

MINUTES OF THE PROCEEDINGS OF THE CITY COUNCIL

August 16, 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 were present. City staff present were City Manager Rodger Craddock, City Attorney Nate McClintock, 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 led the Council and assembly in the salute to the flag.

Public Comments

Jeff McKeown, Coos Bay: urged the Council to move forward with the Department of Environmental Quality (DEQ) and Environmental Protection Agency (EPA) approved plan for wastewater treatment plant #2 (WWTP2); noted the City of Coos Bay and Charleston Sanitary District had already secured low cost funding to build WWTP2 and four different independent consultants evaluated the design, cost, and engineering. Mr. McKeown stated his biggest concern was the City would lose control and could not address issues or other problems if the privatization option was approved; suggested the already approved plan could be amended to upgrade the treatment process to provide cleaner effluent discharge; cautioned if the Council did not move forward with the approved plan, DEQ and other fines for non-compliance would be unavoidable. Len Milbyer, Coos Bay: stated he lived on Lindberg Avenue; expressed concern about dust created by the large piles of dirt due to ongoing construction in the area; stated he had already made two complaints to the Public Works Department; also noted personal health concerns due to the dust.

Councilor Vaughan entered the meeting at 7:06 p.m.

Consent Calendar

Mayor Shoji reviewed the consent calendar which consisted of 3a: approval of the minutes of August 2, 2016; 3b: acceptance of the July 2016 accounts payable and payroll check registers; 3c: acceptance of the July combined cash report; 3d: acceptance of a Pacific Connector Pipeline grant; 3e: approval of an Oregon Liquor Control Commission (OLCC) change of ownership for the Red Lion Inn and an annual license for the Rodeo Steakhouse and Grill, and; 3f: approval of a semi-annual report on the Visitor Information Center (VIC). Councilor Groth moved to approve the consent calendar approving the minutes of August 2, 2016, accepting the July 2016 accounts payable and payroll check registers, accepting the July combined cash report, acceptance of a Pacific Connector Pipeline grant, approving an OLCC change of ownership for the Red Lion Inn and annual license renewal for the Rodeo Steakhouse and Grill, and accepting a semi-annual

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report on the VIC. Councilor Brick seconded the motion which carried with Mayor Shoji and Councilors Brick, Daily, Groth, Kramer, Leahy, and Vaughan voting aye.

New Council Business

Councilor Leahy stated recently attended a swearing-in ceremony for a new Coos Bay Police Officer and recommended the ceremony be incorporated into a Council meeting. Councilor Brick stated the public restrooms at Mingus Park were in need of improvement. Mayor Shoji stated downtown businesses were experiencing an increase in aggressive behavior from people on drugs; stated she spoke with the Police Chief about working with the Downtown Association (DTA) to help educate business owners on how to better handle these type of situations. Police Chief Gary McCullough stated the Coos Bay Police Department was in the process of putting together a PowerPoint training to present at DTA meetings to provide techniques and tools to help handle these situations. Chief McCullough recommended business owners contact the police to request assistance as these events were happening. If that was not possible, be a good witness: document what the person looked like, what they were wearing, and their actions.

Public Hearing to Consider Approval of a Gas Tax Ballot Measure – Approval Would Require Adoption of Resolution 16-18

City Manager Rodger Craddock stated at the June 21, 2016 Council meeting, staff was directed to prepare the documents to file a local gas tax ballot measure for the November 8, 2016 election. The question approved was: Shall the City of Coos Bay adopt a .04 cent per gallon fuel tax dedicated to street maintenance and repair? The ballot measure also included: If passed by the electorate, Coos Bay's fuel tax measure will be implemented only upon passage by North Bend of its fuel tax measure. City Manager Craddock stated North Bend considered the matter last week and approved placing the measure on the November 8, 2016 ballot.

