

**MINUTES OF THE PROCEEDINGS OF A JOINT
CITY COUNCIL AND URBAN RENEWAL AGENCY WORK SESSION**

January 31, 2017

The minutes of the proceedings of a City Council work session of the City of Coos Bay, Coos County, Oregon, held at 5:30 p.m. in the Council Chambers at 500 Central Avenue, Coos Bay, Oregon.

Those Attending

Those present were Mayor Joe Benetti and Councilors Lucinda DiNovo, Drew Farmer, Jennifer Groth, Stephanie Kilmer, Stephanie Kramer, and Phil Marler. City staff present were City Manager Rodger Craddock (via phone), City Attorney Nate McClintock, Finance Director Susanne Baker, Public Works Director Jim Hossley, and Police Chief Gary McCullough.

Mayor Benetti opened the meeting and stated the purpose of the meeting was for an informal review of the upcoming January 31, 2017 council agenda.

Urban Renewal Agency Special Levy Option

Finance Director Susanne Baker presented information to the Agency on an urban renewal special option levy. The levy would be an additional new tax on all property taxpayers in the City of Coos Bay, in addition to the division of taxes the urban renewal area already received, and was subject to the limitations of Article XI, Section 11b of the Oregon Constitution (\$10 per \$1,000 value limitation for general government). Outcomes could result in increased tax compression; less tax increment urban renewal funds, city tax revenues, and revenue for other overlapping districts. Analysis suggested implementation of the full levy would increase property tax rates 7% for property owners (downtown: \$1.09/\$1,000 or \$109; Empire: \$.92 cents /\$1,000 or \$92 on a \$100,000 house). The levy would be available up to each district's maximum indebtedness established prior to July 1, 1998. (ORS 457.010 (4)(b). Pending the FYE 17 du jour financing, the Downtown Plan had \$34,298,373 and Empire had \$6,844,432 remaining for maximum indebtedness.

There was not a lot of compression currently, the assessed value and real market values overall had moved closer over the last several years. Any property with real market value at least 18% higher than assessed value would experience no compression. With compression, the overlapping districts and City would lose tax revenue.

Elaine Howard, urban renewal consultant, presented information on the pending school district bond levy, compression, and discussed timing of a levy. Ms. Howard noted urban renewal funds were not eligible for maintenance of streets but rather new construction and major rehabilitation projects.

Consensus was to consider implementation of a special option levy along with other funding options to achieve sufficient funding for continued street rehabilitation and maintenance.

Marshfield Key Club 10th Street Park Proposal

Marshfield Key Club representatives Katie Maine, Jonas Langarica, and Ryan Johnson presented a proposal for their club to adopt, rehabilitate, fundraise, and hold public events at the

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10th Street Neighborhood Park (formerly known as Optimist Park). City staff would work with Marshfield Key Club on project cost estimates, ensure the improvements were compliant with code, and in accordance to the Parks Master Plan. The proposal was presented and received support of the Parks Commission in November of 2016.

Supplemental Budget City Resolution 17-01 and Urban Renewal Agency Resolution 17-02

Finance Director Susanne Baker stated a supplemental budget was proposed to adjust the FYE 17 budget to appropriating funding pursuant to ORS 294.473. The State Gas Tax fund supplemental budget would appropriate a capital outlay category for capital equipment purchases due to the receipt of insurance proceeds; General fund appropriation would adjust the Urban Renewal Agency du jour financing amount to reconcile to the Agency's budget; Wastewater fund would appropriate funds in the operations fund for day-to-day large repairs, which were not of a capital nature, to meet GAAP requirements at a higher level than in previous years; County-Wide CAD Core Fund required appropriation of carryover for the purchase of hardware/software items in FYE 17 and required a public hearing because the appropriation would be more than 10% of the adopted budget. Resolution 17-02 was an Urban Renewal Agency supplemental budget which would move appropriation authority from the capital outlay category into the material and services category to allow for contractual expenses for the downtown urban renewal assessment of the streets by Mr. Skinner.

