

MINUTES OF THE PROCEEDINGS OF THE CITY COUNCIL

June 7, 2016

The minutes of the proceedings of a regular meeting of the City Council of the City of Coos Bay, Coos County, Oregon, held at 7 p.m. in the Council Chambers at City Hall, 500 Central Avenue, Coos Bay, Oregon.

Those Attending

Those present were Mayor Crystal Shoji and Councilors Fred Brick, Mark Daily, Jennifer Groth, Stephanie Kramer, and Mike Vaughan were present. Councilor Thomas Leahy was absent. City staff present were City Manager Rodger Craddock, City Attorney Nate McClintock, Finance Director Susanne Baker, Deputy Finance Director Amy Kinnaman, Library Director Sami Pierson, Community Development Director Eric Day, Public Works Director Jim Hossley, and Police Chief Gary McCullough

Flag Salute

Mayor Shoji opened the meeting and led the Council and assembly in the salute to the flag.

Public Comments

Ken Folker, Coos Bay: thanked everyone for their volunteer service; noted recently he had the opportunity to go on a ride-along with the Coos Bay Police Department.

Consent Calendar

Mayor Shoji reviewed the consent calendar which consisted of 3a: approval of the minutes of May 17, 2016; 3b: adoption of resolution 16-12 extending workers' compensation coverage to city volunteers; 3c: adoption of resolution 16-13 authorizing interfund borrowing and loans; 3d: approval of appointment of a Coos Bay representative to the Coos County Library Service District Board; 3e: approval of a preventing youth alcohol, tobacco, and substance use proclamation; 3f: approval of a city logo advisory committee, and; 3g: approval of Oregon Liquor Commission Control (OLCC) license renewals for Abby's Legendary Pizza, Bayshore Chevron, Benetti's Italian Restaurant, Bi-Mart Store #668, Blue Moon Saloon and Café, Coos Bay Grocery Outlet, Cranberry Sweets & More, Dave's Pizza, Elks Lodge #1160, Englewood Market, Fred Meyer Store #50, Gooney's Sports Bar, Kum Yon's Restaurant, Little Italy Italian Restaurant, McKay's Markets, Oregon Wine Cellars, Silver Dollar Tavern, Sumin's Restaurant, TnT Market, Tokyo Bistro, and Wal-Mart Super Center#1880. Mayor Shoji request items 3d: approval of appointment of a Coos Bay representative to the Coos County Library Service District Board and 3f: approval of a city logo advisory committee be brought down to the agenda as item 4a and 4b for further consideration. Councilor Kramer moved to approve the consent calendar as amended approving the minutes of May 17, 2016, adopting resolution 16-12 extending workers' compensation coverage to city volunteers, adopting resolution 16-13 authorizing interfund borrowing and loans, approving a preventing youth alcohol, tobacco, and substance use proclamation, and approving OLCC license applications for Abby's Legendary Pizza, Bayshore Chevron, Benetti's Italian Restaurant, Bi-Mart Store #668, Blue moon Saloon and Café, Coos Bay Grocery Outlet, Cranberry Sweets & More, Dave's Pizza, Elks Lodge #1160, Englewood Market, Fred Meyer Store #50, Gooney's Sports Bar, Kum Yon's Restaurant, Little Italy Italian Restaurant, McKay's Markets, Oregon Wine Cellars, Silver Dollar Tavern, Sumin's Restaurant, TnT Market, Tokyo

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Bistro, and Wal-Mart Super Center#1880. Councilor Brick seconded the motion which carried with Mayor Shoji and Councilors Brick, Daily, Groth, Kramer, and Vaughan voting aye. Councilor Leahy was absent.

New Council Business

No new council business was presented.

Review of Approval of Appointment of Coos Bay Representative to the Coos County Library District Board

Library Director Sami Pierson stated the City of Coos Bay selected two members of the seven member Coos County Library Service District Board – one representing the area inside city limits and one representing area outside the city limits but within School District 9. Frances Smith was appointed by the Council to fill an unexpired term that was due to end on June 30, 2016 but expressed willingness to serve for a full term that would end on June 30, 2020. Ms. Pierson stated the Coos Bay Library Board of Trustees recommended Ms. Smith for appointment. Councilor Groth moved to approve the appointment. Mayor Shoji seconded the motion which carried with Mayor Shoji and Councilors Brick, Daily, Groth, Kramer, and Vaughan voting aye. Councilor Leahy was absent.

