DENISON SURVEYING, INC  
 720 SW ANGLE ST.  
 (541) 265-9308

REGISTERED PROFESSIONAL LAND SURVEYOR

OREGON  
 JULY 26, 1989  
 RUSSELL JOHNSON  
 2400  
 RENEWAL DATE:  
 JUNE 30, 2015



## Agenda Item: Report on the Finance Department Reorganization

### Background:

One of the key task that Interim Finance Director Bob Gazewood and I had initiated early in 2014 was a complete review on the operations of the Finance Department with the goal of looking at opportunities to reorganize effects in order to improve the timeliness and accuracy of work done by the department. With regular changes of departmental leadership and City Manager's on a reoccurring basis the continuity of management for the Finance Department has been in flux. In recent years much of the work responsibility has been centered in one position in the department which made it impossible to complete aspects of departmental work on a timely basis. Often time's one project had to be set aside for a more urgent one, and there was not sufficient time for review of work prior to completing the task. Throughout this process Bob and I meet with all the employees of the department to get their perspective on how operations could be improved. Furthermore we consolidated two part-time position into one full-time position with that position recently being filled. This will bring the department up to full staffing. With our new Finance Director starting his position in July, Bob Gazewood and I felt it would be best to hold off on the reorganization of responsibilities until Mike Murzynsky was on board.

Mike Murzynsky, Bob Gazewood and I spent a day working through all the various tasks that are required to be done by the Finance Department and dividing those task up among the personal working in the Finance Department including the Finance Director. In addition, certain task were being shifted to the city's new HR position. The new allocation of job responsibilities was presented back to the departmental staff with a few minor modifications being made and has since been implemented. I believe this is a reasonable reallocation of responsibilities within the department that will lead to more timely processing, improved accuracy of reporting, and better internal service with departments that rely on the Finance Department for support. We ask that everyone have patience with this reorganization as these job responsibilities have been shifted around and different employees will be at different points on the learning curve with some of their new obligations. As part of the reorganization, the responsibilities for completing the work necessary for audit has been spread to several staff members. Mike Murzynsky is working hard to have a timely annual audit for this year. If this goal is met it will be a good sign that the reorganization efforts is indeed working.

I appreciate everyone's willingness in the department to explore new ways of accomplishing the tasks required of the Finance Department. I also appreciate the active role that Finance Director Mike Murzynsky will be playing in the operation of the department. Mike will give a brief report of some of the specific changes that have been made to the operation of the Finance Department at the September 2, 2014, City Council meeting.

**Recommended Action:**  
**None**

Fiscal Effects:  
None

Alternatives:  
None

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "S. R. Nebel". The signature is written in a cursive, flowing style.

Spencer R. Nebel  
City Manager



Agenda Item # \_\_\_\_\_

Meeting Date September 2, 2014

**CITY COUNCIL AGENDA ITEM SUMMARY**  
City Of Newport, Oregon

Issue/Agenda Title Finance Department Reorganization update

Prepared By: Mike Murzynsky Dept Head Approval: \_\_\_ City Mgr Approval: \_\_\_

**Issue Before the Council:**

Update on Finance Reorganization. The Finance department has been in a state of disorganization the past few years due to loss of key lead personnel. The past year all jobs in Finance have been reviewed by the Interim Finance Director, Bob Gazewood with help from the current City Manager. In July 2014 a new Finance Director was hired who collaborated with the City Manager and Interim Finance Director and they reorganized the department's workflow. The reorganization will be constantly monitored by the new Finance Director and he will take any corrective action necessary to complete the transition.

**Staff Recommendation:**

For your information only.

**Proposed Motion:**

None necessary

**Key Facts and Information Summary:**

**Attachment List:**

Distribution of job duties listings

**Fiscal Notes:**

FINANCE DEPARTMENT REORGANIZATION

**Position: Finance Director**

**Incumbent: Mike Murzynsky**

**Essential Job Duties:**

- Direct Supervision of All Finance Positions
- Budget Monitoring and Oversight – Includes creation of LB, UR form, Public Notices, State Revenue Sharing, Property Tax Projections and Resolutions, Budget Development and Schedules
- Supplemental and Transfer Budgets/Resolutions
- Caselle Administrative (Access), Oversight and Policies
- Audit Lead and Oversight
- Review and Approval of All Types of Accounts' Write-offs
- Overall Review of Reconciliations to General Ledger
- Review and Approve Bank Reconciliations
- Review All Journal Entries
- Review and Sign-off on Payroll and Positive Pay
- P-Card Approval – New Cards
- Approval of Bank Transfers
- Approve Daily Bank deposits
- Approval of ACH AR, Direct Deposits and Other Benefits
- Backup to Bank User Security Setup
- Internal Controls – Includes Cashflow, Accounts Payable and Payroll
- City and NURA Audit Committee
- Treasury Management
- Debt Management – Includes Contacts with Financial Advisor, Underwriter, Bond Counsel and Bond Rating Services Representative(s) and EMMA Filings
- Creation of Monthly Reports:
  1. City Manager
  2. City Council
- Duties Set Forth in Job Description

**Position: Finance Department**

**Incumbent: Mike, Linda, Randi and possibly John will work together on these items**

**Essential Job Duties:**

- Prepare and Perform End of Fiscal Year Adjusting and Closing Journal Entries, Including Accruals for Revenue and Expenditures and Closing Adjustments for Property Taxes
- Prepare the Final Trial Balance for City and NURA Audit Purposes
- Prepare the Final Trial Balance for Individual City Funds and NURA Fund Accounts
- Prepare the Financial Statements for City and NURA Audit/Financial Report
- Prepare the MD&A for City and NURA Audit/Financial Report
- Meet with the Audit Committee:
  1. Prepare Agenda
  2. Determine Finance Attendees
  3. Take Minutes and transcribe minutes
  4. Edit Minutes
- Take Deposit to Bank – (Service Provided by Security Firm)
- Make Weekly “XpressBillPay “ Account Transfers to City Bank Account

FINANCE DEPARTMENT REORGANIZATION

**Position: Assistant Finance Director**

**Incumbent: Linda Brown**

**Essential Job Duties: Under the Direct Supervision of the Finance Director**

- Assist and Train Finance Staff with Reassignment of Present Duties
- Budget Preparation Forms and Data Input
  - Assist and review Supplemental budget
  - Prepare budgets and input after approval
- Budget Document Preparation – Excludes LB and UR Forms
- Caselle Oversight and Maintenance:
  1. Work with other Finance Department Staff regarding questions on Caselle, activity cost centers or reports as needed;
  2. Assist Staff in Finance and other Departments' to access, develop and print reports in Caselle, as needed.
  3. Lead for Caselle Security setup and related website
- Property Taxes - Breakdown and prepare journal entries for distribution of monthly property taxes for City and NURA
- Monthly journal entries for Transfers and Services Provided For
- Review and approve journal entries from other Finance positions reflecting changes in subsidiary and general ledger accounts and other financial records including Fiscal Year end adjusting and closing journal entries
- Data Input of Journal Entries
- Transfer of Funds between Banks/debt payments
- Confirm Individual Finance Deposits
- Prepare Reconciliations:
  1. General, Bail and Payroll Bank Accounts
  2. Local Government Investment Pool Accounts (LGIP)
  3. Journal Entries as Required to Adjust Accounts
- Approve Bank Deposits
- P-Card: Order New Cards
- Back-up to Payroll
- Assist in Cross Training of Employees, i.e., Classification A, B and C job duties, as needed
- Provide coverage for vacations and sick leave
- Monthly Financial Review and Journal Entries to Adjust as Required
- Prepare Timely and Accurate Monthly Financial Reports to Finance Director and Departments
- Assist the Finance Director with Development of Policies; and Development of RFPs
- Assist the Finance Director with Expansion of Revenue Sources, Contraction of Expenditure and Line-Item Codes, and Changes in Funds and Expenditures
- City and NURA Audit Committee
- Audit Support Preparation
- Create Single Audit Report
- Project Accounting – Backup or Possible Lead
- Other Duties as Assigned

CITY OF NEWPORT, OREGON

FINANCE DEPARTMENT REORGANIZATION

**Position: Financial Specialist III – Payroll and Benefits Desk**

**Incumbent: John Dubois**

**Essential Job Duties: Under the Direct Supervision of the Finance Director**

- Perform Payroll Job Functions Pursuant to Job Classification Descriptions of Duties including, but not limited to:
  1. Prepare payroll-related documents, including entering data and maintaining accurate payroll records and modify as necessary. Review timesheets for accuracy and appropriate approvals and clarify discrepancies. Verify payroll input. Produce timely and accurate payroll checks and other related payments and maintain related files. Respond to employee questions and concerns regarding payroll;
  2. Process voluntary and mandatory payroll deductions, calculate and complete forms for payment of insurances, retirement, deferred compensation, union dues, and other employee benefits and submit for payments; Process transmittals;
  3. Make timely Federal and State tax deposits within mandatory deposit requirements. Process direct deposit and transfer to Bank. Make ACH payments and prepare appropriate journal entries as required and needed;
  4. Balance payroll journal and reconcile to General Ledger (GL) and post to GL;
  5. Prepare necessary and required payroll-related reports as scheduled and/or mandated, including, but not limited to, meeting quarterly and annual federal and state reporting requirements. Such reports include, but may not be limited to, Form 941, SUTA, W-2, State Annual Reporting, Workers' Compensation, CIS, PERS and City retirement reporting; Review and understand payroll impacts of City's Personnel Rules and Collective Bargaining Agreements on individual employees.
- Cross Train with Other Functions as Required by FS III Classification;
- Backup to Front Desks
- Prepare/Set-up Debt Service Payments to Accounts Payable
- Do Positive Pays;
- Create Data Input to Journal Entry for ACH
- Retirement Plans:
  1. Maintain, Pay and Post the City Retirement (Defined Contribution & Defined Benefit) on a Quarterly Basis;
  2. Prepare Annual Reports for City Retirement Defined Plans as Identified as Above:
    - a. Balancing and Preparing Annual Reports for Two Actuarial Companies – (1) for the Defined Contribution Plan, and (2) for the Defined Benefit Plan;
    - b. Answer Questions from Actuaries, as needed;
    - c. Complete the Annual Reports, Disburse Benefit Monies to both Present and Past Employees and Sign-off on Reports;
  3. Maintain, Report and Post PERS Retirement on a Monthly Basis and Sign-off on Reports.
- Pay and Post Workers' Compensation Payments on a Quarterly Basis
- Prepare and Complete the Data for the Annual Workers' Compensation Audit;
- As noted above (Payroll Duties), Maintain, Pay and Post Health Benefits on a Monthly Basis.
- Project Accounting – Lead or Possible Backup
- Other Duties as Assigned

