

MINUTES OF THE PROCEEDINGS OF THE CITY COUNCIL

February 5, 2008

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 Jeff McKeown and Councilors Michele Burnette, Mark Daily, Jon Eck, Stephanie Kramer, and John Muenchrath. Councilor Gene Melton was appointed during the meeting.

City staff present were City Manager Chuck Freeman, City Clerk Vicki English, Fire Chief Stan Gibson, Finance Director Janell Howard, Public Works and Development Director Jim Hossley, Assistant City Manager Joyce Jansen, Library Director Carol Ventgen, Police Chief Eura Washburn.

Flag Salute

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

Consent Calendar

Mayor McKeown reviewed the consent calendar which consisted of approval of the minutes of November 20 and December 4, and 18, 2007 and January 2, and 15, 2008, adoption of Resolution 08-03 dedicating a portion of Marple Avenue and Division Street for Public Purposes, appointment to the Coos County Commission on Children and Families, approval of a card room license for Dawson's Stein Room.

Councilor Burnette declared that she had a conflict with the Dawson card room license because of her serving on the Board of CEDCO. Councilor Burnette stated that CEDCO operates a gambling establishment. Mayor McKeown asked if she would remove herself from the decision and Councilor Burnette replied that she would. Councilor Jon Eck moved to approve the consent calendar as presented. Councilor Mark Daily seconded the motion which carried with Mayor McKeown and Councilors Daily, Eck, Kramer and Muenchrath voting aye.

State of the City Address by Mayor McKeown

Mayor McKeown opened his State of the City Address by giving an overview of the current budget figures. He stated that the 2007-2008 budget is 30.8 million, up from 27.3 million from last year. Urban Renewal budget is 8.7 million up about 3.5% from last year. We currently have \$3 million available in the Downtown Urban Renewal fund and \$280,000 in the Empire fund. Mayor McKeown talked about several of the changes that are taking place within the City such as the hiring of a new City Manager, Chuck Freeman, the process of replacing the Fire Station, the DEQ mandates, requiring about \$40 million to upgrade our wastewater system, Division of State Lands (DSL) issues that are affecting various portions of Coos Bay that are impeding some development in our community, replacing our Chief of Police, Eura Washburn due to her retirement, juggling the budget to be able to provide the kind of services that our citizens demand, the Façade Improvement Program that is starting to change the look of our

downtown, and replacing Roger Gould who has stepped down as City Councilor. Mayor McKeown stated the primary charge that he as Mayor and the City Council have, is to make Coos Bay and the South Coast a better place. Things that the City Council is working on are the enhancement and development of our Downtown and Empire core area by implementing an action plan that the Oregon Downtown Development Association provided us with. Mayor McKeown stated that the combination of the North and South County 911 and dispatch center PSAP will create a safe environment not only for our citizens that call into the dispatch centers but also for our public safety employees that are dispatched. The Mayor expressed that in the Bay Area we duplicate a lot of services and it would make a lot of sense to look at some of the services that we could combine. He gave some examples of some successful joint ventures such as the Coos Bay North Bend Water Board and the Library District. He stated that in order to have cooperation in combining services and staff between the two cities, we need to learn to communicate with each other. He feels that the joint meetings and committee that we are embarking on with the City of North Bend is a good start for the two cities to learn how to communicate. Mayor McKeown remarked that the economy is fragile and as evidenced from the low that the forestry and fishing industries are dealing with. Mayor McKeown said that we have a responsibility to this city to make it a thriving and successful place.

