

Council Communication

February 17, 2015, Business Meeting

A Resolution approving an ODOT request to extend water and sewer service to the Siskiyou Welcome Center and Rest Area facility and repealing portions of Order 2011-June, and approval of an intergovernmental agreement with ODOT to provide water and sewer service to the Welcome Center and Rest Area

FROM:

Dave Kanner, city administrator, dave.kanner@ashland.or.us

SUMMARY

This is a continuation of a discussion begun at the February 3, 2015, Council meeting. The City of Ashland in 2011 agreed to extend water and sewer service to the Siskiyou Welcome Center and Rest Area (SWCRA) project proposed by the Oregon Department of Transportation (ODOT) on a parcel of land next to Interstate 5, south of Crowson Road, just outside the City limits. The Council adopted an order, titled "Order 2011-June" by the City Recorder, that included a four-year time limit within which ODOT would have to complete the project in order to receive water and sewer service. Due to numerous land use appeals, ODOT has been unable to start construction and cannot possibly meet the four-year deadline. This resolution re-states the conditions of the original order but waives the four-year time limit, thus allowing ODOT to begin construction on the SWCRA. On advice of counsel, the resolution presented to the Council on February 3rd is slightly modified to repeal only certain portions of Order No. 2011-June but leave the remainder of the Order in full force and effect. Council is also asked to authorize signature of an intergovernmental agreement regarding the provision of water and sewer service to the site.

BACKGROUND AND POLICY IMPLICATIONS:

In 2009, the Oregon Department of Transportation received land use approval from Jackson County for the development of a rest stop and welcome center on Interstate 5, just south of Crowson Road on Ashland's southern border, outside of the City limits. One of the conditions of approval imposed by the County required ODOT to connect to City of Ashland water and sewer services. In 2011, the Ashland City Council agreed to provide sewer services and water for domestic use, but not water for irrigation purposes.

In addition to providing a rest area, the SWCRA project will provide a welcome center operated by Travel Oregon and a reporting station for the Oregon State Police. Heavy commercial trucks would be prohibited at the SWCRA and ODOT has constructed restroom facilities for the truckers at the weigh station four miles north on I-5. When the City Council approved the provision of water and sewer services to the site in 2011 it found that "The presence and use of and information distributed by the Siskiyou Welcome Center and Rest Area is likely of benefit to the City of Ashland's tourism economy and surrounding areas and to all those who travel to and visit the City via Interstate 5."



On June 21, 2011, the City Council adopted an order, Order 2011-June, that memorialized the City's approval and imposed a number of conditions on that approval. Among those conditions were the following:

1. ODOT would obtain all required land use approvals prior to commencing construction.
2. ODOT would have all of the funding in place for construction of both the welcome center and the rest area, and would have a plan in place (with Travel Oregon) for operation the welcome center.
3. ODOT would use City water for domestic purposes only and would not use City water for irrigation purposes.
4. ODOT would complete construction within four years of the date of the order.
5. ODOT would enter into an intergovernmental agreement with the City for the use of the water. This IGA is would ensure that funding of construction and operation is in place.

ODOT and City staff have drafted an intergovernmental agreement to address condition #5 above. That IGA is attached and Council approval is requested. The IGA requires ODOT to design and construct the water and sewer lines at its own expense and to take responsibility for any project costs beyond its estimate. It further obligates the state to pay 100% of all water and sewer service costs and to use City-supplied water for potable purposes only.

As to the other conditions, ODOT now has all of its required land use approvals. A history of the land use actions related to this project, prepared by ODOT, is attached. ODOT has secured the funding necessary to complete construction and it has entered into an agreement with the Talent Irrigation District for irrigation water at the property. ODOT has entered into an agreement with the Oregon Tourism Commission for staffing the Welcome Center (attached).

However, ODOT has not begun construction of the SWCRA and cannot possibly complete construction by June 21, 2015. As such, the agency has requested that the City waive the four-year deadline contained in Order 2011-June, thus allowing construction to begin this year. Although the City did not grant a development approval to the SWCRA per se, such an extension or waiver would be consistent with the City's practice regarding development in the City that receives approval and is then delayed due to circumstances beyond its control.

The resolution presented to the Council to the Council on February 3rd restated the earlier conditions imposed by the City with the exception of the four-year deadline and repeals Order 2011-June in its entirety. On advice of legal counsel, the resolution to be considered on February 17th restates the earlier conditions imposed by the City with the exception of the four-year deadline and repeals Order 2011-June with regard to the provisions contained in the resolution, but otherwise leaves Order 2011-June in full force and effect.

COUNCIL GOALS SUPPORTED

N/A

FISCAL IMPLICATIONS:

All costs for extension of water and sewer services will be borne by ODOT. Revenue from the water and sewer charges to the SWCRA is not expected to be significant.



STAFF RECOMMENDATION AND REQUESTED ACTION:

Staff recommends approval of this resolution and further recommends approval of an intergovernmental agreement with ODOT.

SUGGESTED MOTION:

I move approval of a resolution approving an Oregon Department of Transportation request to the City of Ashland to extend water and sewer service to the Siskiyou Welcome Center and Rest Area facility located outside the city limits of Ashland and repealing Order 2011-June.

-and-

I move approval and authorize the city administrator's signature of a Cooperative Improvement Agreement to provide water and sewer services to the Siskiyou Welcome Center and Rest Area.

ATTACHMENTS:

Resolution

Order 2011-June

History of land use actions related to the SWCRA Interagency lease between ODOT and Oregon Tourism Commission

SWCRA Frequently Asked Questions

Letter to ODOT from Oregon State Police

Cooperative improvement agreement for water and sewer service to the SWCRA



RESOLUTION NO. 2015-

**A RESOLUTION OF THE CITY COUNCIL APPROVING AN OREGON
DEPARTMENT OF TRANSPORTATION REQUEST TO THE CITY OF
ASHLAND TO EXTEND WATER AND SEWER SERVICE TO THE
SISKIYOU WELCOME CENTER AND REST AREA FACILITY
LOCATED OUTSIDE THE CITY LIMITS OF ASHLAND AND
REPEALING PORTIONS OF ORDER NO. 2011-JUNE**

RECITALS:

- A. The Ashland City Council on June 21, 2011, having been fully advised by the record of hearings, facts and conclusions of the City of Ashland Planning Commission, by City Staff, the Oregon Department of Transportation (ODOT) and having heard public testimony related to ODOT's proposed development of the Siskiyou Welcome Center and Rest Area (SWCRA), adopted an order approving the extension of City water and sewer service to the SWCRA;
- B. The Order approved by the City Council, subsequently titled "Order 2011-June," concluded the following:
1. The City of Ashland Charter and the City of Ashland Resolution 97-27 permit water connection to governmental facilities outside the city limit;
 2. ODOT must obtain State Planning Goal 3, 9, and 11 approvals before City will extend sewer and water facilities to service the development;
 3. Prior to any construction or development of the SWCRA, staff of the City Public Works will draft an intergovernmental agreement between ODOT and the City that ensures funding of construction and operation that is acceptable to the Mayor and Council; and
 4. The presence and use of and information distributed by the Siskiyou Welcome Center and Rest Area is likely of benefit to the City of Ashland's tourism economy and surrounding areas and to all those who travel to and visit the City via Interstate 5.
 5. If developed and operated according to designs and/or conditions agreed to by ODOT and Travel Oregon, negative impacts, if any, to surrounding neighborhoods can be managed in order to address its presence and those visiting and leaving the facility. Therefore, extending service of potable water (not to be used for irrigation) and sewer (utilizing an existing sewer line fixture) is in the interest of and benefit to the City of Ashland.
 6. The City approves ODOT's application to extend water and sewer service to SWCRA contingent on (a) the Welcome Center being built; (b) water provided by the City may not be used for irrigation; (c) there must be adequate funding for maintenance and staffing of the SWCRA; and (d) the SWCRA must be completed by June 21, 2015.
- C. ODOT now has adequate funding for construction, maintenance and staffing of the SWCRA; has obtained all required land use approvals; and has committed to and developed plans consistent with use of City water only for non-irrigation purposes. An intergovernmental

agreement between the City and ODOT is presented for City Council consideration along with this resolution.

- D. ODOT will be unable to complete the SWCRA within the four-year limit imposed by Order 2011-June due to ~~unanticipated~~ delays in obtaining land use approvals for the SWCRA.

THE CITY OF ASHLAND RESOLVES AS FOLLOWS:

SECTION 1. The determinations in Recital B, above, are hereby adopted by the City of Ashland, except that the deadline for project completion set forth in Recital B(6)(d) is hereby revoked.

SECTION 2. Order 2011-June is hereby repealed **as to Section B.1 through 6 of this Resolution, and except as modified above, the Order shall remain in full force and effect.**

This resolution was duly PASSED and ADOPTED this _____ day of _____, 2015, and takes effect upon signing by the Mayor.

Barbara Christensen, City Recorder

SIGNED and APPROVED this _____ day of _____, 2015.

John Stromberg, Mayor

Reviewed as to form:

Douglas M. McGeary, Asst. City Attorney

ORDER NO 2011- *June*

**AN ORDER APPROVING AN OREGON DEPARTMENT OF
TRANSPORTATION REQUEST TO THE CITY OF ASHLAND TO
EXTEND WATER AND SEWER SERVICE TO THE SISKIYOU
WELCOME CENTER AND REST AREA FACILITY LOCATED OUTSIDE
THE CITY LIMITS OF ASHLAND**

Having been fully advised by the record of hearings, facts and conclusions by the City of Ashland Planning Commission (herein incorporated by reference), by City Staff, the Applicant and having heard public testimony related to the Oregon Department of Transportation (ODOT) of its proposed development of the Siskiyou Welcome Center and Rest Area (SWCRA), the City of Ashland Mayor and City Council make the following findings and conclusions of law:

THE MAYOR AND COUNCIL, ACTING WITHIN ITS POWERS AND AS NECESSARY OR CONVENIENT FOR THE CITY TO CONDUCT ITS MUNICIPAL AFFAIRS, ORDERS AS FOLLOWS:

SECTION 1. FINDINGS AND CONCLUSIONS.