Updated: July 28, 2014

FINANCE DEPARTMENT REORGANIZATION

**Position: Financial Specialist II – Customer Services Desk**

**Incumbent: Kay Keady**

**Essential Job Duties: Under the Direct Supervision of the Finance Director**

- Perform Functional Duties Pursuant to Job Classification Description of Duties including, but not limited to:
  1. Cash Collections and Receipting
    - a. Daily Payments from Walk-ins
    - b. Receipting of Payments by Mail
    - c. Receipting of Payments/Checks from City Departments
    - d. Daily Balance Cash Drawer
    - e. Prepare Deposit and Post to General Ledger
  2. Business Licenses
    - a. New Customer Set-ups
    - b. Print Business Licenses – (On-going)
    - c. Annual renewals
  3. Accounts Receivable
    - a. Set-up New Accounts
    - b. Monthly Collection and Monitoring
    - c. Prepare Billing Statements for Current and Past Due Charges
    - d. Posting and balancing to General Ledger
  4. Post and Reconcile Functional Areas to General Ledger
  5. Maintain Appropriate Monthly Reports in Functional Areas
  6. Provide Monthly Reports to Finance Director as Requested
- Provide Direct Training and Assistance to the Utility Clerk
- Serves as Backup to Utility Clerk
- Creating ACH File **AR (as needed)** and Data Input of Journal Entries for Functional Areas;
- Prepare Journal Entries, Post and Balance to General Ledger
- Review and Approve ACH for Payroll
- Approval of Bank Funds' Transfer – (BACKUP)
- Cross Train with Other Functions
- Create Cash Receipts and Create Own Deposit
- Prepare and Post Monthly Journal Entry for the 5% "In Lieu of Franchise Fee" from Water/Wastewater User Fees to Finance Director for Approval.
- Grant Accounting – Lead or Possible Backup
  1. Federal and State Grants
  2. State Loans
  3. Other State Revenue
  4. Fire District Quarterly IGA Payments
- Other Duties as Assigned

CITY OF NEWPORT, OREGON

FINANCE DEPARTMENT REORGANIZATION

**Position: Financial Specialist II – Accounts Payable/Records Maintenance Desk**

**Incumbent: Randi Siller**

**Essential Job Duties: Under the Direct Supervision of the Finance Director**

- Perform Accounts Payable Job Functions including, but not limited to:
  1. Set-up New Vendors
  2. Prepare, Review and Verify, Correct Data (as necessary), and Code Various Documents and Approve for Payment; Ensure Appropriate Approvals and Adequacy of Appropriation; Produce Timely Payments;
  3. Prepare or Cause to Prepare and Process for Timely Quarterly Payments (includes related JE):
    - a. Construction Excise Tax – Lincoln County School District
    - b. Newport Chamber of Commerce
    - c. OCCA – PAC
    - d. Other Contractual Obligations as Determined
  4. Prepare Adjusting Journal Entries, as Needed;
  5. Posting to General Ledger.
- Perform Monthly Room Tax Billings Routines; Monitor and Pursue Collections; and Post to General Ledger
- Perform P-Card Accounting Duties including, but not limited to: Set-up New Employees; Maintain Files; Prepare Spreadsheets; Ensure Appropriate Approvals: Reconcile and Prepare Credit Card Journal Entries; and Post to General Ledger;
- Process Parks PAP including, Entering New Customers and Making Changes; Process Payments; Prepare Reports and Prepare Journal Entries
- Prepare Reconciliations:
  1. Bank Reconciliations of Payroll Account and Small Accounts
  2. XpressBillPay Account – And Ensure Transfer of Funds to City
  3. Accounts Payable to General Ledger
  4. P-Card to Bank and General Ledger
- Create Positive Pays
- Create Cash Receipts, Create Own Deposit and Approve Front Desk deposit
- Maintain Daily Cashflow Report – All Bank Accounts and Check Registers
- Cross Train with Other Functions
- Provide Front Desk Backup – Customer Service and taking Cash Receipts
- Miscellaneous Duties:
  1. Prepare Monthly Accounts Payable and Room Tax Reports
  2. Maintain Bond and Loan Expenditure Files
  3. Prepare Liens and File
  4. Maintain Capital Outlay Expenditure Files for Fixed Assets
  5. Assist Other Departments with General Ledger Reports and Other
  6. Prepare Journal Entries including Correcting and Pre-paid Expenses
  7. Create JE for Rec Center, Pool and Airport CC Transactions
  8. Prepare and Transmit Federal 1099 Forms
- Other duties as Assigned

*CITY OF NEWPORT, OREGON*

*FINANCE DEPARTMENT REORGANIZATION*

**Position: Financial Specialist I – Utility Billing Desk**

**Incumbent: Vacant**

**Essential Job Duties: Under the Direct Supervision of the Finance Director**

- Perform Utility Billing Functions including, but not limited to:
  1. Set-up New Water/Wastewater Customers including Application and Account Deposit
  2. Prepare and Generate Utility Billings: Upload/Download meter readings from Handhelds; review and correct, as needed, billings for accuracy; research and resolve problems on utility accounts; calculate and generate prorated billings; run exception reports and do re-reads; run final bills and mail;
  3. Maintain ACH Payment Files
  4. Prepare and Mail Delinquent Notices
  5. Arrange for Shut-offs
  6. Make Software Changes for Meter Exchanges
  7. Prepare Journal Entries, as needed.
  8. Post data to General Ledger
- Assist in Cash Receipting and Collections:
  1. Daily Payments from Walk-ins
  2. Receipting of Payments by Mail
  3. Receipting of Payments/Checks from City Departments
  4. Daily Balance Cash Drawer
  5. Prepare Deposit and Post to General Ledger
- Responsible for Incoming and Outgoing Mail and Distribution
- Create Cash Receipts and Create Own Deposit
- Create Data Input to Journal Entry for ACH
- Reconcile Utility Billing to General Ledger
- Prepare Journal Entries, as needed
- Cross Train with Other Functions
- Primary Front Desk Backup – Customer Service and taking Cash Receipts
- Grant Accounting – Backup or Possible Lead
  1. Federal and State Grants
  2. State Loans
  3. Other State revenue
  4. Fire District Quarterly IGA Payments
- Other Duties as Assigned

*CITY OF NEWPORT, OREGON*

*FINANCE DEPARTMENT REORGANIZATION*

**General Duties for Assignment – Potentially Jointly Shared**

**By**

**Finance and Human Resources**

- Retirement Trustee Quarterly Meetings
  1. Work with West Coast Trust and Trustees to determine the date of quarterly Trustee meetings.
  2. Prepare information the Trustees request for inclusion in the quarterly meeting.
  3. Take Trustee meeting minutes and transcribe

**Position: Human Resources**

**Incumbent: Vacant**

**Essential Job Duties: Re-Assigned by Finance Department Reorganization**

- Enter New Employees in Caselle Software for Payroll purposes
- Ensure terminated employees are removed from the Payroll
- City and PERS Retirement Plans:
  1. Answer questions from employees regarding their retirement plan
  2. Assisting employees with problems related to their retirement
  3. Work with employees who are planning to retire:
    - a. Gather the necessary information to send to the Actuary;
    - b. Work with the Actuary to receive the final retirement calculation;
    - c. Explain to the retiring employee the retirement options, provide him/her with the necessary paperwork to complete for retirement;
    - d. Complete final document and receive Trustee signature to allow retiree to receive benefits.
- Workers Compensation:
  1. Prepare and post the Workers Compensation Renewal information;
  2. Prepare the Annual Workers Compensation Resolution for Adoption by the City Council
- Health Benefits:
  1. Adding and deleting employees, as needed, for Health Insurance;
  2. Answering questions from employees regarding Health Benefits;
  3. Assisting employees with problems related to Health Benefits.
- Help employees/spouses with Life Insurance claims
- Other Benefit Duties:
  1. Prepare Annual Benefit Report for individual employee.
  2. Prepare Annual Benefit Report for All Employees – Report to City Manager
  3. Prepare Other Benefit Reports and Requests, as needed.

*CITY OF NEWPORT, OREGON*

*FINANCE DEPARTMENT REORGANIZATION*

**General Functional Issues Requiring Approval**

**of the**

**City Manager**

- Approval of Bank Fund Transfers
- P-Cards: Approval/Authorization for New Cards/New Employees





# CITY MANAGER'S REPORT AND RECOMMENDATIONS

Agenda Item #: VIII.D.  
Meeting Date: September 2, 2014

## Agenda Item:

### **Report on the Process to Review and Amend Title X of the Municipal Code Relating to Electronic Message Signs in Publicly Zoned Properties**

#### Background:

At the August 18, 2014, City Council meeting, the Council heard a request from the Oregon Coast Council for the Arts to upgrade the signage for the Performing Arts Center utilizing electronic signs instead of the current 4X8 sheets of plywood with vinyl or hand painted images on those signs. Since the Performing Arts Center is a city facility, it would be necessary for the City Council to approve the concept of electronic signs which ultimately would become city property. The City Council would then need to initiate amendments to the Newport Municipal Code that would allow electronic signs on publicly zoned properties and specifically address any restrictions that may exist in the Nye Beach area that is included in the code. Based on the City Council's support of the concept of an upgrade of the signs at the Performing Arts Center that would include electronic signage, the Council requested a report on how to proceed with any zoning changes that would be necessary to order to permit this type of use. Attached is a report from Community Development Director Derrick Tokos, outlining the history of electronic sign regulation along with the process that would be necessary to initiate changes to land use regulations. If the City Council wishes to proceed with this matter then it would be appropriate to initiate by motion a referral to the Planning Commission. Public hearings would then be held before the Planning Commission and the Council and if modification are approved then the Performing Arts Center could proceed in submitting a proposal to the City of Newport for upgrading the signage consistent with any modification to the existing sign code.

There was also discussion regarding the electronic sign located at the High School. Derrick Tokos has done some research which is included in his report on this sign. The school sign is a legal and non-conforming use as it relates to city's zoning code.

At the August 18 meeting, the City Council discussed the possibility of utilizing any potential changes to electronic signs as a way to reduce other sign clutter that occurs within the City of Newport through the use of various forms of temporary signage in the community. It would be appropriate for the City Council to request that the Planning Commission consider these issues as part of this overall discussion on sign regulations.

#### Recommended Action:

**I recommend the City Council approve the following motion:**

**I move that the Council initiate amendments to Title X of the Newport Municipal Code that will allow electronic messaging signs on publicly zoned properties and to refer the matter to the Planning Commission so they may develop appropriate standards regarding the time, place, and manner in which such signs can be installed with the further provision that the Council encourage the Planning Commission to consider any appropriate steps that could be done in order to reduce overall sign clutter in exchange for expanding message opportunities that electronic message signs can offer.**

Fiscal Effects:

None directly by referring this to the Planning Commission but there will be indirect cost for staff time to provide the information for the Planning Commission to address this matter.

Alternatives:

Do not proceed with any changes to Title X of the Newport Municipal Code of as suggested by the City Council.

Respectfully Submitted,

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

Spencer R. Nebel  
City Manager



Agenda Item #  
Meeting Date

September 2, 2014

## CITY COUNCIL AGENDA ITEM SUMMARY

City of Newport, Oregon

Issue/Agenda Title Initiation of Amendments to Title X of the Municipal Code Related to Electronic Message Signs

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

**ISSUE BEFORE THE COUNCIL:** Consideration of whether or not it is in the public interest for the City Council to initiate amendments to Newport Municipal Code (NMC) Title X to allow electronic message signs on publicly zoned properties within the City. This is in response to a request by the Oregon Coast Council for the Arts, who is interested in installing electronic message signs at the Performing Arts Center.

