



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

---

The City Council of the City of Newport will hold a work session on Monday, April 7, 2014, at 12:00 P.M. The work session will be held in Conference Room A at City Hall, located at 169 S.W. Coast Highway, Newport, Oregon 97365. A copy of the agenda follows.

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

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

---

### **CITY COUNCIL WORK SESSION** **Monday, April 7, 2014 - 12:00 P.M.** **Conference Room A**

- A. Additional Work Session Items Not Listed on the Agenda (for this and future work sessions)
- B. Amendment to City of Newport- Seal Rock Urban Service Agreement
- C. Discussion on Utilization of regularly Scheduled Work Session





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: April 3, 2014  
TO: Mayor and City Council  
FROM: Spencer Nebel, City Manager  
SUBJECT: April 7, 2014, Work Session

---

There are 2 items we wish to discuss at the City Council work session on April 7, 2014. The first item will be to discuss the status of an amendment to the City of Newport - Seal Rock Urban Services Agreement. Derrick Tokos will provide an overview of the issues that have been addressed as part of the development of an agreement that will be considered at a future City Council meeting. Ultimately the goal of this effort is to have properties that are located within the city limits that are being served by the city water system to be removed from the Seal Rock Water District. The secondary consideration is for properties that are served by the city that are located in unincorporated areas outside city boundaries but served by the City of Newport water system. This has required an extensive effort to resolve these issues; I appreciate the cooperation of the Seal Rock Water District.

The second item for discussion at the work session will be discussion on the Council's desire as to whether regular work sessions should be scheduled on Council Monday's at noon (or perhaps some other timeslot) even when there is no specific topics for consideration other than the Council agenda for the evening meeting. Councilor Laura Swanson indicated that she finds value in having a regular work session on the Mondays prior to the City Council meetings. She would like to have a discussion as a Council as to whether work sessions should be held every Council Monday or on an as-needed basis for specific topics.

I look forward to seeing you on Monday.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "S. Nebel", written over a white background.

Spencer R. Nebel  
City Manager



## Memorandum

To: Newport City Council  
From: Derrick Tokos, Community Development Director  
Date: April 2, 2014  
Re: Amendment to City of Newport – Seal Rock Urban Service Agreement

---

Enclosed is a copy of the most current draft of the first amendment to the urban service area agreement; an updated legal description and map; the latest correspondence between city staff and the district; and a payoff schedule for each property's proportionate share of District General Obligation Bond debt incurred within the City Service Area (CSA) prior to the City taking over water service responsibilities on January 1, 2008.

The total payoff amount listed in the schedule for properties within the CSA is \$156,034.07. Of that amount, \$35,301.52 is attributed to properties that are located inside the city limits. The schedule assumes that payments will be made on July 1, 2014.

The draft amendment to the urban service area agreement establishes that properties within the CSA will remain subject to bonded indebtedness until withdrawn from the District. This includes General Obligation Bond debt incurred prior to and after January 1, 2008. However, the amendment goes on to note that upon withdrawal, the District shall relieve properties so withdrawn from taxation for the properties proportionate share of bonded or other indebtedness incurred after January 1, 2008.

District and City agree that properties in the CSA should be relieved from General Obligation Bond debt incurred after City took over service responsibilities in 2008. However, it is District's view that they can provide that relief by instructing the County Assessor to reduce assessments to the properties and thus avoid the need for the properties to be withdrawn from the district. It is the City Attorney's opinion that annexation and/or withdrawal is the only triggering event provided by state statute that allows the tax responsibilities of the affected properties to be altered. This difference of opinion needs to be resolved before the amendment is presented to the City Council for action.

One minor change to the legal description is being prepared. It will carve out of the CSA a small area along US 101 where the District is installing a pump station. The pump station site is located just south of the South Beach Fire Station access onto US 101.

The purpose of this work session is to update the Council on efforts to prepare the urban service area amendment and to answer questions the members may have before the amendment is presented as an action item at a regular meeting. The amendment could be presented for approval as early as April 21, 2014.

Attachments

**AMENDMENT NO. 1 TO THE  
INTERGOVERNMENTAL URBAN SERVICE AGREEMENT  
BETWEEN THE SEAL ROCK WATER DISTRICT AND  
THE CITY OF NEWPORT**

This Amendment No. 1 is made to the Intergovernmental Urban Service Agreement between the Seal Rock Water District (District) and the City of Newport, an Oregon municipal corporation (City), dated November 4, 2007 (the Agreement).