Finding: The Mayor and Council adopt the record of the City of Ashland Planning Commission pertaining to approval of SWCRA.

Finding: The present Mayor and Council adopt the records of previous Mayors and Councils who have been required, since at least 1994, to interpret the City's charter and have acted to address the issue of supplying water and sewer to both private parties and governmental facilities outside the city limits.

Finding: ODOT's proposed SWCRA is a governmental facility.

Finding: ODOT's proposed development of SWRCA is outside the City of Ashland (City) limits and Urban Growth Boundary.(UGB). Pursuant to communication from Paul Nolte, former City Attorney, to City Council:

“State law regarding the delivery of water outside the UGB is more liberal. Rules adopted under the Public Facilities and Services Goal, Goal 11 referenced above, provide that local land use regulations may allow the creation or extension of water systems in rural areas so long as newly created systems or extensions are not used to justify higher densities for residential development based on the availability of the water system. (OAR 660-011-0065)” *Council Communication*, Nolte, p.3 (5/15/2001)

Finding: Article XVI, section one of the City of Ashland Charter provides:

"Public Utilities - Water Works. The City of Ashland, a municipal corporation, shall have the power to provide the residents of said City with such services as water, sewer,

electric power, public transportation and such other public utilities as the people desire by majority vote; and to exact and collect compensation from the users of such public utility; provided, however, that any and all water and water works and water rights now owned or which may hereafter be acquired by said City, for the purpose of supplying the inhabitants thereof with water shall never be rented, sold or otherwise disposed of; nor shall the City ever grant any franchise to any person or corporation for the purpose of supplying the inhabitants of said City with water. (Emphasis added.)

Finding: The legal interpretation of Article XVI, section one of the City Charter has been adopted as follows:

“The charter language in question was adopted as an amendment to the charter by a vote of the people in May, 1970. The amendment was one among many presented to the voters significantly amending the 1889 charter by replacing it with the 1970 charter. The language was proposed by the Charter Revision Committee for ‘protection of the City Water System.’ Thus the language was proposed in order to protect the water system sale or disposal.

At the following election in November, 1970, other charter amendments were submitted to the voters. The city council resolution proposing the new amendments described the May charter amendment as providing “that, the water works . . . should never be rented, sold, or otherwise disposed of.” This same resolution adopted a ballot title for the November, 1970 amendments as follows:

‘Purpose: To amend Article XVI, Sections 1 and 5, of the 1889 Charter of the City of Ashland, as amended, by providing that the electrical power, water and sewer system shall never be rented, sold, or, otherwise disposed of, without a vote of the people. . . .’

In other words, the charter provision was perceived before and after its adoption to protect the system from sale, not to restrict the sale of water to only city inhabitants. The import of the charter language is that the water works or system shall never be sold, not the water.” *Memorandum, Power of City to Sell Water Outside City, Paul Nolte to Mayor and City Council, 5/16/1994.*

Conclusion: City of Ashland Charter and the City of Ashland Resolution 97-27 permit water connection to governmental facilities outside the city limit.

Finding: The City provides water rates and historically has sold and presently and regularly sells water to both private parties and governmental and/or commercial facilities outside the city limits.

Finding: City of Ashland sewer waste systems and water supply systems have adequate capacity to accommodate additional flows from the SWRCA facility.

Conclusion: ODOT must obtain State Planning Goal 3, 9, and 11 approvals before city will extend sewer and water facilities to service the development.

Finding: ODOT with the likely assistance of Travel Oregon (Oregon Tourism Commission) is agreeable to and is intent upon fully funding the construction and operation of the SWCRA.

Finding: The drafting and execution of an intergovernmental agreement between ODOT and the City that ensures funding of construction and operation of the SWCRA before extension of sewer and connection of water services is necessary for the city public interest.

Conclusion: Prior to any construction or development of the SWCRA, staff of the City Public Works will draft an intergovernmental agreement between ODOT and the City that ensures funding of construction and operation that is acceptable to the Mayor and Council.

Finding: The State Police considers the SWCRA to be in a prime patrol tactical zone for Siskiyou Mountain I-5 traffic and the OSP is agreeable to and is intent upon using the SWCRA as a branch location for department use.

Finding: Providing potable water to supply the SWCRA irrigation needs is not in the city public interest and can be addressed by present legal authority.

“The issue of providing water outside the UGB, such as to the proposed state welcome center, was raised in the discussion of the water curtailment amendments. The council was concerned about how the city might enforce water curtailment measures outside the city limits. Since the initial adoption of the water curtailment ordinance, water contracts for delivery of water outside the city limits have included provisions making the water consumer subject to water curtailment provisions. Failure to comply with water curtailment laws allows the city to terminate the contract and therefor the service.”
Council Communication, Nolte, p.1 (5/15/2001)

Finding: Four years to complete development and begin operation of SWCRA is an adequate time period for ODOT performance and is necessary to ensure ODOT diligent performance toward completing the project.

Conclusion: The presence and use of and information distributed by the Siskiyou Welcome Center and Rest Area is likely of benefit to the City of Ashland’s tourism economy and surrounding areas and to all those who travel to and visit the City via Interstate 5. If developed and operated according to designs and/or conditions agreed to by ODOT and Travel Oregon, negative impacts, if any, to surrounding neighborhoods can be managed in order to address its presence and those visiting and leaving the facility. Therefore, extending service of potable water (not to be used for irrigation) and sewer (utilizing an existing sewer line fixture) is in the interest of and benefit to the City of Ashland.

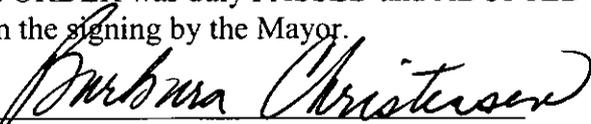
Section 2. ORDER.

THE CITY OF ASHLAND MAYOR AND COUNCIL HEREBY ORDER:

Approval of ODOTs application to extend for water and sewer contingent upon Welcome Center being built, water use from the City of Ashland be limited to non-irrigation use only and

adequate funding for maintenance and staffing with a four year limit to complete said development.

This ORDER was duly PASSED and ADOPTED this 21st day of June, 2011, and takes effect upon the signing by the Mayor.



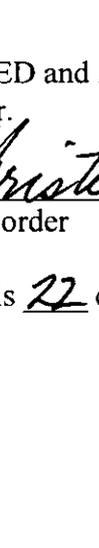
Barbara Christensen, City Recorder

SIGNED and APPROVED this 22 day of June, 2011.



John Stromberg, Mayor

Reviewed as to form:



David Lohman, City Attorney

Siskiyou Rest Area - Welcome Center Land Use History

- 1. September 29, 1997:** After a fatal crash, FHWA authorized decommissioning the original site of the Siskiyou Safety Rest Area on the condition that it be replaced as soon as possible.
- 2. 1999:** ODOT purchases the replacement property from Provost. Land adjacent to City UGB and zoned EFU.
- 3. September 14, 2007:** ODOT submits application to Jackson County for goal exceptions to site the replacement rest area/welcome center on EFU land.
- 4. February 28, 2008 to October 23, 2008:** Jackson County Planning Commission holds multiple public hearings on the rest area. Issues included water, noise, traffic, trucks, vandals, need for rest area. ODOT addresses truck related issues by eliminating commercial trucks at the rest area and providing rest room facilities at the Ashland Port of Entry.

Planning commission recommends approval with conditions.

- 5. January 2008 - September 2009: Jackson County Board of Commissioners (BOC) holds numerous hearings and visits the site.**
- 6. September 9, 2009:** BOC approves rest area.
- 7. October 2009: Three appeals with 20 claims are filed with LUBA; ODOT intervenes.**
- 8. June 4, 2010:** LUBA upholds County decision except LUBA found that extension of water service to property required an additional Goal 11 exception and remands that issue back to Jackson County.
- 9. June 23, 2010:** ODOT appeals issue to Court of Appeals. Folands cross-appeal claiming an additional seven errors.
- 10. November 24, 2010:** Court of Appeals affirmed LUBA decision and dismisses cross appeals. Matter is remanded back to Jackson County for consideration of Goal 11 exception for extension of water to site.
- 11. April 29, 2011:** ODOT files modified goal exception application and requests an amendment to Condition 27.
- 12. May 11, 2011 – June 29, 2011:** Jackson County BOC hearing. Petitioners raise issues regarding concurrent hearing before City of Ashland regarding the extension of water to the safety rest area. ODOT withdraws its request to amend condition 27.

13. **June 29, 2011:** Jackson County BOC approves the Goal 11 exception to extend water service to site.
14. Folands appeal BOC decision to LUBA arguing that decision did not comply with LDO 3.7.3(C) and that it inappropriately excluded testimony from Ashland.
15. **November 8, 2011:** LUBA affirms County decision but remands one issue to County for interpretation of LDO 3.7.3(C) and relevancy of Ashland testimony.
16. **November 29, 2011:** Folands appeal LUBA decision to Court of Appeals.
17. **February 3, 2012:** Court of Appeals affirms LUBA's decision without an opinion and matter is remanded back to Jackson County.
18. **July – August 2013:** Jackson County BOC hears testimony.
19. **August 14, 2013:** BOC issues decision interpreting LDO 3.7.3(C) and finding that the "Ashland" testimony is not relevant.
20. **August 30, 2013:** ODOT files request for amendment to Condition 27
21. **September 16, 2013:** Folands appeal BOC decision to LUBA
22. **September 30, 2013:** Folands file record objection.
23. **November 14, 2013 – December 2013:** Hearings before Jackson County Planning Commission.
24. **January 23, 2014:** Jackson County Planning Commission makes recommendation to approve amendment.
25. **January 30, 2014:** LUBA affirms BOC decision.
26. **March 12, 2014:** BOC hearing regarding amendment
27. **April 9, 2014:** BOC approves amendment.
28. **May 7, 2014:** BOC adopts ordinance approving amendment.
29. **May 30, 2014:** Petitioners file LUBA appeal.
30. **July 2014:** Petitioners file record objection.
31. **September 30, 2014:** LUBA affirms county decision.