**STAFF RECOMMENDATION:** If the Council believes that it is appropriate to allow electronic message signs on publicly zoned property, then it will need to amend its Municipal Code to add appropriate language. NMC Title X regulates the time, place, and manner in which signs are permissible within the city limits. These types of design standards are land use regulations. NMC Chapter 14.36 outlines a process for initiating changes to land use regulations. They may be initiated by motion of the Council with subsequent referral to the Planning Commission. Public hearings must then be held before the Planning Commission and Council. If the Council proceeds in this manner, then staff recommends it instruct the Commission to explore how sign clutter can be reduced in conjunction with these changes.

**PROPOSED MOTION:** I move that the Council initiate amendments to Title X of the Newport Municipal Code that will allow electronic message signs on publicly zoned properties, and to refer the matter to the Planning Commission so that it may develop appropriate standards regulating the time, place, and manner in which such signs can be installed. In doing so, the Council encourages the Commission to consider steps that can be taken to reduce sign clutter in concert with the expanded messaging opportunities that electronic message signs can offer.

**KEY FACTS AND INFORMATION SUMMARY:** The Oregon Coast Council for the Arts (OCCA) is interested in installing electronic message signs at the Performing Arts Center. The signs would replace existing display panels at the corner of Olive and Coast Street that house painted signs, which are swapped out manually. The Performing Arts Center property is under a P-1/“Public Structures” zoning designation. Title X of the Newport Municipal Code, which contains the City’s sign regulations, does not allow electronic message signs on public zoned property.

The City amended its sign code in 2012, at the request of ThomasFox Properties, LLC, to allow electronic message signs in certain commercial and industrial zones (Ordinance No. 2037). This allowed an electronic message sign to be installed at the new Walgreens store at the intersection of US 101 and US 20. Electronic message signs have since been installed at other commercial locations along US 101. Ordinance No. 2037 does not allow such signs within marine zones (e.g. the bay front) or inside the Nye Beach Design Review District. This limitation was imposed by the City Council following public testimony in opposition to such signage. The Performing Arts Center is within the Nye Beach Design Review District.

On August 18, 2014 the City Council considered OCCA’s request that staff provide a report with recommendations outlining the steps it must follow to allow electronic message signs at the Performing Arts Center. This will require that Title X of the Newport Municipal Code be amended. Because Title X (i.e. the sign code) contains land use regulations, public hearings will be required before the Planning Commission and Council. Resulting changes to the code would be adopted by ordinance.

At the August 18<sup>th</sup> meeting, the Council asked if staff could provide background information on the electronic message sign at the high school, and why that sign is permitted to operate on public zoned property with flashing messages. The short answer is that the City sign code contained an exemption provision that the district qualified under. The City has no record of the sign's installation. Even though the sign was exempt from the City sign code, an electrical permit was required, and our Building Official should have been contacted to perform a footing inspection.

Rich Belloni, with the Lincoln County School District, has indicated that the sign was installed in 2006. An engineering report was prepared for the footings and J&J Electric was hired to do the wiring. The school district is prepared to obtain electrical and/or building permits "after-the-fact." It appears that the school district took prudent steps to ensure that the sign was installed appropriately; however, there may have been some confusion as to the permits required given that it wasn't subject to the City sign code at the time.

The exemption that the school district sign qualified under read as follows: "*signs, signals or notices erected or maintained for governmental purposes by or on behalf of a federal, state, or local governmental body, or agency thereof.*" This exemption was modified in 2007, after the sign at the high school was installed, to limit its scope. The new (current) language reads "*Signs erected or maintained by or on behalf of a federal state, or local government body. This exemption shall not apply to signs that are otherwise prohibited under Section 10.10.045 except when the sign is placed in a public right-of-way by the entity responsible for managing the public right-of-way as allowed under Section 10.10.040(C)(1).*" The cross-reference to 10.10.045 picks up a list of sign characteristics that the City has prohibited since it adopted a sign code back in 1971. The list has been updated from time-to-time over the years, and addresses such issues as moving parts, animations, flashing lights, or fluctuations in lighting of any manner. Use of lighting in signs is also required to be screened or shielded. In sum, these prohibitions prevent electronic message signs, except where they were recently authorized within certain commercial and industrial zones. The narrow allowance under 10.10.040(C)(1) is for signs placed by a governmental entity with responsibility for a public right-of-way, presumably for traffic control purposes.

Interestingly, the City included an exemption for federal, state, and local governments in its original sign ordinance. It later tightened the language up in 1989 in response to billboards being constructed on land that was being leased from the state. That is when the "for governmental purposes" clause was added. This did not prevent the school district sign, which led to the 2007 amendment being adopted.

The school district sign is non-conforming, meaning that it can be maintained to ensure that it is in a good and safe condition; however, if at any time the repair costs exceed 50% of the replacement value then the sign will have to be removed. If the City amends the sign code to allow electronic message signs in public zones, then the school district could have other options available to it once the sign needs to be replaced.

**OTHER ALTERNATIVES CONSIDERED:** Not amending the Municipal Code. Electronic message signs would continue to be prohibited in public zones.

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

**ATTACHMENT LIST:**

- Ordinance 2037, adopted June 4, 2012

**FISCAL NOTES:** The public hearings before the Planning Commission and City Council must be noticed. There are associated costs; however, such costs are anticipated and included as part of the Community Development Department budget.

**CITY OF NEWPORT**

**ORDINANCE NO. 2037**

**AN ORDINANCE AMENDING CHAPTER 10.10 OF THE NEWPORT  
MUNICIPAL CODE (ORDINANCE NO. 1943, AS AMENDED)  
RELATING TO ELECTRONIC MESSAGE SIGNS**

**Findings:**

1. Chapter 10.10 of the City of Newport Municipal Code (Ordinance No. 1943, as amended) contains standards regulating the time, place and manner in which signs may be constructed in order to protect and promote the health, safety, and welfare of the public and to improve the aesthetic appearance of the City.
2. After the adoption of Newport Municipal Code ("NMC") Chapter 10.10, technology has advanced to allow types of signage, including electronic message signs, which were not contemplated at the time the City originally established its signage regulations.
3. Although NMC Chapter 10.10 is not technically part of the Newport Zoning Ordinance ("NZO"), the City Council finds that the signage regulations contained in this chapter are effectively "land use regulations" for purposes of ORS 197.015(11) because they implement the City's acknowledged comprehensive plan and are closely tied to the use and development of property. Accordingly, the Council finds that it is both consistent with state law and in the public interest to process the Amendment as a proposed text amendment to the NZO, which will provide additional notice, review, and opportunity for public comment than the City's standard ordinance adoption procedures.
4. Pursuant to NZO 2-6-1.010.D, the City reviews proposed NZO text amendments under the City's Type IV review process. This process requires a public hearing and recommendation by the City Planning Commission followed by the Council conducting a public hearing and making a legislative decision on the request.
5. Pursuant to NZO 2-5-5.010, a property owner or authorized representative may initiate a text amendment by petitioning the City. The Council finds that ThomasFox Properties, LLC ("Applicant"), an owner of property in the City, has filed the application form and paid the applicable fee to initiate this request. Therefore, the Council finds that the Amendment has been properly initiated.
6. On or about January 10, 2012, the City provided notice on the applicable form to the Oregon Department of Land Conservation and Development ("DLCD"), more than 45 days prior to the initial legislative public hearing for the Amendment before the Planning Commission. This mailing satisfied the City's pre-hearing obligations for notice to DLCD.
7. On February 17, 2012 and April 27, 2012, the City published notice of the Planning Commission and City Council hearings relating to the Amendment. The published notice ran in

the in the Newport News-Times and listed the dates, times, and places of the Planning Commission and Council hearings, which was March 26, 2012 and May 7, 2012, respectively. These notices satisfied the City's pre-hearing obligations for notice to the public.

8. On January 9, 2012 and February 13, 2012, the Planning Commission held work sessions on the Amendment. They reviewed sample codes from other jurisdictions that have adopted standards for electronic message signs and viewed illustrations and video of electronic message signs that have been installed pursuant to those codes. Following those discussions, the Commission chose to consider language that expands the proposed Amendment to allow electronic message signs in all commercial and industrial zones with limitations. Specifically, the Commission proposed a trade-off that reduces freestanding sign heights to 20 feet and limits properties to one freestanding sign where an electronic message sign is proposed. The applicant's proposal that the display area for electronic message signs be limited to 35% of the allowable sign area per sign face, that information be displayed for at least five (5) minutes before a change is made, and that when a change occurs the entire display must turnover within 2 seconds were accepted, as were other, more minor elements of the proposal. The Commission also recommended changes to allow the Council to set fees for signs by resolution.

9. On March 26, 2012, the Planning Commission conducted a public hearing to discuss the Amendment. The entire Community Development Department file on the application was physically before the Planning Commission. The Planning Commission did not reject any part of the Community Development Department file. Derrick I. Tokos, AICP, then presented the City Community Development Department staff report ("Staff Report"), which included a description of the proposed amendment and relevant approval standards. No testimony was provided in favor or in opposition to the Amendment. At the conclusion of the hearing, the Planning Commission closed the public hearing and discussed the Amendment. A motion was then made, and seconded, to recommend that the Council approve the legislative change and adopt the Amendment based upon substantial evidence in the record as a whole. The Planning Commission voted to approve the motion.

10. On May 7, 2012, the Council opened a public hearing on the Amendment. The entire Community Development Department file on the application was physically before the Council. The Council did not reject any part of the Community Development Department file. Mr. Tokos then presented the Staff Report. Following the presentation, the Council accepted public testimony. Testimony was received from Frank Geltner in favor of the Amendment. Testimony was provided by Carla Perry, Joyce Gaffin, and Janet Webster in opposition to the Amendment. Written comments in opposition were received from Ms. Perry and Fran Recht. Brett Fox, testified on behalf of ThomasFox Properties in favor of the Amendment. At the conclusion of public testimony, the Council closed the public hearing and discussed the Amendment. Based upon the Planning Commission recommendation, the evidence before the Council (which included the evidence before the Planning Commission), and oral and written testimony presented to the Council, a motion was made, and seconded, to direct staff to prepare an ordinance and findings of fact in support of the Amendment for Council consideration at its May 21, 2012 meeting. The Council desired that the ordinance clarify that electronic message signs will not be permitted within marine zoning districts and the Historic Nye Beach Commercial District. They also expressed an interest in language requiring electronic message signs be turned off when businesses are closed. The Council voted to approve the motion.

11. On May 21, 2012, the Council considered the ordinance and findings of fact in support of the Amendment. After deliberation, a motion was made and seconded to adopt the ordinance and findings of fact. The council voted to approve the motion.

**THE CITY OF NEWPORT ORDAINS AS FOLLOWS:**

**Section 1.** The above findings and those outlined in Exhibit "A," are hereby adopted as support for the Amendments, below.

**Section 2.** Chapter 10.10 of Ordinance No. 1943 (as amended), Signs, is repealed in its entirety and replaced with a new Chapter 10.10, as shown in Exhibit "B."

**Section 7.** This ordinance shall take effect 30 days after its adoption.

Date adopted and read by title only: May 21, 2012

Signed by the Mayor on June 4, 2012.