RECITALS

- A. Section 1 of the Agreement states that the “City shall provide water service within the area shown on Exhibit A as the City Service Area (‘CSA’).” The referenced Exhibit A was not attached to the Agreement so the official location of the CSA boundary is unclear under the Agreement’s current terms. City and District desire to clarify the location of the CSA by adopting a new legal description and boundary map.
- B. Section 2 of the Agreement prohibits City from providing water service to areas within District that are outside of the CSA without District approval, but does not contain reciprocal language. City and District desire to amend the Agreement to allow District to provide water service to properties within the CSA, subject to City approval.
- C. City began providing water service to the CSA effective January 1, 2008, and District ceased providing service within the CSA as of that date, except as noted in the Agreement.
- D. In November of 2010, District completed a Water System Master Plan. Lands within the CSA were not included in that Plan.
- E. Upon completing the Water System Master Plan, District successfully secured passage of a General Obligation (GO) Bond to fund projects identified in the Plan and borrowed construction funds in 2011 and 2012 for that purpose. In 2013, the District refinanced a GO Bond issued in 2007.
- F. District retires GO Bond debt with property tax revenues. Properties within the CSA remain within District’s boundaries and are subject to a proportionate share of the bond debt even though they receive no benefit from the 2011 and 2012 GO Bond funds.
- G. Section 4 of the Agreement states that “The CSA shall remain subject to bonded indebtedness until withdrawn from the District and the bonded indebtedness is satisfied as provided by law.” City and District recognize the inequity inherent in this provision, as it relates to the 2011 and 2012 bonds, and desire to amend the Agreement to clarify that when properties within the CSA are withdrawn from the

District they will only be subject to GO Bond debt incurred as of January 1, 2008, the date the City began providing water service within the CSA. Such debt is limited to a GO Bond issued in 2007.

- H. Section 5 of the Agreement transferred District real and personal property within the CSA to City, but failed to identify how those real property interests were to be recorded. The parties wish to establish how that transfer will be documented as of record.

## TERMS OF AMENDMENT

1. Section 1 of the Agreement is hereby amended as follows:

“City Service Area. City shall provide water service within the area identified in the legal description dated \_\_\_\_\_, and service boundary sketch map dated \_\_\_\_\_, as the City Service Area (CSA), both prepared by Pariani Land Surveying and attached as Exhibits A and B, respectively.”

2. Section 2 of the Agreement is hereby amended as follows:

“District Service. District will provide service to all properties within the District, outside of the CSA. City agrees to not provide water service to areas within the District that are neither part of the CSA nor owned by the City, even if that area is annexed to the City, without the prior written consent of the District. The parties agree that District will continue to provide extraterritorial service to the Airport until such time as the City elects to provide service to the Airport, and that the maximum amount charged by the District for service to the Airport will be the commercial in-District rate. District agrees to not provide water service to other areas within the CSA without the prior written consent of the City.”

3. The last two sentences of Section 4 of this Agreement are hereby amended to read as follows:

“Properties within the CSA shall remain subject to bonded indebtedness until withdrawn from the District. Upon withdrawal, notwithstanding operation of ORS 198.882, the District shall relieve properties withdrawn from taxation for the properties’ proportionate share of bonded or other indebtedness incurred after January 1, 2008. District will not object to withdrawal of any property from the District that lies within the CSA.”

4. Section 5 of this Agreement is hereby amended to insert the following as the second sentence of that section; the existing provisions of Section 5 are not replaced or amended, but will remain in full force and effect:

“All real property transfers from the District to the City shall be documented by an Assignment of Easements, in the form attached as Exhibit C, which shall be recorded upon execution.”

