

MINUTES OF THE PROCEEDINGS OF THE CITY COUNCIL

April 26, 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 3 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, Public Works Director Jim Hossley, and Police Chief Gary McCullough

Introductions

Those present included the aforementioned and Keith Andersen, John Gasik (phone), and Ranei Nomura, Oregon Department of Environmental Quality; Steve Major, Dyer Partnership; and Craig Massie, CH2MHill.

Councilor Brick entered at 3:02 p.m.; Councilors Thomas Leahy and Mike Vaughan entered at 3:05 p.m.; and Councilor Mark Daily entered at 3:07 p.m.

Structure of Meeting by City Manager Rodger Craddock

City Manager Rodger Craddock provided an outline of the agenda and the items to be presented.

Overview of Documents Related to Planning and Permitting Process by Public Works Director Jim Hossley

Public Works Director Jim Hossley introduced a multitude of wastewater exhibits of plans, studies, and capital improvement plan schedules which were displayed throughout the diocese, on easels, and on the wall dating back to 2003. Mr. Hossley stated wastewater treatment plants are typically rebuilt every 20 – 25 years due to permitting and/or the facilities end of life cycle. Wastewater Treatment Plant No. 2 (WWTP#2) was rebuilt in the 1970's and the 1990's; both construction periods utilized Environmental Protection Agency (EPA) and Oregon Department of Environmental Quality (DEQ) funding resources.

During the time period of 2003 – 2007, the footprint of the existing WWTP#2 site was estimated to be sufficient for the new plant with a phased new construction; the cost was estimated to be approximately \$11.5 million. In approximately 2007, with the first preliminary design underway after the facilities plan, the North Spit option was explored. Due to Oregon land use regulations and no interested partners, this option was ruled out. Moving the treatment processing of WWTP#2 to Wastewater Treatment Plant No. 1 (WWTP#1) was considered and ruled out as not cost effective. At this point, the analysis discovered the existing WWTP#2 footprint would not be sufficient and the City purchased the land across the street from the Fulton Street existing site as the new WWTP#2 site. In 2011, the sequencing batch reactor (SBR) technology was explored; DEQ had yet to review this treatment processing option and the new site location. A facilities plan amendment evaluated these options and a half-dozen other options. At completion, a value analysis was completed which included a third party engineer's review of the plans and

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technology for efficiency. Currently, both WWTP's had secondary treatment processing before the effluent was discharged to the bay. Tertiary treatment was another step which produced high quality effluent and better quality than SBR effluent. The value analysis looked at approximately 20 different treatment processes using a decision tree, including economics, which lead to selecting the SBR option. The SBR technology could be upgraded to produce higher quality effluent to MBR tertiary treatment, in the future. After DEQ approved the facilities plan amendment, the predesign was commenced which included more details into the project and the SBR process. At that time, the City also applied for a DEQ state revolving fund (SRF) loan, which included a low interest rate of 1% when utilizing a sponsorship option to accept an additional \$2.2 million loan to complete stormwater quality projects. During the time period the City applied for the loan, three years ago, the private funding market was not willing to loan significant amounts of money for more than 10 years because interest rates were not yet stable and banks did not want to tie up large amounts of money at a low interest rate. A 10 year rate at that time was in the range of 3 – 4%. The DEQ SRF loan had a lower interest rate and the term extended to the needed 20 years for repayment. Currently, there were some banks willing to loan up to 20 years with interest rates ranging from 3 – 4%, which would increase the cost of the project by an additional \$6 – 9 million in interest payments.

The construction manager and general contractor (CMGC) process was chosen as the form of construction management over the traditional design/bid/build process which was a process wherein the engineers typically designed the plant with no input from the contractor. The CMGC process allowed for the engineer to partner with the contractor during the design process to achieve an economical total cost and to gain efficiency during construction. The CMGC and contractor process was commenced on a parallel course with the value engineering process. Additionally, on a parallel track, the Oregon International Port of Coos Bay (Port) evaluated construction of a wastewater treatment plant on their property on the North Spit and did not continue the process due to the complexity and the time required for other partners to commit to a regional process.