Approval of an Intergovernmental Agreement (IGA) for the URA Du Jour Financing 2017 – Adoption of City Resolution 17-02 and Adoption of URA Resolution 17-01

Finance Director Susanne Baker stated per ORS 457, the Oregon Constitution and as confirmed by the City's Urban Renewal Agency Consultant, Elaine Howard and the Association of Oregon Revitalization Agencies (AORA), tax increment Urban Renewal revenue could only be spent on debt service. To convert the tax increment revenue received by the URA into debt service, the URA would initiate a loan from the City and immediately repay the debt in a du jour financing. The loan proceeds received by the URA would then be available to be expended on capital projects as budgeted. To complete the process, an intergovernmental agreement (IGA) between the City and URA and resolutions would be presented for the Council and Agency's approval.

City Fee Resolution Adjustment – Resolution 17-03

Finance Director Susanne Baker stated the City fee resolution provided transparency to the public on the business fees to provide city services. The resolution was updated on an ongoing basis to reflect changes in costs and requirements. The fee resolution corrected clerical errors, included fees that were missed being placed in the resolution, included increases as previously discussed with the Council, allowed an alternative payment method for online payments, and a new technology fee.

Authority was suggested to allow staff to work with online payment vendors to allow customers to pay various fees online. A new technology fee was proposed to provide a consistent source of funding to support through maintenance and upgrading of technology due to the demands of the City and the citizenry. Technology has been subject to the availability of timber sale revenue every other year and due to a decrease in timber revenue over the years, maintenance

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for technology has decreased. This fee would allow the timber revenue to be directed towards building capital upgrades; purchase of police, public works, and fire vehicles/equipment. Examples of government entities with technology fees were Oregon State Building Codes at 4%; the Oregon State University system online distance courses and ecampus which had an undergraduate credit fee of \$200 per credit and \$80; City of Newberg at 5%.

Acceptance of 3 Flags Safety Belt Traffic Grant

Police Chief Gary McCullough stated the Coos Bay Police Department was awarded a grant for \$6,600 to be used in overtime grant for the 3 Flags Safety Belt Enforcement Campaign. This campaign would emphasize safety belt use, child safety seat use, speed, and impaired drivers to create a safer environment for pedestrians and the motoring public through education and enforcement of the motor vehicle codes.

After-the-Fact Change Order Mingus Pool House Project

Public Works Director Jim Hossley stated Tom E. Gayewski Construction was awarded the contract to rehab the interior of the Mingus Pool which included re-tile, replace restrooms fixtures, replace plumbing, and replace restroom partitions. The original bid amount was \$93,600. After value engineering (reuse shower valves, and remove performance bond), the bid was reduced to \$87,400. There were two change orders related to replacing the fiber glass product with drywall. The fiber glass product was specified in the bid and removed through the change order process due to a 15-week delivery time. Waiting for delivery and installation would have prevented the pool from opening on schedule. Staff preliminarily approved the change order to not delay the project.

Discussion on Privatizing City Wastewater Facilities

Public Works Director Jim Hossley stated some City Council members wished to consider whether or not to privatize ownership of wastewater facilities. Such an analysis was recently performed in a report dated August 9, 2016 by Farella Braun, and Martel titled, *Report on the Viability of Privatizing the City of Coos Bay's New Wastewater Treatment Plant No. 2*. Mr. Hossley stated Farella, Braun & Martel prepared the report based on if it was "viable" for the City to privatize a new Wastewater Treatment Plant No. 2 ("WWTP #2"). The report was well over \$100,000 in cost and emphasized the only analysis was whether privatization was viable and not whether the City should pursue it. The City owned all facilities and most of the rolling stock used to operate the wastewater system.

Consensus was to not expend the funds to pursue this option at this time; if there was interest it would best be financed by the group interested.

Hollering Place Erosion Protection of West Property Boundary

Public Works Director Jim Hossley stated to clear the title for the City owned Hollering Place property, staff negotiated with Oregon Department of State Lands (DSL) the location of the termination of the west boundary of the property as the mean high tide line (MHTL). Quit claim documents were executed and a surveyor hired to map the MHTL and prepare documentation for a property line adjustment. It was discovered the MHTL meanders on either side of the

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existing/remnant retaining wall on the westerly side of the property. Discussion with DSL resulted in an agreement to describe the west property line to be on the upland side of the wall, with the wall itself remaining in DSL ownership and the existing culvert outfall and associated rip/rap at the northwest corner of the property within an easement on DSL land.

