

MINUTES OF THE PROCEEDINGS OF THE CITY COUNCIL

July 21, 2015

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. 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, Wastewater Project Engineer Jennifer Wirsing, Fire Chief Mark Anderson, and Police Chief Gary McCullough.

Flag Salute

Mayor Shoji opened the meeting and asked Ron Hoffine to lead the Council and assembly in the salute to the flag.

Public Comments

No comments were given.

Consent Calendar

Mayor Shoji reviewed the consent calendar which consisted of 3a: approval of the minutes of June 30 and July 7, 2015; 3b: acceptance of the June 2015 accounts payable and payroll check registers; 3c: acceptance of the June 2015 combined cash report, and; 3d: approval of an Oregon Liquor License Commission (OLCC) annual renewal for Sharkbites Seafood Café. Councilor Groth moved to approve the consent calendar approving the minutes of June 30 and July 7, 2015, accepting the June 2015 accounts payable and payroll check registers, accepting the June combined cash report, and approving an OLCC annual license renewal for Sharkbites Seafood Café. Councilor Daily seconded the motion which carried with Mayor Shoji and Councilors Brick, Daily, Groth, and Kramer voting aye. Councilors Leahy and Vaughan were absent.

Councilor Vaughan entered the meeting at approximately 7:02 p.m.

New Council Business

Councilor Daily recalled a recent article in The World newspaper which listed crimes throughout the community; noted increased crime in the Empire area; asked what could be done to help reduce crime in Empire. City Manager Rodger Craddock stated the Empire Coalition recently met and discussed implementing a neighborhood watch group. Councilor Daily stated he had been reading about the “tiny house” movement and inquired about code and zoning requirements for tiny houses. City Manager Craddock stated staff would prepare reports on both matters for future presentation to Council.

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Presentation on the Wastewater Rate Issue by Donovan Enterprises

Wastewater Project Engineer Jennifer Wirsing stated at the May 5, 2015 City Council meeting, several Councilors and citizens had questions regarding the rationale and fairness of the City's sewer rate structure. Questions included the difference in how rates were charged for residential, commercial, multi-family, and high strength customers; what kinds of businesses were considered high strength users, and; concerns about fairness of the City's rate structure practice of "rounding up" customers' consumption volume. The Coos Bay Municipal Code (CBMC) classified high strength users as any user discharging any water or wastes to the City's system containing higher than 250 milligram per liter (mg/l) five-day biochemical oxygen demand (BOD) or 250 mg/l suspended solids. Typical household wastewater had less discharge. Examples of high strength users included restaurants, markets with garbage disposal units, bakeries with on-site cleaning facilities, commercial laundries, and other users with similar 5-day BOD or suspended solids concentrations.

Ms. Wirsing stated currently each class of sewer customer was charged a monthly base rate of \$18.86 plus \$6.67 for each 100 cubic feet (cf) of water consumption or "fraction thereof". Customers who used any fraction over say 500 cf of water in a month such as 501 cf or 598 cf would be charged for 600 cf. The rationale for the practice of rounding up was unknown; the Coos Bay – North Bend Water Board was capable of measuring water use to the cubic foot. The City's Finance Department examined the potential impact to wastewater revenues should the Council decide to revise the practice of rounding up; estimated an annual revenue decrease of \$485,000 (maximum, based on current rates). The most likely impact to annual revenue was a decrease of approximately \$120,000. Should the Council decide to eliminate the "rounding up" practice, staff did not believe it would be necessary to increase rates but would trend and analyze the actual impact for the potential need to increase wastewater rates in the future.

Ms. Wirsing introduced the City's wastewater rate consultant Steve Donovan of Donovan Enterprises. Mr. Donovan provided the Council with a brief history on the City of Coos Bay's wastewater collection, treatment, and disposal services provided to retail customers within the city limits as well as wholesale wastewater treatment services provided to Bunker Hill and Charleston Sanitary Districts. To pay for the operation, maintenance, replacement, and improvement of these wastewater systems, the City charged its customers on a monthly basis. Since the early 1980's the City's methodology for calculating fees was based on an industry standard, cost of services analysis (COSA). The process used to prepare the COSA for the City's wastewater utility followed standard ratemaking principles outlined by the Water Environment Federation (WEF) and the U.S. Environmental Protection Agency (EPA). Steps included: determining revenue requirements, allocating costs to customer classes, and determining rate structure and development rates. Mr. Donovan discussed the three steps in detail; noted the City's wastewater rates were in line with neighboring peer communities.