Approval of a City Logo Advisory Committee

City Manager Rodger Craddock stated in October 2015, it was the consensus of the Council to look at options to replace the City's current logo as part of the proposed Highway 101 streetscape project and to enlist the assistance of a graphic design office. The City contacted Justin Macduff, the owner of Macduff Design, for graphic design assistance. In February 2016, the Council agreed to utilize an advisory committee to assist in reviewing the design concepts; committee would be comprised of three members from the Design Assistance Team, three members from the Bay Area Artists Association, and interested Council members. Councilor Vaughan questioned if direction was given on logo content; suggested coordinating a design meeting with the Council and Advisory Committee members prior to allowing the consultant to complete the design process. Councilor Groth moved to approve the composition of the City Logo Advisory Committee. Councilor Kramer seconded the motion which carried with Mayor Shoji and Councilors Brick, Daily, Groth, Kramer, and Vaughan voting aye. Councilor Leahy was absent.

Public Hearing on the Use of Revenue Sharing Funds – Approval to Accept the Funds Would Require Adoption of Resolution 16-14

Finance Director Susanne Baker provided a brief history on the State Revenue Sharing Funds program. Ms. Baker stated as a requirement of state revenue sharing funds program, a public hearing was held before the Budget Committee on April 14, 2016. In accordance with ORS 221.770, a public hearing was also required to be held before the City Council for the purpose of taking public input on the use of State Revenue Sharing funds. Approval of the proposed resolution would provide notice to the State of the City's intent to participate in the State Revenue Sharing program. Mayor Shoji opened the public hearing. No comments were given and the hearing was closed. Mayor Shoji moved to adopt resolution 16-14 to accept state revenue sharing funds. Councilor Brick seconded the motion. Councilor Vaughan questioned how the City spent

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revenue sharing funds whereby Ms. Baker stated a portion of the revenue was allocated to community contributions the remainder was allocated to the general fund. A call for the question was made which carried with Mayor Shoji and Councilors Brick, Daily, Groth, Kramer, and Vaughan voting aye. Councilor Leahy was absent.

Public Hearing on the Approved Budget for Fiscal Year 2016/2017 – Approval of Resolution 16-15 Would Adopt the Budget, Make Appropriations, and Levy Ad Valorem Taxes

Finance Director Susanne Baker stated the proposed budget for fiscal year 2016/2017 was reviewed on April 12 and 14, 2016 by the Coos Bay Budget Committee and was approved to be forward to the Coos Bay City Council for adoption. Mayor Shoji opened the public hearing. No public comments were given and the hearing was closed. Councilor Kramer moved to adopt Resolution 16-15 for the fiscal year 2016/2017 budget. Councilor Groth seconded the motion. Councilor Daily stated he did not attend the 2016/2017 budget committee meetings; felt it was a futile process; expressed concern the Council had no control over employee expenses; suggested the budget included many unfunded mandates; suggested the City should reorganize and reduce its workforce by attrition; suggested the City needed to change its approach in developing its budget; expressed concern about having to increase taxes and fees to cover costs of ongoing salary increases. A call for the question was made which carried with Mayor Shoji and Councilors Brick, Groth, Kramer, and Vaughan voting aye and Councilor Daily voting nay. Councilor Leahy was absent.

Public Hearing on a Supplemental Budget for the Street Improvement and Gas Tax Funds to Appropriate Federal Funds – Approval Would Require Adoption of Resolution 16-16

Finance Director Susanne Baker noted city property was damaged during the December 2015 storm events; specifically West Park Roadway, Coos River Highway, Empire Boat Ramp, Englewood Dike, and other areas throughout the City. The Public Works Department was working with Federal and State agencies to coordinate reimbursement for repairs. The reimbursement and projects were not budgeted in fiscal year 2016 and appropriation authority needed to be adjusted to meet Oregon budget law. Resolution 16-16 proposed a supplemental budget to appropriate \$1,350,000 in federal/state fund resources and capital outlay requirements in the Street Improvement fund and appropriate \$100,000 in federal/state fund resources and materials and service requirements in the Gas Tax fund. Ms. Baker stated actual reimbursement costs were unknown at this time. Public Works Director Jim Hossley stated if reimbursement was short, the Oregon Department of Transportation authorized use of state transportation funds to cover any difference for the West Park Roadway and Coos River Highway projects. Mayor Shoji opened the public hearing pursuant to Oregon Revised Statute (ORS) 294.473. No public comments were given and the hearing was closed. Councilor Groth moved to adopt resolution 16-16. Councilor Brick seconded the motion. Councilor Vaughan inquired if the improvements were simple repairs or if they would provide a permanent fix. City Manager Rodger Craddock stated the Council already approved a permanent fix for the West Park Roadway and Coos River Highway. A call for the question was made which carried with Mayor Shoji and Councilors Brick, Daily, Groth, Kramer, and Vaughan voting aye. Councilor Leahy was absent.

