

Public Lands Advisory Committee

Minutes

May 3, 2022

Location: Remote via Microsoft Teams and Telephone

Committee Attendees (Present unless otherwise noted):

Chair John Brown

Representative Mark Meek

Sara King, Real Estate Management

Brady Ricks, Department of Administrative Services (DAS) Enterprise Asset Management (EAM),
Real Estate Services Manager

Senator Bill Hansel - *Absent*

Jennifer Blake, DAS Leasing & Property Agent

Presenters:

Jeff Samuels, OLCC Administrative Services Director

Joseph Pfau, ODF, Statewide Construction Manager

Guests:

Michael Anderson, DPSST

Liz Beaty, DAS

Patty Cate, ODF

Michal Curran, ODF

Dustin Capri

Lisa Haver, DAS

Kyle Hayes

Thomas Martin

Jeffrey Munns

Cuong Nguyen

Erin Serra, DSL

Matt Thomas, ODF

Tracy Wilder, DOC

Staff:

Elaine Schacher, DAS

Darrin Brightman, DAS

Sarah Sanders, DAS

Agenda Items:

A. Committee Administration

1. Opening Remarks

Chair John Brown: Thanks Committee.

2. Approval of Minutes from the January 2022 meeting

Sara King: Moves to adopt Jan 26, 2022 Minutes

Vote: Passes unanimously.

3. State Land Information System Update

Darrin Brightman: Moving forward with procurement for their entire system, and we should have a meeting with DSL coming up in the next couple of weeks. Then we will be going out to the landowning agencies to have a greater discussion with them.

Chair Brown: Asks what the final work product will be.

Brightman: DSL has a GIS inventory, which is required by statute. That system is being replaced. A component of the system is the SLIS; it is primarily for their own land, mineral rights, etc. They are doing this work under an interagency agreement with DAS because DAS does not have the internal capacity to do it. In the future, we are looking at expanding what the capacities are of the state land inventory system. Right now, everything needs to be entered by the staff at DSL; it is staffed by a half a person. Basically, only deeds get entered. There is more that we could have. There is not regular follow up with the landowning agencies because there is no staff to do it. The new system should be able to send out automatic reminders to the agencies; they should be able to edit their own data. And then we should be able to automatically notify them/send reminders. We can get a better handle on what the state owns, the condition of it, and the status of it, and what is truly surplus. We are still trying to decide how to assign value. In some counties, we could pull it directly from the tax. In other counties, that is not available. It is a little bit of a toss up on how we get there. We do not want to encourage agencies to spend a whole lot of time and money every year doing appraisals on land that they are not trying to sell.

Chair Brown: That's a good sign. Notes that it is troubling to perceive that the state does not know what they own or what the status of it is or if they need to own it. You are headed in the right direction. It would be nice to know what we own and whether we even need it, and if we don't, let's monetize it and get it on the tax rolls. If not, let's trade it.

Brightman: Usually the individual agencies have a pretty good handle on what they own, but nobody else has any transparency into that something else. Something else that is not really tracked is easements. I look at that as easements that we have granted, whereas DSL and some other agencies want to track easements that other agencies own. That is partly personnel, and partly technical.

Rep. Meek: With some of the inventory and understanding of value, at the state level, if we had a better idea of what parcels may be available or suitable for emergency housing, etc. If they are underutilized, available, etc. I think we were looking at trying to ascertain what is available, but without a more robust inventory available, it is hard for us to come up with good ideas.

Brightman: It is really a matter of staffing. As I mentioned, they have half of a person staffing the SLIS. When we get directed to find land suitable for housing, that is only coming from what the half of person is able to do. They will be putting in a POP next session.

Rep. Meek: If we are going to look for these types of things, we need to fund it properly. I think it's going to be a good investment to make that determination. Good point, I appreciate that.

B. Property Acquisitions & Dispositions

a. Oregon Liquor and Cannabis Commission

Jeff Samuels, OLCC, Administrative Services Director:

OLCC HEADQUARTERS AND WAREHOUSE 9079 SE MCLOUGHLIN BLVD., MILWAUKIE



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Pictured Above: headquarters in Milwaukie.