Mr. Donovan reviewed annual wastewater flow contributions by retail customer classes in Coos Bay and noted 67% of the net system revenue requirements assigned to flow was recovered from the residential classes; commercial was 14%, government was 10%, and high strength was 9%. The rate structure for user classifications strengths were based database findings from the California Water Resources Board. Mr. Donovan reviewed the four-step process for determining the cost-of-services by customer; noted all user classifications paid the same base charge. High strength users were billed a higher rate per 100 cubic foot of use due to their

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higher BOD or suspended solids concentrations. Mr. Donovan advised the Council could change the rate structure but cautioned a reduction in rates to one user classification would impact the rates to all other classifications because the same amount of revenue had to be recovered.

Councilor Daily suggested Mr. Donovan's presentation was inflated and lacked credibility; expressed concern about the increased burden to high strength commercial users and the long term impact of the 6.5% annual rate increases; suggested the comparisons were not realistic for all users. Councilor Groth asked why there were different user classifications if the rates were the same for all users. Mr. Donovan stated although the rates were the same the billing structure was different for example, multi-residential was charged based on per unit. Councilor Daily proposed in year 2028 high strength users in Coos Bay would pay \$400 more on average than North Bend users. Councilor Groth inquired about the impact to other system users if the Council decreased charges to high strength users. Mr. Donovan referred the Council to the 2009 flat rate structure study which estimated the impact to the single family residential class would result in rate increases ranging from 19% up to 197%; cautioned a "fee" was something which could be avoided and/or controlled by customer; if customer was unable to avoid or control a fee, it would be considered a tax and would require approval from voters to increase. Mr. Donovan recommended staff could bring back information detailing the impact to all users if the base charge for high strength was decreased. Councilor Groth inquired how many users were being charged as high strength. Mr. Donovan stated the "rounding up" method was not a normal industry practice. Consensus of the Council was to direct staff to research alternative rate structures and to draft a resolution to eliminate the "rounding up" method for calculating sewer fees.

Presentation of the Semi-Annual Bay Area Chamber Activities Report

Rick Skinner, President of the Bay Area Chamber of Commerce (BACC) stated the BACC's 2015 motto, "Mission Possible"; strengthen the local community, support local business, rebuild schools, and help families secure good-paying local jobs. Mr. Skinner provided information on BACC's various committees and boards; other updates included information on the Chambers efforts to promote tourism, Chamber operations, and staff and director activities.

Presentation of the Downtown Association Semi-Annual Report

Coos Bay Downtown Association (CBDA) President Doug Woolsey provided a PowerPoint presentation recap of planned events and projects. Highlights included promotion of the 3A basketball state championship, tall ships week, farmers market, blackberry arts festival, Halloween trick-or-treat, downtown holiday open houses, Santa and tree Lighting, and "Shop Small" Saturday. Projects for 2015 included: an architectural assistance program (Main Street of Oregon), updating downtown wayfinding signs, flower baskets, and staffing the Main Street Office. Mr. Woolsey thanked all CBDA partners for their partnership, funding, and support.

Approval of a Loan for the Coos Bay - North Bend Water Board for the South Empire Boulevard Project – Approval Would Require Adoption of Resolution 15-07

Finance Director Susanne Baker stated a component of South Empire Boulevard sidewalk project involved the Coos Bay - North Bend Water Board (Water Board) relocating water line

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infrastructure within the construction boundary at a cost of approximately \$1.0 – 1.3 million. The Water Board explored funding options and developed a possible funding source through the Oregon Department of Transportation (ODOT) in the event transportation grant funds were available. In the interim, because it was necessary for the Water Board to complete their project before the primary City of Coos Bay project began, the Water Board needed to obtain a loan from the Oregon Transportation Infrastructure Bank (OTIB) for \$808,000.