Mayor Shoji opened the public hearing. Scott Frasier, Coos Bay: stated the League of Oregon Cities (LOC) listed 24 cities with having gas tax, generally between .01 to .03 cent per gallon; noted the proposed tax was estimated to provide \$300,000 annually, which he thought would a great boost to needed street repairs; expressed concern about brush encroaching the southbound lane of Coos Bay Boulevard; suggested there were areas the city could do a better job maintaining. Rick Skinner, Coos Bay: stated he was a lifetime resident of the bay area and listed several different street related committees which he had served on including the Coos Bay Streets Task Force Committee; noted he spent a lot of time and energy working to develop a system to help rebuild local infrastructure; spoke in support of the gas tax stating he wished the tax was greater than the proposed .04 cents. Bill Thompson, Coos Bay: stated he lived outside Coos Bay city limits; suggested the City Manager did a good job presenting the tax but he was not in favor of a gas tax; suggested gas tax should be the same across the entire state; suggested the State of Oregon was at fault for not properly allocating state gas tax to cities. Anne Donnelly, Charleston: stated she had served nine years with the Coos County Historical Society (CCHS); noted the condition of local area roads was one things that visitors to the area commented on more than anything else; the public perception of the area was profoundly affected by the condition of local roads; suggest street improvements were also an investment in the area's economic future. Ms. Donnelly stated she strongly urged support of the tax. Jamie Fereday, Coos Bay: stated he served on the Streets Task Force; stated 47% of local streets were considered to be in fair-to-poor condition; suggested the longer the city waited to make repairs, the more costly

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the repairs would become. Mr. Fereday also spoke in favor of a larger gas tax. No further public comments were given and the hearing closed.

Councilor Daily inquired if the gas tax funds would be dedicated for street repairs whereby City Manager Craddock advised the funds would be dedicated for street repairs; asphalt only curb-to-curb, did not include sidewalk or hiring more employees. Councilor Groth stated the Oregon Constitution required all levied fuels tax must be dedicated to street maintenance. Councilor Daily inquired if current street improvements funds would be reallocated; stated he did not feel the Council had taken steps to insure that would not happen; was worried that current infrastructure was in such disrepair that the gas tax would not be enough to take care of the issue. Councilor Leahy suggested any revenue derived from the legalization of marijuana should be dedicated to street improvements. Councilor Vaughan suggested a lot of the street degradation was caused by inadequate sub-grade and support for the street; it was his opinion the current repair method was not adequate. Mayor Shoji spoke in support of the gas tax.

Councilor Groth moved to adopt Resolution 16-18 to refer to the electors the ballot measure question “Shall the City of Coos Bay adopt a 4 cent per gallon fuel tax dedicated to street maintenance and repair” as summarized in the SEL 802. Councilor Brick seconded the motion. Councilor Groth stated up until about two years ago the City was spending approximately \$50,000 a year on street maintenance; an evaluation determined the City should be spending \$750,000 a year to just to maintain the streets at existing condition; noted the City took steps to increase the Pacific Power Franchise by 2% which generated approximately \$250,000 in dedicated street maintenance revenue. Councilor Daily inquired if the Pacific Power franchise fee was dedicated to street improvements. Councilor Groth explained the franchise fee was dedicated to streetlights because the City was spending approximately \$230,000 to operate and maintain streetlights which in turn then freed up funds those funds to be spent on street maintenance and repairs. A call for the question was made which carried with Mayor Shoji and Councilors Brick, Daily, Groth, Kramer, Leahy, and Vaughan voting aye.

Update on the Mutual Agreement Order of Understanding with Department of Environmental Quality

City Manager Rodger Craddock provided a brief history on the mutual order of understanding (MAO) issued in 2003 by the Oregon Department of Environmental Quality (DEQ) for the Empire wastewater treatment plant #2 (WWTP2). Mr. Craddock noted there were currently five amendments to the MAO. The amendments mostly centered around scheduling. In 2011, the proposed plan for the Plant 2 upgrade was to expand the plant to City property located immediately south of the existing plant. Upon further analysis, it was discovered the developable footprint was not of adequate. The City analyzed alternative locations - one of which was constructing a plant on the property at the north east corner of Fulton Ave and Empire Boulevard (the current approved plan). During this period DEQ required the City to prepare a Facility Plan Amendment (FPA).

