



City of Waldport
OFFICE of the CITY MANAGER
355 NW Alder Street
P.O. Box 1120
Waldport, OR 97394
Phone: 541-563-3561 x7
dann.cutter@waldport.org

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Central Oregon Coast Fire District
Waldport, OR 97394

Re: Lease termination July 1st, 2022

Dear Chief Mason and Fire District Board Members,

The City of Waldport's agreement for lease of the building located at 125 and 145 Alsea Highway (known as the 'Fire Hall') will terminate June 30th, 2022.

As noticed in 2017, continuation of this agreement under the 20-year terms was no longer acceptable to the City Council. A major issue was the lack of maintenance required by the current lease; the initial thought was that the City would seek to enforce the maintenance provision of the contract in the form of commercial rent after the lease termination. Or, that the City was also interested in a potential sale of the facility. It made its initial offer and potential selling price available to the District in Feb of 2021 with follow up in March of 2021. This was supposed to be the final stages of a mutual discussion of the solutions to the lease ending after this 5-yr process.

Contrary to the original agreement, numerous exceptions were allowed to the performance under the original contract. These include ignoring the subleasing to PacWest, the lack of long-term maintenance, and significant modification without approval and plans. It was hoped that with the signing of the supplemental agreement, compliance with the lawful application of the lease contract would be more closely followed. This building is an important asset to the community, and its stewardship by the City and its lessee important to maintaining the strength of fire service in the area.

However, while the City wishes nothing more than to avoid influencing the internal operations of the District and its governing board, the public record is showing that District Board members have failed to act in good faith – though a committee was appointed to negotiate with the City, no outreach has occurred. More importantly, the City has lost faith, as that the Board continues to act in such a way that we feel the trust between the City and its lessee cannot be assured without potential legal enforcement.

It has been a year since the final city request to discuss sale or lease terms. This failure to act in good faith with the deadline quickly approaching forces the city to protect its interests and take the following actions.

- The City retracts its offer to sell or transfer the building to the District. The City will present a lease, approved by City Council, on March 15th for review by the District board.
- The City Manager will be available to meet with the District until April 30th, 2022; failing to produce a signed agreement by the end of 45 days will be considered a notice of intent to terminate.

Considering the irreparable financial harm and potential for loss of safety and security which would be incurred by Waldport citizens if the lease was terminated – the City also hereby notifies the District that if a notice of intent to terminate has occurred by May 1st, the City will file a notice of de-annexation from the Central Coast Fire District and the reformation of the Waldport Fire Department. It is not in the City's interest to see the Fire District forced into financial hardship nor dictate how the District is managed. However, the City can and must ensure lawful operation of entities under its lease. Given the continuing representations by various members of the District, the City must limit its exposure.

Sincerely,

Dann Cutter, City Manager
The City of Waldport