Other Current Actions:

1. Potable Water

- **September 23, 1997:** City of Ashland agrees to provide water to proposed Siskiyou Safety Rest Area.
- **April 3, 2008:** City of Ashland staff approves water to site.
- **April 19, 2011:** City of Ashland holds hearing to extend water to the safety rest area.
- **May 10, 2011:** Neighbors filed a writ of review in Circuit Court against City of Ashland claiming City did not have authority to extend water to rest area; ODOT intervened.
- **June 2011:** Ashland approves extension of water to rest area upon conditions that welcome center be constructed and staffed within four years, and there be space for state police presence and that the potable water not be used for irrigation purposes.
- **February 2012: Circuit Court affirms City Decision**

(DRAFT 1-12-15)

INTERAGENCY GROUND LEASE

(Build-to-Suit)

BETWEEN: State of Oregon acting by and through its
Department of Transportation (“Landlord”)

AND: State of Oregon acting by and through its
Oregon Tourism Commission (d/b/a Travel Oregon)(“Tenant”)
(Landlord and Tenant each, a “Party”, and together, the “Parties”)

EFFECTIVE DATE: _____

RECITALS

A. Landlord is the owner of that certain real property consisting of approximately 19 acres commonly known as the Siskiyou Safety Rest Area property and located on Interstate 5 south of Ashland, Oregon (the “Property”).

B. As part of Landlord’s development of the Property as a Rest Area to serve north-bound travelers on Interstate 5 (the “Rest Area”), Tenant desires that Landlord construct, on the Property, a single-story building of approximately 3,800 square feet (including space for an Oregon State Police presence and space for serving coffee, as set forth in the Conceptual Design Report) to serve as a State of Oregon Welcome Center (the “Building”). The Building, an adjacent covered walkway structure and an inaccessible tower structure also to be constructed as part of development of the Rest Area, permitted future alterations, additions, replacements, or modifications to the foregoing improvements, and the portion of the Property on which the foregoing improvements are constructed, are collectively referred to herein as the “Premises”. The Premises and their location on the Property are identified in Exhibit A, attached hereto. Tenant further desires that Landlord lease the Premises to Tenant after construction of the improvements has been completed. Landlord is willing to develop and lease the Premises to Tenant on the terms and conditions set forth herein (the “Lease Agreement”).

C. Landlord and Tenant anticipate that construction of the Building, the adjacent covered walkway structure, and the tower structure will cost approximately \$3 million (the “Anticipated Project Cost”). Landlord intends to utilize federal Surface Transportation Program funds designated for Transportation Enhancement activities to cover approximately \$1.5 million of the Anticipated Project Cost (the “Federal Funds”) and state funds not subject to the restrictions of Article XI, Section 3(a) of the Oregon Constitution to cover the remaining approximately \$1.5 million of the Anticipated Project Cost (the “State Funds”). Use of the Federal Funds to construct the Building, the adjacent covered walkway structure and the tower structure is conditioned on the inclusion in the Building of prominent features promoting scenic byways in Oregon (“Byways”) sufficient to meet the federal requirements set forth in Title 23 USC, Chapter 1, Section 162, entitled the “National Scenic Byways Program”, and applicable Federal

Highway Administration (“FHWA”) policies. The federal requirements include, but are not limited to, providing tourist information to the public, including interpretative information about the Byways. All Byways information must be associated with scenic byways in Oregon and may not contain product advertising. The Parties have set the monthly Base Rent at an amount sufficient to reimburse Landlord, over the 30-year Term of the lease, for the State Funds expended by Landlord to construct the Building, the adjacent covered walkway structure, and the tower structure.

TERMS AND CONDITIONS

1. Definitions. Capitalized terms used in this Lease Agreement will have the meanings where first used in this Lease Agreement including the exhibits or, if not defined where first used, in the following list of definitions:

1.1 Additional Rent. Defined in Section 5.2.

1.2 Architect. Gazley Plowman Architects.

1.3 Certificate of Occupancy. The final approval of the governing authorities for occupancy of the Premises for its intended purpose.

1.4 Commencement Date. Defined in Section 4.1.

1.5 Conceptual Design Report. The I-5 Siskiyou Rest Area (Ashland) Conceptual Design Report prepared for Landlord and dated August 27, 2007, which is incorporated herein by this reference.

1.6 Construction Documents. The fully completed plans and specifications for the Work sufficient for procuring the Contractor, obtaining building permits and developing the Premises in preparation for occupancy by the Tenant.

1.7 Construction Period. The period during which the Work is performed and which the Parties estimate will begin during the winter of 2015 and will end during the summer of 2016.

1.8 Construction Schedule. The schedule of Work in Landlord’s Construction Contract that includes: (1) an estimated date of commencement of construction of the Premises, (2) the Scheduled Substantial Completion Date, and (3) the estimated date of issuance of a Certificate of Occupancy for the Premises.

1.9 Contractor. The business, selected through Landlord’s procurement process, to complete the Work.

1.10 Design Package. The architectural and landscaping design plans and estimate for construction of the Premises.

1.11 Landlord’s Construction Contract. The agreement between Landlord and Contractor for performance of the Work to construct the Building, the adjacent covered walkway structure, and the tower structure and otherwise prepare the Premises for occupancy by Tenant, together with the Design Package, the Construction Documents, and all proposals, bids, plans, specifications, and change orders relating thereto.

1.12 Legal Requirements. All applicable present and future laws, ordinances, orders, rules, regulations, codes, and requirements of all federal, state, and municipal governments, departments, commissions, boards, and officers, that now or hereafter apply to the Property or the Premises, or any component thereof or any activity thereon conducted, including but not

limited to the Federal Highway Administration regulations governing rest areas set forth in 23 CFR Section 752.5.

1.13 Rent. Base Rent and all Additional Rent.

1.14 Scheduled Substantial Completion Date. The date established in accordance with the Landlord's Construction Contract by which the Contractor will achieve Substantial Completion of the Premises.

1.15 Substantial Completion. The stage in the progress of the Work when the construction is sufficiently complete and in accordance with the Construction Documents and all Legal Requirements, including the Americans with Disabilities Act, so that the Premises can be occupied and used for their intended purpose.

1.16 Subtenant. Any sublessee permitted under Section 13.1.

1.17 Tenant Changes. Any change to the design of the Premises requested by Tenant after completion of the final Design Package.

1.18 Tenant Improvements. All elements of the Building other than core and shell.

1.19 Term. The Initial Term and any Extension Term, as defined in Section 4.

1.20 Work. The work required to develop and construct the Premises, as defined or further described in Landlord's Construction Contract.

2. Premises Development.

2.1 Development. Landlord agrees that it will, at its sole cost and expense, commence and pursue to completion the design, development, and construction of the Premises as described in this Lease Agreement and Landlord's Construction Contract. In the event of any conflict between this Lease Agreement and the Construction Documents, the Construction Documents will govern. In the event of any conflict between this Lease Agreement and the Landlord's Construction Contract (other than the Construction Documents), this Lease Agreement will be controlling as between the Landlord and the Tenant.

2.2 Design Period. Within 15 days after the Effective Date, Tenant and Landlord shall provide final comments to the Architect on the conceptual design for the Premises contained in the Conceptual Design Report. Landlord will then cause the Architect to complete and deliver to the Parties for review and comment the preliminary Design Package for the Premises. Within 15 days after receipt of the preliminary Design Package, Tenant and Landlord shall provide final comments to the Architect on the preliminary Design Package. Landlord will then cause the Architect to complete and deliver to the parties for final approval the Advance Plans (Design Package at 95 percent completion). Within 15 days after receipt of the Advance Plans, Tenant and Landlord will either approve the Advance Plans or provide additional comments. If Tenant and Landlord approve the Advance Plans, Landlord will then cause the Architect to complete and deliver to the parties the final Design Package. If either Tenant or Landlord provides additional comments on the Advance Plans, Landlord, Tenant and Architect will resolve any issues raised by the comments and Landlord will then cause the Architect to complete and deliver to the parties the final Design Package. The Design Package shall be based upon and generally consistent with the Welcome Center described in the Conceptual Design Report.

2.3 Construction Documents. After completion of the final Design Package, Landlord will cause the Architect to complete the Construction Documents consistent with the final Design Package. Promptly after completion of the Construction Documents, Landlord shall prepare and conduct a procurement process, in compliance with the Oregon Public

Contracting Code, to select a Contractor and award Landlord's Construction Contract to perform the Work.

2.4 Tenant Changes. Landlord will not be obligated to include in the Premises any elements other than the elements set forth in the final Design Package. If Tenant desires a change in the Premises from that reflected in the final Design Package, Tenant must submit the Tenant Change in writing to Landlord for approval. Landlord must not unreasonably withhold, condition or delay its approval of any Tenant Change request. If Landlord fails to approve or reject the requested Tenant Change within 15 days of receipt, the Tenant Change will be deemed approved. If the Tenant Change is approved, Landlord will cause the Contractor to provide to Tenant for Tenant's approval the estimated cost of implementing the Tenant Change. Within 15 days after delivery of the estimated cost of implementing the Tenant Change, Tenant shall notify Landlord whether Tenant wishes to proceed with the Tenant Change and, if it does, shall either tender full payment of the cost of the Tenant Change to Landlord or agree to pay the cost of the Tenant Change as Additional Rent in the form of equal monthly installment payments over the Initial Term, and Landlord will then request Contractor to implement the change. The cost of implementing a Tenant Change that tenant pays for in accordance with this Section 2.4 shall not be included in the cost of completing the Work for purposes of determining any Cost Overrun or Cost Savings.-If Tenant fails to notify Landlord of its decision within 10 business days after delivery of the cost estimate, Tenant shall be presumed to have rejected the cost estimate and the Tenant Change will not be implemented.

2.5 Other Change Orders. Other than change orders arising from an approved Tenant Change (which are addressed in Section 2.4), Landlord shall notify Tenant in writing of all change orders and all such change orders that exceed \$10,000 must be approved in writing by Tenant prior to implementation. Tenant must not unreasonably withhold, condition or delay its approval of a change order. The cost of any change order in excess of \$10,000 that is implemented without Tenant's prior written approval shall not be included in the cost of completing the Work for purposes of determining any Cost Overrun or Cost Savings. Nor shall Tenant be required to accept the Premises subject to any change that costs in excess of \$10,000 that Tenant has not approved in writing.