Another component of wastewater treatment was the disposal of the residual biosolids. This required a biosolids facilities plan which was completed in 2014. During the processing of biosolids, solids were turned into sludge which was trucked from WWTP#2 to WWTP#1 and then piped under the bay in a pressure line to the sludge lagoon in Eastside for further biological treatment. Once the biological treatment was completed the sludge was trucked to farms east of town and land applied. The development of Class A biosolids was explored as an option for WWTP#2 by the Dyer Partnership. Due to the economics and unknown market for Class A biosolids, continuation in the production of Class B was recommend as the best option for the City. The new construction of WWTP#2 would include underground piping from WWTP#2 to WWTP#1 as an economical solution to trucking the sludge.

The final design for WWTP#2 utilized the SBR process and handling of biosolids included input from the operators, CMGC, various engineers, City Council, public input, and many outside third party government reviews. During the final design, on a parallel track, the geotechnical evaluations were completed for the underground piping from WWTP#2 to WWTP#1; environmental permitting; concurrence from the US Army Corps of Engineers; the environmental assessment was submitted to EPA; a review by National Marine Fisheries Service (NMFS); and a biological assessment were completed. All permitting, construction, and governmental approvals were completed in March of 2016. A hazardous materials survey for demolition of the

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old WWTP#2 plant was also completed. The land use application and process was commenced when the new construction site was purchased. The Oregon Department of Energy Trust was also involved in the process and evaluated the plans and provided suggestions to save energy on the project site, if their suggestions were implemented on the blowers, diffusers, and buildings. Additionally, several iterations of the DB Western proposals to site a wastewater treatment plant on the North Spit were reviewed with the analysis estimating rate payers would expect a significant rate increase if the DB Western options were chosen. Mr. Hossley spoke to the length of the time that had passed since 2003 to complete the tasks and ready WWTP#2 for the construction.

Councilor Brick asked if the membrane bioreactors (MBR) could be added at a later date to the SBR process and referred to constituents concerned about the quality of effluent. Steve Major, Dyer Partnership, stated yes the MBR process could be added and Councilor Brick stated he liked the future addition of the MBR. Mr. Major presented a sample of a MBR and SBR filtration membrane and stated Dyer Partnership designed the Bandon Dunes wastewater treatment process which used the SBR process to draw the wastewater through the membrane using gravity to allow the solids to settle. Bandon Dunes had utilized this process for the past 12 years without replacing the membranes. Typically 10% of the membranes were replaced after 10 years, depending upon the use. The process did not produce a backwash flow, all flows stayed within the tank.

Councilor Vaughan asked if the membranes could be stacked vertically wherein Mr. Major stated the Dyer Partnership also designed the wastewater treatment process for Spirit Mountain casino and because of their need for capacity, they converted from SBR to MBR and added four cassettes on each side and could place another cassette on top. Anything over two cassettes high was a maintenance issue. Building chambers would add to the cost, which would be possible, but with a SBR tank with 20' walls, it would make better sense to stack the cassettes. Compartments could be added but a wall between them would interfere with the treatment process. Craig Massie, CH2MHill engineer, stated the SBR and MBR process required air and the presence of microbial components for processing, which replaced the treatment at the secondary digester. Councilor Vaughan asked if the process could be constructed at the existing WWTP#2 site, a smaller footprint and limited scale with vertical stacking. Mr. Massie stated the option had been evaluated twice and in both cases was considered infeasible due to the cost and the membrane bioreactors requiring suitable and constant flow year round to operate correctly and efficiently. This type of flow did not typically occur in a municipality and would not remove the ammonia.

Councilor Vaughan referred to a business in Oregon, Talking Gardens, and the wastewater treatment process utilized. Mr. Massie stated he was very familiar with the process used at that location because he was the project manager for the project. The Talking Gardens utilized a temperature model for wastewater treatment, not a biological treatment, which was not the same nor suitable for a municipality. Councilor Vaughan stated he was not fully educated in the scientific processes; the wastewater upgrade process started before he was on Council, he had to specifically ask for the information attained during the last hour, and it was a lot of information to think about before the next Council meeting. As a Councilor he felt he should know why the Port's North Spit option did not work and had the notion that Civil West's plan was reviewed, dismissed and they were replaced with CH2MHill. Mr. Massie said that was not the case with Civil West; the facilities plan amendment was prepared by Civil West and CH2MHill concurred

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with their results during the review process. Civil West's engineering was the right technology, process, and the basis for the pending construction. The MBR was ruled out because it would have added 25 – 30% more to the cost in 2012. Councilor Vaughan asked if technologies had changed since that time wherein Mr. Massie stated no. Mr. Massie stated there would be changes but the current suite of technologies was the best technology for quite some time and he projected that would continue well into the future.