BACKGROUND

- In 1953 the OLCC purchases property for HQ and warehouse – 14.17 acres
- **March 15, 1970** - OLCC leases west side Johnson Creek land to the City of Milwaukie – 2.66 acres
 - 99 year lease (to year 2069)
- **July 1, 1979** – City of Milwaukie subleases to Clackamas County Community Corrections (CCCC) the west side Johnson Creek property owned by OLCC
 - 20 year lease (to year 1999) for \$1 per year
- **March 9, 1992** – OLCC and CCCC enter into direct lease of west side property
 - 30 year lease (to year 2022) for \$1 per year
- **August 5, 1999** – OLCC and CCCC Lease amendment
 - Area and termination notice change with all other same lease terms and end date
- **March 8, 2022** – OLCC and CCCC enter into Lease extension
 - Month to month until February 1, 2025 under same terms and \$1 per year

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Presenter describes background of the property as set forth in the image above. Notes that in the August 5, 1999 amendment, the north east triangle was taken out of the lease (“North Triangle”). Does not have the history on why that was removed. That left the middle and the south section in the lease. Additionally, it changed the termination notice clause (changed from two years to one year).

We are trying to build a new warehouse. We have approval and some bonds, we are trying to purchase property in South Willamette Valley and build a new warehouse and a new headquarters, and at that time this proposal that I’m describing to you today takes care of the lease issue but also, if we were to sell the property at some point in the future. When we have our new warehouse and building, we want to make this a real clean sale, and I’ll describe why. Basically, the county owns the building; we don’t own the buildings that are on our OLCC land or state land, and so it’s kind of a unique situation.

SPECIAL CIRCUMSTANCES

- **Unique Long-term Lease**
 - OLCC owns and leases land to CCCC
 - CCCC owns and operates two community correctional facilities (Men’s and Women’s) located on OLCC land
 - Community services provided include rehabilitation services in lieu of jail time for low level offenders of drug and alcohol offenses
- **Lease End or Termination Clause** – two remedies
 - OLCC to compensate CCCC the appraised value (approx. \$2.6 million) of CCCC owned buildings; or
 - CCCC would have to remove buildings at their expense and bring OLCC land back to original condition
- **Futile Act Request**
 - Based upon the above unique circumstances a Futile Act request was submitted by OLCC; and approved by DAS on May 20, 2021



There are some special circumstances regarding this proposed partition. OLCC owns the land and leases it to Clackamas Community Corrections. However, they own the two buildings (Men’s and Women’s facility). With the lease, there are two remedies for a lease end or a termination. The two options: Either OLCC to compensate CCC the appraised value (approx. \$2.6 million) or we ask Clackamas Co. to remove the buildings and put the land back in the original condition. Neither of those make sense. Based on these special circumstances and the thought of partitioning the land on the west side of the creek, we asked for a Futile Act Request to DAS to ask about that, which was approved based on the circumstances I described. Approved last year.

ENCUMBRANCES & SET BACKS

Johnson Creek

Floodplain

- 50’ set back

Water Cons Area

Habitat Cons Area

A private **Railroad** also splits the west side property

11E26AA00100-Build sites

Legend:
 OLCC Property
 MCR (50-foot buffer)
 Wet Zone (Wetland)
 Wet Zone
 Water
 Low
 Moderate
 Lakes & Rivers

Note on Permitting Building Footprint area of Wetland Area

As shown in the map, the site is located within the MCR (50-foot buffer) of the Wetland Area. The site is located within the Wetland Area and is subject to the Wetland Area rules. The site is located within the Wetland Area and is subject to the Wetland Area rules. The site is located within the Wetland Area and is subject to the Wetland Area rules.

Depth of the wetland area is a very small area and is not shown on the map. The site is located within the Wetland Area and is subject to the Wetland Area rules. The site is located within the Wetland Area and is subject to the Wetland Area rules. The site is located within the Wetland Area and is subject to the Wetland Area rules.

Department on the site plan is not shown. The site is located within the Wetland Area and is subject to the Wetland Area rules. The site is located within the Wetland Area and is subject to the Wetland Area rules. The site is located within the Wetland Area and is subject to the Wetland Area rules.

Scale: 1 inch = 100 feet
 0 50 100 200 300 Feet

Drawn by: [Name]
 Date: [Date]
 © [Copyright]



Some interesting things that affect the property, this map describes the flood plain area. This is all the property on the west side that we are describing. We have the floodplain and a 50-foot setback from the

creek (see the green line). It is a water conservation area and a habitat conservation area as well as this is private railroad. (Notes an engine sitting on the tracks in the picture). Basically, all of the color on the map is unbuildable area. So, the north triangle area is almost all unbuildable. You can see the portion of the middle section that is unbuildable, and then more than half of the south section is unbuildable. If you take the entire West Side, more than 50% is unbuildable because of these setbacks and the encumbrances. We did ask for, and we received an appraisal on our entire property, and also to include this Westside property. So, I'll describe the appraised value for the North Triangle as I described.