On June 21, 2016, Council approved a motion to investigate privatizing the wastewater treatment plants, thus work was suspended on the proposed Plant 2 upgrade until further direction from Council was provided. On June 27, 2016, DEQ issued Amendment 4 to the MAO. Amendment 4 expanded on the construction deadlines with a new commencement date of September 12, 2016; however, it did not change the completion date of June 16, 2018. Additionally, Amendment

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4 increased the penalty fine from \$250 per day to \$1,600 per day. Understanding it would be extremely difficult, if not impossible, to meet that deadline of September 12th (regardless of the June 21, 2016 Council decision); City Manager Craddock stated he submitted an appeal to DEQ asking for an extension. As a result of the appeal, DEQ issued Amendment 5 to the MAO which provided a 10-week extension on the commencement of construction but held the completion date of June 16, 2018.

City Manager Craddock provided the Council with a list of deadlines associated with the MAO. The first deadline was November 23, 2016 which required commencement of site preparation work including mobilization and utilities installation along with completing the Empire Piping Work. The Empire Piping portion of the project was bid and awarded, and the contractor would mobilize late August/early September. Mr. Craddock suggested if the Council was still interested in exploring the privatization option, it was his recommendation the Council authorize staff to complete the bidding process; noted many steps need to be completed to meet the other deadlines to avoid or minimize future fines from DEQ. A normal time frame from bid to mobilization was three to four months depending on the size and complexity of the project. The WWTP2 project was a very large and complex project funded with federal money which added another level of complexity to the process in addition to the schedule. The submittal process was typically a four to six week effort; but for the purpose of meeting the DEQ deadline of November 23rd, was reduced to three weeks.

City Manager Craddock stated the role of a City Manager was multifaceted; included implementing the will of the Council, being a provider of information, and a provider of advice to assist the Council in making an informed decision. Mr. Craddock noted last week the Council received a draft report from the wastewater consulting attorneys who were tasked to see if privatization was viable of which the report did indicate that privatization was viable. Mr. Craddock stated he viewed viability in a different manner than the consulting attorneys; in his mind the attorneys indicated privatization was possible but they did not give any indication if it was a good idea or bad idea, advantageous to the City or not; they did not provide a cost benefit analysis. City Manager Craddock stated it was his opinion that privatization came with a risk noting the privatization option evaluated the design-build-operate-own (DBOO) was identified as the option with the greatest level of risk. Concerns included:

- As identified by the wastewater consulting attorneys, there were likely very few qualified and capable companies which could submit a proposal.
- DEQ shared that entering into such agreement would take time and require input from DEQ and the Department of Justice because there was not an entirely owned and operated municipal wastewater treatment plant in Oregon.
- The actual costs which would be passed onto the rate users was unknown.
- The low cost funding and grants acquired by both the City and the Charleston Sanitary District would most likely be lost.
- There would be costs associated with the work completed to date by the city's chosen contractor.
- There would be costs associated with refinancing the project site, as it was originally purchased with non-tax financing.
- There was a high probability of having to pay DEQ fines for violating the MAO currently in place (\$584,000 a year which was roughly just under five dollars per month per utility user

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within the city); noted the wastewater attorneys report indicated pursuing the DBOO option would add 1-2 years to the completion date of the project.

City Manager Craddock stated the design-build-operate (DBO) and the design-build-finance-operate (DBFO) options also had risks but noted the City was in essence already utilizing the DBO option; the City privatized the operation of their wastewater treatment plants 16 years ago, a private firm designed the new wastewater treatment plant, and a private contractor was building the plant. City Manager Craddock stated it was his recommendation that the Council move forward with building the DEQ approved treatment plant project; should that not be the Council's desire, he would implement whatever decision the Council decided.

Drew Farmer, Coos Bay: stated average monthly income of Coos Bay resident was \$1,800 per monthly; if Council did not move forward with DEQ approved plan, the city would be paying daily fines in an amount equal to the average monthly income of its residents; it was his position the City should be moving forward with the DEQ approved plan which was already approved and the City and Charleston Sanitary District had already secured low cost financing and grants. Mr. Farmer stated he did not think privatization was not feasible noting a private business would recoup their losses; expressed concern over the City's loss of control if it continued to delay building the wastewater treatment plant and if the plant was privatized; noted the wastewater attorneys report did state privatization was a viable concept, it also stated it did not mean the City should privatize. Mr. Farmer also noted per the report, the wastewater attorneys were directed not to consider end user rates, that meant when they determined privatization was viable they were told not to consider the cost to every citizen, they only considered if privatization could be done legally; stated D.B. Western was pushing the privatization option; provided Council with a copy of an Environmental Protection Agency (EPA) which alleged D.B. Western illegally dumped 265 tons of hazardous and other industrial material in Crook County, Oregon.