2.6 Substantial Completion. After award of Landlord's Construction Contract, Landlord will use its best efforts to cause the Contractor to: (a) obtain the necessary permits for the Work, (b) commence construction of the Work, and (c) achieve Substantial Completion of the Premises as provided in the Construction Documents. Landlord will not extend the Scheduled Substantial Completion Date by agreement with the Contractor without prior coordination with Tenant.

2.7 Punch List. Within 30 days after issuance of a Certificate of Occupancy for the Premises, Tenant will prepare a punch list of items to be completed or corrected by Contractor. Landlord will cause all punch list items to be completed within 30 days after notice by Tenant to Landlord of the punch list items.

2.8 Tenant Construction Period Access. Tenant will have a right of access to the Premises during construction (for Tenant's public relations, marketing, information technology, security systems, and furniture, fixtures, and equipment contractors) and a reasonable opportunity for introduction and storage of Tenant's materials and equipment, as long as the access and use will not interfere with the Work. Tenant shall coordinate such access with Landlord's construction manager and comply with any access procedures or protocols established by Landlord.

3. Demise and Description. Landlord agrees to lease to Tenant and Tenant agrees to lease from Landlord the Premises on the terms and conditions set forth in this Lease Agreement.

4. Lease Term.

4.1 Commencement Date. The lease will commence 30 days after Landlord delivers the Premises to Tenant with a Certificate of Occupancy (the "Commencement Date").

4.2 Initial Term. The initial term of the lease will commence on the Commencement Date and, subject to adjustment as provided in this Section 4.2, continue for 360 months (the "Initial Term"). If the actual cost of completing the Work exceeds the Anticipated Project Cost (such excess amount, if any, the "Cost Overrun"), then the Initial Term shall be automatically extended by the number of months necessary to provide aggregate Base Rent payments, during the extension of the Initial Term, equal to the Cost Overrun. If the actual cost of completing the Work is less than the Anticipated Project Cost (such difference, if any, the "Cost Savings"), then the Initial Term shall be automatically reduced (at the end of the Initial Term) by the number of months necessary to reduce the aggregate Base Rent payments, during the Initial Term, by an amount equal to the Cost Savings. If the Initial Term is extended or reduced as a result of a Cost Overrun or Cost Savings, Landlord and Tenant shall execute an amendment to this Lease Agreement to memorialize the change in the length of the Initial Term.

4.3 Lease Extension. Landlord shall not, before the final year of the Initial Term, offer to lease the Premises to any third party. During the final year of the Initial Term and prior to offering to lease the Premises to a third party, Landlord shall confer with Tenant to determine Tenant's interest in continuing to lease the Premises for the same or similar purposes after the end of the Initial Term. If Tenant desires to continue leasing the Premises for the same or similar purposes, Landlord and Tenant shall negotiate the terms and conditions of a lease extension and either amend this Lease Agreement or enter into a new lease to implement the extension ("Extension Term"). The Base Rent in any Extension Term may not exceed the fair market rent for similar commercial space in Southern Oregon.

5. Rent.

5.1 Calculation of Base Rent. Beginning on the Commencement Date and on the same day of every month thereafter during the Term, Tenant will pay to Landlord, as Base Rent, the sum of \$4,166.66. The Base Rent due each month equals the anticipated State Funds used to construct the Premises (\$1.5 million) divided by 360, the anticipated number of full months in the Initial Term.

5.2 Additional Rent. Tenant will also pay from the Commencement Date, without abatement, deduction, or setoff, except as otherwise provided in this Lease Agreement, all sums, impositions, costs, and other payments, if any, that Tenant agrees to pay (collectively, "Additional Rent").

5.3 Payment of Rent. All Rent will be payable in advance, beginning on the Commencement Date and on the same day of each month following the Commencement Date through the Term. Rent payments are due, without notice or demand, and without deduction or setoff of any amount except as expressly provided otherwise in this Lease Agreement.

5.4 Rent Abatement. If Landlord closes the Rest Area during the Term for a period greater than 10 consecutive business days but less than 120 consecutive calendar days, the Term of the lease shall be automatically extended, without cost to Tenant, by the number of days, in

excess of 10 consecutive business days, that the Rest Area was closed by Landlord. If Landlord closes the Rest Area for a period greater than 120 consecutive calendar days, payment of Rent will be abated from day 121 forward until such time as Landlord re-opens the Rest Area. Upon Landlord re-opening the Rest Area, payment of Rent will resume as provided by this Lease Agreement. Rent abatements provided by this section shall not alter or modify any other terms or conditions of this Lease Agreement. Notwithstanding the foregoing, the Term extension and Rent abatement provisions shall not apply if Landlord closes the Rest Area because of circumstances beyond Landlord's reasonable control, including but not limited to, acts of God, weather conditions, acts or omissions of public authorities, statutory requirements, or legislative actions.

5.5 Place of Payment. All Rent must be paid in lawful money of the United States at the address of Landlord set forth in this Lease Agreement, or at such other place as Landlord will from time to time designate by notice to Tenant. Rent will be deemed paid on the date received by Landlord.

5.6 Late Charge. If any Rent or other sum payable by Tenant to Landlord is not paid within fifteen days of the date when first due, Tenant will pay to Landlord an additional sum of \$150. The Parties agree that the late charge represents a fair and reasonable estimate of the costs that Landlord will incur by reason of the late payment.

6. Use of Premises.

6.1 Permitted Uses. Tenant will use and occupy the Premises continuously during the Term for the operation of a first-class State of Oregon Welcome Center under the name of "Travel Oregon", offering statewide visitor information and visitor services (the "Welcome Center"). As part of its Welcome Center operations, Tenant may offer any visitor related information or services permitted or allowed under FHWA and other applicable state and federal policies and laws, and shall include on-site interpretive facilities that incorporate environmental and cultural educational opportunities, whenever possible. Tenant may not use the Premises for any other purpose or operate the Premises under any other name without the written consent of Landlord. Tenant will maintain and operate the Welcome Center during the entire Term with due diligence and in a first-class manner. Tenant will conduct Welcome Center operations in the Building on days and during hours as Tenant determines appropriate based on seasonal fluctuations in visitor travel. At the beginning of the Term and seasonally thereafter, Tenant shall notify Landlord of the Welcome Center operating hours. The Welcome Center may be closed any time the Rest Area is closed or as deemed necessary by Tenant from time to time. Landlord may close the Rest Area at its discretion and shall notify Tenant of any closure.

6.2 Handbills and Advertising. Neither Tenant nor the employees, volunteers, agents, concessionaires or licensees of Tenant will (1) solicit business in or on the Premises or in or on other areas of the Rest Area, or (2) distribute any handbills or other advertising matter on vehicles parked in the parking area or in the other areas of the Rest Area. Subject to compliance with all Legal Requirements and to the extent consistent with the permitted use of the Premises, Tenant shall position displays on the Premises as necessary to comply with state and Federal Funds requirements for the promotion of scenic byways in Oregon consistent with Title 23 Sections 131 and 162 of the United States Code. Displays may be positioned inside the Building or under the covered walkway/tower structure and such displays shall be considered a "sign plaza" for purposes of this Lease Agreement. Tenant may not position displays in areas outside the Premises without the written consent of Landlord.

6.3 Licenses. Landlord grants to Tenant a nonexclusive fully-revocable license during the Term to use the parking areas, visitor plaza, and other facilities of the Rest Area (the “Common Areas”) in the same manner and to the same extent as visitors of the Rest Area. Landlord further grants to Tenant, a nonexclusive fully-revocable license during the Term to use the alternate access to the Rest Area from Crowson Road, and the staff parking areas, in the same manner and to the same extent as Landlord’s staff, on first-come first-served basis. Landlord reserves the right at any time to grant similar nonexclusive use to others, to make rules and regulations relating to the use of the Common Areas, to designate specific parking spaces for the use of particular persons, and to make changes in the Common Areas from time to time.

6.4 Legal and Regulatory Compliance. At all times during the Term, Tenant will comply with all Legal Requirements affecting its use or occupancy of the Premises or use of the Common Areas, and will require all Subtenants of the Building to comply with all Legal Requirements affecting their use and occupancy of the Premises and use of the Common Areas. Tenant will comply with all posted Rest Area regulations and will not use or occupy, or permit or suffer all or any part of the Premises to be used or occupied (1) for any unlawful or illegal business, use, or purpose; (2) in any such manner to constitute a nuisance of any kind; (3) for any purpose or in any way in violation of the Certificate of Occupancy, or of any Legal Requirements; or (4) for any business, use, or purpose deemed disreputable. Tenant will observe and comply with all state and federal laws, regulations and guidelines, and all conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including but not limited to zoning variances, special exceptions, and nonconforming uses), privileges, franchises, and concessions that now apply to the Premises or that have been granted to or contracted for by Landlord or Tenant in connection with any existing or presently contemplated use of the Premises, including but not limited to the conditions imposed by Jackson County for development of the Property, the conditions imposed by the City of Ashland for extension of water and sewer service to the Property, and 23 CFR 752.

6.5 Third-Party Uses. Tenant shall allow the Oregon State Police to use the portion of the Building so identified in the Conceptual Design Report, for a workstation. Tenant and the Oregon State Police shall agree upon the specifics of the use. In addition, Tenant shall allow a volunteer organization designated by Landlord to use the portion of the Building so identified in the Conceptual Design Report, to distribute free coffee to Rest Area visitors. Neither the Oregon State Police nor the Landlord-designated volunteer organization shall be considered a Subtenant with respect to its use of the Building under this Section 6.5 and neither shall be charged rent. Tenant shall not be responsible or liable for the actions of the Oregon State Police or the volunteer organization designated by Landlord to distribute free coffee.

6.6 Permitted Use Dispute Resolution. If Tenant and Landlord disagree over the meaning or applicability of a Legal Requirement, Landlord will make the final determination of the meaning or applicability after first consulting with the Oregon Attorney General. The Parties agree to follow the advice of the Attorney General on the meaning or applicability of a Legal Requirement.