Award of Contract to Resurface Coos River Highway

Public Works Director Jim Hossley stated a portion of Coos River Highway was damaged during the December 2015 storm events. After an extensive review of existing conditions by the Oregon

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Department of Transportation (ODOT) and City, it was determined the Coos River Highway required embankment stabilization before the road rehabilitation could be performed. GeoStabilization International stabilized the embankment. The City completed the bidding process for the road resurfacing. Bids were received from Benny Hempstead Construction (\$49,750) and Johnson Rock Products (\$61,989). Scope of work involved 200 linear feet of road rehabilitation, guardrail installation, and 12th Street pothole repair. Mr. Hossley noted the road rehabilitation and traffic control plan costs would be paid by the federal highway administration (FHWA) through ODOT; recommended including a 10% contingency to the contract award. Councilor Vaughan expressed concern about approving a 10% contingency when it appeared the 12th Street pothole repair was underbid. Mr. Hossley stated use of contingency required a change order which needed to be substantiated. Councilor Daily suggested compiling a semi-annual report of completed projects to include original bid and final project costs. Councilor Groth moved to approve Benny Hempstead Excavation bid in the amount of \$49,750 with a 10% contingency not to exceed \$55,000. Councilor Brick seconded the motion which carried with Mayor Shoji and Councilors Brick, Daily, Groth, Kramer, and Vaughan voting aye. Councilor Leahy was absent.

Consideration to Approve a Feasibility Analysis for Isthmus Slough Force Main and Eastside Pump Station Upgrades

Public Works Director Jim Hossley provided the Council with a PowerPoint presentation aerial of the area town impacted by the feasibility analysis; noted in 2010, the City performed repair on the Isthmus Slough force main; the sanitary sewer line aligned under the slough, near the bridge that served Eastside. The force main conveyed the sanitary sewer from Eastside and ultimately transmits it to wastewater treatment plant # 1 (WWTP#1). Mr. Hossley stated the line under the slough needed to be replaced because it was over capacity and had exceeded its useful life. The City requested The Dyer Partnership review the temporary repair and soils report prepared by SHN in 2010. Dyer completed the preliminary review and noted concern that construction of a new force main in the vicinity of the existing force main, might cause a frac-out, which was the inadvertent return of drilling fluid/lubricant. A frac-out would potentially cause damage to the water quality in the slough. Also, if the force main was upsized, it might adversely impact the point where Bunker Hill's flow converged with the Isthmus Slough force main. Dyer also expressed concern regarding the capacity of the pumps and wet well at Pump Station #17 (PS#17), which served the Isthmus Slough force main.

City Attorney Nate McClintock exited the meeting at 7:45 p.m. and returned at 7:48 p.m.

Dyer proposed performing a feasibility analysis that would consist of analyzing the feasibility of lining the existing pipe under the slough, determine an alternate route to eliminate significant frac-out concerns, analyze the hydraulics at the Bunker Hill and Isthmus Slough force main confluence, and determine what upgrades should occur at PS#17. Dyer also proposed analyzing lining the existing force main and potentially separating the flows; keeping a portion at PS#17 conveying it through the newly lined force main and installing a new force main to serve one of the other pump stations in Eastside. Mr. Hossley noted the upgrade design for the Isthmus Slough force main was listed on the City's 20-year take down list for sanitary and storm drain improvements. Total estimated cost for the analysis was \$26,199. Councilor Vaughan inquired if the pipe could be relocated onto the Isthmus Slough bridge. Mr. Hossley stated the Oregon Department of Transportation would not authorize the pipe to be relocated onto the bridge.

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Councilor Kramer moved to approve the contract for a feasibility analysis for Isthmus Slough force main and Eastside Pump Station upgrades for an amount not to exceed \$26,199. Councilor Groth seconded the motion which carried with Mayor Shoji and Councilors Brick, Daily, Groth, Kramer, and Vaughan voting aye. Councilor Leahy was absent.

Approval of Award of Contract for Construction of Pump Station #1

Public Works Director Jim Hossley stated Pump Station #1 (PS#1) was originally constructed in 1951 and updated in 1989. The pump station was located on the southwest corner of Front Street and Birch Avenue. The existing pumps and motors were old and required frequent maintenance. Additionally, the pumps and generator were the cause of noise complaints from neighboring residents. PS#1 was the largest pump station in the City of Coos Bay and operated overcapacity during intense storms because it did not have the pumping capability to handle the storms which resulted in surcharges in the downtown sewer system. PS#1 exceeded its design life and was in need of an upgrade.

On October 24, 2014, the City of Coos Bay approved the award of contract for design to The Dyer Partnership. Additionally, the Council directed staff on November 3, 2015 to incorporate an architectural fence and a robust, low maintenance landscape theme. Staff presented the project to the Planning Commission (PC) in conjunction with a site plan and architectural review application. The PC provided further direction on the landscaping, building materials, and color scheme. Mr. Hossley stated all of the Council's and PC's comments were incorporated and the project advertised for bid in early May. Two bids were received and opened on May 26, 2015: Pacific Excavating bid \$1,975,000 and TEK bid \$1,718,195.40. Within 24 hours of the bid opening, the City received a letter from TEK requesting the right to rescind their bid due to a \$300,000 mistake in their bid. Mr. Hossley stated, the request to rescind was allowed in the City's bidding rules. The City acknowledged TEK's request and allowed them to rescind their bid thus leaving Pacific Excavating as the sole responsive bid; staff recommended including a 15% contingency to the contract award.