**Presentation and Acceptance of the Annual
Financial Audit for Fiscal Year Ending June 30, 2007**

City Manager Chuck Freeman introduced Joe Holmes, the auditor that was in charge of the City of Coos Bay's audit. Mr. Holmes introduced Tara Kamp who was also part of the audit team. He passed along apologies from Roy Rogers, the audit partner, who was unable to attend the meeting due to a scheduling conflict. Mr. Holmes explained that there were three audits performed for the City this year. The first was an audit of the financial statement to verify compliance with generally accepted accounting principals. He was pleased to say that they are issuing a clean, unqualified opinion for that component of the audit. He mentioned that he was not able to get updated information from the Coos Bay North Bend Water Board since they have not completed their audit yet, therefore Pauly Rogers and Co. can not give an opinion on that portion of the audit. The second was an audit to insure compliance with Oregon Municipal Audit Law. This includes compliance with Oregon Budget Law, and testing of bids and quotes. There were no exceptions or items requiring comments. The City also received a clean, unqualified opinion on this component of the audit. The third was an A-133 federal audit that is required once the City receives federal grants over a certain threshold. Mr. Holmes stated that they found no exceptions, findings, or questioned costs for that component on the audit, as well. In summary, he stated that the City received three clean, unqualified opinions and passed with flying colors. Mr. Holmes explained a new audit standard, SAS112. This new standard deals with communication of internal control related matters to management and requires that the auditor make recommendations on internal controls to management. They issued a letter recommending there be better documentation of internal controls in the form of a written policy. They did not find any violation of internal controls, but there should be an increase in documentation of those controls. Mr. Holmes complemented the Finance Department staff, stating that the records were in good order, all records were made available timely, there were no material journal entries to be made, and no disputes with staff. Mayor McKeown asked when the deadline was to implement SAS 112. Mr. Holmes stated that a similar comment would be made for each audit until it was implemented. City Manager Freeman stated that our intent was to implement by June 30, 2008. Councilor Muenchrath asked what percentage of

audit clients have received the management letter comment regarding SAS 112. Mr. Holmes responded that 100% of his clients have received that comment in a management letter. Finance Director Janell Howard stated that we began working on SAS 112 requirements last spring. It had been discussed with auditors in June and they agreed that it would be prudent to wait until the new position was filled in the Finance Department. Ms. Howard explained that the Finance Department does have a large policy and procedure manual, and has been working on putting it into a single document, in the new format required by SAS 112. Council Muenchrath moved to accept the annual financial audit for fiscal year ending June 30, 2007. Councilor Burnette seconded the motion which carried with Mayor McKeown and Councilors Burnette, Daily, Eck, Kramer and Muenchrath voting aye.

Public Hearing on a Proposed Land Development Ordinance Amendment for Special Siting Standards on Manufactured Homes – Approval will Require Enactment of the Proposed Ordinance

Public Works and Development Director, Jim Hossley read the public hearing disclosure. Mr. Hossley reported that the way the current Land Development Ordinance (LDO) is written, requires a manufactured home must be placed on a lot with not more than 12-inches of foundation above grade. Mr. Hossley stated that there are no similar restrictions that limit foundation wall height for a site-built home. He said that in Coos Bay there are many lots that have topographical issues that would restrict placement of a manufactured home because of the current requirement and that limits a property owner's development options. Councilor Muenchrath asked if the current requirement was set because of the construction of the manufactured homes in the past. Mr. Hossley stated that in the past it had to do with the way manufactured homes were skirted and the requirement was more for a visual effect. Mayor McKeown commented that the quality and standards of manufactured homes are completely different than they were 20 years ago. Mr. Hossley stated that removing the restriction on the foundation wall height above grade will allow greater choices for citizens wishing to site manufactured homes and may add affordability for development. Mr. Hossley also mentioned that on January 8th, 2008, the Planning Commission unanimously recommended approval of the proposed amendments to the text of the Ordinance. Mayor McKeown opened the public hearing. There being no further public comments, the hearing was closed. Councilor Daily moved to adopt ordinance amending Article 3 Chapter 3.22 of Ordinance No.93, Councilor Kramer seconded the motion. City Clerk Vicki English read the ordinance by title only and Ordinance No. 402 an ordinance amending Article 3, Chapter 3.22 of Ordinance No. 93. was enacted with the following vote:

Aye:	Mayor McKeown and Councilors Burnette, Daily, Eck, Kramer and Muenchrath
No:	None
Absent:	None

Mr. Hossley added that there is a 21 day appeal period from the date the decision is put into writing.