John Hill, Charleston: stated he was a former board member of Charleston Sanitary District; believed the DB Western plan was far superior to the City's plan stating Dennis Beetham (owner of D.B. Western) promised the City a no-cost—overrun option at a cost less than the current approved DEQ plan; suggested if the City moved forward with the privatization plan, the City could sell the land where they were going to build the plant to recoup their costs. Mr. Hill stated as a rate payer, he supported Dennis Beetham's privatization plan.

Tom Yonker, Charleston: stated he was a member of the Coquille Tribe; several years ago the Coquille Tribe purchased nine acres in Charleston which was designated for a sewer treatment plant; stated the Tribe completed a permeability study and determine it was feasible to use the 250 gallons of water that Charleston sewage which could then be spread of their land; stated he did not know if the Tribe would build the wastewater treatment plant on their property; suggested the City was in dire trouble because it had asbestos cement collection system that would crumble in the event of tsunami; suggested the City would need to put in a membrane plant behind their batch reactor to clean up the water with ultraviolet light; stated the City was already operating with a privatized system suggesting the City did not have control over the existing wastewater system and most of the Council had no idea what was going on with the sewer plants; suggested DEQ was inept.

David Petrie, Coos Bay: noted he worked for DBWT (D.B. Western Texas); stated DEQ was dead last in the nation for managing national pollutant discharge elimination system (NPDES) permits;

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stated Coos Bay's total daily maximum loads had not been studied which meant the waste load allocation was unknown for effluents entering the estuary; suggested based on his correspondence with Mary Camarata from DEQ, they (DEQ) were not sure if the current design of the small batch reactor that CH2 proposed would meet the pumper standards required by Oregon DEQ. Mr. Petrie referenced a July 2016 EPA fact sheet which he stated the fact sheet suggested that by the year 2018 new EPA standards would require testing for coliphage from effluent discharge from wastewater treatment plants; suggested there was a need for viral indicator. Mr. Petrie stated the estuary water quality needed to be improved if the area was going to have an oyster industry; stated he did not understand why the City and staff wanted to build a plant that was outdated even before it was built; suggested the real cost to build the city approved plan was \$35 million, was totally irresponsible, and sewer rates by the year 2034 would increase 236%; suggested DBOO privatization would provide lower rates to users, better water quality that would exceed EPA standards, and at half the cost proposed by city.

Ken Folker, Coos Bay: was opposed to privatization and recommended the city move forward with the DEQ approved plan; privatized operation was for profit and could double the rates.

Robert Warren, Coos Bay: felt it was irresponsible for the Council to waste any more time considering privatization; noted the private company could go bankrupt, there was no guarantee of cost; suggested current approved plan met the City's needs; asked the Council to quit wasting time and tax payer dollars and just move forward.

Russ Billmeyer, Coos Bay: spoke in favor in privatization and improving the water quality to bay.

Joe Monahan, Coos Bay: suggested the purpose of the discussion was being overlook; staff was asking for Council approval to go out to bid to mitigate DEQ fines; noted while looking into privatization there were many other things going on that were not being considered like to cost to maintain the sewer line and pump station infrastructure; expressed concern about of staff time and money spent to consider privatization; asked the Council to approve allowing city staff to go out to bid to mitigate DEQ fines and building moratoriums.

Rick Skinner, Coos Bay: asked the Council to move forward with the DEQ approved plan; privatization was not feasible; stated he owned a for-profit business and if he was to build a wastewater treatment plant he would ensure a profit. Mr. Skinner stated no private company could go out and build a wastewater treatment plant and not charge interest on their investment.

Anne Donnelly, Coos Bay: also reminded the Council the purpose of the discussion was to consider allowing staff to go out to bid; noted the wastewater attorneys report stated they did not specifically evaluate either the current planned new WWTP2 or any alternative private party proposal, nor did they make any comparison of the different approaches; suggested a lack of detail since the report provided no comparison; encouraged the Council to allow staff to move forward in effort to avoid DEQ fines.