Mark McConnell  
Mark McConnell, Mayor

ATTEST:  
Margaret M. Hawker  
Margaret M. Hawker, City Recorder



**FINDINGS OF FACT**

Case File No. 1-Z-12

Legislative changes are reviewed to determine whether they are required by the public necessity and the general welfare, the policies of the Newport Comprehensive Plan (the "Plan"), the Statewide Planning Goals (the "Goals"), and any other applicable policies and standards adopted by the Council. For the reasons set forth below, the Council finds the applicable approval criteria met and adopts the Amendment.

A. The Public Necessity and General Welfare.

The Council finds that the public necessity and general welfare requires adoption of the Amendment for four reasons. First the Amendment will update the City's regulations to ensure that they do not unnecessarily prohibit a type of signs that was not technologically refined at the time the City adopted NMC Chapter 10.10. Currently, NMC Chapter 10.10 expressly permits certain types of signs and prohibits all others. As a result, any type of sign that was either not feasible or not contemplated from a technological standpoint at the time NMC Chapter 10.10 was adopted is currently prohibited. Electronic message signs, as defined in the Amendment, were not technologically refined at the time the City adopted NMC Chapter 10.10. As such, Chapter 10.10 prohibits electronic message signs. The Council finds that this prohibition to be antiquated.

Second, the Amendment may facilitate private economic development in the City by providing business owners an avenue for conveying information about products or services in a cost effective manner. Unlike conventional signs, electronic message signs do not require manual labor and expensive equipment to adjust content. Further, these signs do not utilize lettering that can be blown off or damaged by winds inherent to a coastal environment. The Applicant has advised that there is at least one potential end user of a property in the City's C-3 zoning district that has a strong desire to use this type of signage in conjunction with their new development.

Third, the Amendment will further the purpose and intent of the City's sign regulations. Among other things, the City's sign regulations are designed to improve the aesthetic appearance of the City, to prevent distraction of motorists, and to allow for the erection and maintenance of signs. NMC 10.10.010. The Amendment satisfies each of these purposes. It allows for the reasonable placement of electronic message signs, but it limits them to commercial and industrial zoning districts. Further, it places significant limits on the types of electronic message signs that are permitted. As set forth in the Amendment, the City's definition prohibits electronic message signs that contain or display animated, moving video, flashing, or scrolling messages. Further, these signs must remain static for five minutes and then accomplish a change within two seconds' time. In addition, they are limited to thirty-five percent (35%) of the total allowable sign area per sign face, must be turned off at the close of business, and are restricted to properties with only one freestanding sign that is no greater than 20 feet in height. These restrictions will ensure that the signs are installed and operated in a manner that is not distracting or dangerous but still

allows for reasonable communication of ideas or messages. Finally, updating the City's regulations may also improve aesthetics by facilitating the removal of nonconforming signage by property owners who have been awaiting the opportunity to implement the electronic message sign technology, and mitigating light pollution, once a business utilizing an electronic message sign is closed for the day.

Fourth, the Amendment is consistent with the requirements of the City's commercial and industrial zoning districts. These districts allow a range of uses, including office, retail sales and service, major event entertainment, light and heavy manufacturing, and most types of educational institutions. These districts are separated from residential areas and are concentrated along major thoroughfares. As a result, allowing electronic message signs as proposed by the Amendment will be both appropriately limited and compatible with the like type nature of surrounding development.

For these reasons, the City finds that the Amendment satisfies this criterion.

**B. Consistency with Plan Goals and Policies.**

This section addresses consistency with applicable goals and policies of the Plan. For the reasons set forth below, the City finds that the proposed Amendment satisfies these approval criteria.

**a. Citizen Involvement (Goal 1 of the "Administration" section)**

Goal 1 of the "Administration" section of the Plan (p. 285 et seq.) requires the City to involve citizens in the development and implementation of the City's Plan and its implementing ordinances. Policy 1 of this Goal further requires the City to develop methods of community outreach that encourage participation in the planning process. Policy 2 of this Goal further requires the City to encourage the participation of citizens in the legislative rather than quasi-judicial stage of plan development and implementation. The City has an acknowledged citizen involvement program and an acknowledged process for securing citizen input on all proposed text amendments. The process by which this particular Amendment was adopted is consistent with the procedures provided in the Plan and in the NZO. The City held duly noticed public hearings before the Planning Commission, on March 26, 2012, and the Council on May 7, 2012, in compliance with all applicable City procedures under NZO 2-6.

Therefore, the Council finds its review and implementation of the Amendment consistent with the identified goal and policies.

**b. Economic Development (Goal 2 of the "Economic" section)**

Goal 2 of the "Economic" section of the Plan (p. 115 et seq.) requires the City to promote the expansion of current businesses and to seek diversification through the relocation of new businesses to the community. Policy 1 of this Goal requires the City to work with local business

efforts seeking expansion or relocation to the Newport area. Adoption of the Amendment is consistent with this goal and policy because the Amendment may facilitate private economic development in the City, as noted earlier in these findings. The Council finds the Amendment consistent with the identified goal and policy.

Considering the above, the Council finds the Amendment consistent with the applicable goals and policies of the Plan.

C. Consistency with Statewide Planning Goals.

This section addresses consistency with the applicable Goals. As described below, the Council finds the Amendment consistent with the Goals.

a. Goal 1 - Citizen Involvement

Goal 1 requires every city and county to develop and implement a citizen involvement program. As the State Land Use Board of Appeals ("LUBA") has recognized, Goal 1 does not provide due process protections, nor does it dictate the conduct of local government hearings. Rather, the Oregon Revised Statutes govern the manner in which local authorities conduct hearings and the procedural requirements for such hearings. See ORS Chapter 227. When notice of a hearing is provided and public testimony considered, LUBA will find no Goal 1 violation.

The City has an acknowledged citizen involvement program and an acknowledged process for securing citizen input on all proposed plan amendments. These local processes thus comply with state mandates, and the Amendment was processed in a manner consistent with the Plan and the NZO. The Planning Commission and Council held duly noticed public hearings in compliance with local law and with the statutory procedures required under ORS Chapter 197. Therefore, the Council finds its review of the Amendment consistent with Goal 1.

b. Goal 2- Land Use Planning

Goal 2 requires consistency between local comprehensive plans and the Goals, that local comprehensive plans maintain internal consistency, and that the implementation of ordinances remain consistent with acknowledged comprehensive plans. Goal 2 also requires that planning authorities make land use decisions with adequate factual bases and coordinate with affected jurisdictions.

The Plan and the NZO, as well as the Goals and applicable statutes, provide policies and criteria for the evaluation of the Amendment. Compliance with these measures ensures an adequate factual basis for approval of the Amendment. As discussed elsewhere in these findings, the Amendment is consistent with applicable policies and standards. By demonstrating such compliance, the Amendment satisfies the consistency element of Goal 2.

The City is required under ORS 197.610 to forward a notice of the Amendment to DLCD at least 45 days before the first evidentiary hearing on adoption. The City provided the requisite notice to DLCD on January 10, 2012. No state agency comments were received. The Council finds its review of the Amendment consistent with Goal 2.

c. Goal 3 - Agricultural Lands

The Amendment does not affect any farm lands, and thus the Council finds Goal 3 inapplicable.

d. Goal 4- Forest Lands

The Amendment does not affect any forest lands, and thus the Council finds Goal 4 inapplicable.

e. Goal 5- Open Space, Scenic and Historic Areas, Natural Resources

The Amendment does not affect any open space, scenic and historic areas, or natural resources. Thus, the Council finds Goal 5 inapplicable.

f. Goal 6- Air, Water, and Land Resources Quality

Goal 6 seeks to maintain and improve the quality of the air, water, and land resources in the state. Because the proposal does not authorize any specific development at this time, there can be no direct impact to air, water, or land resources. Therefore, The Council finds the Amendment consistent with Goal 6.

g. Goal 7- Areas Subject to Natural Hazards

Goal 7 requires that planning authorities not locate development that could result in damage or loss of life in known areas of natural hazards and disasters without appropriate safeguards. Because the Amendment does not authorize any specific development at this time, it allows no development planned or located in known areas of natural hazards and disasters. The Council finds the Amendment consistent with Goal 7 in this instance.

h. Goal 8- Recreational Needs

The Amendment does not involve any designated recreational or open-space lands. Thus it does not affect access to any significant recreational uses in the area. The Council finds Goal 8 inapplicable in this instance.

i. Goal 9- Economic Development

Goal 9 requires that local authorities base their comprehensive plans and policies on an inventory of areas suitable for increased economic growth and activity, including for specified

land uses. Although the Amendment does not authorize any specific development activity, it provides a new medium for properties in commercial and industrial districts to communicate information. For the reasons explained above, this opportunity may facilitate economic development in the City consistent with Goal 9. The Council finds Goal 9 is satisfied in this instance.

j. Goal 10 - Housing

Goal 10 requires local governments to help provide for an adequate number of needed housing units and to encourage the efficient use of developable land within urban growth boundaries. The Amendment does not affect the provision or type of housing units in the City. Thus, the Council finds that Goal 10 is not applicable to the Amendment.

k. Goal 11 -Public Facilities and Services

Goal 11 creates guidelines for the timely, orderly, and efficient provision of public facilities and services, such as sewer, water, solid waste, and storm drainage. The Amendment does not specifically propose any new development that would utilize public facilities or services. Therefore, the Council finds Goal 11 inapplicable in this instance.

l. Goal 12- Transportation

Goal 12 requires that local governments provide and encourage a safe, convenient, and economic transportation system. Because the proposal does not authorize any specific development at this time, there can be no direct impact to transportation. Therefore, the Council finds the Amendment consistent with Goal 12. The City further finds that OAR 660-012-0060, the Transportation Planning Rule ("TPR") implements Goal 12. The Council addresses the TPR below.

m. Goal 13 - Energy Conservation

The Amendment does not impact any known or inventoried energy sites or resources. The Council finds Goal 13 inapplicable in this instance.

n. Goal 14- Urbanization

The Amendment does not involve a change in the location of the Urban Growth Boundary or a conversion of rural land to urban land. The Council finds Goal 14 inapplicable in this instance.

o. Goals 15- Willamette River Greenway

Goals 15 applies to the Willamette River Greenway and is; therefore, inapplicable.

p. Goals 16 – 19 – Estuarine Resources, Coastal Shorelands, Beaches and Dunes, and Ocean Resources.

These goals apply to inventoried and mapped coastal resources. Commercial and industrial zoned lands within the City are not located within estuary, beaches and dunes, or ocean resource areas. Some commercial and industrial lands are located within coastal shorelands, namely hotels and restaurants along Elizabeth Street and industrial sites west of Highway 101 in South Beach. The City's acknowledged shorelands overlay zone regulates new development in these areas, including installation of signs because they require a building permit. The shoreland overlay contains standards designed to ensure that new development does not adversely impact inventoried significant habitat, parks and outstanding natural areas, or public access points. The provisions of this overlay are adequate to ensure that any electronic message signs promulgated as a result of this Amendment will not adversely impact these resources. Given the above, the Council finds Goal 16-19 to be satisfied.