Adoption of Resolution 08-02 Adopting Revised Public Contracting Rules

Public Works and Development Director Jim Hossley reported that there were three areas in the Rules of Local Contract Review that needed to be updated. The three recommended changes are to 1) include language to allow the use of other public agencies bid process, 2) include language to state that the Board must authorize expenditures above \$25,000, and 3) eliminate reference to purchase orders. Mr. Hossley said that City Attorney Nate McClintock has reviewed these two areas and provided the language changes for the Rules of Local Contract Review document. Councilor Daily moved to adopt Resolution 08-02. Councilor Burnette seconded the motion which carried with Mayor McKeown and Councilors Burnette, Daily, Eck, Kramer and Muenchrath voting aye.

Award of Contract for Engineer of Record

Public Works and Development Director Jim Hossley reported that after nine months of unsuccessful attempts to find a candidate that fits the desired criteria and experience in which the City needs for a City Engineer, the Council approved an issuance of a Request for Proposal for an Engineer of Record. That request was approved at the January 2, 2008 City Council meeting. Mr. Hossley gave an overview of the services that the Engineer of Record will provide to the City and also stated that the contract will be for a three year period with the option to extend for an additional one year. In addition, Mr. Hossley stated that the Engineer of Record will provide four hours per week of office hours. Mr. Hossley reported that six firms responded to the RFP. The deciding factor for staff between these two firms is the cost for service. Based on the staff's review, they recommend HBH Consulting Engineers be awarded the Engineer of Record contract based on review and cost. Mayor McKeown asked if the office hours will be in City Hall and Mr. Hossley confirmed that they would be and that it would be one day a week opposed to four different days. Mr. Hossley said that the office hours would be utilized to review projects both in the office and out in the field, and to be available for developers or for technical questions that a citizen may have. Mayor stated that he would prefer to have an engineer on staff but this would be the next best thing. Mr. Hossley added that the Engineer of Record would also be available for technical issues that might come before the Council in addition to giving presentations as well. Councilor Muenchrath inquired about the price difference and Mr. Hossley's response was that the proposals were lump sums for the four hours and approximately \$3,000.00 dollars between the two and on the hourly rates it was as much as \$10.00 per hour for certain conditions. He said that in both cases the top two proposals did make an effort to reduce their normal hourly rate for this contract. Councilor Daily asked if we would not be able to revisit the idea of having our own staff for three years and Mr. Hossley said that we could do both if funding was available, or he stated, that the language in the contract gives both HBH and us the option to terminate the contract with a written notice. Mayor McKeown stated that this will give us access to an engineer and therefore will save us money and time. Councilor Muenchrath moved to award the Contract for Engineer of Record to HBH Consulting Engineers. Councilor Kramer seconded the motion which carried with Mayor McKeown and Councilors Burnette, Daily, Eck, Kramer and Muenchrath voting aye.