Stephen Daily, Coos Bay: stated he did not know a whole lot about the issue but felt he had a duty to represent the youth in Coos Bay; hoped whatever plan was chosen, that it was the plan that was right one for water, that it was treated the right way, and no corners were cut so that when he came back in 30 years and was on the Council, he would not have to do the work to

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clean it up; clean water, clean bay, clean ocean was important and whatever did that was the best option.

Joseph Hudson, Coos Bay: provided the Council with prepared material which included personal information about Mr. Hudson's education, work history, and community contributions and another document which proposed a new motion for the Council which would make the June 21, 2016 motion (to hire law firm and explore privatization) null and void and would authorized the city to move forward with government fund public plan; stated he practiced law for 44 years; noted each council member of the Coos Bay City Council took oath of office; reminded the Council they were members of a political subdivision of the State of Oregon and of the United States of America. Mr. Hudson read out loud Chapter 6, Section 6 of the Charter of the City of Coos Bay: "Oath of Office. Before entering upon the duties of the office, each officer shall take an oath or affirmation to support the constitutions and laws of the United States and the State of Oregon and to faithfully perform the duties of the office." Mr. Hudson stated that meant truthfully and faithfully, not pursuing one's own self-interest, but pursuing the interest of the community; stated the June 21st motion made by Councilor Daily and passed upon by Councilors Vaughan, Brick, and Leahy went too far; stated it was his considered opinion that Councilor Daily had maneuvered and hijacked the Council illegally, broken the law, and that he was pursuing the course with Mr. Beetham for his own wellbeing and economic advantage; he did not know what this was but he (Mr. Hudson) had contacted the FBI, their criminal investigations group in Portland, the United States Attorney's office and their criminal investigations group, and the Coos County District Attorney; a decision was being considered as to whether to open a criminal investigation into what was going on, alleging collusion, conspiracy-civil and criminal, against the interest of Coos Bay citizens. Mr. Hudson suggested his prepared motion going with the public plan would save face, money, and would show common sense.

Councilor Daily stated the wastewater attorneys, when asked, did state it was prudent to explore privatization, they said the city's plan was too expensive, a private plant must build with best available technology, and stated there was some note which questioned CH2M's qualifications. Councilor Daily also questioned CH2M's ability stating they had lost around 14 employees in the past year; suggested something was going on at CH2M that he did not understand. Council Kramer was in favor with moving forward to allow staff to prepare bids. Councilor Groth concerned with the way the Council was moving forward; noted citizens may not be happy with DEQ but they were the regulatory authority; City had to answer to DEQ and they had the power to levy and enforce fines on the City; was uneasy with having someone else own the plant; from the beginning had little hope in the wastewater attorneys report because the scope of work requested was narrowly defined; there was some discussion about doing a comparison of different alternatives but that was not what the majority of the Council decided; felt like the information in the report was not useful. Councilor Brick suggested this was a no win situation; did not care which option was chosen he just wanted cleanest solution for the Bay. Mayor Shoji was not in favor of switching gears because something might be better in the future; was in favor with moving forward with the DEQ approved plan; was not in favor of spending any more money on California attorney's; would be agreeable to explore looking into providing a cleaner water option. Mayor Shoji stated she could not change the current path; that could only be done by one of the four councilors that approved the June 21, 2016 motion.

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Councilor Daily motioned to move forward with the bid process for site prep work and to address the situation after the bids were in. Councilor Kramer seconded the motion which carried with Mayor Shoji and Councilors Brick, Daily, Groth, Kramer, Leahy, and Vaughan voting aye.

Councilor Daily stated one of the reasons there had not been a comparative analysis was because that would require selecting a private entity; clarified purpose of the following motion would allow for an analysis after receiving bids from private entities. Councilor Daily stated in recognition of detrimental environmental effects caused by the delay of bring a new WWTP2 online; the City should offset the negative impact with a greater positive environmental impact by bringing plant 1 online years ahead of schedule. Councilor Daily moved to have the City's San Francisco attorney's Farella Braun and Martel develop an request for proposal (RFP) based on a DBOO for the best available technology that produced EPA class A water for beneficial reuse and with all feasible legal safeguards that protect the financial and environmental interests of the City of Coos Bay for wastewater treatment plants # 1 and 2. Councilor Vaughan seconded the motion.

