

## MINUTES OF THE PROCEEDINGS OF THE CITY COUNCIL

May 3, 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, Thomas Leahy, and Mike Vaughan. 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, Fire Chief Mark Anderson, and Police Chief Gary McCullough

### Flag Salute

Mayor Shoji opened the meeting and asked Police Chief Gary McCullough to lead the Council and assembly in the salute to the flag.

Councilor Brick entered the meeting at 7:01 p.m.

### Public Comments

Joseph Monahan, Coos Bay: stated he was the lodging representative for the Coos Bay – North Bend Visitor and Convention Bureau (VCB); noted recent discussion about Coos Bay backing out of the VCB intergovernmental agreement; since January 2015 Coos Bay expressed the need for change but never presented or developed a plan; noted the importance of tourism to the local community and expressed concern about the long term impact to citizens and business of Coos Bay. Mayor Shoji stated the governing bodies agreed to meet to discuss the future of the VCB and she hoped Mr. Monahan would participate in meetings. Ken Folker, Coos Bay: reminded citizens to vote in primary this month; ballots to be returned by May 16<sup>th</sup>. Jim Deatherage, Coos Bay: stated he spoke with the City Attorney earlier in the day; requested the Council incorporate language into upcoming marijuana ballot that once citizen's vote on the matter, no additional rules would be made on the matter; requested a record of how the City planned to proceed with the planned ballot measure. Jackie Darnell, Coos Bay: stated she lived on Ackerman Street which was also one of the entrances to John Topits Park; expressed concern about the high rate of speed in which traffic was travelling on the road; recommended speed bumps be added at entrance to John Topits Park.

City Attorney Nate McClintock entered the meeting at 7:07 p.m.

### Consent Calendar

Mayor Shoji reviewed the consent calendar which consisted of 3a: approval of the minutes of April 19, 2016; 3b: approval of insurance waiver for the Tall Ships special event, and; 3c: approval of insurance waiver for the Memorial Day Parade special event. Councilor Kramer moved to approve the consent calendar approving the minutes of April 19, 2016 and approving insurance waivers for the Tall Ships and Memorial Day Parade special events. Councilor Groth seconded

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the motion which carried with Mayor Shoji and Councilors Brick, Daily, Groth, Kramer, Leahy, and Vaughan voting aye.

### **New Council Business**

Councilor Kramer stated she received a citizen concern about excessive wear to streets surrounding the Empire Boulevard sidewalk improvement project; Public Works Director Jim Hossley confirmed improvements to surrounding streets was planned.

### **City Fee Schedule Revisions – Approval Would Require Adoption of Resolution 16-08**

Finance Director Susanne Baker proposed updating the City's fee schedule to include authority to collect three types of fees for service. Specifically, the resolution included a provision to collect the amount allowed by Oregon Revised Statute (ORS) for dishonored or non-sufficient funds checks. Currently, the City collected \$25 and the ORS allowed for \$35. Secondly, the City utilized Oregon Department of Transportation (ODOT) and Federal Emergency Management Agency (FEMA) vehicle and equipment rates as a best practice and current value for reimbursement purposes when City vehicles and equipment were used for grants or billing purposes. The last housekeeping change provided authorization for the Library to collect miscellaneous fees such as copies, lost items, and room rental. Councilor Kramer moved to adopt Resolution 16-08 approving city fee schedule revisions. Councilor Groth seconded the motion. Councilor Vaughan stated he received citizen concern about moorage fees doubling. Ms. Baker stated she did not believe moorage fees were increased but noted recent change from winter to summer rates. A call for the question was made which carried with Mayor Shoji and Councilors Brick, Daily, Groth, Kramer, Leahy, and Vaughan voting aye.

### **Approval of State Revolving Fund Point Source and Non-Point Source Loan Agreements – Approval Would Require Adoption of Resolution 16-09 and 16-10**

A presentation of the of the Department of Environmental Quality (DEQ) clean water state revolving fund (SRF) loan agreement was made at the March 15 and April 5, 2016 City Council meetings. The DEQ loan consisted of two separate documents; the point source for wastewater treatment plant #2 (WWTP#2) and the non-point source sponsorship option loan agreement. Mayor Shoji stated the matter had been before the Council on several occasions in addition to the April 26, 2016 Council work session to discuss the loan and WWTP#2 project. Mayor Shoji stated she was not speaking on behalf of the Council, rather on behalf of Coos Bay citizens; noted the City had been working on the WWTP#2 project for 13 years of which \$4 million dollars had been spent on the project up to this point. Through the process the City looked at alternatives, different locations, different kinds of systems, cost savings through peer review, with multiple different people evaluating and weighing in from different groups and agencies. Ultimately, the City was required to meet DEQ requirements to upgrade WWTP#2. Mayor Shoji suggested the proposed loan rate of 1% was the best option available and felt strongly the City needed to move forward with the loan; noted concerns about the cost to citizens if the City did not move forward due to fines and moratoriums imposed by the DEQ mutual agreement and order (MAO).