City Manager Rodger Craddock asked if CH2MHill knew what they now know, would that have changed the value engineering wherein Mr. Major stated when evaluating which process to engineer, the DEQ requirements of the effluent was the starting point and then processes were developed to meet the NPDES requirements. The SBR in Coquille and Siletz met the permits and what was attractive was the simple process, ease for maintenance for the operators, and the cost to maintain the equipment. Of the processes, considering the economics and ease of operations the SBR was the most logical choice. The MBR process included pumps, valves, etc. and was replaced every 12 years. The maintenance and operation costs for MBR were significantly higher. Councilor Vaughan asked if the City could implement this technology for a better effluent. Mr. Massie stated the cleanliness of the water could be modelled and anticipated for both processes. In terms of biological chemical demand, with wastewater coming into the plant at 250 mg per liter, the effluent exited at 4 mg per liter using a SBR. The result using a MBR was an effluent of 2-3 mg per liter. Councilor Vaughan asked if that was drinkable and Mr. Major and Mr. Massie stated no.

Councilor Vaughan asked about virus removal wherein Mr. Massie stated viruses passed through both membranes. Councilor Brick asked if the SBR was minutely not as good as the MBR, what else was getting through in a SBR that the MBR would stop. Mr. Massie stated neither would stop viruses, reduce ammonia, soluble metals, or total suspended solids as much. The SBR removed more zinc, likely because of a binding to the solids. Councilor Brick asked about the winter time increased flows wherein Mr. Massie stated the plant was sized for the hydraulic capacity and ammonia removal. Mr. Major stated the hydraulic capacity square footage was required and during the summer time, the MBR equipment would be idle and it needed moisture and to be in operation, cleaning. This process would leave the equipment idle 85% of the time which would be costly and prohibitive. There were plants that had both processes which were essentially two separate treatment plants, which was cost prohibitive. Councilor Brick asked if down the road a MBR could be added to comply and if it would work with footprint of WWTP#2 as designed wherein Mr. Major and Mr. Massie stated yes it could be converted. Mr. Major stated this was what was done at Spirit Mountain.

Councilor Brick asked if DEQ concurred with the statements made during the meeting so far and Keith Andersen stated yes. Mr. Andersen stated the process had been evaluated thoroughly for years and the City was at a "sweet spot for economics and efficiency, a good place to be". Though things would change in the future, the engineered system seemed to be a good place to land and the City had the ability to get it done today as DEQ had provided an economic solution.

Councilor Kramer stated she had been apprised of the wastewater pending construction since her election in 2006 and believed she was educated on the matter. Councilor Kramer suggested contacting staff if a Councilor had any questions. Councilor Kramer thanked everyone for their time.

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Councilor Brick stated he did not want to make a wrong decision and acknowledged the impact the decision would have in the future.

Mayor Shoji suggested wastewater was always a long term project and inherently caused dissention and asked DEQ if this was typical. Mr. Andersen stated, yes, the decision to address wastewater in many communities was in many cases, the most expensive project a Council would undertake. Because of the amount of money, the long term commitment, it generated dissention. Mr. Andersen stated Coos Bay was not alone in having differences of opinion in how to move forward and DEQ had a responsibility to make sure communities moved forward to address wastewater systems to improve the quality of water discharged. DEQ ensured communities stayed with the agreements set forth in the mutual agreements and order (MAO). Coos Bay was on the clock, two months from the last Council meeting to move forward with the loan agreement and construction to comply with the MAO and subsequent steps. City Attorney McClintock asked what would happen if the Council did not move forward wherein Mr. Andersen stated the stipulated penalties written into the MAO would be invoked. Though he could not forecast what else would occur, the penalties were a tool for the EPA to ensure communities take their commitment seriously. They would start with stipulated penalties and next step could include third party involvement as well. Councilor Vaughan asked why it had taken 13 years to get to this point wherein Mr. Andersen stated DEQ had taken in good faith that the actions exhibited by the City, the City was moving forward. Mr. Andersen cited the footprint change and external delays outside of the City's control as to the reason it had taken 13 years. DEQ was famous for giving leniency which was discouraged by EPA and had told DEQ to no longer be lenient. Mr. Andersen stated the City had a good plan and finances; there was no reason for any further delay. If there was something with an exact time frame and 800% better, maybe, but there was nothing on the horizon at this time. Mr. Andersen stated DEQ had told the City to move forward.