Mayor Shoji expressed concern starting down a new path with RFP for an entirely new system and proposal; suggested there was a lack of direction. Councilor Groth suggested the proposed motion was yet again a narrow scope of work and it appeared as the Council was only looking for answers they were seeking as opposed to providing a thorough evaluation of other alternatives. Councilor Daily stated he did not move for DBO or DBFO because they would require a qualification process that would take a longer time period to complete; the DBOO was the least expensive approach to allow for a real comparison. Councilor Brick felt the comparison would help the Council decide the best way forward. Councilor Brick inquired if the Mayor was willing to look at another option. Mayor Shoji stated already knew how she wanted to move forward; was willing to look into adding a membrane system to the existing DEQ plan; but was not willing to start over on the entire project. Councilor Leahy inquired if it was best choice to use the California law firm since they could not practice law in Oregon; stated was concerned with the quality of water discharged to the Bay and it was his understanding membrane system was the best option to provide clean water. City Manager Craddock stated it was evaluated during value analysis and the facilities plan but staff also recently contacted two firms CH2M and the engineering firm that built the Tri-Cities wastewater treatment plan; both firms both firms estimated the cost to build a membrane plant sized for Coos Bay was \$40 million (cost of construction only, did not include planning and design); estimated cost to operate was 25% more than existing plan. Mr. Craddock stated it was a question of cost versus benefit; was the degree of difference in the effluent worth the extra cost; suggested the Council could get a cost benefit analysis without having to go out for bid to evaluate the City's current plan. Councilor Daily re-read his motion. A call for the question was made which failed with Councilors Daily and Vaughan voting aye and Mayor Shoji and Councilors Brick, Groth, Kramer, Leahy, and voting nay.

Councilor Brick moved to evaluate two separate plants to be performed by an Oregon firm to compare the City's design and an MBR plant Councilor. Daily seconded the motion. City Attorney Nate clarified if the work would be completed by a law firm or engineering firm whereby Councilor Brick stated engineering firm. A call for the question was made which carried with Councilors Brick, Daily, Leahy, and Vaughan voting aye and Mayor Shoji and Councilors Groth and Kramer voting nay. Mayor Shoji inquired if there were any parameters or timelines. Councilor Brick stated as quickly as possible. Mayor Shoji asked if the motion could be changed to explore rather than complete the analysis. A call for the question was made again and the vote was the same, motion

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

Council took a break at 8:50 p.m. and re-adjourned 8:56 p.m. Councilor Kramer exited the meeting at 8:50 p.m. and did not return.

Approval to Purchase Property on Old Wireless Lane

City Manager Craddock stated in 1998, there was an amendment to the City's Urban Growth Boundary (UGB), and a subsequent annexation of 1.54 acres in the area commonly known as the Old Wireless Lane. At the time there were five dwellings that existed along that street. The request for the expansion and annexation was prompted by the need of the homeowners to connect to the City sewer system as the septic sewer systems in that area were deemed a public health hazard by the Department of Environmental Quality (DEQ).

In January 2006, the area flooded due to a combination of extremely high tides during a storm event; dikes breached along with Coal Bank Slough. All of the homeowners in the area, with the exception of one, sold their properties through a voluntary buyout program funded by the Federal Emergency Management Agency (FEMA) through a flood mitigation program designed to buyout properties subject to repeated flooding due to its proximity to the water and other related variables. The City assisted FEMA in the purchasing of those properties which required the demolition of the homes. The properties were now owned by the City and the allowed use for property was restricted and limited to be compatible with open space, recreational, and wetland management uses including parks for outdoor recreation activities, nature reserves, cultivation, camping, and temporary storage in the open space of open wheel vehicles that were easily movable.

City Manager Craddock stated in December 2015, the area was subject to possible flooding once again due to extremely high tides, storms, and a compromised diking system. In February 2016, the City was advised that the remaining homeowners, Mr. and Mrs. Wright, had made application to FEMA's Voluntary Buyout Program. After several months of negotiations, a tentative agreement was reached to purchase the property for \$125,000. FEMA would contribute \$82,500 and the City will contribute \$42,500 if approved by the Council. The City would be responsible for demolition of the home and associated costs. The other Old Wireless properties were demolished by the Fire Department as part of their "Burn to Learn" program; staff anticipated same process. If the purchase was approved the property would be transferred to the City with the same restrictions as the other Old Wireless properties purchased after the 2006 flood event; noted city pump station could also be eliminated because it only serviced the home proposed for demolition. Councilor Daily moved to approve the contribution of \$42,500 to purchase tax lots 900 and 1000 located on Old Wireless Lane. Councilor Brick seconded the motion which carried with Mayor Shoji and Councilors Brick, Daily, Groth, Leahy, and Vaughan voting aye. Councilor Kramer was absent.