#### D. Oregon Administrative Rules

##### a. OAR 660-012-0060 (Transportation Planning Rule)

The TPR mandates that local governments impose mitigation measures when a land use regulation would "significantly affect an existing or planned transportation facility." OAR 660-012-0060(1). The Amendment is a land use regulation. A land use regulation that does not permit development that adds more traffic to the transportation system than could be permitted under zoning existing before the ordinance cannot "significantly affect" the transportation facility under the TPR. In the instant case, no specific development is proposed. Development of additional density and intensity is not allowed. Therefore, the Amendment will not add more traffic to the transportation system, and the Amendment will not have a significant effect on any transportation facilities.

#### Conclusion

The Council finds the Amendment consistent with applicable local and state laws. Further, the Amendment is warranted for several reasons. It is required by the public necessity and general welfare because it updates the NMC to permit a type of sign that was not contemplated at the time NMC Chapter 10.10 was adopted. Further, it may facilitate economic development in the City. Finally, it furthers the intent of the City's sign regulations and is consistent with the requirements of the City's commercial and industrial zoning districts. Thus, the City adopts the Amendment.

## **CHAPTER 10.10 SIGNS**

### **10.10.005 Short Title**

This chapter may be referred to as the Newport Sign Code.

### **10.10.010 Purpose**

The purposes of the Newport Sign Code are:

- A. To protect and promote the health, safety, property, and welfare of the public, including but not limited to promotion and improvement of traffic and pedestrian safety.
- B. To improve the neat, clean, and orderly appearance of the city for aesthetic purposes.
- C. To allow the erection and maintenance of signs consistent with the restrictions of the Newport Sign Code.
- D. To prevent distraction of motorists, bicyclists and pedestrians.
- E. To allow clear visibility of traffic signs and signal devices, pedestrians, driveways, intersections, and other necessary clear vision areas.
- F. To provide for safety to the general public and especially for firemen who must have clear and unobstructed access near and on roof areas of buildings.
- G. To preserve and protect the unique scenic beauty and the recreational and tourist character of Newport.
- H. To regulate the construction, erection, maintenance, electrification, illumination, type, size, number, and location of signs.

### **10.10.015 Scope**

All signs shall comply with this chapter. Provided however, that any signs in the Agate Beach area annexed in 1998 shall comply also comply with Chapter 10.15, and in the event of an inconsistency between the two chapters, Chapter 10.15 shall prevail as to any property within the Agate Beach area.



#### **10.10.020 Prohibited Signs**

No sign may be erected, maintained, or displayed except as expressly authorized by this chapter.

#### **10.10.025 Conflicting Provisions**

If any provisions of this chapter conflict with any law or regulation requiring a sign or notice, the law or regulation requiring the sign or notice shall prevail.

#### **10.10.030 Definitions**

The definitions in this section apply in this chapter.

- A. **Adjacent** means immediately next to and on the same side of the street.
- B. **Awning** includes any structure made of cloth, metal, or similar material with a frame attached to a building that may project outwards but can be adjusted to be flat against the building when not in use.
- C. **Building** shall include all structures other than sign structures.
- D. **Bulletin Boards.** A bulletin board is a surface for posting posters, cards, or notices, usually of paper, and not illuminated or electrical.
- E. **Business** means the premises where a duly licensed business is conducted. Multiple businesses conducted within the same premises shall be subject to the same limits as would a single business on the same premises.
- F. **Canopy** includes any structure made of cloth, metal, or similar material projecting out from a building that is fixed and not retractable.
- G. **Clearance** is the distance between the highest point of the street, sidewalk, or other grade below the sign to the lowest point of the sign. (See Exhibit A.)
- H. **Display Area** means the area of a regular geometric figure that encloses all parts of the display surface of the sign. Structural supports that do not include a display or

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message are not part of the display area.

- I. **Erect** means to build, attach, hang, place, suspend, paint, affix, or otherwise bring into being.
- J. **Externally Illuminated Sign** is a sign illuminated by an exterior light source that is primarily designed to illuminate the sign.
- K. **Face** means any part of a sign arranged as a display surface substantially in a single plane.
- L. **Grade** means the surface of the ground at the point of measurement. Height shall be measured from the lowest point of the grade immediately below the sign or any sidewalk or street within 5 feet of the sign and the top of the sign.
- M. **Internally Illuminated Sign** shall mean a sign illuminated by an interior light source, which is primarily designed to illuminate only the sign.
- N. **Multiple Business Property** means a property used for business or commercial purposes under a single ownership or control and containing less than 40,000 square feet of land area and on which three or more separate businesses or commercial enterprises are located.
- O. **Painted** includes the application of colors directly on a wall surface by any means.
- P. **Person** means individuals, corporations, firms, partnerships, associations, and joint stock companies.
- Q. **Premise** means a lot, parcel, or tract of land.
- R. **Reader Board** is a sign designed so that the sign face may be physically or mechanically changed, but does not include electronic message signs.
- S. **Shopping Center** means any property used for business or commercial purposes under a single ownership or control having at least 40,000 square feet of land area and on which are located business or commercial improvements containing at least 20,000 square feet of floor space.

- T. **Sign** means any medium, including structure and component parts, which is used or intended to be used to display a message or to attract attention to a message or to the property upon which such sign is located.
1. **Electronic Message Sign** means a permanent sign consisting of text, symbolic imagery, or both, that uses an electronic display created through the use of a pattern of lights in a pixilated configuration allowing the sign face to intermittently change the image without having to physically or mechanically replace the sign face, including an LED (Light Emitting Diode) sign, as distinguished from a static image sign.
  2. **Freestanding Sign** means any sign permanently attached to the ground that is not affixed to any structure other than the sign structure.
    - a. **Pole Sign** means a freestanding sign that is mounted on a pole or other support that is not as wide as the sign.
    - b. **Monument Sign** means a freestanding sign in which the sign structure is at least as wide as the sign.
  3. **Mural Sign** means a sign that is painted directly on the wall of a building or retaining wall, without any sign structure or additional surface.
  4. **Portable Sign** means a sign that is not attached to the ground or any structure and is movable from place to place. "Portable sign" does not include any sign carried or held by an individual.
  5. **Projecting Sign** means a sign attached to the wall or roof of a building with a sign face that is not parallel to the wall or roof.
  6. **Roof Sign** means a sign attached to a roof of a building, or a sign attached to a wall of a building but extending above the top edge of the wall where the sign is located.
  7. **Temporary Sign** means any sign, regardless of construction materials, that is not permanently

mounted and is intended to be displayed on an irregular basis for a limited period of time

8. **Wall Sign** means any sign attached to a wall of a building that does not extend above the wall of the building and is parallel to and within one foot of the wall.

9. **Window Sign** shall mean any sign placed inside or upon a window facing the outside and which is visible from the exterior.

U. **Sign Business** means the business of constructing, erecting, operating, maintaining, leasing, or selling signs.

V. **Sign Structure** means the supports, upright braces, and framework of the sign.

#### 10.10.035 Application, Permits, and Compliance

A. Except as exempted by this chapter, no person shall erect, replace, reconstruct, move, or remove any permanent sign without a sign permit, or place a temporary or portable sign without a sign permit. All signs shall comply with this chapter and any other applicable law. Any sign permit may be withdrawn for violation of this chapter or any other applicable law.

B. Written applications on city forms are required. The applicant shall provide the following information:

1. Name, address, and telephone number of the applicant.

2. Proposed sign location, identifying the property and any building to which the sign will be attached.

3. A sketch, plan, or design showing the method of attachment, structure, design, and such other information necessary to allow a determination of compliance. Nothing in this section requires the applicant to provide any information regarding the content of any message displayed on the sign.

4. Grade, height, dimensions, construction materials, and specifications.

5. Underwriter Laboratories certification in the case of an electrical sign.
  6. Name and address of the person, firm, corporation, or other business association erecting the structure.
- C. The city shall issue a sign permit based on a determination that the proposed sign complies with this chapter and other applicable law. Construction of the sign must be completed within 90 days after issuance of the sign permit. An extension of the 90-day period may be granted. If a sign was partially constructed and not completed within the 90-day period or any extension, the partially completed work shall be removed. Permits shall specify the location, size, and type of sign, and any conditions applicable to the sign. Permits for temporary signs and portable signs in rights of way shall specify the duration of the permit and/or the times when the signs may be in place.
- D. When electrical permits are required, they shall be obtained and the installation approved prior to making connection to the electrical power source.
- E. Permit fees shall be established by resolution of the City council, and paid with submission of the sign permit application, as follows:
1. For the erection, placement, replacement, reconstruction, or relocation of a sign. Such fee shall be supplemented by a surcharge for a mural sign that exceeds the maximum permissible size for a wall sign in the same location. Non-profit organizations are exempt from the requirement to pay the supplemental fee for a mural sign.
  2. For the repair, demolition, or removal of an existing sign and/or its supporting structure.
  3. For temporary signs placed in the right of way. Non-profit organizations are exempt from the requirement to pay this fee.
  4. For portable signs placed in the right of way. Such fee shall include a monthly charge for use of the public right-of-way. Non-profit organizations are exempt from the requirement to pay either fee required by this

section.

**10.10.040 Signs in Public Rights-of-Way**

- A. Except as provided in this section, permanent signs wholly located within rights-of-way are prohibited. A sign permit does not allow a sign to project into any part of any public right-of-way unless expressly stated in the permit. Each applicant shall determine the location of the public right-of-way and whether any proposed permanent sign will project into any public right-of-way. Any sign permit that allows a sign projecting into any public right-of-way shall be revocable at any time by the city with or without cause.
- B. Permits are required for temporary or portable signs within rights-of-way and may be issued only if authorized in this section.
  - 1. Permits for temporary and/or portable signs in rights-of-way may be granted if the sign is to be in place for no more than five consecutive days and no more than 10 total days in a calendar year.
  - 2. Permits for portable signs within rights-of-way for more than five consecutive days and more than 10 total calendar days in a year may be granted if the portable sign is placed adjacent to a business location operated by the permittee, the sign is removed at all times when the business is not open, and the sign is within the following areas:
    - a. On SW Coast Highway between SW Angle Street and SW Fall Street.
    - b. On SW Bay Boulevard between SW Naterlin Drive and SW Bay Boulevard. On Bay Boulevard between SW Bay Street and SE Moore Drive.
    - c. On Hurbert Street between SW 7<sup>th</sup> Street and SW 9<sup>th</sup> Street.
    - d. In the area bounded by Olive Street on the south, NW 6<sup>th</sup> Street on the north, SW High Street and NW Coast Street on the east and the Pacific Ocean on the west, including both sides of each named street. For purposes of this section, "Olive

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Street” means both Olive Street and the area that Olive Street would occupy if it continued straight to the Pacific Ocean west of SW Coast Street.

- e. On SE Marine Science Drive/SE OSU Drive between SE Pacific Way and Yaquina Bay.
- f. In that portion of the South Beach area of Newport, east of Highway 101, west of Kings Slough, south of the intersection of Highway 101 and 40<sup>th</sup> Street and north of the intersection of Highway 101 and 50<sup>th</sup> Street.