Mayor Shoji moved to adopt Resolution 16-09 to authorize and approve the DEQ SRF loan agreement for financing the WWTP#2 project for an amount not to exceed \$26.1 million, and to adopt Resolution 16-10 to authorize and approve the DEQ SRF loan agreement for financing non-

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point source special option projects for an amount not to exceed \$2.2 million. Councilor Kramer seconded the motion. Councilor Leahy declared a conflict of interest citing a business arrangement with Dennis Beetham (of DB Western who was a proponent to stop the construction of WWTP#2 in Empire and instead move the project to the North Spit with DB Western as the contractor). No other conflicts, disclosures, or ex parte contact were declared. Councilor Vaughan stated he felt he was not up to speed on all options and technologies the City may have considered for WWTP#2; was not in favor of discharging effluent to the bay; suggested there was a better way to proceed. Councilor Brick found value in the information provided by the DEQ at the April 26<sup>th</sup> work session; stated he had received several phone calls at home and at work from citizens expressing their opinion on WWTP#2; was personally okay rebuilding WWTP#2 in Empire but preferred incorporating the process which provided the cleanest level of discharge. A call for the question was made which carried with Mayor Shoji and Councilors Groth and Kramer voting aye and Councilors Brick, Daily, and Vaughan voting nay. Councilor Leahy having abstained from the vote was deemed pursuant to the provisions of 2.8.4 of the Rules of the City Council to have voted with the majority and in the event of a tie, the member's vote shall be counted as an aye, which approved the motion.

Councilor Vaughan inquired what it would take to address and change the Council rules, specifically the rule which allowed the Council to suspend Council rules. City Attorney Nate McClintock stated the Council could add the matter to a future agenda and the Council could vote on the matter. Consensus of the Council was to address the matter at a future Council meeting.

### **Approval of Services During Construction Contract to Design Team of SHN and CH2M for the Wastewater Treatment Plant No. 2 Project**

Public Works Director Jim Hossley noted the City has hired an engineer on staff to work full time for the next two years on the Wastewater Treatment Plant 2 (WWTP#2) construction project. The engineer would be responsible for the day to day oversight of the project, coordinating with the funding agency, preparing the required reporting for the funding agency, reviewing pay requests, and coordinating between the contractor and the design engineer. Hiring the engineer as staff provided a cost savings along with a dedicated City representative for the project. Mr. Hossley stated the City also had to contract with the design engineer as the City did not want to have the City representative make engineering design decisions that would void the design engineer's (SHN/CH2M) responsibilities. The design engineer was required to review all submittals and approve of any changes. In addition, Department of Environmental Quality (DEQ) required the design engineer to perform milestone inspections to ensure the construction was in conformance with the approved plans. The design engineer would also play a key role at the regularly scheduled project meetings and during the startup of the plant. The contract for the design engineer during this phase of the WWTP#2 project was called "Services During Construction" and had a two-year duration; contract cost was \$892,991 (contract total of \$811,810 with 10% contingency of \$81,181). Councilor Vaughan inquired when the new engineer was hired whereby Mr. Hossley advised one month ago. City Manager Rodger Craddock stated it was not uncommon for the City to have engineering or project management agreements with the engineering firms that designed the projects; noted hiring a City engineer to provide project oversight provided a significant cost savings.

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and instead move the project to the North Spit with DB Western as the contractor). Councilor Groth moved to award the services during design contract to the design team of SHN and CH2M for the WWTP#2 project for an amount not to exceed \$892,991. Councilor Kramer seconded the motion. Councilor Vaughan requested information on new city engineer's credentials. Wastewater Project Engineer Jennifer Wirsing provided a brief history on the hiring process for the City engineer position; job requirements being a licensed engineer in the State of Oregon with municipal wastewater engineering experience. Staff selected Jan Kerbo for the position. Ms. Kerbo owned and operated Kerbo Engineering for the past 12 years, prior to that having worked at Dyer Partnership. Ms. Kerbo stated she worked on three wastewater treatment plant projects in addition to 25 years of engineering experience, 16 of which included municipal planning for wastewater projects. Ms. Kerbo noted she recently worked with Charleston Sanitary District to secure their portion of the funding required for the WWTP#2 project; an \$8.5 million dollar loan/grant package from the United States Department of Agriculture (USDA). City Manager Rodger Craddock stated when staff applied for the WWTP#2 loan the City was unsure if Charleston would have adequate funding to support their portion of WWTP#2 construction costs. Mr. Hossley stated the City would pay for the WWTP#2 project as the project proceeded; Charleston's funding source would only pay upon project completion. A call for the question was made which carried with Mayor Shoji and Councilors Brick, Groth, and Kramer, voting aye and Councilors Daily and Vaughan voting nay. Councilor Leahy having abstained from the vote was deemed pursuant to the provisions of 2.8.4 of the Rules of the City Council to have voted with the majority, which approved the motion.