5. Except as expressly amended above, all terms and conditions of the Agreement shall remain in full force and effect.

CITY OF NEWPORT

SEAL ROCK WATER DISTRICT

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Chair

Date: \_\_\_\_\_

Date: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
City Recorder

\_\_\_\_\_  
District Secretary

DRAFT

**(T11S, R11W, Sec 8, 16, 17, 19, 20, 30, 31, 32)****(T12S, R11W, Sec 6)**

Pariani Land Surveying-JRP

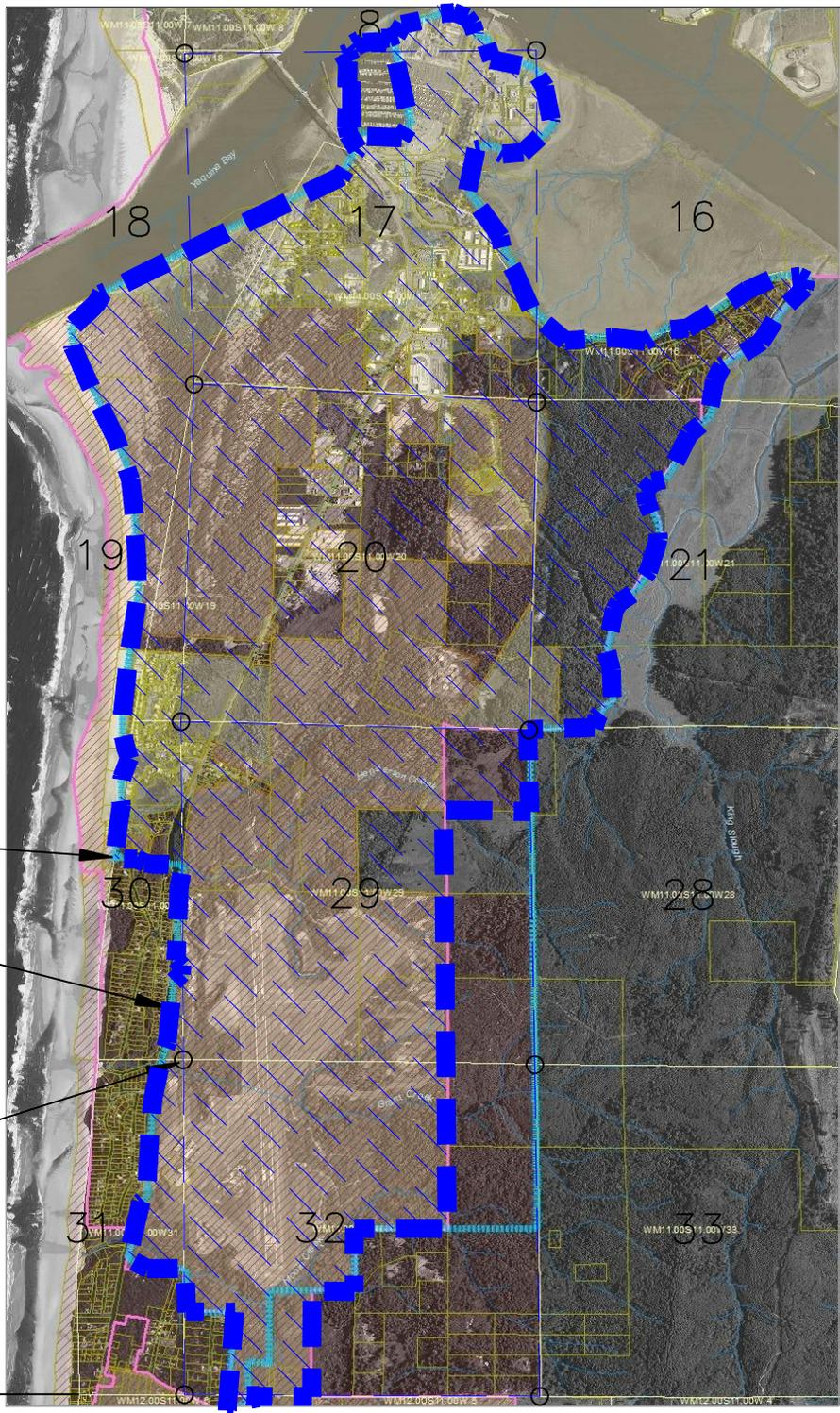
March 27, 2014

**Service Boundary Description –**

Beginning at the projected intersection of the northerly top of creek bank of Henderson Creek and the high tide line of the Pacific Ocean shoreline, located in Section 30, Township 11 South, Range 11 West, W.M., Lincoln County, Oregon; thence northerly along the said high tide line to the northerly line of the Yaquina Bay South jetty; thence continuing along the said South jetty, generally northerly, easterly and southerly through sections 30, 19, 11, 18, 17, 8, 16 and 21, Township 11 South, Range 11 West, W. M. to the intersection with section line common to sections 21 and 28, Township 11 South, Range 11 West, W.M. thence westerly along said section line to the corner common to sections 20, 21, 28 and 29, Township 11 South, Range 11 West, W.M.; thence southerly along the line common to said sections 28 and 29, to the southeast corner of the NE1/4, NE1/4 section 29; thence westerly along the south line of said NE1/4, NE1/4 to the southwest corner thereof; thence southerly along the easterly line of the SW1/4, NE1/4 section 29 to a point on the quarter section line; thence southerly along the easterly line of the W1/2, SE1/4, section 29 to a point on the line common to section 29 and section 32; thence southerly along the easterly line of the W1/2, NE1/4 section 32; thence westerly along the southerly line of the West1/2, NE1/4 section 32 to the center of said section; thence southerly and westerly along the boundary of that property described in warranty deed recorded in Book 90, Page 522, Lincoln County Records, to a point on the line common to said section 32 and section 6, Township 12 South, Range 11 West, W.M.; thence through said section 6 southerly, westerly and northerly along the property described in warranty deed recorded in Book 97, Page 93, Lincoln County Records; thence through said section 32 and section 31, northerly and westerly along the boundary of that property described in said Book 90, Page 522 to the easterly line of the Oregon Coast Highway; thence northerly along said Coast Highway to the northerly top of creek bank of Henderson Creek thence westerly along the northerly top of creek bank of Henderson Creek to the projected intersection with the said high tide line and the point of beginning.

# Exhibit B

Located:  
T11S, R11W, W.M.  
and  
T12S, R11W, W.M.  
City of Newport  
Lincoln County, Oregon



True Point of Beginning

Service Boundary (Blue Hatched Area)

Section Corners (Typical)