The City would be responsible for maintenance of the wall. The wooden seawall on the western edge of the Hollering Place has started to fail and there was significant erosion. Discussion with the federal agencies regulating reestablishment of the bank involved building a significant footing to maximize the life span of the wall. Doing this would reclaim approximately 3,300 square feet of property out of a total of 82,000 square feet. The permitting process would take 12 to 18 months and required mitigation by removing some of the offshore piles/dock. An alternative could be to install bank protection along the existing edge of the western bank of the property. Rebuilding on the existing alignment with sheet pile was estimated to cost \$600,000 while rip/rap along the eroded edge was estimated at \$320,000. The cost of remediation for building the sheet pile seawall on the existing alignment was unknown. The value of the eroded property above the MHTL was estimated at \$11,550.

Contract Amendment with Dyer Partnership Contract for Additional Environmental Permitting for the 6th Avenue Emergency Culvert Replacement Project

Public Works Director Jim Hossley stated there was an existing wood box culvert under 6th Avenue, approximately 300 feet south of F Street in Eastside which conveys drainage water from a drainage ditch to the slough. During November 2015 a sinkhole was observed on the east embankment along with failure of a portion of the culvert's soffit. An emergency temporary repair was performed to alleviate a complete failure which would have limited access to and from Eastside and damage utilities. Failure of the culvert would cause a significant impact to traffic and could cause flood damage to the upstream properties and utilities.

On December 15, 2016 Council approved design of the permanent solution contract to Dyer Partnership. Design was almost complete and environmental approvals were in process with construction to be performed between the permitted in-water work months of October and February. The only potential funding for this \$800,000 project would be the non-point source agreement with DEQ's State Revolving Fund program. The City qualified for up to \$2 million of funding because of the DEQ loan for Wastewater Treatment Plant 2. With the City's acceptance of the \$2 million in storm water funding, the interest rate was decreased for the larger \$19 – 22 million Plant 2 financing. The funding that would have been paid in interest for the larger loan would now be available for capital improvements to the City's storm water system. To move forward, environmental cross cutters would need to be performed which meant additional state and federal agencies would need to coordinate on the project. As a result, an amendment to the Dyer contract was required. This project was included in the City's Storm Water Master Plan as under sized, in poor condition, and should be replaced.

After the Fact Emergency Project to Address Sewer Cross Connection

Public Works Director Jim Hossley stated on January 10, 2017, the City received notice there was a sewer blockage at the intersection of Anderson Avenue and S. 3rd Street. This event was a Sanitary Sewer Overflow (SSO) and reported to the Department of Agriculture, Oregon Emergency Response System, and the Department of Environmental Quality. Earlier that day,

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there was ponding in the parking lot by the Art Museum and 7 Devils Brewery which was no longer there once the sewer blockage was removed. Investigation revealed the storm water catch basin serving the parking lot was connected to the sanitary sewer. This illegal cross connection was deemed an emergency repair and resolved by contracting with Benny Hempstead Excavation the next day. Pursuant to Section 11 (titled Emergency Contracts) of the City's Purchasing Rules Ordinance No. 365, the director may declare an emergency with the price under \$50,000 and provide findings, to make a prompt execution of the contract. The director's findings were the standard procurement methods would have delayed the emergency repair, potentially caused a permit violation, and potentially affected public health.

Potential Impacts Associated with the Wastewater Treatment Plant 2 Project

Public Works Director Jim Hossley stated construction had begun to replace Wastewater Treatment Plant 2 (WWTP2) at the site on the east side of S. Empire Blvd. The construction would create temporary conditions impacting traffic and access adjacent to the plant site on Fulton Avenue and Empire Blvd. The contractor proposed a road closure during construction. There was no room on the new site to store construction materials and rock while the plant was built. The City owned lots between S. Empire Blvd and the bay south of Fulton Avenue which would be needed as staging areas. During construction, equipment would be going between this site and the new plant site carrying loads of rock and other materials. Construction vehicles would be parked along and off the west section of Fulton Avenue. This section of Fulton Avenue, west of S. Empire Blvd, had an unimproved parking area and trail used by the public to access the beach south of the wastewater plant. Allowing access to this portion of Fulton Avenue, west of S. Empire Blvd, to access the beach during construction hours would be a safety hazard to the public.