Mr. Hossley stated the project cost was originally budgeted at \$1.5 million to be paid from funds secured through the Infrastructure Finance Authority (IFA) loan 2; estimated up to three other projects might have to be postponed since the responsive bid exceeded the City's budgeted amount. PS#1 was listed on the City's 20-year take down list for sanitary and storm drain improvements. Mr. Hossley noted a portion of Birch Avenue would be closed during the duration of the project, in addition to detours along Front Street during various times of project; noted staff coordinated with the local businesses in the vicinity to inform them of the proposed project. Councilor Vaughan stated he had never heard of an architectural fence; suggested the specifications were vague should be presented using professional terminology; questioned if the sewer dump out station could be relocated. David Petrie, Coos Bay: questioned if the project was a qualification based bid; stated he spoke with local contractors who wanted to bid the project but were not eligible to bid. Mr. Hossley stated due to the high bypass, the City's engineer (Dyer Partnership) recommended the City require contractors with experience working on high capacity pump stations. Mr. Petrie suggested the project would have cost less if local contractors with less experience were allowed to bid.

City Manager Rodger Craddock exited the meeting at 8:01 p.m. and returned at 8:03 p.m. Councilor Kramer exited the meeting at 8:03 p.m. and returned at 8:05 p.m.

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Councilor Kramer moved to award the contract for the construction of PS#1 to Pacific Excavating for an amount not to exceed \$2,271,250 (bid of \$1,975,000 plus 15% contingency of \$296,250). Councilor Groth seconded the motion. Councilor Vaughan suggested the presentation lacked detail, specifically the proposed fence and landscape design. A call for the question was made which carried with Mayor Shoji and Councilors Brick, Daily, Groth, Kramer, and Vaughan voting aye. Councilor Leahy was absent.

Approval of After-the-Fact Sewer Repair for the Force Main Serving Pump Station #7

Public Works Director Jim Hossley stated on the afternoon of Thursday, April 14, 2016 the City's Collection Crew was cleaning the 10-inch diameter force main serving Pump Station #7 (PS#7); in Empire on Morrison Street just north of Harrison Avenue. The routine preventative maintenance was performed due to propensity of blockages in the area. During the routine project the cleaning device became lodged in the pipe and could not be retrieved. Based on the length of hose, it was determined the device head was approximately 5 to 10 feet downstream of the pump station. The project was deemed an emergency, because it was not known if the lodged device would cause a blockage and thus cause a sanitary sewer overflow at PS#7. Two scenarios were formulated; Scenario 1: entailed removing the pump flange at the pump station and, if the cleaning device was close enough, dislodge the device by hand. If the device was not close enough; Scenario 2: involved running the camera up the force main at the pump to determine the location of the cleaning device. Once the location was determined, a contractor could excavate down to the pipe, cut the pipe, and dislodge the device.

Staff contacted Benny Hempstead Excavating who was able to obtain a rush delivery of the required supplies and available to be on-site during the project in the event scenario 2 was employed. The collection and standby crew from Benny Hempstead Excavating mobilized the next morning; the cleaning device was dislodged and retrieved from the downstream manhole. While scenario 2 was never employed, the contractor was still required to be on standby with the required piping supplies at a cost of \$4,279.35. Due to the emergency nature, staff was unable to obtain three phone quotes per the City's contracting rules. Mr. Hossley noted the piping mater was placed in storage for future repair projects and reviewed the conditions which resulted in the City declaring a need for emergency repair pursuant to Section 11 of the City's contracting rules. Councilor Groth moved to approve the award of the invoice and procurement method for the emergency sewer repair for the force main which served PS#7 for an amount not to exceed \$4,279.35 pursuant to the emergency contracting rules found in Section 11 of the City's contracting rules. Councilor Brick seconded the motion which carried with Mayor Shoji and Councilors Brick, Daily, Groth, Kramer, and Vaughan voting aye. Councilor Leahy was absent.