APPRAISALS



North Triangle Section

* This piece is basically fully encumbered land based upon environmental issues and setbacks

Appraisal showed:

24,000 sq. ft. (.55 acre) appraised value at \$2.00/sq.ft. = \$48,000

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Because it was fully encumbered, the appraiser determined that the value would be \$2.00 a square foot. The area is roughly a little over a half an acre, so valued at \$48,000.

APPRAISALS CON'T



Middle Section

Clackamas County Comm. Corrections Men's Facility

Appraised Value:

CCCC Bldg @ \$2,030,000

OLCC Land (1.41 acres):

41,000 buildable sqft @ \$8 sqft = \$330k
20,600 non-buildable sqft @ \$2 = \$40k

Total OLCC land appraised value: \$370,000

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The middle section, outlined in red, the appraiser valued the Clackamas County's men's facility building at over \$2 million dollars. Again, that's owned by the county. OLCC owns the land, which is a little over 1.4 acres. The buildable SF is valued at \$8/SF = 330K. The non-buildable at \$2/SF = \$40K. The total middle section land appraised value: \$370,000.

APPRAISALS CON'T



South Section

Clackamas County Comm. Corrections
Women's Facility

Appraised Value:

CCCC Bldg @ \$580,000

OLCC Land (.70 acre):

13,100 buildable sq ft @ \$8 sqft = \$105k
17,500 non-buildable sqft @ \$2 = \$35k

Total OLCC land appraised value: \$140,000
Overall west side appraised value: \$558k

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The South Section, the appraiser valued Clackamas County's building (women's' facility) at \$580K. The land is a little less than an acre, with buildable square foot at \$8/SF – \$105K, 17,500 non-buildable SF at \$2/SF = \$35K. The total OLCC land appraised value: \$140K. Overall west side appraised value: \$558K.

OLCC COMMISSION PRESENTATION & DECISION

At the March 17, 2022 Oregon Liquor and Cannabis Commission meeting OLCC staff presented the following to the Commission:

- OLCC not utilizing the west side Johnson Creek land for over 50 years
- Long-term lease of land by CCCC for over 42 years at \$1 per year
- CCCC owns two correctional facilities on OLCC land
- CCCC providing vital community corrections and rehabilitative services
- Long term commitment by CCCC to continue operation of their facilities on property
 - Community service
 - Ability to tackle deferred maintenance (roof, parking lot)
 - CCCC commitment to pay for all land transfer costs to partition west side Johnson Creek land (survey, transfer fees, etc.) and reimburse OLCC for related DOJ Attorney fees associated with Partition
 - Estimated at \$30k to \$50k

The OLCC Board of Commissioners felt the lease end or termination approach was not in the public's interest and unanimously approved a plan to partition the entire west side Johnson Creek land to CCCC at no cost with CCCC to pay all related partition fees and reimburse OLCC for related DOJ attorney fees.

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In March of this year, I presented to the OLCC Commission, the Board, basically very similar to what I just provided to you. OLCC has not been utilizing that West side property for over 50 years. We've had the long-term lease with Clackamas County for over 42 years at a dollar per year. Clackamas County has owned the two buildings over there, and operates community corrections and rehabilitation/rehabilitative services, providing community service for that. It's a benefit to County residents and the State for them to continue to do their service over there. We've got a long-term commitment from Clackamas County that they want to keep their buildings over there, and continue that community service. They want to be able to tackle some deferred maintenance because we have been describing to them that would like to partition that property to them without cost. However, they pay for all land transfer fees. Everything associated with partitioning that property as well as paying any DOJ attorney fees that OLCC has on the work toward the partition. Currently, DOJ attorney fees are right around \$20K, and so they would reimburse us for that. The county estimates that their cost to take care of all of the fees would be \$30K to \$50K. And our Board of Commissioners felt that the lease terminations that I described to you, of us paying Clackamas County for their building over \$2 million or OLCC asking the county to remove their building, wasn't in the public interest. And so they unanimously

approved a plan to partition the entire West side to the county at no cost. However, the county would pay for all fees and our DOJ attorney fees.