*(Chapter 10.10.040(B),(2)(f.) was added by the adoption of Ordinance No. 2001, adopted on March 16, 2010; effective April 15, 2010.)*

- 3. Permits may be granted under Subsections B.1 and B.2 of this section only if:
  - a. The sign is not within any vehicle travel lane;
  - b. The sign does not restrict clear vision areas at intersections and driveway access points; and
  - c. The sign does not prohibit pedestrian movement on a sidewalk.
- C. The following signs are exempt from the prohibitions and requirements of this section:
  - 1. Sign placed by the city or other governmental entity with responsibility for the right-of-way.
  - 2. Permanent signs placed in a location where allowed by a license or easement from the city to an adjacent property owner to occupy the right-of-way. Signs allowed by this exemption must comply with all other requirements of this chapter, and the display area of the signs will be included in the calculation of the maximum display area of the adjacent property.
  - 3. Signs not exceeding one square foot on a pole in the right-of-way placed on the pole by its owner.
- D. Signs placed in ODOT right-of-way may also require approval from ODOT.
- E. No permit may be issued for a sign in the right-of-way



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unless the applicant provides proof of liability insurance in an amount determined to be sufficient by the city manager.

*(Section 10.10.045 amended by Ordinance No. 1986, adopted on September 8, 2009; effective October 8, 2009.)*

#### **10.10.045 Prohibited Signs**

No sign shall be constructed, erected, or maintained:

- A. That uses lights unless effectively screened, shielded, or utilized so as not to direct light directly into the eyes of motorists traveling on any street or highway.
- B. That includes any single light bulb that creates more light than a 60 watt incandescent bulb.
- C. That uses neon tubing on the exterior surface of a sign for sign illumination where the capacity of such tubing exceeds 300 milliamperes rating for white tubing or 100 milliamperes rating for any other color of tubing.
- D. That uses flashing or intermittent light.
- E. That uses any type of rotating beacon light, zip light, or strobe light, or any light not directed to or part of the illumination of the sign.
- F. That uses wind-activated devices or devices which flutter in the wind, such as propellers, but excluding flags, banners, and pennants.
- G. That is flashing, blinking, fluctuating, or animated, that has parts that are flashing, blinking, fluctuating, or animated; or that includes similar effects.
- H. That uses a guy wire for support of a sign, except where there exists no other means of support for a sign otherwise conforming to the requirements of this chapter.
- I. That has any visible moving parts, visible revolving parts, visible mechanical movement of any description, or any other apparent visible movement achieved by electrical, electronic, or kinetic means, including intermittent electrical pulsations or movement or action by wind currents.

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- J. That is erected at the intersection of any street that substantially obstructs free and clear vision of motorists, pedestrians and cyclists, or at any location where it may interfere with, obstruct, or be confused with any authorized traffic sign.
- K. While electronic message signs are subject to these prohibitions, this section shall not be construed to prohibit such signs where expressly permitted elsewhere in this chapter.

**10.10.050                    Height and Dimensional Requirements**

- A. The maximum height of all signs other than mural signs shall be no greater than 30 feet above grade.
- B. The maximum horizontal or vertical dimension of the display surface of any sign other than mural signs shall not exceed:
  - 1. Thirty feet for freestanding and roof signs on properties adjacent to Highways 101 or 20 that are located at least 125 feet from the center line of the highway and at least 76 feet from the center line of any other street.
  - 2. Fifty feet or the width of the wall for wall sign horizontal dimension.
  - 3. Except as otherwise provided by the chapter, the maximum horizontal or vertical dimension of any display surface shall not exceed 20 feet.

**10.10.055                    Projection and Clearance**

- A. Signs shall not project more than 3 feet over any public right-of-way, and in no case shall be within 2 feet of a traveled roadway.
- B. The minimum clearance of any sign over driveways, parking lots, or public right-of-ways is 16 feet, excepting that the minimum clearance of any sign over a sidewalk is 8 feet, unless the sidewalk is used as a driveway.

**10.10.060                    Number and Area of Signs**

- A. Each right-of-way frontage of a business shall be limited to only one projecting or freestanding sign unless the

EXHIBIT B, ORDINANCE NO. 2037, AMENDING CHAPTER 10.10 OF THE NEWPORT MUNICIPAL CODE (ORDINANCE NO. 1943, AS AMENDED) RELATING TO ELECTRONIC MESSAGE SIGNS.

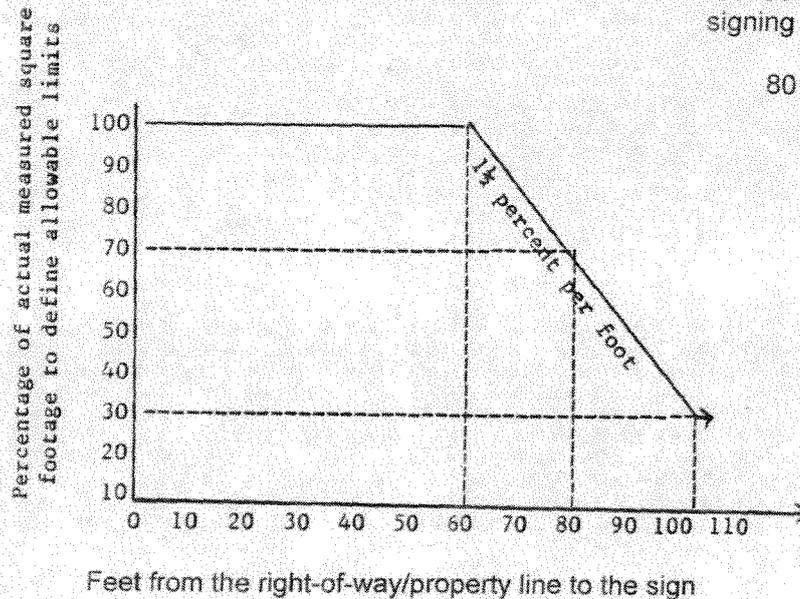
frontage exceeds 200 lineal feet, in which case one additional freestanding or projected sign is permitted. , Where a property contains an electronic message sign, only one freestanding sign is permitted. Other signs are not limited in number unless specifically limited or restricted elsewhere in this chapter.

- B. Each street frontage of a business shall be limited to no more than 200 square feet of display area for all non-exempt signs other than mural signs. Freestanding and projecting signs having two sides facing in opposite directions shall be counted as having only one face, which shall be the larger of the two faces if not of equal size. Only the larger face of back-to-back signs within two feet of each other and signs on opposite parallel ends of awnings shall be counted towards total maximum size.
  - 1. The maximum total area of wall signs is two square feet of sign area for each lineal foot of street frontage.
  - 2. The maximum total area for freestanding and projecting signs is one square foot of display area for each lineal foot of street frontage.
- C. Notwithstanding any limitation on total sign area, each separate business is allowed at least 50 square feet of display area.
- D. The maximum display area allowed shall be adjusted based on distance from the nearest property line, using the graph below:



EXHIBIT B, ORDINANCE NO. 2037, AMENDING CHAPTER 10.10 OF THE NEWPORT MUNICIPAL CODE (ORDINANCE NO. 1943, AS AMENDED) RELATING TO ELECTRONIC MESSAGE SIGNS.

E.g., 60 foot setback of a measured 100 square foot sign results in 100 square feet being charged to the allowable signing area.



80 foot setback of a measured 100 square foot sign results in 70 square feet being charged to the allowable signing area.

105 foot setback of a measured 100 square foot sign results in 32.5 square feet being charged to the allowable signing area.

e.g., 60-foot setback of a measured 100 square foot sign results in 100 square feet being charged to the allowable sign area.

80 foot setback of a measured 100 square foot sign results in 70 square feet being charged to the allowable sign area.

105 foot setback of a measured 100 square foot sign results in 32.5 square feet being charged to the allowable sign area.

**10.10.065 Exempt Signs**

The following signs are exempt from regulation under this chapter:

- A. Signs erected or maintained by or on behalf of a federal, state, or local governmental body. This exemption shall not apply to signs that are otherwise prohibited under Section 10.10.045 except when the sign is placed in a public right-of-way by the entity responsible for managing the public right right-of-way as allowed under Section 10.10.040 (C)(1).
- B. Signs not visible from a public right-of-way or from property other than the property where the sign is

located. For purposes of this section, "property where the sign is located" includes all property under common ownership," and "visible" means that the sign face is visible.

#### **10.10.070 Partially Exempt Signs**

- A. The following signs are exempt from the permit requirement and, except as expressly provided to the contrary, do not count towards maximum display area:
1. One sign not exceeding two square feet on each property with a separate street address, placed flat against the building.
  2. In a residential zone on a property where a home occupation is legally conducted, a non-illuminated sign not exceeding two square feet in area, placed flat against the building.
  3. Signs placed on post boxes.
  4. Non-illuminated signs on private property oriented towards internal driveways and parking areas, not to exceed 3 square feet in area.
  5. Signs that are an integral part a building, including those cut into any masonry surface, as well as signs integrated into the structure of a building constructed of bronze or other non-combustible materials.
  6. Signs placed within a public right of way place by the public entity with responsibility for administering the right of way.
  7. Flags.
- B. Each religious institution is allowed to have, in addition to signage otherwise allowed, additional signage not to exceed 48 square feet in area, including each face of any multiple faced sign. No single sign face may exceed 24 square feet, except reader boards, which may not exceed 32 square feet and bulletin boards, which may not exceed 16 square feet. The sign(s) allowed by this subsection are exempt from the maximum total display area standard.

EXHIBIT B, ORDINANCE NO. 2037, AMENDING CHAPTER 10.10 OF THE NEWPORT MUNICIPAL CODE (ORDINANCE NO. 1943, AS AMENDED) RELATING TO ELECTRONIC MESSAGE SIGNS.

- C. Each community center and educational institution is allowed one reader board not exceeding 32 square feet in area in addition to other allowed signs. The sign allowed by this subsection is exempt from the maximum total display area standard.
- D. Temporary signs complying with all of the following are permitted in all zones without a permit, in addition to any other permitted signs:
  - 1. The signs must be entirely on private property and outside of any vision clearance areas.
  - 2. The signs do not exceed 20 square feet of display area or any horizontal or vertical dimension of 8 feet.
  - 3. The signs are not erected more than 90 days prior to the date of an election and they are removed within 30 days after the election.
  - 4. They are erected or maintained with the consent of the person or entity lawfully in possession of the premises and any structure to which they are attached.
- E. One temporary portable sign per business placed on private property is permitted. Temporary portable signs shall be made of permanent, durable materials and shall be maintained in a good condition. Temporary signs (portable and attached) in the aggregate may not exceed 24 square feet for all display area surfaces on a single property. Temporary signs shall not be included in the calculation of total maximum display area. All portable signs shall be weighted, anchored, or constructed so that they will not move or collapse in the event of wind, or otherwise create a hazard.

*(Chapter 10.10.070(E.) was added by the adoption of Ordinance No. 2001 on March 16, 2010; effective April 15, 2010.)*

**10.10.075            Roof Signs**

One roof sign per business property is permitted.

**10.10.080            Signs at Subdivision Entrances**

One permanent sign per subdivision entrance not to exceed 16 square feet in area is permitted. Signs at subdivision entrances may be illuminated but which shall not obstruct any required vision clearance area.