Discussion on the November 2016 Marijuana Ballot Measure

City Manager Rodger Craddock stated city code required all businesses operating within the Coos Bay city limits to have a current city business license. The current language of the business license ordinance precluded issuance of a business license if the business did not adhere to state, local, and/or federal law. In December 2015 and January 2016, the Council took public testimony to consider options related to amending the City's business license ordinance to allow state-registered and state licensed marijuana businesses to operate within Coos Bay city limits. On January 19, 2016, it was the Council's decision to refer the matter for consideration on the November 2016 ballot which also included consideration of imposing a 3% sales tax for the sale

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of marijuana items by retail licensees. City Manager Craddock noted the following steps needed be addressed in order for the matters to be included on the November 2016 ballot: Council approval of ballot titles, formal filing of the ballot title, Council approval of the ballot question and ballot measure summary, and formal filing of the ballot question and summary. City Manager Craddock noted City Attorney Nate McClintock prepared draft ballot questions, and ballot summaries for the ballot measure involving the City Business License Ordinance and for the ballot measure involving a possible sales tax on recreation marijuana sales. Draft copies of both ballot measures were provided to Council for review as follows:

Ballot measure involving the City's Business License Ordinance:

Ballot Title: Shall state licensed marijuana activities be allowed within the city.

Ballot Question: Should the business license ordinance be amended to allow state registered and licensed marijuana activities to operate within the city?

Ballot Summary: Currently, the City's business license requirements prohibit any type of business which violates Federal, State, or local laws. While Oregon law allows for marijuana dispensaries and other marijuana related activities, the use and sale of marijuana remains illegal under Federal law. An affirmative vote on this measure would amend the City's business license requirements to permit the establishment of state – registered and licensed medical and recreational marijuana activities in the City, despite Federal law prohibiting the use and sale of marijuana.

City Attorney McClintock stated the proposed measure focused on the marijuana issue and did not remove the requirement to comply with federal law. Mayor Shoji expressed concern about the Council Oath of Office which required compliance with federal law. City Manager Craddock stated the Oath of Office was required by the city charter; advised the purpose of reviewing the proposed measures was to take Council input for any recommended changes. Councilor Vaughan inquired if prospective businesses were comfortable with the proposed ballot measure. City Manager Craddock stated staff contacted Jim Deatherage, but no feedback was received. Councilor Kramer inquired if the Council would be exempted if voters approved to allow state licensed marijuana activities within the city. City Attorney McClintock stated voter approval would take a certain onus off of the city. Mayor Shoji suggested incorporating notice that approval of the measure was in conflict with the city charter. Councilor Brick inquired when the proposed change would take effect. City Manager Craddock advised the Council would need to adopt the change should the voters approve the ballot measure.

Ballot measure involving a possible sales tax on recreational marijuana sales:

Ballot Title: City tax on recreational marijuana retailers' sale of marijuana items.

Ballot Question: Shall Coos Bay impose a three percent tax on sales of marijuana items by recreational marijuana retailers in the city?

Ballot Summary: If adopted by the voters, this measure would impose a three percent sales tax on sales of marijuana items (including marijuana, marijuana products, and marijuana extracts) by recreational marijuana retailers licensed by the Oregon Liquor Control Commission and located within the City of Coos Bay. The tax would be collected by the recreational marijuana retailer at

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the point of sale. The recreational marijuana retailer would remit the three percent tax to the City. The three percent City tax would be imposed in addition to any state taxes on the sale of marijuana items by a recreational marijuana retailer. The three percent City tax would not be imposed on medical marijuana sales. The three percent City tax would not be imposed on sales of recreational marijuana to anyone other than a consumer.

Councilor Daily inquired if the tax would be collected in the general fund whereby City Manager Craddock affirmed but noted Council could direct otherwise. Councilor Groth inquired how the tax would be collected. Finance Director Susanne Baker stated she would look to see what other cities were doing but would likely follow process similar to collection process for lodging tax. Councilor Groth inquired if the tax passed but the business license ordinance failed. City Manager Craddock stated the city would not be able to collect tax because sale of marijuana was not authorized. Councilor Brick moved to approve the draft language for both ballot measures as presented. Councilor Kramer seconded the motion. Councilor Groth stated she thought the decision should be a Council decision and was not in favor of putting matter to public vote. A call for the question was made which carried with Mayor Shoji and Councilors Brick, Daily, Kramer, and Vaughan voting aye and Councilor Groth voting nay. Councilor Leahy was absent.

City Attorney's Report

City Attorney Nate McClintock stated at the January 5, 2016 Council meeting the Council had a discussion about the awning at Jennies Shoe store with building owner, James Tarantino; the Council approved the proposed design constructed and supported by columns within the ROW with the stipulation that the building owner and the City enter into a new agreement which contained language that the City retained the right to remove the structure, in whole or in part, and at the building owners expense, if needed to undertake a public works project in the ROW or if the building owner failed to maintain the structure in a safe and proper manner. City Attorney McClintock stated a draft agreement was sent to Mr. Tarantino on or around January 20th; since that time there was communication back and forth but Mr. Tarantino disinclined to sign any agreement. City Attorney McClintock stated he received an email from Mr. Tarantino this week which stated he refused to sign the licensing agreement or to move forward with the construction of the awning due to lack of funding. City Attorney McClintock noted the concrete posts remained in the city right-of-way. Mayor Shoji recommended developing the posts into artwork. Councilor Daily was in favor of removing the posts. Councilor Vaughan noted Jennie's Shoes was south-facing and the awning helped to protect the displayed goods from sun fading. City Manager Rodger Craddock recommended providing 60 day notice to proceed with the project or the City would remove the posts. Councilor Daily moved to provide Mr. Tarantino with a 60 day notice to proceed with the project or the City would remove the posts. Councilor Kramer seconded the motion which carried Councilors Brick, Daily, Kramer, and Vaughan voting aye and Mayor Shoji voting nay. Councilor Leahy was absent.