Ms. Baker stated the Water Board was a joint venture of the City of Coos Bay and the City of North Bend and as such, was required to obtain approval from both City Councils in order to obtain any financing. All financing was split 50/50 between both cities, with the Water Board sending debt service payments to the cities and the cities making the debt service payments. The proposed loan would result in each city authorizing a loan in the amount of \$404,000. The Water Board completed the loan application with the OTIB, pledged water revenues for the debt service payments, and requested the final documents be authorized by the City Council. Rob Schab, Director of the Coos Bay-North Bend Water Board stated the Water Board was able to establish itself as a reimbursable utility under ODOT rules which allowed for potential grant funding and provided an excellent opportunity to allow the Water Board to advance other projects. Councilor Groth noted the project cost was \$1.7 million and inquired how the remaining balance of the project was funded. Mr. Schab stated the Water Board deferred approximately \$600,000 in other planned projects and used reserved funding. Councilor Groth inquired what other projects the Water Board was paying debt service on whereby Mr. Schab stated current debt service included the water supply and the water treatment expansion projects.

Councilor Kramer moved to authorize the \$404,000 loan application with the OTIB, directed the City Manager to execute the loan documents, and to adopt Resolution 15-07 authorizing an OTIB bank loan from the ODOT for the Coos Bay - North Bend Water Board to finance the South Empire Boulevard waterline project. Councilor Daily seconded the motion which carried with Mayor Shoji and Councilors Brick, Daily, Groth, Kramer, and Vaughan voting aye. Councilor Leahy was absent.

Presentation on Disaster Preparedness

City Manager Rodger Craddock advised Councilor Leahy requested the presentation on disaster preparedness. Due to Councilor Leahy's absence, the Council postponed the discussion to a later date yet to be determined.

City Attorney's Report

City Attorney Nate McClintock stated Councilor Daily recently inquired about a Supreme Court ruling on signage; noted the Supreme Court ruled based on 1st amendment restrictions; sign code based on content was deemed unconstitutional. Councilor Daily noted potential conflict in the City's sign code.

City Manager's Report

City Manager Rodger Craddock advised the City Attorney reviewed and found no restrictions for requiring city staff to reside within City limits; recommended further research to see how other

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cities were handling the matter. City Manager Craddock provided the Council with updates on various City projects including the South Empire Boulevard project, Bayshore sidewalk project, and Central Dock debris removal.

Council Comments

Councilor Daily stated his wife recommended adding a gazebo to the old fire station lot; noted missing links in the plastic chain along the Boardwalk; asked staff to locate the red rope lighting for use in the upcoming holiday season. Councilor Brick announced the Eastside neighborhood watch meeting was scheduled for Thursday July 23rd at 7 p.m. Eastside Fire Station neighborhood; noted the recent loss of community members Stephen Kridelbaugh and Dale Helland. Councilor Groth noted a grant opportunity through the League of Oregon Cities HEAL (Healthy Eating Active Living) Cities campaign for a small capital project ranging from \$5,000 to \$15,000; suggested preparing a grant application to purchase signage to direct people where to walk along the waterfront between Coos Bay and North Bend. Council provided consensus for Councilor Groth to move forward with preparing proposed grant application. Councilor Groth stated Coos Bay and North Bend would be holding an open house from 6 to 8 p.m. on Thursday, July 30th, at the North Bend Public Library to provide information on the proposed gas tax and seek citizen feedback; announced the Community Enhancement Plan (CEP) workgroup finalized the enterprise zone agreement; next step was for the plan sponsors to review and vote on the agreement. Mayor Shoji announced Coos Bay's Sister City Choshi (Japan) sent an invitation to attend the restoration/rededication of their Prefontaine Memorial in August 2015; Sister City Choshi requested Coos Bay send greetings and other congratulatory notes in celebration of the event.

Adjourn

There being no further business to come before the Council, Mayor Shoji adjourned the meeting. The next regular Council meeting was scheduled for August 4, 2015 in the Council Chambers at City Hall.

Crystal Shoji, Mayor

Attest: _____
Susanne Baker, City Recorder