### **Approval of the Project Loan Administration Contract for Wastewater Treatment Plant #2**

Public Works Director Jim Hossley stated the City was funding the Wastewater Treatment Plant #2 (WWTP#2) construction with a Department of Environmental Quality (DEQ) Clean Water State Revolving Fund (SRF) Loan. To administer the loan, special coordination with DEQ, the consultants, and the contractors must be performed over the next two to three years. The work included, but was not limited to, reviewing all pay requests and ensuring they were in compliance with prevailing wage requirements (both Bureau of Labor and Industries and Davis-Bacon), conducting on-site inspections and interviews, monitoring project aging, participating in pre-bid and pre construction meetings to provide required information for contractor, and providing the necessary project completion/closeout reports to DEQ. Mr. Hossley stated the work required to administer the loan would take a considerable amount of time and due to staffing resources, recommended contracting with a consultant. Staff anticipated consultant costs when planning the budget for the WWTP#2 project and included a budgetary amount of \$100,000 in the Infrastructure Finance Authority (IFA) loan 2, previously awarded to the City. A request for qualifications was advertised for project administrative services for WWTP#2 on March 14, 2016; one application was received from CCD Business Development Corporation (CCD). Mr. Hossley noted CCD currently provided project administration services for the City's IFA loans 1 and 2.

Councilor Leahy declared a conflict of interest citing a business arrangement with Dennis Beetham (of DB Western who was a proponent to stop the construction of WWTP#2 in Empire and instead move the project to the North Spit with DB Western as the contractor). Councilor Groth moved to award the DEQ SRF project administrative services contract for WWTP#2 for a fee not to exceed \$100,000 to CCD Business Development Corporation. Councilor Kramer seconded the motion. Councilor Vaughan inquired what rates were increased to pay for proposed fees. City Manager Rodger Craddock stated the fees were developed through a rate study which

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anticipated proposed costs and included payment of debt service. A call for the question was made which carried with Mayor Shoji and Councilors Brick, Groth, and Kramer voting aye and Councilors Daily and Vaughan voting nay. Councilor Leahy having abstained from the vote was deemed pursuant to the provisions of 2.8.4 of the Rules of the City Council to have voted with the majority, which approved the motion.

### **Approval of Addendum #1 to Contract with Construction Manager/General Contractor Mortenson for Wastewater Treatment Plant #2**

Public Works Director Jim Hossley stated on March 15, 2016 the Council approved to award a zero cost contract to the construction manager/general contractor (CM/GC) Mortenson Construction for the Wastewater Treatment Plant #2 (WWTP#2) project. The award allowed Mortenson to proceed forward with the bidding process which consisted of 22 separate bidding packages. The addendum was brought to the Council for award consideration on April 5, 2016. However, because the loan agreement for WWTP#2 was not approved, the issue was not considered by Council. Mr. Hossley noted the City's Empire Boulevard widening project was currently under construction. Due to construction constraints and schedules, the piping work associated with the proposed WWTP#2 construction within the Empire Boulevard right of way must be completed by July. As a result, the bidding package associated with the piping work must be expedited.

Originally staff was prepared to return to Council with one addendum representing all 22 bid packages, however in light of the potential conflict with the Empire Boulevard project, staff recommended two addendums; addendum #1 for the piping work and addendum #2 for the remainder of the project. The CM/GC provided a guaranteed maximum price (GMP) of \$868,277 for Addendum #1. Staff worked with the Department of Environmental Quality (DEQ), to ensure the work associated with the bid package would be reimbursed when the City entered into the state revolving fund (SRF) loan agreement for the WWTP#2 project. Staff would direct Mortenson to prepare the remaining 21 bid packages and obtain bids under the zero cost contract for later presentation to Council as addendum #2.