City Manager's Report

City Manager Rodger Craddock provided an update on the Egyptian Theatre restoration project; announced progress on the Charter franchise agreement which expired in 2010; installation of permeable pavers at old Lockhart lot was underway; stated next week he would be meeting with members of the Household Hazardous Waste Committee to move forward with building the household hazardous waste collection facility at the Beaver Hill site; staff was working with the

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Prefontaine Committee on development of the Prefontaine mural; noted there was a charitable group that periodically met to feed the homeless near the frisbee golf course at Mingus Park; City received citizen concerns about homeless camping in the park; staff was meeting tomorrow and planned to suggest moving the event to the parking lot near the baseball field; noted recommendation from Parks Commission to restore dusk to dawn park hours; reminded Council of upcoming work session on Friday, June 10th at 1:00 p.m. in the Council Chambers.

Council Comments

Councilor Brick thanked City Manager Rodger Craddock for all the email updates regarding the many things happening around the city. Councilor Groth announced the Coos Bay Public Library strategic planning process for building a new facility was completed, next step was a needs assessment; meeting to take public input was scheduled for Tuesday, June 21st from 2-4 p.m. and Wednesday, June 22nd from 6-8 p.m. June 13-17, 2016 the Coos Bay Public Library was offering a food for fines opportunity; overdue, undamaged materials could be returned to the library and fines forgiven with the donation of food; also noted an article in the recent publication from League of Oregon Cities which profiled the City of Coos Bay healthy eating active living (HEAL Cities) grant project. Councilor Vaughan requested more information on the tile fix at the Egyptian Theatre; state he proposed a specific paver for use at the Lockhart site and questioned what type of pavers were being used. Mayor Shoji suggested the Council had changed the face of the city in a positive way with projects which included the Egyptian Theatre restoration, fencing along Boardwalk and Highway 101, Coos Bay – North Bend sidewalk project, in addition to the Empire sidewalk project which was still in progress; stated she appreciated the City Manager, city staff, and the Council.

Adjourn

There being no further business to come before the Council, Mayor Shoji adjourned the meeting. The next regular Council meeting was scheduled for June 21, 2016 in the Council Chambers at City Hall.

Attest: _____
Susanne Baker, City Recorder

Crystal Shoji, Mayor

MINUTES OF THE PROCEEDINGS OF THE CITY COUNCIL WORK SESSION

June 10, 2016

The minutes of the proceedings of a work session of the City Council of the City of Coos Bay, Coos County, Oregon, held at 1 p.m. in the Council Chambers at City Hall, 500 Central Avenue, Coos Bay, Oregon.

Those Attending

Those present were Mayor Crystal Shoji and Councilors Fred Brick, Mark Daily, Jennifer Groth, Thomas Leahy, and Mike Vaughan were present. Councilor Stephanie Kramer was absent. City staff present were City Manager Rodger Craddock, City Attorney Nate McClintock, Finance Director Susanne Baker, Community Development Director Eric Day, and Police Chief Gary McCullough

Flag Salute

Mayor Shoji opened the meeting and led the Council and assembly in the salute to the flag.

Presentation of Proposal for the Privatization of Wastewater Treatment Plants by Dennis Beetham

William Boger, Civil West Engineering, made a presentation on behalf of Dennis Beetham to own, operate, and maintain the City's wastewater treatment plants. Mr. Boger also included a status update on the progression of their proposal and for added consideration for the Council to consider including the wastewater collection system citywide.

The proposal was to provide private wastewater treatment for the City of Coos Bay, private maintenance, and private ownership of the assets. The proposal would at least meet and in almost all cases, exceed DEQ requirements typical for the state and current for the City's discharge permit. The proposal also included contingencies for changes in the NPDES permit in the foreseeable future.

DB Western intended on full disclosure and full reporting to DEQ and the City Council as to what would be received and discharged. As a private entity providing wastewater treatment, the EPA rules were different when treating wastewater. A private entity was bound by the best available technology and was no longer governed by DEQ permit limits by design parameter. As a private entity, they could also expedite the regulatory process, permitting, and construction. The proposed plant would be an ultra-membrane bio reactor using hollow-fiber technology, 0.004 micro, anoxic zone nitrogen reduction, FeC13 phosphorous removal, greater than 99% virus and bacteria removal, less than 90% copper and chromium removal, high efficiency removal of pharmaceuticals which all would exceed DEQ current and future effluent requirements.