Sara King: When a state department or agency sells property, where does the revenue go? Does it go back to the department, or does it go back into a more general fund?

Brightman: A lot of it depends on the specifics of the agency, restricted funds, etc. Most frequently, it goes back to the agency that owns the property. It is basically an "it depends" answer.

King: If this property were vacant or if it had buildings on it that DAS or the State owned, and it was declared surplus, and there as a local jurisdiction interested in purchasing the property, would the state just grant that property, or does the state require compensation?

Brightman: It depends. Normally, it would go out through the standard surplus property disposal process. So state agencies would get the first attempt to apply. Second, to developers of affordable housing (so either nonprofits or tribes). After that would be local jurisdictions. We do typically require that the transaction be for fair market value. In this case, the fair market value would be considered to be quite low because of the limited buildable area conditioned building, etc., and that component can be argued. Then, let's say the decision of the agency was we want to donate it, but that was for less than the appraised value. Then the DAS Director would need to approve that transaction. The agency would come back tot his body and say, "Hey, we'd really like to donate this. Can we do that?" And then the PLAC would make a recommendation to the agency and to the DAS Director. The DAS Director would then take action.

King: Thank you. The reason I'm asking is that I think clearly this property is of no use to OLCC, and it makes a lot of sense for this property to be in Clackamas County ownership. I do have a problem, though, with the donation. I don't think that it is a good precedent. Even though it's not a high value, it is still half a million dollars. I'm not hearing a good justification as to why OLCC should donate this land to Clackamas County. As I said, we probably would not do this if it was declared surplus and wen through the surplus property. I am in favor of this being offered to Clackamas County. That makes a lot of sense, but I do not agree that it should be donated. I believe Clackamas County should be paying market rate for this acquisition.

Rep. Meek: Thank you Chair Brown. Those are my same concerns. There is a value of \$500K. I am in real estate and real estate business, and I wish we could find even a portion of a property like this for that amount of money because it would sell, and it would sell quickly. But because this is in the good of the public use, it should be offered for sale for a value, and not necessarily donated. The other thing is, I'm not sure what the long-term goals of OLCC are. I know you are going to be developing a new warehouse, but if that land was in this area, maybe you could have a swap deal where you could leverage this property for the other property, or at least leverage for it. Those are my concerns. Whether it would be for this current use, housing, temporary housing, etc., there is an intrinsic value there that needs to be considered.

Chair Brown: I share the same sentiments. I am all for maximizing and doing what you're doing, I'm a resident of Lane County, and I'm a state taxpayer, and I go on along with Sarah and Representative Meek. Why would I want my assets to supplement just Clackamas County? That is kind of my point. The fact that this is perceived as a *de minimis* amount compared to the \$19 million for the larger parcel, I get that. For me, this is a precedent. If we give this to Clackamas County just because they have leasehold

improvements. Technically, we own those improvements. If we turn around and say we do not want to renew this lease, you guys got to tear that stuff down. They're going to pay us some money not to tear it down because it's value and use. It's a functioning facility. I understand the sentiment of wanting to give it to him, but I don't understand it. Maybe it's just a concept of how does this benefit statewide because if this is a state asset why is it being just given to Clackamas County? Where is the half \$1 million dollars for Lane County and Josephine and Jackson County? And so those are my questions. I concur with Sara and Representative Meek.

King: Clackamas County has already been given a gift if they have had this property for a dollar a year for 42 years. Wow. Good for them. Lucky them. But again, for the reasons we have stated, I see no justification for donating this.

Chair Brown: I think it is not what they are doing, it is what OLCC is receiving. I know we are advisory, and you can take exactly what you say and put it right where you want it and do whatever happens, but I think we just for a reason in how our concerns are shared or voiced or memorialized is, you tell me.

Brightman: Of course, it will be in the minutes. We can definitely draft a memo as a response, as a recommendation. We do not typically end up doing that because things are not typically so controversial. It might not be a bad practice to get into anyway just as a standard practice. So we can certainly draft a memo outlining your concerns for submission to or transmission to OLCC and the DAS Director.

One thing that Jeff and I spoke about that I may have missed him mentioning: usually when there is a partition involved, the local jurisdiction will also list a number of improvements that are required (e.g. street improvements). So those are things that probably could be considered a factor. Not necessarily the entirety of the compensation, but if they do the partition, they absorb the cost of the petition, and all of the associated improvements, then that certainly could be a factor to consider.