6.7 Waste and Nuisance Prohibited. At no time during the Term will Tenant commit, suffer to be committed, or allow or permit others to commit, any waste on or with respect to the Common Areas or the Premises, or any nuisance or illegal act.

6.8 Smoking Prohibition. No smoking is allowed inside the Building at any time.

7. Services. Landlord will not be required to provide any services to the Premises except as expressly provided herein. As part of the Work, Landlord will install electricity, water, sewer, and telecommunication utility lines (metered separately from other uses on the Property) to service the Premises and Tenant's property and operations. Tenant will arrange for its own accounts with utility service providers and for its own janitorial service and any other services as are necessary or appropriate for use of the Premises by Tenant and any Subtenants. Tenant will be responsible for timely payment in full of all charges for utility and other services provided to the Premises. Landlord will not be liable or responsible for any interruption of any utility or other kind of service provided by third parties except to the extent that the interruption is the result of insured damage to the Premises or is caused by Landlord, or the employees, volunteers, agents, concessionaires or licensees of Landlord, and Landlord fails to avoid or cure the interruption as soon as reasonably possible after becoming aware of the interruption.

8. Repairs and Maintenance.

8.1 Capital Repairs and Replacements. Except as provided below, Tenant will make all capital repairs and replacements (as distinguished from ordinary maintenance and repairs) to all elements of the Premises, if and when necessary, including but not limited to the foundation, all load-bearing elements such as walls and columns of the Building, the roof of the Building, the adjacent covered walkway structure, the tower structure, the building systems, and the Tenant Improvements; provided, however, Tenant will not be responsible for capital repairs and replacements covered by the warranty in Landlord's Construction Contract or capital repairs and replacements of the walkway portion of the adjacent covered walkway structure, which shall be Landlord's responsibility.

8.2 Ordinary Maintenance and Repairs. As used in this Section, the term ordinary maintenance and repairs means all maintenance and repairs, including but not limited to repairs necessitated by vandalism, other than capital repairs and replacements. Tenant will, throughout the Term, at Tenant's sole cost and expense, keep and maintain the Premises (other than maintenance or repair covered by the warranty in Landlord's Construction Contract, the landscaping, and the walkway portion under the adjacent covered walkway structure, which shall be Landlord's responsibility) in good, neat, and sanitary condition, operating condition, working order, and appearance including but not limited to the following:

8.2.1 Maintenance and ordinary repairs to the exterior of the Premises (including but not limited to the exterior surfaces, roof membrane, exterior skin, exterior windows, exterior doors, and the covering of the adjacent covered walkway structure);

8.2.2 Maintenance and ordinary repairs to the interior of the Building, including all common areas, all leased and leasable space, and all electrical, janitorial, and mechanical rooms and facilities;

8.2.3 Maintenance and ordinary repairs to all building systems, including electrical, plumbing, and mechanical systems, equipment, and fixtures, including heating, ventilation, and air conditioning (HVAC) units and related equipment;

8.2.4 Maintenance and ordinary repairs to all interior doors and windows, and related hardware, and all ceilings, wall and floor coverings, light fixtures and switches, plumbing fixtures, and all wiring and plumbing;

8.2.5 Repairs of damage caused through the negligence or other misconduct of the Tenant or any Subtenant, but subject to the provisions of this Lease Agreement specifically providing otherwise with respect to insured or insurable damage;

8.2.6 Replacements necessitated by Tenant's failure to properly maintain or provide ordinary repairs as otherwise required in this Section, including Tenant's failure to keep in place and require performance of adequate maintenance contracts for the HVAC systems; and

8.2.7 The clean and sanitary storage, collection, and disposal of refuse from the Premises in a location designated by Landlord as the refuse collection point.

8.3 Common Areas. Landlord will maintain, repair, and replace the Common Areas, the landscaping, and the walkway portion under the adjacent covered walkway structure, keeping them in good order, condition, and repair throughout the Term.

8.4 Landlord's Interference with Tenant. In performing any repairs or work that Landlord is required to perform under this Lease Agreement, Landlord will not cause unreasonable interference with use of the Premises by Tenant or any Subtenants, except as is reasonably necessary to effect the repairs and, Landlord will have the right of access to the portions of the Premises as is reasonably necessary to effect the repairs. Any repairs or replacement that would interrupt Tenant's intended use of the Premises will be made outside of Tenant's operating hours, except in the event of an emergency requiring immediate work for safety and protection of persons and the Premises.

8.5 Keys. Landlord shall provide Tenant with a set of four keys to the Premises on or before the Commencement Date. Tenant will be responsible for replacing lost keys or re-keying. If Tenant chooses to re-key the Premises, Tenant shall provide Landlord a spare set of keys for the purposes of repairs, maintenance, or emergency access.

9. Alterations. Tenant will have the right to make alterations or further improvements to the Premises subject to the requirements of this Section, as follows:

9.1 Landlord's Written Consent. Landlord's prior written consent is required, which will not be unreasonably withheld, conditioned, or delayed except as expressly provided otherwise below.

9.2 Structural Changes. Landlord may withhold or condition its consent in Landlord's sole discretion if the alterations or improvements require any structural changes or modifications to the Building, or involve any alteration of the exterior of the Building, or consist of alterations to improvements other than the Building or the construction of new improvements on the Common Areas, whether or not the proposed improvements would be adjacent or attached to the exterior of the Building.

9.3 Alterations or Improvements to Create New Space. If any such alterations or improvements are to create new space to be occupied by a Subtenant rather than being needed and intended primarily for Tenant's own operation and use, then Landlord in its sole discretion may withhold or condition its consent.

9.4 Landlord's Review of Proposed Plans. For all alterations or improvements, Tenant will furnish Landlord with proposed plans and specifications for Landlord's review and approval, which approval will be deemed given if Landlord fails to respond to Tenant's submittal within 30 business days.

9.5 Tenant to Perform Alterations and Improvements. All alterations and improvements that are permitted under this Lease Agreement will be performed by Tenant, at Tenant's sole cost, in compliance with all applicable codes, rules, and regulations, in a professional manner with quality materials equal to or better than the original.

9.6 Tenant to Provide As-Built Plans. Upon completion of any improvements or alterations, Tenant will provide Landlord with as-built plans for the completed work.

9.7 Alterations and Improvements to Become Landlord's Property. All alterations or improvements that Tenant constructs will, at the end of the Term, or earlier termination of this Lease Agreement, become the property of Landlord, except to the extent Landlord exercises its right in the following sentence to require removal. Landlord will not have the right to require Tenant to remove any such alteration or improvement at the end of the Term, or earlier termination of this Lease Agreement, unless the removal obligation was a condition of approval of an alteration made after the initial completion of the Premises.

9.8 Tenant Not to Alter Roof or Exterior Walls. Tenant will not penetrate the roof or make installations on the exterior walls or the roof of the Building without Landlord's prior written consent.

10. Liens. Tenant covenants to keep the Premises and the Common Areas free from all construction liens and all other liens of any type whatsoever arising out of Tenant's repair, alteration, maintenance, and use of the Common Areas or Premises. If a lien is filed, Tenant must, within 30 days after knowledge of the filing, secure the discharge of the lien or deposit a sufficient corporate surety bond in an amount required by Oregon law to remove the lien. Landlord expressly reserves the right to post notices of nonresponsibility under the lien laws of the state of Oregon.

11. Insurance.

11.1 Property Insurance.

11.1.1 Upon commencement of construction of the Premises, Landlord shall declare the Premises as a Landlord Property to Risk Management in the Department of Administrative Services.

11.1.2 Promptly after the Commencement Date, Landlord and Tenant shall jointly declare the Premises as Tenant Property to Risk Management in the Department of Administrative Services.

11.2 Liability Insurance. The Parties understand that each is insured with respect to tort liability claims by the State of Oregon Insurance Fund, a statutory system of self insurance established by ORS Chapter 278, and subject to the Oregon Tort Claims Act (ORS 30.260-30.300). Each Party agrees to accept that coverage as adequate insurance of the other Party with respect to personal injury and property damage. In addition, each Party agrees that any tort liability claim, suit or loss resulting from or arising out of the Parties' performance of and activities under this Lease Agreement, will be allocated, as between the Parties, in accordance with law by Risk Management in the Department of Administrative Services for purposes of their respective loss experiences and subsequent allocation of self-insurance assessments under ORS 278.435. Each Party agrees to notify Risk Management in the Department of Administrative Services and the other Party in the event it receives notice or knowledge of any claims arising out of the Parties' performance of or activities under this Lease Agreement. Tenant shall not be responsible or liable for the actions of the Oregon State Police or the volunteer organization designated by Landlord to distribute free coffee, as provided in Section 6.5.

12. Damage and Destruction.

12.1 Repair and Restoration. Except as specifically provided otherwise in this Lease Agreement, if the Premises are damaged or destroyed during the Term by fire or other casualty,

Landlord will repair or rebuild the Premises to substantially the condition existing immediately before the damage or destruction (excluding Tenant Improvements), to the extent Landlord receives sufficient insurance proceeds from Risk Management in the Department of Administrative Services. The work will be undertaken expeditiously and in good faith and will be completed by Landlord as soon as reasonably practicable. If Landlord does not receive sufficient insurance proceeds to repair or rebuild the Premises, either party may terminate this Lease Agreement effective upon written notice to the other party.

13. Sublease.

13.1 Permitted Subtenants. Tenant may not, without the prior written consent of Landlord, which Landlord shall not unreasonably withhold, condition or delay, sublease any portion of the Premises to any third party.

13.2 Effect of Termination on Sublease. Upon the expiration of the Term or on the earlier termination of this Lease Agreement or the termination of the right of possession of Tenant, any sublease then in effect will likewise terminate or the right of possession of the Subtenant will cease, unless Landlord exercises its right, hereby granted by Tenant, to treat the expiration or termination as an assignment of the interest of Tenant in and to the sublease with the sublease continuing in full force and effect as a direct lease between the Subtenant and Landlord on all of the terms, conditions, and covenants of the sublease, subject to Landlord receiving from the Subtenant such assurances from the Subtenant and sublease modifications as Landlord may require.