**10.10.085 Vehicle Signs**

Any sign attached to or imprinted upon a validly licensed motor vehicle operating legally upon the streets and highways of the State of Oregon is exempt from this chapter while the vehicle is traveling upon any street or highway, or while such vehicle is parked to carry out an activity incidental to interstate commerce, but is otherwise not exempt unless:

- A. The sign is painted or otherwise imprinted upon, or solidly affixed to, the surface of the vehicle, with no projection at any point in excess of 6 inches from the surface of the vehicle.
- B. The vehicle, with the sign attached, complies with all applicable requirements of the Motor Vehicle Code required for the lawful operation thereof.

**10.10.090 R-1, R-2, and R-3 Residential Districts**

In all R-1, R-2, and R-3 residential districts, the following signs are allowed:

- A. One non-illuminated sign not exceeding 2 square feet.
- B. One non-illuminated temporary sign not exceeding 8 square feet in area.
- C. One non-internally illuminated sign not exceeding 20 square feet in area placed flat against the building for each apartment complex.

**10.10.095 R-4 Residential District**

In an R-4 residential district, the following signs are allowed:

- A. For residential uses, signs allowed in the R-1, R-2 and R-3 districts.
- B. For hotels, motels, recreational vehicle parks, and movie theaters, no more than two illuminated signs that do not exceed 100 square feet in total area. The signs may be internally or externally illuminated, but may not include electronic message signs.
- C. For all other uses, a maximum of 20 square feet of sign area per street frontage. The maximum area shall be a

combination of wall and freestanding signs. Freestanding signs shall be set back a minimum of 10 feet from all property lines and shall not exceed 8 feet in height. No sign may be internally illuminated.

**10.10.100 Commercial, Industrial, and Marine Districts**

In commercial, industrial, and marine zoning districts, the following signs are allowed:

- A. The total area for wall signs shall not exceed two square feet of display area for each lineal foot of street frontage of the street.
- B. The total area for projecting and freestanding signs shall not exceed one square foot of display area for each lineal foot of street frontage. One projecting or freestanding sign is allowed for each 100 feet of street frontage, unless the property contains an electronic message sign, in which case only one freestanding sign is permitted.
- C. Each frontage of a business shall be limited to not more than 2 signs, only one of which may be other than a wall sign unless there is more than 100 lineal feet of street frontage.
- D. Window signs shall not exceed 16 square feet in area. Window signs are not included in the calculation of total display area.
- E. Except within marine zoning districts or the Historic Nye Beach Design Review District, electronic message signs on properties with no more than one freestanding sign of up to 20 feet in height, provided the electronic message sign:
  1. Is less than or equal to thirty-five percent (35%) of the total allowable sign area per sign face.
  2. Displays text, symbolic imagery, or a combination thereof for a period of time in excess of (5) minutes before a change occurs. This provision does not apply to the display of time, date and temperature information.

3. Changes the entire display text, symbolic imagery, or combination thereof within two (2) seconds.
4. Is not illuminated during hours the business is closed.
5. Does not contain or display animated, moving video, flashing, or scrolling messages.
6. Contains a default mechanism that freezes the sign in one position if a malfunction occurs.
7. Automatically adjusts the intensity of its display according to natural ambient light conditions.

F. Mural signs.

**10.10.105 Signs in Shopping Centers**

For shopping centers and multiple business properties, the number and size of signs are governed by this section, notwithstanding the provisions of the underlying zone.

- A. The maximum number of freestanding signs on shopping center properties is two and the maximum number of freestanding signs on multiple business properties is one.
- B. The maximum number of wall signs for shopping centers and multiple business properties is one per street frontage.
- C. For both shopping centers and multiple business properties, the maximum total area display area of all freestanding and wall signs and is one square foot for each lineal foot of street frontage, with a maximum of 200 square feet per sign. Only one side of a double-faced freestanding sign shall be including in the calculation of display area, provided that the sign faces are 180 degrees opposed and separated by two feet or less.
- D. In addition to the signs allowed by subsections A through C, each individual business may erect wall signs on the premises controlled by the individual business of up to two square feet of display area for each lineal foot of frontage. For the purposes of this subsection, the term frontage means the distance, measured in a straight line, along any one wall of the business premises facing and providing public access to the separate premises of the

business. Where a business has entrances allowing public access on more than one frontage, wall signs may be erected for each frontage, but the display area maximum shall be calculated separately for each frontage.

- E. The permit, size, area, and number restrictions do not apply to any signs in shopping centers and multiple business properties that are not visible from the public right of way or adjacent property.

#### **10.10.110 Construction and Safety Requirements**

All signs shall be well constructed in accordance with all applicable codes and requirements of law and shall be maintained in a safe, neat, and clean condition. Signs that are not in good repair or condition through deterioration or other reasons are prohibited and shall be either repaired or removed. If not repaired or removed by the owner, signs that are not in good repair or condition may be abated as authorized by this code.

#### **10.10.115 Dangerous and Abandoned Signs**

- A. Any sign or structure that is a nuisance or a dangerous structure may be abated as provided by city ordinances governing nuisances and dangerous structures. If the city manager or building official determines that any sign or sign structure constitutes an immediate threat, danger, or hazard to life, health, or property, the city manager or building official take any action necessary to immediately abate the risk, pursuant to the police power of the City of Newport and without prior notice.
- B. Any sign that has been abandoned or reasonably appears to be abandoned constitutes a hazard and may be abated as provided in Subsection A.

#### **10.10.120 Removal of Signs in Rights-of-Way**

Any unauthorized sign in a public right-of-way may be removed immediately without notice by the city and removed to a place of storage. A notice of removal shall be sent to any owner of the sign known to the city, notifying the owner that the sign will be destroyed unless the owner claims the sign within 20 days of the notice. If the owner is unknown to the city, no notice is required and the sign may be destroyed if

unclaimed after 20 days from the date of removal. No sign removed from the right-of-way shall be returned to the owner unless the owner pays a removal fee to the city in an amount set by Council resolution. If the city reasonably estimates the value of the sign materials to be less than \$10.00, the city may immediately dispose of any sign left in the right-of-way without notice.

#### **10.10.125 Remedies**

A sign erected or maintained in violation of this chapter is a nuisance and a civil infraction. The city may pursue any one or more of the legal, equitable administrative and self-help remedies legally available to it. All remedies of the city, both as a governmental body and otherwise are cumulative.

#### **10.10.130 Nonconforming Signs**

- A. The purpose of this section is to discourage nonconforming signs and to work toward eliminating or removing nonconforming signs or bringing them into conformity with this chapter. Nonconforming signs shall not be enlarged, expanded or extended, nor used as grounds for adding other structures or signs otherwise prohibited.
- B. A nonconforming sign may not be altered as to size, message, or construction, except that common and ordinary maintenance to maintain the sign in a good and safe condition is allowed, including incidental structural repair or replacement.
- C. If a nonconforming sign is damaged or destroyed by any cause including normal deterioration to the extent that the cost of repair shall exceed 50% of the replacement value of the sign, the sign may not be repaired or restored, and may be replaced only by a sign conforming to the provisions of this chapter.

#### **10.10.135 Content and Interpretation**

This chapter and Chapter 10.15 do not regulate the content of signs and shall be interpreted as not regulating content. These chapters shall be interpreted if at all possible to be consistent with constitutional protection of expression, and any provision that unconstitutionally restricts expression shall not be enforced, and the remainder of the provisions shall

continue to be applicable and shall be applied constitutionally.

#### **10.10.140 Variance Requirements**

Any person may seek a variance to the numerical provisions of this chapter or of Chapter 10.15 by filing a written application. The procedure and process applicable to zoning variances (including but not limited to the notification process, public hearing process, conditions of approval, time limitations, and revocation of permits as applicable for the type of variance requested) shall be followed. The fee for a variance shall be the same as for a zoning variance. The criteria for the sign variance shall be as specified below. In addition to the requirements for submitting a zoning variance, a sign inventory including the location, type, and size of each sign on the property shall be submitted with the variance application.

- A. All sign variance applications that propose to increase the number or size of signs or propose a variance from any other numerical standard shall be determined by the Planning Commission using the zoning Type I Variance procedure, based on a determination that the proposed variance is the minimum necessary to alleviate special hardships or practical difficulties faced by the applicant and that are beyond the control of the applicant.
- B. All sign variance applications based on a change in a sign or signs that decreases but does not eliminate an existing nonconformity shall be determined by the community development (planning) director using a Type II Variance procedure, based on a determination that the proposed variance will result in a reduction of the nonconformity without increasing any aspect of nonconformity.

#### **10.10.145 Violations**

A violation of this chapter or of Chapter 10.15 is a civil infraction, with a civil penalty not to exceed \$500. The penalty for a second or subsequent violation within two years may be up to \$1,000. A violation occurs on the date of the occurrence of the act constituting the violation. Each violation is a separate infraction, and each day in which a violation occurs or continues is a separate infraction.



**Agenda Item:**  
**Approval of the Purchase of Two Police Vehicles**

**Background:**

In the current fiscal year funds were appropriated for the replacement of two vehicles for the Police Department. The two old cars that are being removed from the fleet are a 2007 Ford CVI and a 2007 Dodge Durango. For many years the Ford Crown Victoria Interceptor was the vehicle of choice. This vehicle is no longer being made. The Newport Police Department as well as many other departments (have had mixed success with the Dodge Chargers and the smaller police package passage vehicles produced by Ford and GMC primarily because of the small size for putting prisoners in the backseat and for housing the various equipment that needs to be part of a modern day Police car which utilizes a significant amount of space in the front of the vehicle. The recommended purchase is through the State contract for two Chevrolet Tahoes.

**Recommended Action:**

**I recommend the City Council acting as the Local Contract Review Board approve the following motion:**

**I move to approval of the purchase of two Chevrolet Tahoes through the State purchasing contract in the amount of \$66,086.92.**

**Fiscal Effects:**

Sufficient funding is available for this purchase and outfitting of these vehicles. Please note that once purchased, the city will have expenses for outfitting the two vehicles. This work will be awarded administratively since it falls under the purchasing limit requiring Council approval.

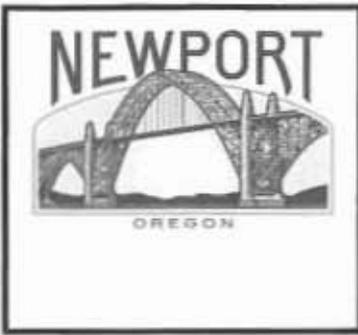
**Alternatives:**

None recommended.

Respectfully Submitted,

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

Spencer R. Nebel  
City Manager



Agenda Item # \_\_\_\_\_  
Meeting Date \_\_\_\_\_

**CITY COUNCIL AGENDA ITEM SUMMARY**  
City Of Newport, Oregon

Issue/Agenda Title New Police Vehicles

Prepared By: Newport Police Dept Head Approval: Chief Mark J. Miranda *[Signature]* City Mgr Approval: \_\_\_\_\_

**Issue Before the Council:**

Shall the City Council / Contract Review Board approve the purchase of two new police vehicles for the Police Department?