Chair Brown: Yes, I think the improvements would benefit them, because if they said, "Alright, we'll partition this, but you're going to put in sidewalks and maybe you're going to have to elevate your sewer line or put in a new connection because it comes across the main line" I get all of that. But those are all benefits that would accrue to Clackamas County, etc. I think.

Rep. Meek: I do have a question for Jeff. I know OLCC is receiving \$1 dollar per year for the land. My question is, are there any hard costs to maintaining that land. Is there any expense related to this? My question is: why the partition to begin with? Why the partition if you are not going to get value from it?

Samuels: Obviously, there are costs with any piece of property. Primarily, Clackamas County has been dealing with that side—the West side—of the Creek for us through the lease and maintaining it. Again, that North Triangle currently is not part of the lease. And when we talk about getting ready for a potential sale of this property, even exclusive of the partition, so that when we...building of our new warehouse and headquarters, we won't have a need for this property anymore. And to not do anything with the property and just continue the lease with Clackamas County, and then offer this entire property, the entire 14 acres for sale, it would make for an awkward sale we believe. The new landowner would have to work for the lease options. Additionally, with the North Triangle piece, we did have discussion about whether to not advocate having that as part of the partition; retaining that with the other side. It is a small portion. It does have some benefit. Clackamas County would like to have the North Triangle. One so that they could have some control of that property should someone try

trespass...They do not believe that it will be required in the land transfer for mitigation purpose, but by having the North Triangle, they would be able to do some mitigation. They would seek to have their residents of the correction facility perform some work on the property as mitigation. It would be rehabilitative and provide mitigation for the area along the creek of course. The same thing goes, it could be used for the east side property sale. Someone there could potentially use it for mitigation. However, it is on the other side of the creek. You have to go outside of your property down Ochoco and get to McBrod to really access that ground. That is why we thought that the entire west side made sense in a discussion to the county.

Chair Brown: I get 100 percent that there is no there is no way that OLCC should sell this property and leave Clackamas County hanging, because they do not have a leasehold. If I brought the property and they were on a month to month, I could tell them to get their stuff off. It is a two-million-dollar asset. So obviously, we don't want to do that. State agencies need to act responsibly, and nobody wants to set Clackamas County up for a hostile type of thing. So, I get partitioning. I'm going to support partitioning. My only question is the equitability to everybody in the entire arena about giving it to them versus in the grander scheme of things, they are getting a half of a million-dollar asset. Like Sara said, they've had a pretty sweetheart deal all along. And so that's just a matter of whatever your agencies decide. I guess you know, you've heard our concerns, and so I guess it's not against the action. It's just the what's motivating the action and what's going to happen if Clackamas County is going to write a check or not, I guess, unless I'm missing something, that's the Committee's concern. I just got a thumbs up, and so I guess that is where we are.

So is there anything else you need from us Darrin on this particular one? If not, I can request a motion to approve the OLCC partitioning of this property subject to our comments. Is that procedurally....

Brightman: That is procedurally is fine, and the partition, you could certainly say that the committee recommends moving forward with the partition, and request a separate discussion when it comes time to transact on the property.

Chair Brown: That's find if that's it, so moved.

King: So seconded.

Vote: All in attendance vote aye.

Chair Brown: Passes unanimously.

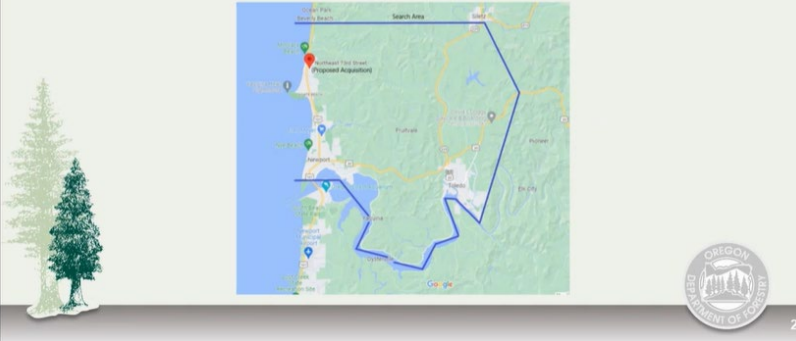
b. Oregon Department of Forestry

Joseph Pfau, ODF, Statewide Construction Manager: Here to discuss Newport acquisition. Notes they did seek guidance a couple of months ago on a separate piece of property that they were unable to come to an agreement on. Have found a new piece of property to present.