14. Assignment. Without the prior written consent of Landlord, Tenant will not assign, transfer, or encumber this Lease Agreement or any interest herein, or suffer a transfer of this Lease Agreement by operation of law. This restriction will not apply to a permitted sublease.

15. Surrender on Expiration or Termination.

15.1 Condition of Property and Improvements. Upon expiration of the Term or earlier termination of this Lease Agreement, Tenant will deliver all keys to Landlord and surrender the Premises in a state of good condition and repair and broom clean, reasonable wear and tear excepted. Alterations, additions, and improvements made by Tenant with permission from Landlord shall not be removed unless the terms of permission for the work so require.

15.2 Tenant's Property. Before the expiration of the Term or earlier termination of this Lease Agreement, Tenant will remove all furnishings, furniture, and trade fixtures that remain Tenant's property.

16. Dispute Resolution. Except as provided in Section 6.6, the Parties to this Lease Agreement shall resolve any dispute or disagreement under this Lease Agreement through discussion and negotiation, escalating the discussion and negotiation to higher levels of management, as necessary to reach resolution.

17. Quiet Enjoyment. Landlord warrants that Landlord is the owner of the Premises and has the right to lease the Premises to Tenant. As long as Tenant is not in default under this Lease Agreement, Landlord will defend Tenant's right of quiet enjoyment from the lawful claims of all

persons claiming by or through Landlord during the Term, subject only to the exceptions, reservations, and conditions set forth in this Lease Agreement.

18. Survival. The obligations and liabilities of Tenant arising under this Lease Agreement will survive the expiration of the Term or earlier termination of this Lease Agreement and the termination of the right of possession of Tenant.

19. Authority. Each Party warrants and represents to the other that the person(s) signing this Lease Agreement on its behalf has authority to enter into this Lease Agreement and to bind it to the terms, covenants, and conditions contained in this Lease Agreement.

20. Notice. All notices required by this Lease Agreement must be in writing addressed to the party to whom the notice is directed at the address of that party set forth below the signatures on this Lease Agreement. Any such notice personally delivered, sent by recognized overnight courier service, or sent by United States mail, as registered or certified mail postage prepaid, will be deemed to have been given for all purposes upon receipt. Any such notice given by email will be deemed to have been given for all purposes upon the sender's receipt of confirmation generated by the recipient's email system that the notice has been received by the recipient's email system. Any party may designate a different mailing address or a different person for all future notices by notice given in accordance with this Section.

21. Modification. No modification of this Lease Agreement will be valid unless it is in writing and is signed by both Parties.

22. Integration. This Lease Agreement is the entire agreement of the Parties. There are no promises, terms, conditions, or obligations other than those contained in this Lease Agreement. This Lease Agreement will supersede all prior communications, representations, and agreements, oral or written, of the Parties regarding the subject matter hereof.

23. Interpretation. The Section headings are for the convenience of the reader only and are not intended to act as a limitation on the scope or meaning of the Sections themselves.

24. Severability. The invalidity of any term or provision of this Lease Agreement will not affect the validity of any other provision.

25. Waiver. Waiver by a Party of strict performance of any provision of this Lease Agreement will not be a waiver of or prejudice a Party's right to require strict performance of the same provision in the future or of any other provision.

26. Binding Effect. Subject to restrictions in this Lease Agreement on assignment, this Lease Agreement will be binding on and inure to the benefit of the successors and assigns of the Parties.

27. Governing Law. This Lease Agreement will be interpreted and enforced according to the laws of the state of Oregon.

28. Counterparts. This Lease Agreement may be executed in multiple counterparts, each of which will constitute one agreement, even though all parties do not sign the same counterpart.

29. Time Essence. Time is of the essence in the performance of this Lease Agreement.

30. Exhibits. All exhibits referred to in this Lease Agreement are incorporated by reference in this Lease Agreement as if fully set forth herein.

Landlord

Tenant

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Address: _____

Address: _____

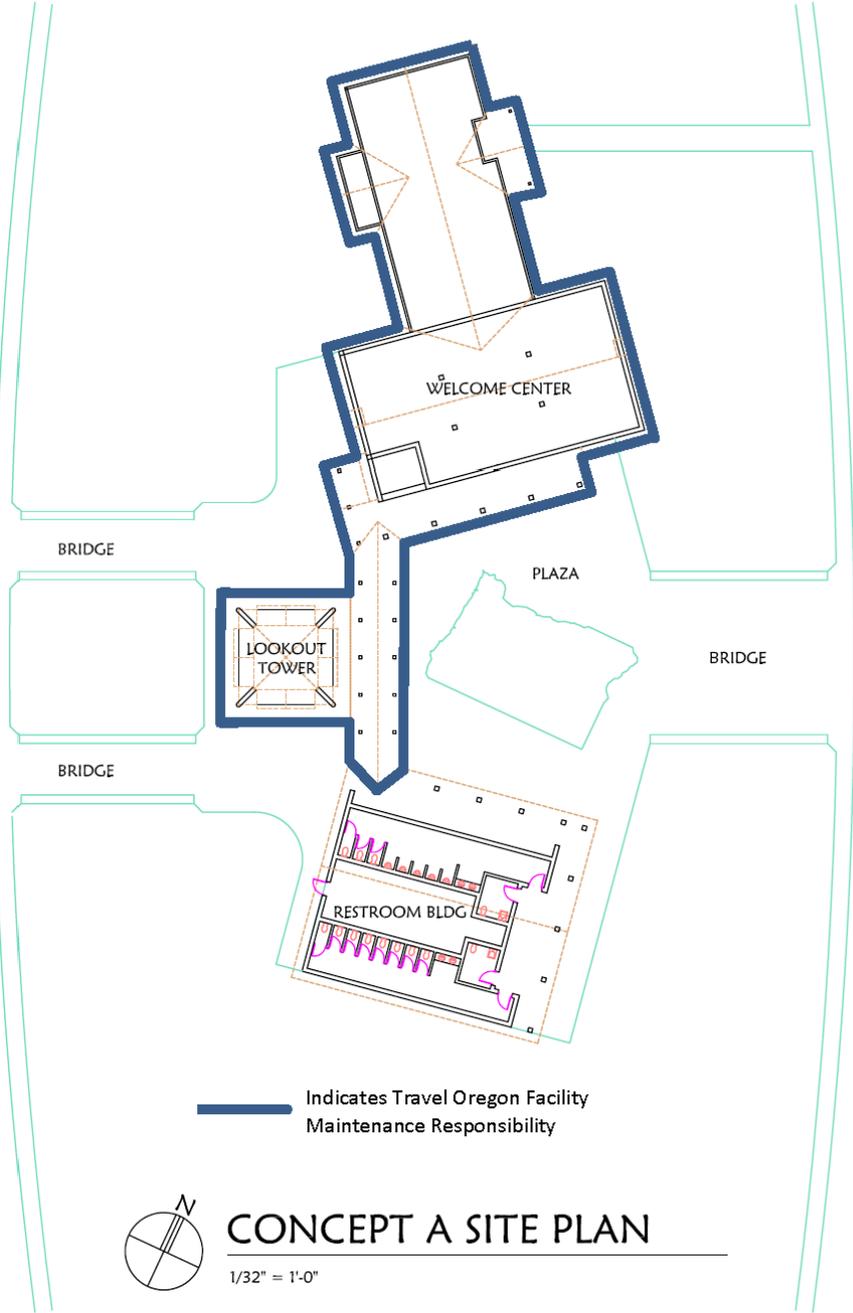
Email: _____

Email: _____

Date: _____, 20__

Date: _____, 20__

EXHIBIT A
TENANT AREA OF RESPONSIBILITY



— Indicates Travel Oregon Facility
Maintenance Responsibility



CONCEPT A SITE PLAN

1/32" = 1'-0"

***Siskiyou Safety Rest Area and Welcome Center
Frequently Asked Questions
January 2015***

▪ ***Have the facilities been granted land use approvals?***

All land use hurdles have finally been cleared, including those decisions appealed by opponents. This is the primary reason the project will not be fully constructed by June 2015. Attached is a timeline of planning activities undertaken by ODOT for this project since 2011.



▪ ***Will the Siskiyou Safety Rest Area and Welcome Center practice water conservation?***

ODOT understands that water is a valuable resource. It is also understood that water needs to be applied to the right use. The amount of potable water needed for the Rest Area and Welcome Center is approximately 1,400 gallons per day, which is equivalent to the amount used by four homes. Toilet facilities will utilize low use water features. ‘Gray water’ will also be reclaimed and used for irrigation purposes. ODOT secured Talent Irrigation District water to establish and maintain landscaping at the site and for irrigating the landscaping at the new Exit 14 Ashland interchange.

▪ ***How will ODOT and Travel Oregon fund construction of both facilities?***

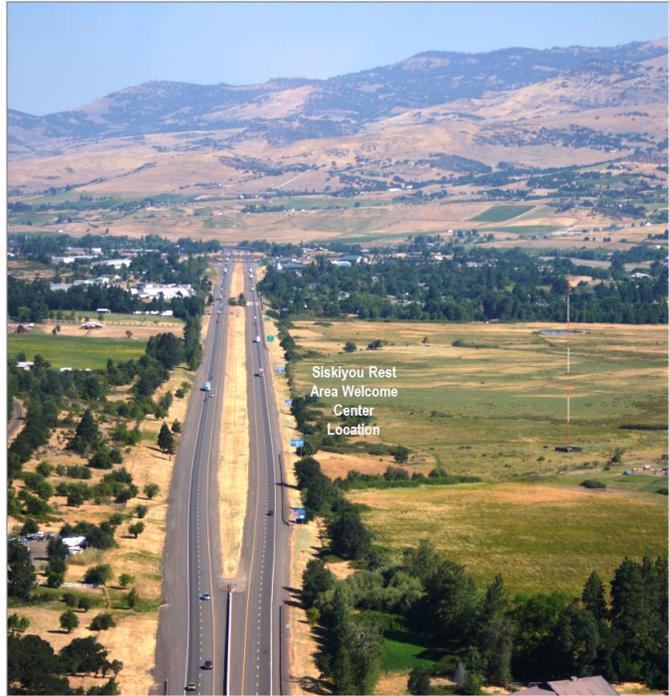
The estimated cost of remaining design and construction activities at the site is \$11.8 million. \$3 million will cover the new Welcome Center, covered walkway and tower feature. The remaining \$8.8 million will be used to construct the site civil work, restroom facilities, parking facilities, on and off ramps, access road from Crowson Road and landscaping. All funding is available for the project.