Award of PSAP Consultant Contract

City Manager Chuck Freeman reported that over the past several months, staff and the PSAP Steering Committee have been meeting to discuss the feasibility of merging Coos County PSAP and the City of Coos Bay PSAP centers, culminating with the publication of Request for Proposals to provide consulting services for PSAP Merger Implementation Plan. The proposals were due to the City Managers office by November 30, 2007. Three proposals were received which were distributed to the PSAP Steering Committee members for review. The three proposers were GeoComm, ADCOMM and Concepts to Operations (CTO). Mr. Freeman commented that following the discussion during the January 11, 2008 PSAP Steering Committee he was directed to check the references on ADCOMM and CTO, which were ranked highest from the three proposals received. Mr. Freeman stated that the staff recommends that the implementation plan of phase one of the PSAP merger be awarded to Concepts to Operations in the amount of \$74,950.00 and direct staff to prepare a supplemental budget. Mr. Freeman also noted that CTO was higher than ADCOMM by \$2,350.00 but based on the experience, the interview with the principals, their history, they ranked highest. Mr. Freeman reported that on January 16, 2008 the Board of County Commissioners unanimously approved paying an invoice from the City for \$36,000.00 for their share of the PSAP merger implementation leaving the City's share \$38,950.00. Councilor Kramer questioned why the City was paying \$38,950.00 and the County was paying \$36,000.00. Councilor Burnette replied that the reason that the County's payment was lower than the City's is because the County was paying half of the lowest bidder. Councilor Muenchrath inquired about what the proposed implementation plan would cover. Mr. Freeman referred to the actual RFP and summarized what the proposal covered. CTO is expected to complete Phase I within seven months. Completion of Phase I will have identified all the necessary steps that must be accomplished in order to merge. Before the merger moves forward CTO must come back to the Steering Committee, as well as both the County and City governing body for Phase II of the implementation Plan. If the decision is made to move forward with Phase II we will have the cost in which to implement the plan and we will know how to move forward as to the funding of the plan. In summary Phase I will not give us the merged center but will identify all the start up cost. Mayor McKeown commented that this was a complex issue and getting professionals involved that have the experience is critical. Mr. Freeman also wanted to mention that CTO has had a lot of experience on the Eastern Seaboard with overlapping jurisdictions and they were very successful in that environment and with CTO's history they should bode us very well. Councilor Muenchrath moved to award the bid to CTO. Councilor Burnette seconded the motion which carried with Mayor McKeown and Councilors Burnette, Daily, Eck, Kramer and Muenchrath voting aye.

Acceptance of Councilor Gould's Resignation

Mayor McKeown stated that with all his years of experience as well as his professional credentials City Councilor Gould will be missed. The City is very grateful and appreciative for all the time he has given to the City. Councilor Kramer made a motion to accept Councilor Gould's resignation. Councilor Eck seconded the motion which carried with Mayor McKeown and Councilors Burnette, Daily, Eck, Kramer and Muenchrath voting aye.

Filling of Council Vacancy

Councilor Muenchrath stated that he felt more comfortable deferring to the public on the filling of the Council vacancy by selecting the person with the next highest votes from the November 2006 election. He also added that by taking the candidate with the next highest votes, we are letting the public make the decision. Councilor Muenchrath made a motion to go ahead and accept the individual with the next highest vote from the last election as the Council replacement. Councilor Kramer seconded the motion. Mayor Mckeown opened the motion up for discussion. Councilor Daily stated that with only nine months remaining before the seat is up for election, the person filling the spot should have the ability to acclimate to the council quickly and with Mr. Melton's past work in government and regular attendance at the Council meetings makes him a reasonable choice. Councilor Kramer agreed with Councilor Muenchrath and added that Mr. Melton being a resident from Eastside would bring the perspective of a part of town that is underrepresented on the council. Councilor Burnette said that there was value in asking for applications and doing interviews but said that she would not object to the Council's wishes. Councilor Eck said that either appointing or going through the application process would be acceptable and agreed with Councilor Daily's comments regarding Melton's experience. Mayor McKeown agreed with Councilor Burnette by noting that his preference was taking applications. The motion carried with Mayor McKeown and Councilors Burnette, Daily, Eck, Kramer and Muenchrath voting aye. Councilor Muenchrath commented that the Council should consider changing the Charter to represent that if a vacancy opens on the Council, the individual receiving the next highest votes should automatically get the vacant position provided that that person gets a certain percentage of votes. Mayor McKeown said that we could make that a future agenda item but he would not be in favor of it as a blanket policy. The oath of office was administered to Councilor Gene Melton by Finance Director/Recorder Janell Howard. Mayor McKewon thanked everyone that had applied,

Appointment of Council President

Mayor McKeown made the motion to nominate Councilor Eck as Council President to serve out this term until the next election and at that time the issue would be re-visited. Councilor Burnette seconded the motion which carried with Mayor McKeown and Councilors Burnette, Daily, Eck, Kramer, Melton and Muenchrath voting aye. Ballots were cast by Mayor McKeown and Councilors and Jon Eck was appointed.