Councilor Vaughan asked if the City could address the MBR. Mr. Massie stated the plant was designed for 20 years for the flows and loads and was expandable on the footprint to approximately 50%. Councilor Daily asked if that was calculated with inflow from rainwater being fixed wherein Mr. Massie stated it was included, though not designed by CH2MHill.

Councilor Daily asked Mr. Andersen when the Council decided to move forward with the process the total cost was \$40 million (plants, I/I, pump stations) about eight years ago. Next the wastewater rates would need to be increased every year for 20 years at 6.5%. Some years later we were told the cost would be \$80 million, then \$120 million and that just covered the basics. Councilor Daily stated the rates for \$40 million seemed to work for the \$120 million project; someone seemed to know or didn't know it didn't apply to \$40 million at the time and he questioned who led the Council down this path of \$120 million and asked whose head should roll. Mr. Andersen stated, no one's head should roll, the City had a plan in place to meet the effluent, a 20-year life cycle span, and a favorable financing package. Councilor Daily stated DEQ was part of the process all along and should have stepped in to say the project could not be done for \$40 million. Mr. Craddock stated the first schedule of \$40 million did not include construction of the pump stations, siting the treatment plant at a different location, and demolishing the old treatment plant. Not everything was added in from the beginning. Mr. Hossley stated a rate study was completed every three to five years, did not look at the whole 20 years, and typically projected rates for up to five years using the take down list. Of the additional cost estimate from \$40 million to \$80 million, half was collection system improvements. Now that the total cost and terms were

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known, the rate consultant would update the data and provide updated projections for five years out.

Councilor Kramer stated she thought the rates were going to be able to go down wherein Mr. Hossley stated Council had raised the rates to catch up from past Council's not implementing rate increases. The Council had done the right thing and the City was in a good position financially because of the current Council's actions.

Councilor Vaughan asked how the Coquille plant compared to the proposed WWTP#2. Mr. Major stated in his experience once a plant was bid and built, those costs would never be seen again for another plant. The Gold Beach wastewater treatment plant was the same plant as Coquille's though with a lesser population, was more expensive.

Mayor Shoji asked if Charleston Sanitary District's (CSD) contribution to WWTP#2 could be explained. Mr. Major stated his firm was the engineer for CSD and their flows and loads had consistently been approximately 25% of WWTP#2. Mayor Shoji asked if CSD was participating financially wherein Mr. Major stated Rural Development has agreed to fund their portion of the project with stipulations. Rural Development required an intergovernmental agreement with the City of Coos Bay and their financing was contingent only if CSD stayed with Coos Bay as their wastewater treatment processor. Mr. Major stated CSD would raise their rates again another 3 – 5%.

Councilor Groth exited at 4:31 p.m.

Councilor Vaughan asked why the City switched from Civil West to CH2MHill wherein Mr. Craddock stated because state law required the City to utilize a qualifications based process and SHN and CH2MHill were more qualified due to their vast experience.

Councilor Brick asked how long before WWTP#1 would need to be upgraded or reconstructed. Mr. Hossley stated the City was starting the facilities plan process. A facilities plan was completed about the same time as WWTP#2 and it was unknown if a new plan would be required or if DEQ would allow an amendment. The pending project looked to be a refurbishment at approximately the same cost as WWTP#2. Reni Nomura, DEQ, stated a facilities plan was required if financing was utilized by governmental agencies which used state or federal funds for the project.

Councilor Vaughan asked about the condition and replacement of the outfalls at both wastewater treatment plants and about sending the effluent to the North Spit or a regional plant. Mr. Hossley stated neither DEQ nor EPA had concerns with the outfalls and the plants met water quality standards. Councilor Vaughan asked if there were minimum standards wherein Mr. Hossley stated the plants would exceed minimum standards. Mr. Massie stated the effluent quality exceeded the current permit requirements five-fold.

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 3, 2016 in the Council Chambers at City Hall.

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Crystal Shoji, Mayor

Attest: _____
Susanne Baker, City Recorder

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 16th. 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 26th 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 \$892,911 (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.

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

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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 7th; the Downtown Association would be hosting a 5K run on Saturday, May 14th.

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 Pubic 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 40th 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.

Crystal Shoji, Mayor

Attest: _____
Susanne Baker, City Recorder