▪ ***Will commercial trucks and other heavy vehicles be prohibited from using the rest area/welcome center?***

Yes. ODOT constructed rest room facilities specifically for this purpose at the nearby Port of Entry. The new Rest Area and Welcome Center facility, located to the east of NB I-5 at approximately mile point 12.5, will have regulatory signs prohibiting commercial vehicles. Law enforcement will ensure compliance.

- ***Will the new Rest Area and Welcome Center be managed by ODOT?***

ODOT recently transferred funds and management of Oregon rest areas to Oregon Travel Experience (OTE), formerly known as the Travel Information Council (TIC). We expect this site to eventually be managed by OTE, but until that time ODOT will be the owner. As for the Welcome Center itself, Travel Oregon (TO) will be the sole operator of this facility. The rest area will remain open 24 hours for travelers. Travel Oregon will determine the hours of operation and number of staff members of the Welcome Center as they currently do at their facility near exit 19.



- ***How will the proposed Safety Rest Area and Welcome Center compliment the surrounding area?***

The proposed structures for the Siskiyou Rest Area and Welcome Center are designed with a “Cascadian” style to reflect the architecture found in some of the lodges of the Northwest. The buildings will be buffered with landscaping using drought-tolerant, native vegetation to complement the natural environment and enhance the overall appearance of the area. The facility will have exterior lighting that is shrouded so as to direct light downward and eliminate or minimize the transmission of light off the property, in a manner that is consistent with Leadership in Energy and Environmental Design (LEED) Dark Sky standards. The facility will be a showcase of sustainability in line with the State of Oregon’s direction.

- ***Why is a Welcome Center so essential when there are commercial outlets at the south Ashland exit 14?***

Although many travelers plan ahead, there are many last minute travelers who don’t have their entire trip mapped in advance; rather, they “create it as they go”. Past ODOT surveys show that 25% of travelers take this approach. In 2014, 49% of people pursuing travel information were accessing sites from their mobile devices. That still leaves a large percentage of visitors looking for information by other means, especially on the I-5 corridor into Oregon where 65% of travelers visiting the state via vehicle enter. 2014 saw an increase in visitors to our region with the economy recovering. With lower gas prices, 2015 has anticipated growth, with an increase in the number of early bookings. The Welcome

Center would support and educate travelers on the many beautiful and fun places to visit, benefiting both our local and regional economy.

- ***How would the proposed Siskiyou Safety Rest Area and Welcome Center benefit tourists and travelers and the local/regional economy?***

Driving over the Siskiyou Pass can be very stressful; in bad weather conditions it can be hazardous to drivers, their passengers and others using the interstate. The road is steep and circuitous and can be snowy or icy with poor visibility. Driving it takes extra time and can easily cause stress and fatigue. The Siskiyou Rest Area is a safety feature that would provide benefits to travelers driving down from the pass. It would also provide a bad weather refuge for motorists to remove chains in lieu of using the shoulder as they currently do.

A welcome center at the I-5 Siskiyou Safety Rest Area will foster the continued growth and success of the tourism industry in Jackson County and southern Oregon. Based on an annual report from Travel Oregon, total direct travel spending for Jackson County was nearly \$489 million for 2013. Southern Oregon direct travel spending was \$935 million. According to the Oregon Association of Convention and Visitors Bureau, for every dollar spent operating a welcome center, \$41 is generated in new visitor spending.

- ***How successful has the interim Welcome Center been in attracting tourists?***

Before the former Siskiyou Rest Area was decommissioned in 1995, more than 78,000 people visited the Welcome Center annually. In 2008, the Ashland Welcome Center at exit 19 had 11,229 visitors. The difference of 67,000 visitors a year is a substantial lost opportunity to attract more visitors to Jackson County. During this interim period, the temporary Welcome Center's visits were low due to its difficulty of access, positioned on the southbound side of I-5 exit 19. This location primarily targets folks who are departing the state, not entering it; its visibility also isn't adequate for highway travelers. Conversely, the Ashland Chamber's Visitor & Convention Bureau (VCB) serves as the visitor information center in Ashland as well as the gateway to southern Oregon and the state, being the first stop in Oregon for many travelers. The Information Booth on the downtown Ashland Plaza is operated by the Ashland Chamber's VCB, serving over 25,000 visitors annually, while the Ashland Chamber's VCB office one block from the Plaza serves over 125,000 visitors annually. Ashland welcomes more than 300,000 visitors annually, half of who attend plays at the Oregon Shakespeare Festival.

- ***Will the Siskiyou Safety Rest Area and Welcome Center include security features?***

Although statistics show that actual incidents of criminal activity at rest areas and surrounding locations are low, the Siskiyou Rest Area and Welcome Center is being designed with security features in mind. ODOT's "inward" design provides parking both east and west of the Siskiyou Rest Area and Welcome Center. This allows law enforcement

officials to quickly view the area around the building without having to leave their vehicles. The presence of Welcome Center staff and an Oregon State Police office, and design features such as lighting, open landscaping and security cameras, will all deter criminal activity. In addition, the perimeter of the Rest Area property will be cordoned with a six-foot high chain link fence. A service road from Crowson Road to the property for authorized personnel will also be gated and fenced.

- ***Will the Siskiyou Safety Rest Area and Welcome Center be constructed with safety features?***

ODOT has designed the Rest Area I-5 re-entry ramp to be substantially longer than required by the Oregon Highway Design Manual. According to the manual, 750 feet is the desired acceleration length for an entrance ramp, to allow adequate decision time for vehicles to pick gaps. For the new Siskiyou Rest Area, ODOT has designed a ramp that is approximately 1,700 feet long, more than double the desirable standard and nearly four times the length of the re-entry ramp at the former Siskiyou Rest Area at mile point 10.

- ***Will the proposed Siskiyou Safety Rest Area and Welcome Center cause more noise?***

Consultant Parsons Brinckerhoff prepared a noise study in June 2008 that concluded noise levels continue to rise in the vicinity of Crowson Road as a result of growing traffic volumes on I-5. Construction of the Safety Rest Area and Welcome Center does not result in a perceptible change in noise levels. Therefore, the criteria warranting a sound wall was not met. In response to public concern regarding perceived noise from semi-trucks using the rest area, they have been prohibited, and new restroom facilities have been provided at the Port of Entry for the truckers.

- ***What is the planned construction schedule for the new Rest Area and Welcome Center?***

Work on the site is planned to occur in two phases. The first phase is the site civil work to build the access road, utilities, parking lots and the highway ramps. Work on that phase is scheduled to begin in the summer of 2015. The second phase is the facilities construction where the restrooms and welcome center structures will be built. Work on that phase is scheduled to begin in the spring of 2016.

Prior to the start of construction, ODOT awarded a small contract for purpose of completing site drainage modifications, installing a right of way fence and realigning an irrigation ditch. These improvements were necessary to prevent the interruption of agricultural irrigation to adjacent landowners and to establish a fence to keep livestock from entering the property and highway.



Oregon

John A. Kitzhaber, MD, Governor

Department of State Police

4500 Rogue Valley Hwy., Suite A

Central Point, OR 97502

(541) 776-6114 or (541) 776-6236

Fax (541) 664-8762

January 27, 2015

Richard Randleman
Project Leader
ODOT Region 3

Subject: **Siskiyou Mountain Rest Area**

Richard,

This letter is to confirm that the Oregon State Police (OSP) is committed to partnering with the Oregon Department of Transportation (ODOT) by utilizing facilities provided by ODOT at the proposed rest area on I-5 near the Siskiyou Mountain summit. OSP has always enjoyed a strong partnership with ODOT, and we believe that having a facility located in this new rest area will go a long way in not only strengthening that partnership but also providing the motoring public with the best possible law enforcement service in such a remote location. As you well know, winter weather can sometimes be very problematic on the Siskiyou pass. Having a location for our agency to base winter weather operations from will be of significant benefit to us as well as the citizens that we serve.

Again, we appreciate the opportunity to partner with ODOT on this and look forward to working with you.

Sincerely,

Kelly S. Collins, Lieutenant
Oregon State Police Central Point Area Command

KSC



COOPERATIVE IMPROVEMENT AGREEMENT

**To Provide Water and Sewer Services to
Siskiyou Welcome Center and Rest Area
City of Ashland**

THIS AGREEMENT is made and entered into by and between the STATE OF OREGON, acting by and through its Department of Transportation, hereinafter referred to as "State;" and the CITY OF ASHLAND, acting by and through its elected officials, hereinafter referred to as "Agency," both herein referred to individually or collectively as "Party" or "Parties."

RECITALS

1. Interstate 5 (Pacific Highway No. 1, I-5), is a part of the state highway system under the jurisdiction and control of the Oregon Transportation Commission (OTC).
2. By the authority granted in Oregon Revised Statutes (ORS) [190.110](#), [366.572](#) and [366.576](#), State may enter into cooperative agreements with counties, cities and units of local governments for the performance of work on certain types of improvement projects with the allocation of costs on terms and conditions mutually agreeable to the contracting parties.
3. State closed the former Siskiyou Welcome Center and Rest Area (SWCRA) in 1997. Jackson County approved the land use application to construct a replacement SWCRA and to permit the extension of water and sewer services to this facility, which is to be located at I-5, Mile Point 12.5 near Crowson Road and just outside the Agency Urban Growth Boundary in Jackson County.
4. Agency approved State's request to extend water and enhancement of sewer to the SWCRA facility with conditions. This Agreement is intended to address the condition that Agency have authority to terminate water service to SWCRA in the event Agency's domestic water is used for irrigation purposes.