Discussion on the Rotation Schedule for Standing Council Committees

Councilor Kramer stated that at the time she requested this issue be brought before the Council she misunderstood the rotation schedule and she now has a full understanding of how the rotation works and feels this is a non-issue. Councilor Muenchrath gave an overview of the Standing Council Committees Rotation Schedule. Councilor Kramer stated that her prior understanding of the schedule concerned her because she thought it would create an additional work load on City staff. The council chose to discuss the continuation of these committees. Councilor Burnette stated that she was on the Public Safety Committee and that the attendance has dropped sharply and asked the council if that was an issue with other committees. Councilor Kramer stated that she is on two committees and that there has been full attendance on both. Councilor Kramer also stated that she finds the committees very helpful and she is in

favor of continuing the committees. Councilor Daily stated that some personal issues prevented him from attending his scheduled committee however he likes the committees and would like to see them continue. Mayor McKeown suggested that if you were unable to attend your committee meeting that the other Councilors be informed so that another Councilor could step in and takes the place of the absent Councilor or that the meeting could be rescheduled. Councilor Muenchrath stated that the committees are very useful and that he liked the free flow of information among the Councilors. Councilor Kramer asked Mr. Freeman if he felt the committees have been helpful for him and he replied that the feed back from Department Heads is that the staff likes the committees, it is worth the effort, and he feels that the committees were going well. Mayor McKeown commented that his concern is that the Council is creating more work load for staff and that they are inserting themselves too much. He also stated that he found the committees extremely helpful, interesting and is learning a lot. Mayor McKeown stated that the Standing Council Committees should continue as they are and that we can re-visit this issue at any time. Council consensus was to continue the Council Standing Committees on a permanent basis with the ability to review at any time.

Approval for the Purchase of a Road Grader for the Public Works and Development Street Department

Public Works and Development Director Jim Hossley reported that the Fiscal Year 2007-08 Budget Committee approved \$140,000 to replace a motor grader. This new grader will be replacing a 1978 Caterpillar 120G motor grader which has provided the City 30 years of street maintenance. This older grader has had significant maintenance repairs totaling over \$32,000 since it was purchased. Mr. Hossley reported that staff researched all available sources including used to replace the motor grader and found that Deschutes County recently advertised and awarded a bid for a Caterpillar 140M motor grader to Peterson Machinery in Redmond, Oregon. Deschutes County bid the motor grader with the ability to deduct optional equipment items and to select a less horsepower configuration that meets the City needs in the 120M model. Mr. Hossley said that based on that, we are able to purchase a brand new 120M Caterpillar for \$146,386 including a \$35,000 trade-in on our motor grader. Mr. Hossley also stated that if we were go and buy this new without the Government discounts we would be paying \$271,000 before the trade-in. Mr. Hossley also mentioned that there is a guaranteed buy back that Caterpillar offers in which they will give us a set amount of money, at three years for \$136,000.00 or five years for \$110,000.00. Mr. Hossley stated that if we were to sell this Caterpillar in three to five years on the market we would probably get more than what we purchased it for. Mr. Hossley said that they had researched used Caterpillars and found a 1998 with over 8,000 hours on it for \$140,000. Mr. Hossley noted that with the enactment of Resolution 08-02 earlier makes it possible to make this purchase through Deschutes County and will allow more flexibility when making future purchases. Councilor Muenchrath moved to approve the purchase of a road grader for the Public Works and Development Street Department in the amount of \$146,386.00 from Peterson Machinery. Councilor Eck seconded the motion which carried with Mayor McKeown and Councilors Burnette, Daily, Eck, Kramer, Melton and Muenchrath voting aye.