Councilor Leahy declared a conflict of interest citing a business arrangement with Dennis Beetham (of DB Western who was a proponent to stop the construction of WWTP#2 in Empire and instead move the project to the North Spit with DB Western as the contractor). Councilor Kramer moved to approve Mortenson's addendum #1 for WWTP#2's piping work within Empire Boulevard for an amount not to exceed \$868,277. Councilor Groth seconded the motion which carried with Mayor Shoji and Councilors Brick, Groth, and Kramer voting aye and Councilors Daily and Vaughan voting nay. Councilor Leahy having abstained from the vote was deemed pursuant to the provisions of 2.8.4 of the Rules of the City Council to have voted with the majority, which approved the motion.

### **Approval of an Intergovernmental Agreement with Federal Emergency Management Agency**

Public Works Director Jim Hossley during the period of December 6 through December 23, 2015, Coos Bay experienced severe weather conditions that damaged city infrastructure including Coos River Highway, West Park Road, the dike next to City shops, Southwest Boulevard Dike, and Englewood Dike. Additionally, several large trees fell across roads throughout Coos Bay area

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because of high winds and saturated soil which resulted in staff hours to reopen roads and clean up debris. On February 17, 2016, President Obama signed into effect a disaster declaration which rendered the repairs of the damaged infrastructure plus emergency response to downed trees eligible for federal funding. The Federal Emergency Management Agency (FEMA) and Oregon Emergency Management (OEM) created an intergovernmental agreement (IGA) for the City to obtain federal funding to assist with the infrastructure rehabilitation. Depending on the scope and type of project, some of the damage repair projects would be eligible for reimbursement of 75% of the cost; cleanup work could receive up to 100% of the cost for mitigation. Mayor Shoji moved to authorize the City Manager to sign the FEMA/OEM infrastructure IGA in order to obtain funding for infrastructure damage that occurred to city infrastructure during the December 2015 storm events. Councilor Kramer seconded the motion which carried with Mayor Shoji and Councilors Brick, Daily, Groth, Kramer, Leahy, and Vaughan voting aye.

### **Public Comments**

No additional comments were made.

### **City Attorney's Report**

No comments were given.

### **City Manager's Report**

City Manager Rodger Craddock commended the Coos Bay Police Department for solving two recent homicide cases; noted the Farmers Market would commence tomorrow; announced the Bay Area Brigade Highway 101 clean-up scheduled for May 7<sup>th</sup>; the Downtown Association would be hosting a 5K run on Saturday, May 14<sup>th</sup>.

### **Council Comments**

Councilor Leahy thanked the City for their support of the Coos Bay Boat Building Center; noted arrival of the Tall Ships Lady Washington and Hawaiian Chieftain; stated the Coos Bay Boat Building Center and Coos Bay Downtown Association had several different activities planned for the ten days the tall ships were scheduled to be in port. Councilor Vaughan stated the Sea Shanty group would be performing at the Coos Art Museum in honor of the Tall Ships. Councilor Kramer encouraged citizens to get out and vote. Councilor Groth announced the Coos Bay Public Library was chosen as one of 75 libraries in the country to receive a the Great Stories Club grant from the American Library Association; stated she along with Councilor Brick, City Manager Rodger Craddock, and Public Works Director Jim Hossley met with representatives from City of North Bend to discuss a proposed fuel tax; currently considering a .04 cent increase for Coos Bay and North Bend that would not include commercial fueling stations. Councilor Brick stated there were a large amount of mosquitos around Millicoma dike area; stated there were many good things going on at Southwestern Oregon Community College which included fund raising for the new science and technology building; noted the Coos Bay – North Bend area had a lot to offer. Mayor Shoji stated Toni and Joe Hudson were new residents to Coos Bay; noted the Hudson's had taken an interest in the Choshi Gardens at Mingus Park and purchased koinobori carp windsock's from the Japanese National History Museum which would be displayed in Choshi Garden in honor of Japan's Children's Day celebration; congratulated the Coast Guard on their 40<sup>th</sup> anniversary

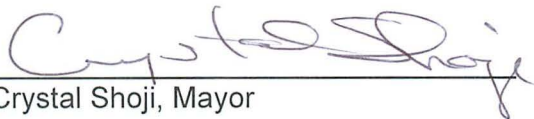
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celebration in Charleston; noted the Coos Bay Railway Museum was featured in VIA the AAA magazine.

**Adjourn**

There being no further business to come before the Council, Mayor Shoji adjourned the meeting. The next regular Council meeting was scheduled for May 17, 2016 in the Council Chambers at City Hall.

Attest:   
Susanne Baker, City Recorder

  
Crystal Shoji, Mayor