Disinfection proposed would be 186 mJ/cm² UV reactor as opposed to the minimum standard either 126 or 134 mJ/cm²; tested, rated, and certified by EPA to provide Log 5 or 99.999% kill of viruses and bacteria; this exceeds DEQ disinfection requirements.

Proposed plant: DB Western would operate the MBR at a mixed liquor suspended solids of 8,000 – 10,000 MLSS; incorporate surge volume for peak flows with membranes designed for PIF – 8.6 mgd; this would meet DEQ flow requirements for hydrology for the plant.

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Biosolids Treatment: Lime stabilization; steam heated; screw press, 20-25% solids, this process was already EPA and DEQ certified for Class A biosolids.

Expected Effluent Quality: <2 mg/L BOD; <1 mg/L TSS; <.08 mg/L TN; <.05 mg/L tp; and >99.999% virus removal.

Mr. Boger, stated this process has been used in Traverse City, Michigan. DB Western provided the schematic processing via Powerpoint, in small print, because of included proprietary information in respect to where they were in the process. This included drawings of: headworks components; anoxic components; aeration and membrane basins; redundancy in the air piping, blowers, and pumps; and solids handling and disposal.

Mr. Boger presented a section, top down view of the plant footprint. The proposed location would be on City property east, on Cape Arago Highway (meaning South Empire Blvd), and located up against the hillside on the Fulton side of the property (later corrected to Marple). All of the equipment would be contained within the four walls of the building, designed, and constructed to withstand the possible NOAA tsunami prediction. The tops of the walls would be higher than the NOAA proposed tsunami water level. A section view of the three different levels was provided. The remainder of the site would be covered with natural screening of vegetation with the intent to hide away the wastewater treatment plant.

Economics: User Rate – guaranteed \$40 per month per “Normal” residential EDU cost for treatment that would include ownership, maintenance, repair, and replacement of equipment from the discharge pipe at the influent pump station through the a flange pipe with City’s current discharge pipe. This would remove the City of Coos Bay from the treatment of wastewater, completely. Included would be a 1% per year increase to cover inflation, cost of material, and cost of labor. The design team would work with the City of Coos Bay to establish what constitutes an EDU today.

Councilor Daily asked if this would include I/I. Mr. Boger stated yes, because today it included I/I. Inflow and infiltration, the presence of water other than what is coming from toilets, sinks, bathtubs, etc.

Councilor Vaughan asked if this would include I/I pressure from high tides. Mr. Boger stated, yes, a third possible cause of I/I because there are sections of the gravity pipe that run right next to the bay which were impacted by tidal events.

Mr. Boger stated the proposal included a 1% increase in the rate to cover inflation, cost of material, and cost of labor because none of the contractors he knows would be willing to work for less than they did yesterday. In summary, the proposal for a private wastewater treatment plant removed the City from the wastewater business completely. The City was half way there already because they were contracted with a private entity to provide services on a city owned asset. Ownership and responsibility was the next step for the asset. DB Western proposes a fixed 20 year guaranteed rate that included any change in DEQ regulations within that time period. As new regulations come out and TMDLS revised, there would be more restrictions placed on the wastewater treatment plant. Councilor Vaughan asked if the guarantee would extend past the 20 years wherein Mr. Boger stated it would have to be renegotiated.

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Councilor Daily asked about Plant 1. Mr. Boger stated DB Western proposed the same offer for Plant 1. The proposal would include a new Plant 1 at that site as well, holding the same rate per EDU. In flow and loading, Plant 1 treats approximately 2 ½ times that of Plant 2. Plant 1 needs to be updated and it would require significant upgrades. The cost to do the necessary Plant 1 upgrades would far exceed the cost currently under consideration for Plant 2. The cost would not be 2 ½ times the cost, but would be somewhere between 1 ½ to 2 times the cost of what was expected for Plant 2 currently.

DB Western's proposal also takes the City out of the debt service burden for the proposed treatment plants. That debt service would be absorbed by the private entity. Councilor Daily confirmed the City would not own the plants or the trucks and DB Western would own them and insure them wherein Mr. Boger stated, precisely.

Councilor Groth stated the proposal did not include the collection system wherein Mr. Boger confirmed it did not though they have expressed that negotiations could be entered to extend the proposal to the collection system. Why not turn all of it over to a private entity and get completely out of the wastewater business.

Councilor Daily asked if DB Western would be subject to the same DEQ oversight. Rene Nomura, Oregon Department of Environmental Quality, stated privatization of wastewater treatment would be subject to different regulations than publicly owned systems. Publicly owned systems have different regulations for certain hazardous wastewater treatment and a private entity would be subject to the EPA Resource Conservation and Recovery Act (RCRA). The exemptions allowed to public agencies would go away. If private entity wanted to take hazardous waste, the treatment facility would then be treated under treatment and disposal facility regulations. DEQ views publicly owned facilities in a more favorable manner and uses a pretreatment requirement in the NPDES permit for regulating. Absent of the public entity designation for the treatment of hazardous waste, a private facility would be a separate permitting process.