Property Search

Toledo Unit Office Relocation

Replace the aging ODF Unit Office Facilities Compound located in Toledo, built in the late 1930's and early 1940's. Originally built on sloped ground that is considered unstable due to geological/seismic risks, the Unit Office has exceeded its useful service life. The Unit Office needs to be relocated to ensure that it is properly positioned to meet current and future mission readiness needs.



The property was to replace the aging ODF facility in Toledo. It's on a deep sloped ground, is seismically unstable, and the offices have passed their useful life. (Map shows search boundaries.) The red pin on the map shows 73rd street, where the proposed acquisitions are.

Proposed Acquisition

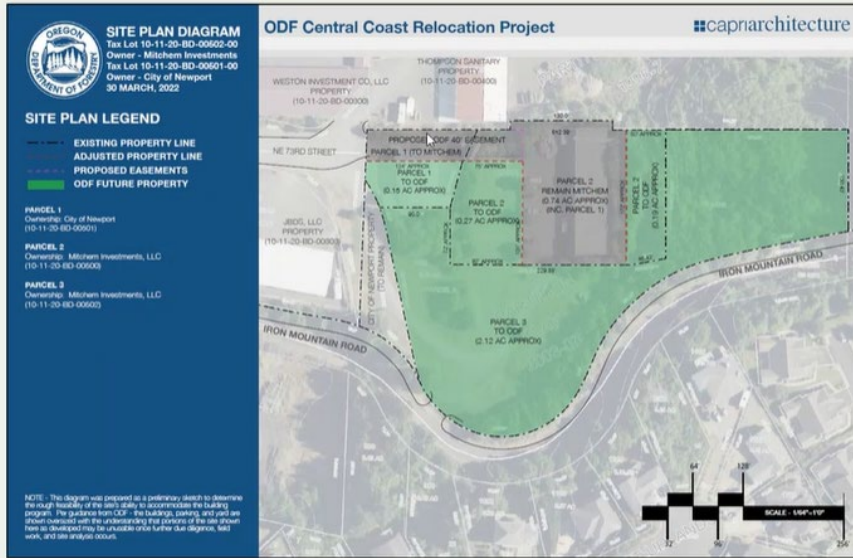
A 0.27ac. parcel, currently owned by City of Newport (Parcel 1) that, when combined with adjacent 2.65 ac. privately owned parcels (Parcel 3 and portion of Parcel 2), meets ODF's size and location criteria.

Parcel	Address	Tax Lot	Size	Zoning
1	225 NE 73 rd St. Newport, OR 97365	10-11-20-BD-00501-00	± 0.27 AC (11,761 sf.)	I-1
2	235 NE Iron Mountain Rd. Newport, OR 97365	10-11-20-BD-00500-00	± 1.08 AC <u>total</u> ± 0.52 AC to be transferred (22,651 sf.)	I-1
3	285 NE Iron Mountain Rd. Newport, OR 97365	10-11-20-BD-00502-00	± 2.13 AC (92,783 sf.)	I-1



The acquisition is a .27 parcel that when combined with 2.65 acres of the privately owned adjacent parcels meets our size and location criteria. There are three current parcels that would be replated into two parcels that would be in ODF ownership with just over a half an acre remaining ownership of the existing owner. Best illustrated in diagram below:

Proposed Acquisition



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Parcel one (owned by the City of Newport), and this is what the replat would expand upon. This would be considered a redevelopment project because the city does have an existing building on the property. With that, we would be purchasing from a private landowner, parcel number 3, which is the section down along Iron Mountain Road and the upper section. To gain additional property to help make the site workable, there's an additional 50-foot piece along here (currently parcel 2) that would be included, and about another 75 foot portion of parcel 2. We have all of parcel 1, two small sections of parcel 2, and parcel 3 in its entirety. That would create our overall building site.

Parcel Values

(per BBG Real Estate Services)

Parcel 1 - \$450,000

VALUE INDICATIONS			
As Is as of January 13, 2022			
Cost Approach	\$410,000		Per Square Foot (GBA)
Land Value	\$40,000	\$3.40	Per Square Foot of Land
Sales Comparison Approach	\$450,000		Per Square Foot (GBA)
Approach Reliance	Sales Comparison Approach		
Value Conclusion - As Is	\$450,000		Per Square Foot (GBA)
Exposure Time (Months)	6-9 months		
Marketing Time (Months)	6-9 months		



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Parcel Values: Parcel 1 – \$450K. This is the City of Newport. .27 acres of land with existing structure on it. The appraised value is \$450K.