NOW THEREFORE, the premises being in general as stated in the foregoing Recitals, it is agreed by and between the Parties hereto as follows:

TERMS OF AGREEMENT

1. Under such authority, State and Agency agree State shall design and construct new water and sewer line services to the SWCRA facilities, hereinafter referred to as "Project." The Project includes extension of new potable-use water and enhancement of existing sewer service to the site. Potable water from the Agency will not be used for irrigation purposes on the Siskiyou Rest Area site. The location

of the Project is approximately as shown on the sketch map attached hereto, marked Exhibit A, and by this reference made a part hereof.

2. The Project will be financed at an estimated cost of \$100,000 in state funds. The estimate for the total Project cost is subject to change. State shall be responsible for Project costs beyond the estimate.
3. This Agreement shall become effective on the date all required signatures are obtained and shall remain in effect for the purpose of ongoing maintenance and power responsibilities for the useful life of the facilities constructed as part of the Project. The useful life is defined as one hundred (100) calendar years. The Project shall be completed within ten (10) calendar years following the date of final execution of this Agreement by both Parties.

AGENCY OBLIGATIONS

1. Agency shall allow the extension and hook up of water service and sewer service to the SWCRA facility within two (2) weeks of request from State.
2. Agency shall invoice State for governmental use of water and sewer services extending outside of the Agency's city limits for the SWCRA facility.
3. All employers, including Agency, that employ subject workers who work under this Agreement in the State of Oregon shall comply with ORS [656.017](#) and provide the required Workers' Compensation coverage unless such employers are exempt under ORS [656.126](#). Employers Liability insurance with coverage limits of not less than \$500,000 must be included. Agency shall ensure that each of its contractors complies with these requirements.
4. Agency acknowledges and agrees that State, the Oregon Secretary of State's Office, the federal government, and their duly authorized representatives shall have access to the books, documents, papers, and records of Agency which are directly pertinent to the specific Agreement for the purpose of making audit, examination, excerpts, and transcripts for a period of six (6) years after final payment (or completion of Project -- if applicable.) Copies of applicable records shall be made available upon request. Payment for costs of copies is reimbursable by State.
5. Agency certifies and represents that the individual(s) signing this Agreement has been authorized to enter into and execute this Agreement on behalf of Agency, under the direction or approval of its governing body, commission, board, officers, members or representatives, and to legally bind Agency.
6. Agency's Project Manager for this Project is Dave Kanner, City Administrator, 20 East Main, Ashland, OR 97520, 541-488-6002, dave.tanner@ashland.or.us, or assigned designee upon individual's absence. Agency shall notify the other Party in writing of any contact information changes during the term of this Agreement.

STATE OBLIGATIONS

1. State shall pay all fees for governmental water and sewer rates for services extending outside of the Agency's city limits. State shall comply with Agency's water and sewer services ordinances and resolutions.
2. State shall be responsible for 100 percent of use of water and sewer service costs associated with the SWCRA. State shall require the Agency to send invoices directly to State.
3. State agrees to use Agency supplied water for potable purposes only.
4. State agrees that the Siskiyou Welcome Center facility will be adequately staffed and maintained consistent with the terms of Cooperative Improvement Agreement No. 28940.
5. State shall ensure that the Siskiyou Welcome Center facility include spaces for an Oregon State Police work center.
6. State certifies, at the time this Agreement is executed, that sufficient funds are available and authorized for expenditure to finance costs of this Agreement within State's current appropriation or limitation of the current biennial budget.
7. State, or its consultant, shall conduct the necessary field surveys, environmental studies, traffic investigations, preliminary engineering and design work required to produce and provide final plans, specifications and cost estimates for the Project; identify and obtain all required permits; perform all construction engineering, including all required materials testing and quality documentation; prepare all bid and contract documents; advertise for construction bid proposals; award all contracts; pay all contractor costs, provide technical inspection, project management services and other necessary functions for sole administration of the construction contract entered into for this Project.
8. State shall be responsible for all costs associated with construction and installation of the Project.
9. State shall cause to be relocated or reconstructed, all privately or publicly owned utility conduits, lines, poles, mains, pipes, and all other such facilities of every kind and nature where such relocation or reconstruction is made necessary by the plans of the Project.
10. State's Project Manager for this Project is Tim Fletcher, Project Manager, 100 Antelope Road, White City, OR 97503, timothy.w.f.etcher@odot.state.or.us, or assigned designee upon individual's absence. State shall notify the other Party in writing of any contact information changes during the term of this Agreement.

GENERAL PROVISIONS

1. This Agreement may be terminated by mutual written consent of both Parties.
2. State may terminate this Agreement effective upon delivery of written notice to Agency, or at such later date as may be established by State, under any of the following conditions:
 - a. If Agency fails to provide services called for by this Agreement within the time specified herein or any extension thereof.
 - b. If Agency fails to perform any of the other provisions of this Agreement, or so fails to pursue the work as to endanger performance of this Agreement in accordance with its terms, and after receipt of written notice from State fails to correct such failures within ten (10) days or such longer period as State may authorize.
 - c. If State fails to receive funding, appropriations, limitations or other expenditure authority sufficient to allow State, in the exercise of its reasonable administrative discretion, to continue to make payments for performance of this Agreement.
 - d. If federal or state laws, regulations or guidelines are modified or interpreted in such a way that either the work under this Agreement is prohibited or State is prohibited from paying for such work from the planned funding source.
3. Any termination of this Agreement shall not prejudice any rights or obligations accrued to the Parties prior to termination.
4. If any third party makes any claim or brings any action, suit or proceeding alleging a tort as now or hereafter defined in ORS 30.260 ("Third Party Claim") against State or Agency with respect to which the other Party may have liability, the notified Party must promptly notify the other Party in writing of the Third Party Claim and deliver to the other Party a copy of the claim, process, and all legal pleadings with respect to the Third Party Claim. Each Party is entitled to participate in the defense of a Third Party Claim, and to defend a Third Party Claim with counsel of its own choosing. Receipt by a Party of the notice and copies required in this paragraph and meaningful opportunity for the Party to participate in the investigation, defense and settlement of the Third Party Claim with counsel of its own choosing are conditions precedent to that Party's liability with respect to the Third Party Claim.
5. With respect to a Third Party Claim for which State is jointly liable with Agency (or would be if joined in the Third Party Claim), State shall contribute to the amount of expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred and paid or payable by Agency in such proportion as is appropriate to reflect the relative fault of State on the one hand and

of Agency on the other hand in connection with the events which resulted in such expenses, judgments, fines or settlement amounts, as well as any other relevant equitable considerations. The relative fault of State on the one hand and of Agency on the other hand shall be determined by reference to, among other things, the Parties' relative intent, knowledge, access to information and opportunity to correct or prevent the circumstances resulting in such expenses, judgments, fines or settlement amounts. State's contribution amount in any instance is capped to the same extent it would have been capped under Oregon law, including the Oregon Tort Claims Act, ORS 30.260 to 30.300, if State had sole liability in the proceeding.

6. With respect to a Third Party Claim for which Agency is jointly liable with State (or would be if joined in the Third Party Claim), Agency shall contribute to the amount of expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred and paid or payable by State in such proportion as is appropriate to reflect the relative fault of Agency on the one hand and of State on the other hand in connection with the events which resulted in such expenses, judgments, fines or settlement amounts, as well as any other relevant equitable considerations. The relative fault of Agency on the one hand and of State on the other hand shall be determined by reference to, among other things, the Parties' relative intent, knowledge, access to information and opportunity to correct or prevent the circumstances resulting in such expenses, judgments, fines or settlement amounts. Agency's contribution amount in any instance is capped to the same extent it would have been capped under Oregon law, including the Oregon Tort Claims Act, ORS 30.260 to 30.300, if it had sole liability in the proceeding.
7. The Parties shall attempt in good faith to resolve any dispute arising out of this Agreement. In addition, the Parties may agree to utilize a jointly selected mediator or arbitrator (for non-binding arbitration) to resolve the dispute short of litigation.
8. This Agreement may be executed in several counterparts (facsimile or otherwise) all of which when taken together shall constitute one agreement binding on all Parties, notwithstanding that all Parties are not signatories to the same counterpart. Each copy of this Agreement so executed shall constitute an original.
9. This Agreement and attached exhibits constitute the entire agreement between the Parties on the subject matter hereof. There are no understandings, agreements, or representations, oral or written, not specified herein regarding this Agreement. No waiver, consent, modification or change of terms of this Agreement shall bind either Party unless in writing and signed by both Parties and all necessary approvals have been obtained. Such waiver, consent, modification or change, if made, shall be effective only in the specific instance and for the specific purpose given. The failure of State to enforce any provision of this Agreement shall not constitute a waiver by State of that or any other provision.

THE PARTIES, by execution of this Agreement, hereby acknowledge that their signing representatives have read this Agreement, understand it, and agree to be bound by its terms and conditions.

Agency/State
Agreement No. 28833

This Project is in the 2012-2015 Statewide Transportation Improvement Program, Key #09436 that was adopted by the Oregon Transportation Commission on March 21, 2012, (or subsequently approved by amendment to the STIP).

<p>CITY OF ASHLAND, by and through its elected officials</p> <p>By _____</p> <p>Date _____</p> <p>By _____</p> <p>Date _____</p> <p>APPROVED AS TO LEGAL SUFFICIENCY</p> <p>By _____</p> <p>Counsel</p> <p>Date _____</p> <p><u>Agency Contact:</u> Dave Kanner, City Administrator 20 East Main Ashland, OR 97520 541-488-6002 Dave.kanner@ashland.or.us</p> <p><u>State Contact:</u> Tim Fletcher, Project Manager 100 Antelope Road White City, OR 97503 541-774-6356 Timothy.W.Fletcher@odot.state.or.us</p>	<p>STATE OF OREGON, by and through its Department of Transportation</p> <p>By _____</p> <p>Region 3 Manager</p> <p>Date _____</p> <p>APPROVAL RECOMMENDED</p> <p>By _____</p> <p>District 8 Area Manager</p> <p>Date _____</p>
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EXHIBIT A – Project Location Map