Report on the Visitor Convention Bureau Work Group

City Manager Rodger Craddock stated on May 17, 2016 the Council received a historical review of transient lodging tax and tourism promotion activities and discussed the City's role in the Coos Bay-North Bend Visitors & Convention Bureau (VCB). During the discussion promotional concerns related to the VCB expressed by the Council Promotions Committee included: Branding

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and identity of the organization; promotions scope and priorities; representation on the VCB Board; organization structure of the organization, and; partners and investors. After considerable discussion, the Council voted in favor of continuing on a temporary basis as a partner of the VCB to allow time for stakeholders to meet and seek consensus on how best to provide promotional services for the City's stakeholders and the region. A group of stakeholders along with a facilitator hired by Travel Oregon met on May 24th and again on June 21st in an effort to find consensus on how best to move forward with a collaborative approach for regional tourism promotions of the Coos Bay/North Bend/Charleston area.

City Manager Craddock provided the Council with a summary of his notes from the first meeting in May; noted during the second meeting it was evident the group was unified in their desire to keep the VCB as an organization. Mr. Craddock also provided the Council with a list of recommended amendments to the current VCB intergovernmental agreement (IGA) which included: changing the branding/promotional identity to Travel Coos Bay/North Bend on the Oregon's Adventure Coast; VCB Board to consist of no less than a six-person board with each founding member represented by two voting representatives, at least one of which must be an appointee representing tourism-related industries, non-voting stakeholders should include the Charleston Merchants Association, Chamber of Commerce, Lodging/Restaurant Association, Confederated Tribes of Coos, Lower Umpqua, and Siuslaw Indians, Port of Coos Bay, South Coast Development Council, and Coos County; it was suggested that any stakeholder could purchase a voting position on the VCB for an annual contribution of \$25,000 (amount to be indexed over time at a rate consistent with the consumer price index); termination of the IGA would require 180 days' notice, VCB would continue to exist after a partner withdraws unless there was an agreement amongst the partners to terminate the IGA and disband the organization; recommended \$50,000-\$60,000 in dedicated funds for promotion of local events. The workgroup also recommended the VCB adopt the following measures of success as an agreed-upon framework to access the ongoing performance of the VCB initiatives: Year-over-year growth in transient lodging tax, adjusted for inflation; year-over-year growth in average daily rate, per Smith Travel; year-over-year growth in revenue per available room, per Smith Travel; annual increase in earned media value; annual increase in earned partnership value, and; growth in ratio of economic impact to the VCB overhead.

Mayor Shoji stated she was the Council representative for the planning process; was in favor of the proposed changes; suggested adding an inflation factor to the \$50,000-\$60,000 dedicated for local events. Councilor Vaughan liked the idea of the Adventure Coast tagline; suggested restaurants and hotels were not adventure type activities and recommended including adventure type businesses on the board. Councilor Groth did not think Travel Coos Bay – North Bend on the Adventure Coast was a good long term branding solution; suggested instead of a fixed value of \$25,000, board membership could be a percent of the budget. City Manager Craddock stated the VCB had made a concerted effort to promote local events over the past several months. Joe Monahan, Coos Bay: thanked Rodger for coordinating the stakeholder meeting; stated the VCB owned URL's: Travel Coos Bay and Travel North Bend; urged the Council to authorize the City Manager to move forward to draft a proposed amendment to the VCB IGA. Consensus of the Council was to allow the City Manager to work with representatives from North Bend and the Coquille Indian Tribe, as well as respective attorneys to draft a proposed amendment to the VCB IGA to include the suggestions from the workgroup for the VCB partner's consideration.