Parcel Values

(per BBG Real Estate Services)

Parcels 2 & 3- \$280,000

VALUE INDICATIONS		
As Is as of January 13, 2022		
Land Value	\$280,000	Per Square Foot of Land
Usable Land Value	\$240,000	\$ 3.46 Per Square Foot of Land
Unusable Land Value	\$40,000	\$ 0.87 Per Square Foot of Land
Sales Comparison Approach		
Approach Reliance	Sales Comparison Approach	
Exposure Time (Months)	6-9 months	
Marketing Time (Months)	6-9 months	



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Parcels 2 and 3. All of three with a portion of 2. It was divided into usable and unusable land. Notes that there are portions that are prohibitive due to the slope. The total area comes to an appraised value of \$280K.

Proposed Pricing

Parcel 1:
\$450,000 consideration as construction credit toward additional space for Newport Fire in ODF's new facility.

Parcel 2:
\$280,000 cash at closing.

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The \$450K is actually a construction credit towards the additional space for Newport Fire and ODF new facility. For parcel, 2, we have verbal discussion with the private landowner that he would be willing to accept the \$280K appraised value for the property.

Colocation Opportunity

ODF Receives from City of Newport:

- Ownership of Parcel 1 and additional funds towards construction.

ODF Provides to City of Newport:

- 2 apparatus bays, an office, space for 3 sleeping quarters and a restroom, and parking.
- Long-term lease at an annual rate that covers operation and maintenance costs.
- Shared use of spaces such as training, conference, decontamination, etc.



Colocation opportunity: ODF receives from the City of Newport ownership of parcel one and additional funds towards the construction. Have worked with Newport Fire Department, which would like to expand at the North End of town. Did a construction estimate for the space above and beyond our ODF current programming. Consideration for that construction would be the ownership of the property as well as additional funds to cover the difference in the construction cost. ODF would provide to Newport: 2 apparatus bays, office, 3 sleeping quarters, a restroom, and parking. This would be through a long-term lease at an annual rate that covers operation and maintenance costs and shared use spaces such as training conference rooms and decontamination areas, etc. There is a lot of overlapping uses that benefit both wildland fire as well as structural fire.

The lease would cover operation and maintenance cost. The City has already invested to build the space. It would be our goal that the colocation would allow them to occupy the space simply for the increase in cost that ODF would be burdened with (making it a low cost option for the City).

Chair Brown: Very understandable, very thorough.

Rep. Meek: Quick clarification – Parcel 3 is a purchase price of \$280K?

Pfau: Parcel 3 with those 2 small areas included from Parcel 2 does have an appraised value of \$280K, and that is the verbal agreement that we have with the letter of intent as well.

Rep. Meek: The owner would remain with that portion of Parcel 2 that he's already has improvements on, right?



Pfau: Yes. He already has an existing commercial building right here. The gray area would remain with the existing owner.

Rep. Meek: The \$280K is for the remaining parcel 2 segments and then parcel 3, correct?

Pfau: Yes.

King: I believe that there is a building currently on the City of Newport's property. Is that building being expanded upon or demolished with a new building build?

Pfau: Most likely demolished because it was not originally built to be a fire station. It is an office with a couple of shop bays that were originally contractors' office. It will be demolished, but it will still qualify as a redevelopment. We will be able to capitalize on existing implements in regard to system development charges and other similar fees.

King: If you go back to parcel 1, did the appraisal assume demolition of the existing building?

Pfau: The appraisal is for the property as is. It is purchase of the property and the existing building.

King: So right now you are not talking any sort of discount for demolition of the building?

Pfau: No ma'am.

King: Did you all use a broker to find this site?

Pfau: This particular site, no. This particular site was brought to us through a meeting that was had between our local leadership and the City of Newport. We met with multiple agencies and municipalities looking for property, and this parcel became a topic of conversation. They alerted us to the neighboring property owner. This parcel is not currently marketed for sale.

King: So even though there's language about brokers representation, that's more boilerplate. I was just curious about how the State uses brokers. Long term Lease – Have you thought about it? What kind of long-term lease? How long?