The west end of Fulton would be congested by the construction parking and the job trailer, reducing visibility of pedestrians and automobile traffic to the equipment operators. Staff requested to close Fulton Avenue between S. Empire Blvd and the bay to public pedestrian and vehicle access during construction hours for the duration of the construction. Signs would be posted when the road would be open, the evenings and weekends.

Install a temporary crosswalk on S. Empire Blvd aligned on the north side of Fulton Avenue for the contractor and site representative to access the job offices on the west side of Empire Blvd to not impact neighborhood use of streets east of Empire Blvd. The crosswalk would have signs and flashing lights activated by push buttons on either side of the road; a crosswalk painted on the road; and flags placed in stands on both sides of Empire Blvd for all workers to carry across the road.

Mortenson planed on adhering to Coos Bay Municipal Code 9.20.01 0(7), working within the day time and in addition had requested to work not more than 10 weekends throughout the construction duration. This would be needed to allow work requiring a high level of effort to shut down and reopen to be performed on a continuous basis.

Install a loading zone on the south side of Fulton Avenue east of Empire Boulevard at the request of Lighthouse Market to allow delivery vehicles. The local neighbors were contacted and coordination in the form of posting the project on the City's website, public service announcements, letters to the local residents, and canvassing the immediate neighbors. The

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loading zone would reduce congestion during construction by providing more open space for exiting the site and traffic to navigate onto Fulton from S. Empire Blvd.

Access was proposed to be limited to evenings, weekends, and holidays during construction of the new plant to the bay beach through the area near Fulton Avenue. Consensus was to create an option with the least amount of impact to the public going to the bay beach for recreation during the construction.

Request for Qualification and Selection Process for Facility Planning for Wastewater Treatment Plant 1

Public Works Director Jim Hossley stated prior Council had requested to be involved in the RFQ review process and he was seeking their direction for the Plant 1 process. Staff was preparing a Request for Qualifications (RFQ) process for the facility planning for Plant 1. Consensus was for the Council to be involved at a work session to review the proposals submitted.

Purchase of the American Building

City Manager Rodger Craddock stated the American Building had been identified as a potential Agency project given its blighted appearance, underutilized upper floors, and the cost to privately rehabilitate. On August 16, 2015 SCDC Executive Director Connie Stopher provided an economic development proposal based upon a public-private partnership to meet the intended purpose of the Urban Renewal Agency to obtain, remodel, and reoccupy the American Building. The building would be a one-stop business development center (REEF) which would encompass the upper two floors, retail space at the street level, and business incubator space.

The project would require the Agency to purchase the building and use state and federal grants to rehabilitate the building and then transfer ownership to SCDC. With the consensus of the Agency staff made an offer to purchase the building for \$700,000 with a \$20,000 nonrefundable earnest deposit. The sale would be contingent upon SCDC's ability to secure 50% (\$3,000,000) of the projected cost (\$6,000,000) within nine months of the acceptance of the offer.

The owner of the American building approved the terms and sales agreement which would require the Agency to obtain a loan to acquire the building and to convert the vacant lot at Central Avenue and South 3rd Street into parking.

Other Discussion

Mayor Benetti stated Mr. Skinner prepared a report on the condition of the streets and it would be presented in the future. Mayor Benetti would like to see the street by the post office repaired during the April batch plant opening; there was a need for bike racks in the downtown area; and encouraged pursuing Henry Delaney's suggestion for Coos Bay to be a healthy city by encouraging exercise.

City Manager Rodger Craddock stated there was discussion regarding contracting dispatch services with the Coos County Sheriff's Office. The City of North Bend was also involved and the next step would be to draft contract language. The first year would likely not include a cost savings however the years thereafter would provide a significant cost savings. Consensus was

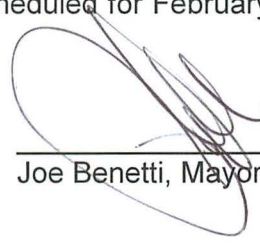
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to move forward with drafting contract language. Quality of the service would be noted in the contract language and a method addressed to ensure quality service.

Councilor DiNovo requested a cost of city support for festivals and suggested those costs could be passed along to the vendors.

Adjourn

There being no further business to come before the Council, Mayor Benetti adjourned the meeting. The next regular Council meeting was scheduled for February 7, 2017 in the Council Chambers at City Hall.



Joe Benetti, Mayor

Attest: 

Susanne Baker, City Recorder