Mayor Shoji asked what was pretreatment. Ms. Nomura explained the difference was how EPA characterizes waste from industry and some industries require a formal pretreatment program. Councilor Daily asked if a pretreatment program would be included in the \$40 rate or who would be responsible for the cost. Mr. Boger stated the new industry would be responsible and we would have to make sure that was outlined in the contract.

City Manager Rodger Craddock confirmed the \$40 rate was only for wastewater treatment and the City would have a separate charge per EDU for collections wherein Mr. Boger stated yes. Mr. Craddock stated the City would not be out of debt service because the MAO required \$40 million upgrades in the collection system.

Councilor Vaughan asked about DB Western assuming responsibility of private sewer laterals up to the house. Mr. Boger stated that was not part of the proposal and, unfortunately, that becomes a very sticky mess because the City cannot convey private ownership for the maintenance. This section of pipe was the responsibility of the house because it was owned by the private residence. Councilor Daily suggested this may be for another discussion at another time.

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Mr. Boger stated the effluent from the plant would be cleaner than the water in the bay and discussed the pH levels of the soil in the area. Mr. Boger stated Class A biosolids could replace local use of lime for agriculture. Class B biosolids have restrictions such as what can be harvested and when animals could be placed back on the land, which would change with the use of Class A biosolids.

Ms. Nomura stated DB Western and the City were forgetting the City was under a MAO, there was no “just of washing hands” regarding wastewater treatment. Ms. Nomura reminded that at the last work session DEQ advised their position was that the City had a good plan, was in a good position financially, and did not see a reason to extend the MAO. DEQ intended on enforcing the MAO schedule and the penalties provision for noncompliance.

Mr. Boger stated in anticipation of that, the DB Western team was prepared to work with the City to approach DEQ in a formal meeting. This meeting would entail requesting consideration of this new plan which would offer a higher quality effluent, greater protection for the estuary, and far exceeded the limits of the NPDES permit as well as any future proposed limits.

Mayor Shoji asked how DB Western could guarantee a price before knowing what DEQ would require in the future. Mr. Boger stated that was an assumed business risk that DB Western had anticipated and reduced by proposing a solution that far exceeded current DEQ requirements. DB Western believed that if the limits changed, they would be able to be met by the proposed facility. Mayor Shoji asked what if they were wrong and if that would be a legal issues wherein Mr. Boger stated it would be a legal matter.

Councilor Daily asked if the proposal would be able to be implemented essentially as fast as the current City plan. Mr. Boger stated he could not definitely state that this proposal could break ground at the same time as the current City Plan. However, there were advantages that a private entity had over public entities with respect to funding options. Mr. Craddock stated the DB Western plan stated three years. City Attorney Nate McClintock stated the City’s procurement process would have to be followed; a contract could not just be given to DB Western.

Ms. Nomura stated DEQ would require the Department of Justice to be involved in the City’s procurement process. DEQ viewed wastewater treatment processing as a process to be in perpetuity and to include a private entity complicated the issues. DEQ has not reviewed a proposal such as this before and DEQ would not issue a permit unless there would be financial assurances.

Mayor Shoji stated the City’s Intergovernmental Agreements (IGA) with Charleston would have to be considered and asked if this would impact their loan grant. Ms. Nomura stated she did not know. Mayor Shoji stated this was a complicated proposal and process and she anticipated it would take more than three years to get through.

Mr. Craddock asked if the concept drawings included onsite biosolids treatment within the footprint. Mr. Boger showed the Powerpoint slide which identified the biosolids equipment on the middle floor.

Councilor Brick left at 2:00 p.m. and returned at 2:03 p.m.

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Councilor Daily asked if this plant would eliminate the piping of biosolids from Plant 2 to Plant 1 wherein Mr. Boger stated yes. The biosolids would be reduced to 20 – 25% and would be trucked out from the plant, it could not be pumped.

Councilor Vaughan asked if there were any membrane treatment plants within the state on a similar scale. Mr. Boger stated Bandon Dunes was not on the same scale but used the same process. Ms. Nomura stated there were approximately 300 NPDES permittees in Oregon, but not all municipalities used MBR's.

Mr. Craddock asked for an example facility that would be similar in scope which the Council could visit. Mr. Boger said he was not aware of any.

Adjourn

There being no further business to come before the Council, Mayor Shoji adjourned the meeting. The next regular Council meeting was scheduled for June 21, 2016 in the Council Chambers at City Hall.

Crystal Shoji, Mayor

Attest: _____
Susanne Baker, City Recorder