Pfau: There was a brief discussion with the City. It is very informal at this point. We have worked up draft lease terms that we've provided to the City. Essentially, it's something in the neighborhood of probably 30 to 40 years. Obviously, the City wants to protect their investment, needs to be a longer lease. We are required to come up with the current replacement value of all our buildings annually. We as an agency average a certain percentage expected operation, and maintenance costs. The City of Newport would theoretically only pay that small operation and maintenance cost on the current replacement value of the building and depending upon the final terms of the lease, that's something that would be revised on a semi-annual basis or so. Based on that replacement value, that would dictate their terms. Because obviously the concern is, if you put a flat rate escalation in for 40 years, at some point you're one degree of North, gets you quite a way from reality.

King: Great, thank you. I don't have any other questions. I guess my comment was this is a sort of an exciting public partnership, and I'm glad to see it being explored.

Ricks: I am much more excited about this property. I really like the looks of this. It seems like it has better possibilities. It sounded like there used to be an access point to some of this land, and then ODOT shut off that road. There may need to be some infrastructure improvements. Any ballpark ideas regarding what those infrastructure requirements may be? There was some chatter about a cell tower on the eastern slope that is otherwise unusable. Is there an opportunity for a lease for revenue on that land that is essentially unusable?

Pfau: Yes, great question. Iron Mountain Road, to my understanding, is owned by ODOT, and there is a gate up here off of the map, and ODOT then replaced and included a gate down here. Previously the landowner used that access through this entrance off of Iron Mountain Road. When that access was cut off, he then had to come off of 73rd street, and on this City of Newport property, and now it circles around. ODF would be accessing through 73rd Street. As far as improvements, currently the existing site utilities appear to be usable with exception to the storm system. The storm is currently an open ditch. There will need to be some storm improvements, which we believe can be handled through open ditching. We also have a question to pave 73rd street. Note that there is a request to pave through Avery Street. In regard to the cell tower, there was conversations to place a cell tower. The current landowner was in conversations with a company. My understanding is that it is a conditional use for which they have not applied. Does not want the committee to believe that we feel that there's going to be a cell tower, though there is interest of that. This landowner has stopped these conversations pending the outcome of this potential purchase. Is that all the questions Brady?

Ricks: Yes. Interesting questions reading through.

Pfau: We have reached out to ODOT, they are amenable to our incidental use of the property, which is a benefit to this property, iron mountain road does extend quite a ways to the east through the woods and provides a lot of access to our area of responsibility.

Chair Brown: I couldn't be more proud of a taxpayer of what I see here. Going back and forth and rethinking what I think is much, much better than way than we originally did. You guys are consolidation, you have scale of economies. We're only taking one property off the tax rolls; we get the mutual training. Good for you, I can't wait to vote to approve this. The system is working, at least in my opinion. You have thought outside the box. You've done an exemplary job. Thank you very, very much because this makes sense. This makes a lot of sense and especially combining it like that. I just wish

more governmental agencies would use this as an example. And yet because everybody's going to benefit. ODF and City of Newport will benefit for training, logistics, and supplies. Thank you.

King: Motion to move forward with the ODF proposal in Newport.

Ricks: Second.

Vote: All vote yes.

C. General Discussion

a. Discussion

King: DAS advertised that we have a vacant land use position. Darrin reached out to the Oregon Chapter of Planning Association, and put a call out to volunteers in that organization's monthly e-newsletter. I know I got a couple of calls in the land use world asking about the committee. I know that there is some interest, hopefully that means we are closer to getting the vacancy filled.

Brightman: Did hear from a couple of folks, steered them to the new application process.

Rep. Meek: Thanks everyone for the conversation today. Loves the work that we're doing and the responsible actions we are taking. Definitely want to echo your commendations to ODF about this work and finding a really good replacement, and the collaboration between the agencies. I think this is a win-win situation, and something that should be duplicated. Thank you.

Chair Brown: I do to,, hopefully this will be the first of many agencies. I am so excited to see this come up and how it worked, because I think it is going to be a wonderful win-win situation. Kudos to ODF and DAS and everyone else involved. Thank you.

Jennifer Blake: I have worked with ODF on a couple of other projects; I know that they have put a lot of work into this. That was a great presentation. Thank you.

Chair Brown: Yes, and a good outcome, too. Good work produces good results.

Brown: Call to the audience for future agendas next time for members of the public.

Chair Brown: Agrees. Have some big things coming up, this is part of the process, describes process of timing comments.

b. Adjournment

Chair Brown: Adjourns meeting.