**Staff Recommendation:**

The Police Department recommends favorable action by the City Council.

**Proposed Motion:**

I move to approve the payment of \$66,086.92 to Hubbard Chevrolet for two new police vehicles.

**Key Facts and Information Summary:**

The Police Department has identified the Chevrolet Tahoe as the vehicle that we would like to purchase for our fleet. The vehicle is pursuit rated; meaning it has heavy duty suspension, larger alternator and other items will make the car safer than the civilian version. We currently have three Tahoe's in our fleet (2009 & 2013), and have found them to be very reliable. Maintenance costs have been minimal. Fuel consumption is equal to or better than the Ford (CVI) which we currently have in our fleet.

The purchase of the new police vehicles will be handled under the State contract system.

Every year the Police Department purchases two new police cars. Two older cars are rotated out of the fleet to surplus. At this time car #71, a 2007 Ford CVI with 63051 miles, and car #88, a 2007 Dodge Durango, with 57747 miles will be surplus out of the fleet. #71 is the Volunteer car and #88 is a sergeant's car. Both vehicles are showing their age and the Durango, in particular, has been experiencing a lot of maintenance needs.

For many years, the Ford Crown Victoria Interceptor (CVI) was the vehicle of choice. Unfortunately, Ford stopped production of this vehicle several years ago. In 2011 we lease/purchased Dodge Chargers, which were touted as the latest and greatest police car on the market. We have found that the Chargers have been problematic. They are smaller, and at times we have difficulty in placing prisoners in the back seat. They also have a lot of maintenance issues; which is costly because they are now out of warranty.

Ford replaced the CVI with the Taurus, a mid-size car. Chevrolet has also developed the Impala as their police vehicle platform. Both of these cars do not meet our needs, primarily due to their size. Most of our officers would have difficulty in fitting into the driver's area. Reports received from other police departments do not shine a favorable light on these cars.

The Chevrolet Tahoe does meet our needs. The passenger compartment space is large enough that both driver and any prisoner can ride in comfort. There is more space available for emergency equipment. Much of the lighting equipment, siren, radar, computer, and radio will be transferred from the old cars to the new cars.

Other Alternatives Considered:

Not applicable.

City Council Goals:

Public Safety related.

Attachment List:

1. Purchase Order

Fiscal Notes:

This is a planned purchase. There are sufficient funds in the Police Department budget to cover this expense.



# Purchase Order

Print Form

City of Newport  
169, SW Coast Hwy  
Newport, OR 97365

P.O. Date:

P.O. Number:

**Deliver To:**

Company:   
Address:   
City:   
State:  Zip:   
Phone:   
Fax:   
Contact Name:

Company:   
Address:   
City:   
State:  Zip:   
Phone:   
Fax:   
Contact Name:

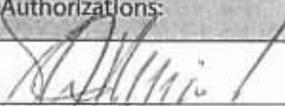
| Item         | Description               | Quantity | Unit Price  | Amount             |
|--------------|---------------------------|----------|-------------|--------------------|
| 1            | 2015 4WD, PPV Chevy Tahoe | 2        | \$33,043.46 | \$66,086.92        |
| <b>Total</b> |                           |          |             | <b>\$66,086.92</b> |

THIS PURCHASE ORDER INCORPORATES THE TERMS ON THE REVERSE SIDE. BY ITS SIGNATURE HEREUNDER, CONTRACTOR AGREES TO PERFORM THE SERVICES/PROVIDE THE PRODUCTS DESCRIBED IN CITY'S RFP OR SOLICITATION AND VENDORS RESPONSE THERETO, ALL OF WHICH ARE ATTACHED, FOR THE FEE/AMOUNT SET FORTH THEREIN.

| Fund/Dept | Line/GL Dept | Project Code | Charge Acct |
|-----------|--------------|--------------|-------------|
| 101/1070  | 7004         | N/A          | N/A         |
|           |              |              |             |
|           |              |              |             |
|           |              |              |             |
|           |              |              |             |
|           |              |              |             |

Notes:

**Authorizations:**

  
Department Director

  
Finance Director

City Manager

Contractor's Authorized Signature

Contractor's Printed Name

Submit this for signature with all documentation



**Agenda Item:  
Approval of the Purchase of 2014 John Deere 410K Backhoe Loader**

**Background:**

In the current year budget funds were appropriate for the replacement of backhoe loader from the Water Fund. In reviewing the needs of the department, this purchase is being sole sourced. The city has many attachments that are set-up for a John Deere backhoe. By staying with John Deere, we will not need to replace that equipment. The only authorize dealer of John Deere industrial equipment in Oregon is Pape' Machinery.

**Recommended Action:**

**I recommend the City Council acting as the Local Contract Review Board approve the following motion:**

**I move to approval of the purchase of 2014 John Deere 410K Backhoe Loader in the amount of \$93,180 which includes the trade in of the existing John Deere 510D 1992 Loader in the amount of \$11,600.**

**Fiscal Effects:**

\$104,780 was appropriated for this purchase.

**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 Sept 1, 2014

**CITY COUNCIL AGENDA ITEM SUMMARY**  
City Of Newport, Oregon

Issue/Agenda Title: Approve procurement of 2014 John Deere 410K Backhoe Loader

Prepared By: TEG                      Dept Head Approval: TEG                      City Manager Approval:

**Issue Before the Council:**

Approval of procurement of 2014 John Deere 410K Backhoe Loader

**Staff Recommendation:**

Approve the procurement

**Proposed Motion:**

I move to approve the procurement of a 2014 John Deere 410K Backhoe Loader in the amount of \$93,180.

**Key Facts and Information Summary:**

The City's existing 1992 John Deere 510D backhoe has reached its useful life. This piece of equipment has 4,873 operating hours and is increasing in cost annually to operate. Staff has decided to sole source a John Deere 410K from Pape' Machinery as a replacement piece of equipment. The decision to sole source this equipment was because the City has several attachments designed to fit a John Deere backhoe loader including several extra buckets, a plate compactor, and an asphalt grinder. Sole sourcing equipment is allowed under section 137-047-0275 (c)(i) of the City's procurement guidelines which states that sole sourcing is allowed if, "*efficient utilization of existing equipment or supplies requires the acquisition of compatible equipment, supplies, or services...*" Pape' Machinery is the only authorized vendor of commercial construction equipment, including John Deere, in the Pacific Northwest.

**Other Alternatives Considered:**

- Not replacing the JD 510D backhoe loader at this time
- Choosing an alternative piece of equipment

**City Council Goals:**

N/A

**Attachment List:**

- Investment proposal for 2014 John Deere 410K Backhoe Loader
- Letter from Water Supervisor and Streets/Storm Sewer Supervisor regarding sole sourcing
- 

**Fiscal Notes:**

Procurement of this sweeper was budgeted in the FY15 budget under Capital Outlay Equipment at \$93,000. The new piece of equipment costs \$104,780 and the trade in value of the old JD 510D is \$11,600 for a net cost of \$93,180. This cost has been budgeted in the FY15 budget in Water Fund/Distribution as a Capital Equipment Outlay (303-3320-7003).



City of Newport  
845 NE 3rd Street  
Newport, OR 97365  
Phone: (541) 574-5872

## Investment Proposal

### New 2014 John Deere 410K Backhoe Loader – Revision #1

- JD PowerTech Plus 4.5L Engine Meets IT4 and Stage IIIB Emissions (107 Net Peak hp)
- JDLINK Ultimate Cellular
- Mechanical Front Wheel Drive (MFWD) with Limited Slip Differential and 5F/3R Powershift Transmission
- Factory Cab with Dual Doors
- Dual Batteries, 300 Minute Reserve Capacity (1900 CCA)
- Standard Dipperstick and Auxiliary Hydraulics with Thumb Mounting Ears
- Pilot Controls, Two Lever, with Pattern Selection
- New 24" Wide, Heavy-Duty, 7.5 Cu. Ft. Capacity Bucket
- Multi-Brand Quick Coupler
- Three-Function Loader Hydraulics, Single Lever
- 450 Lb. Front Counterweight
- Goodyear 21L - 24 In. 10 PR Tubeless Rear & 12.5/80 - 18 In. 14 PR Traction Front Sure Grip Lug Tires
- 1.32 Cu. Yd. 92 in. Wide Multipurpose Bucket
- Dual Battery Disconnect
- Chrome Exhaust
- Full MFWD Guard
- Front View Mirror
- Ride Control
- Left Side Console Storage with Cup Holders
- (2) External Rear View Mirrors
- Hydraulic 4-Tine Backhoe Thumb
- Diagnostic Oil Sampling Ports
- Backhoe Boom Bolt-On Protection Plate
- LED Strobe Light Installed

Standard Warranty: 12 months. Unlimited Hours.  
Pape Machinery PM Program 2yr/1500 Hour Includes Travel

|  |                            |
|--|----------------------------|
| <b>Total Price F.O.B. Newport, OR:</b>         | <b><u>\$104,780.00</u></b> |
| <b>Trade Value of John Deere 510D Backhoe:</b> | <b>-\$11,600.00</b>        |

**Governmental Operating Lease Option, Subject to Credit Approval, Based on \$93,180**

**60 Month Term**

**Based on 1500 Hours Per Year**

**\$992.13 Monthly Payment**

**1<sup>st</sup> Payment Due in Advance + 2% Security Deposit (Total is \$3,087.73)**

**Residual/Buy Out Option at End of Term \$49,600**

**48 Month Term**

**Based on 1500 Hours Per Year**

**\$1,177.03 Monthly Payment**

**1<sup>st</sup> Payment Due in Advance + 2% Security Deposit (Total is \$3,272.63)**

**Residual/Buy Out Option at End of Term \$49,600**

**\*\*\* Lead Time is 30-60 Days**

*Thank you for this valued opportunity to earn your business.*

*Please let me know if you have any questions.*

Scott Panter  
Pape Machinery  
33693 McFarland Rd  
Tangent, OR 97389  
(503)385-5706  
spanter@papemachinery.com

# NEWPORT

169 SW COAST HWY  
NEWPORT, OREGON 97365

COAST GUARD CITY, USA



OREGON

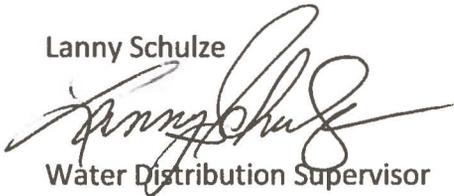
[www.thecityofnewport.net](http://www.thecityofnewport.net)

MOMBETSU, JAPAN, SISTER CITY

August 27, 2014

The purchase of the ne John Deere 410K Backhoe loader is being sole source to Pape' Machinery for the following reason. The city currently owns as John Deere 510 and a 410 Backhoe Loader with extra buckets as well as plumbing for the hydraulics to operate a plate compactor and an asphalt grinder. With this in mind a new John Deere Backhoe Loader to utilize the buckets, plate compactor and asphalt grinder that were purchased to fit a John Deere. If the city had to purchase a different brand of machine either the attachments would need to be refitted to fit or the city would need to purchase all the above attachments to fit another machine.

Lanny Schulze



Water Distribution Supervisor

Dave White



Street/ Storm Supervisor