T11S., R11W.  
T12S., R11W.

Service Boundary Sketch Map

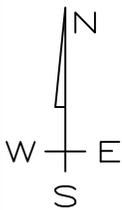
## Pariani Land Surveying

136 West Main Street  
Eagle Point, Oregon  
541-890-1131

**REGISTERED  
PROFESSIONAL  
LAND SURVEYOR**

*John R. Pariani*  
OREGON  
July 13, 1999  
JOHN R. PARIANI  
#51382

Renews: December 31, 2014



<b>Date:</b> March 27, 2014	<b>Scale:</b> N.T.S.	<b>Job No.:</b> 2012-095	<b>Sheet:</b> 1 of 1
--------------------------------	-------------------------	-----------------------------	-------------------------

**Derrick Tokos**

---

**From:** Derrick Tokos  
**Sent:** Friday, March 28, 2014 5:17 PM  
**To:** 'Adam Denlinger'  
**Cc:** Rob Connell; Spencer Nebel; Joy King; Jeff Hollen; 'Carrie Connelly'  
**Subject:** RE: Amendment No. 1 to City of Newport - Seal Rock Water District Urban Service Area Agreement  
**Attachments:** LTR Derrick Tokos 2 - Seal Rock Negotiations 032814 CHCs..pdf; Seal Rock Water District-City-Amendment to Urban Service Agreement\_140328.docx; Exhibit A - Service Boundary Legal.pdf; Exhibit B-service boundary sketch.pdf

Hi Adam,

Thank you for passing along the District's comments and for the follow-up call to clarify the reasoning behind the proposed revisions. I understand that most of the changes the District requested relate to its belief that the amendment to the Urban Service Agreement should be structured in a manner that relieves properties within the City Service Area (CSA) from responsibility for bonded indebtedness incurred since the City began providing water service within the CSA on January 1, 2008 without that relief being tied to withdrawal of the properties from the District. I shared the proposed changes with our City Attorney, and attached is a memo outlining her thoughts.

Essentially, I understand her opinion to be that the sole triggering event for properties within the CSA to receive tax relief pursuant to an Urban Service Agreement is for them to be withdrawn from the District. Until that occurs, each affected property will remain subject to its proportional share of all of the District's bonded indebtedness (i.e. debt incurred prior to and after the City began providing service).

Enclosed is the latest draft amendment. It incorporates your changes to Recital E, and the legal description has been tightened up so that the document can simply refer to the legal description (Exhibit A) and boundary map (Exhibit B) without the need for qualifying language that those boundaries can change. The most current versions of both exhibits are attached. They incorporate the changes you and I discussed. Our Public Works Director mentioned that you would like to see one additional minor change that relates to a pump station that you will be constructing. We are fine with that revision, and to get that going I would appreciate it if you could send me the description of that property so that I can pass it along to our surveyor or if you could send it to him directly and copy me on the email.