Report on the Intergovernmental Agreement with Southwestern Oregon Community College

Mayor McKeown reported that the college needs more time to consider this issue and to give this another two weeks. He made a recommendation to maintain the status quo that we currently have in terms of the added patrols and that we make a recommendation to the college to form a joint committee to explore the best way to move forward with this agreement. Councilor Daily questioned if we were to maintain the status quo, is that with the understanding that the college will continue to pay for the additional patrols in the interim. Mayor McKeown said it was his hope, but thinks that is an issue that the committee would explore. Councilor Muenchrath agreed that forming a committee was a good decision and that we need to signal to the Southwestern Oregon Community College Board that we would like to meet and work together as a team to identify the problem, and come to a solution that will serve us all. City Manager Chuck Freeman said that we need to identify the committee members and he would send a letter to the board stating that the City would like to meet. Mayor McKeown, Councilor Daily and Councilor Muenchrath agreed to be committee members.

Public Comments

No public comments were given.

City Attorney's Report

City Attorney Nate McClintock was absent from the meeting.

City Manager's Report

City Manager, Chuck Freeman reported that February 20, 2008 the Department of Revenue will be holding a budget 101 workshop at Southwestern Oregon Community College and to let him know if the Mayor and Council are interested in attending. Mr. Freeman stated that he was trying to schedule a joint meeting with North Bend and tentatively the date is for February 20, 2008 but he has not had confirmation back from them. There will be a meeting February 6, 2008 with the City of North Bend and CEDCO regarding the continuation of the boardwalk to extend through the cities and the casino area. Mr. Freeman reported that on February 7th, 2008 the Government Access Committee will be meeting. Strategic planning is under way with staff to go through the tier I, II and III goals that the council picked and bringing forward projects as we get them finalized with all the components including the budget back to the committees and then to the Council with ways to fund them. The first project that will be recommended is the downtown restrooms and the remodel of the Visitors Center. Mr. Freeman reported that the project is proceeding well and that it will hopefully be through the committees next cycle with a proposed design from a local architect volunteer.

Council Comments

Councilor Kramer congratulated Councilor Daily and the Outdoor Inn for get awarded the best Clam Chowder. Councilor Daily announced that it is time for Cal Ripkin baseball and that boys and girls from age five to twelve are invited to come and sign up. Councilor Eck stated that he would like to say good bye to Roger Gould as he leaves public service and that we as a Council

will be losing a lot of valuable information, knowledge on how the system works, and his in-sight into issues. Councilor Eck welcomed Councilor Melton. Councilor Burnette agreed with Councilor Eck, she will miss extracting Roger's knowledge on procedural, policy, compliance and legal issues. Councilor Burnette also welcomed Councilor Melton, stating that he will be a great addition to the Council. Councilor Melton said that he feels honored to be on the council again and is looking forward to moving on. Councilor Muenchrath stated that he would like to reiterate what the Councilors have already said about the loss of Roger and what he had to offer to the Council. Councilor Muenchrath also congratulated Councilor Eck as the new Council President and welcomed Councilor Melton. Mayor McKeown also agreed with the Council that Roger will be missed and that he was a tremendous asset. He also thanked Councilor Eck for being willing to accept the Council Presidency and welcomed Councilor Melton. Mayor McKeown mentioned that he attended a wrestling state tournament at Marshfield High School and there were 600 kids in the tournament that were here for two to three days and what a tremendous event it was for our community. Mayor McKeown stated that he is looking forward to the New Year, the new make up of the Council, and welcomed Councilor Melton.

Executive Session

An executive session was held pursuant to ORS 192.660 (2) (e) for the purpose of discussing real property transactions.

Direction on Fire Station

The City Council reconvened into regular session. The City Council directed staff to negotiate with the property owners of the potential fire station site and directed the City Attorney to draft the ballot title authorizing a general obligation bond.

Adjourn

There being no further business to come before the Council, Mayor McKeown adjourned the meeting to February 19, 2008 in the Council Chambers at City Hall.

Jeff McKeown, Mayor

Attest:

Janell K. Howard, City Recorder