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Award of Contract for Sewer Line Replacement Located at 488 Dunn Street

Wastewater Project Engineer Jennifer Wirsing stated the owner of Modern Floors (Ronald Crowder) approached the City in 2008 regarding two properties at the northwest corner intersection of Dunn Street and Ocean Boulevard. He was considering purchasing the properties and consolidating the lots to construct a warehouse for his business (Modern Floors) located at 1900/1910 Ocean Boulevard. Ms. Wirsing stated there was an existing 8 inch public sanitary sewer line that was aligned in an east to west direction along the common property line. If Mr. Crowder consolidated the two lots the public sanitary sewer line would bisect the lot. Mr. Crowder expressed concern that the City would not allow a structure to be placed over a public sewer line. Staff provided him approval provided the portion of the pipe under the proposed structure was encased. Mr. Crowder delayed construction of the warehouse but purchased the two properties and consolidated the lots.

Earlier this year, Mr. Crowder approached staff regarding the construction of the warehouse on the subject property. Based on current standards and the Oregon Plumbing Specialty Code, public lines were not allowed to be constructed under permanent structures for maintenance due to repair and liability reasons. As a result, Public Works suggested a cost sharing project with Mr. Crowder and proposed the realignment of the pipe along the northern property limits. Mr. Crowder contributed \$15,000 to the project because he proposed that is what it would have cost to encase the pipe and he agreed to provide the City with a sewer and access easement. The City had plans and specifications prepared, with a planned bid opening on August 11, 2016; two bids were received: \$43,653 from Johnson Rock Products and \$86,055 from Knife River. Ms. Wirsing noted the project was not a planned capital improvements project and recommended Fund 29 wastewater emergency funds be used to fund the improvement. Staff also recommended a 14.5% (\$6,330) contingency for a total amount of \$49,983. City Manager Rodger Craddock noted the existing pipe was 60 years old.

Councilor Groth moved to award the contract to Johnson Rock Products for the sewer realignment of 488 Dunn Street for an amount not to exceed \$49,983. Councilor Brick seconded the motion which carried with Mayor Shoji and Councilors Brick, Daily, Groth, Leahy, and Vaughan voting aye. Councilor Kramer was absent.

City Attorney's Report

No comments were given.

City Manager's Report

City Manager Rodger Craddock stated the Cities Coos Bay and North Bend co-owned the Coos Bay – North Bend Water Board (Water Board). Back in 2006 both cities secured \$3.2 million (each) in financing for construction and upgrades to the Water Board's water treatment plant. Current interest rates were much lower and there was an opportunity to refinance the debt. City Manager stated the refinance would be at no cost to the City, costs would be paid by the Water Board; the interest lower rate would not only benefit the Water Board but also rate payers. Mr. Craddock requested Council consensus since estimated city pass-through costs would exceed \$25,000. Staff would bring the matter back to Council in the form of a resolution to request

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authority to solicit and accept bids. Consensus of the Council was to allow the City Manager to work the City's financial advisor on the 2006 Union Bank Water Board refinancing.

City Manager Craddock stated the contractor for the S. 10th Street project must perform night work this Friday to finalize the project. Knife River, owner of local asphalt batch plant was currently only open at night. As such, the paving project needed to be performed on Friday, August 19th otherwise it would not be paved until December. Staff requested a waiver of the Coos Bay Municipal Code (CBMC) Chapter 9.20 Offenses Against Public Peace, section 9.20.010 which regulated unreasonable noise in order to pave at night and complete the job. Councilor Brick moved to allow an exception to CBMC 9.20.010 to allow night paving to be performed over this coming weekend. Councilor Groth seconded the motion which carried with Mayor Shoji and Councilors Brick, Daily, Groth, Leahy, and Vaughan voting aye. Councilor Kramer was absent.

Council Comments

Councilor Daily suggested the perspective members running for Council got to see a good demonstration this evening of the appreciation or lack thereof the Council sometimes gets from time to time; stated there were situations where as a member of Council, you have to take the heat; whether people think you are right or wrong, occasionally you do get a thank you.

Adjourn

There being no further business to come before the Council, Mayor Shoji adjourned the meeting. The next regular Council meeting was scheduled for September 6, 2016 in the Council Chambers at City Hall.

Crystal Shoji, Mayor

Attest: _____
Susanne Baker, City Recorder