In terms of scheduling, we would like to get the amendments finalized in the next few days so that we can review them with our City Council at a work session on April 7, 2014. I understand that the District Board will be meeting on April 10<sup>th</sup>. Assuming we can close the loop with both policy making bodies, we could schedule the amendment for action by the City Council as early as April 21<sup>st</sup>.

Thanks, and please don't hesitate to contact me if you want to discuss this further.

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)

**From:** Adam Denlinger [mailto:ADenlinger@srwd.org]  
**Sent:** Tuesday, March 18, 2014 9:49 AM  
**To:** Derrick Tokos; 'Carrie Connelly'  
**Cc:** Rob Connell; Spencer Nebel; Joy King; Jeff Hollen  
**Subject:** RE: Amendment No. 1 to City of Newport - Seal Rock Water District Urban Service Area Agreement

Greetings Derrick/Carrie,

Appreciate your patience in response to the District reply to the draft Amendment.

It is the Districts desire to support the withdrawal of the South Beach City Service Area (SBCSA) identified and mutually agreed upon by the City and the District in the November 2007 Intergovernmental Urban Service Area Agreement.

After reviewing recently developed legal description for this area provided by the City, the south/east boundary of the revised legal description extends beyond the UGB. The District wishes to preserve the existing boundaries under Federal Statue: Section 1926, Title-7 of the United States code. As such, after much review and discussion, the District and its Board of Commissioners is providing the attached revisions to the draft Amendment No.-1.

Additionally please find attached for your review and consideration revised spreadsheet identifying bond indebtedness for the SBCSA, along with a requested payment schedule.

Feel free to contact me if you have any questions, I look forward to discussing this with you in more detail at your convenience.

Regards,

Adam

Adam Denlinger, General Manager  
Seal Rock Water District  
PO Box 190  
1037 NW Grebe Street  
Seal Rock 97376  
Office: 541.563.3529  
Mobile: 541.270.0183  
[adenlinger@srwd.org](mailto:adenlinger@srwd.org)  
[www.srwd.org](http://www.srwd.org)



**Seal Rock Water District strives to be a high performance organization that provides exceptional customer service, promoting healthy lifestyles, enriching Seal Rocks unique character at responsible rates.**

**PUBLIC RECORDS LAW DISCLOSURE:** This e-mail is subject to the State Records Retention Schedule and may be made available to the public. **CONFIDENTIALITY NOTICE:** This message is intended solely for the use of the individual and entity to whom it is addressed, and may contain information that is privileged, confidential, and exempt from disclosure under applicable state and federal laws. If you are not the addressee, or are not authorized to receive information for the intended addressee, you are hereby notified that you may not use, copy, distribute, or disclose to anyone this message or the information contained herein. If you have received this message in error, please advise the sender immediately by reply email and expunge this message.

**From:** Derrick Tokos [<mailto:D.Tokos@NewportOregon.gov>]  
**Sent:** Wednesday, March 05, 2014 5:32 PM  
**To:** 'Carrie Connelly'  
**Cc:** Rob Connell; Spencer Nebel; Adam Denlinger; Tim Gross; Olaf Sweetman  
**Subject:** Amendment No. 1 to City of Newport - Seal Rock Water District Urban Service Area Agreement

Hi Carrie,

As we discussed, attached is a copy of the amended agreement. With this email, I am also copying the District so that Adam can provide you with any comments he may have on the draft.

This amendment is intended to (a) clarify the boundary of the City Service Area, (b) allow the District to provide water service to property within the City Service Area upon written consent by the City; and (3) stipulate that when property inside the City Service Area is withdrawn from the District it will only be subject to a proportional share of District's general bond debt that was of record at the time City began providing service (i.e. January 1, 2008).

These amendments do not make any commitments as to when property will be withdrawn or who will be responsible for making the debt payments to the District when that occurs. That is a conversation staff intends to have with the Council after the Urban Service Area Agreement is amended. The District has provided an estimate of the outstanding debt obligation, which I am planning to share with the Council when these amendments are presented with the caveat that it is for informational purposes only at this point.

Thank you for working this into your schedule and agreeing to provide your comments or revisions by Wednesday of next week. This item is scheduled for Council consideration on March 17<sup>th</sup>. Adam, if you could please get Carrie any comments you may have as soon as possible it would be much appreciated.

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)