

MINUTES OF THE PROCEEDINGS OF THE CITY COUNCIL

January 22, 2019

The minutes of the proceedings of a City Council and Urban Renewal work session of the City of Coos Bay, Coos County, Oregon, held at 5:30 pm in Fire Station No. 1 Conference Room - 450 Elrod Avenue, Coos Bay, Oregon.

Those Attending

Those present were Mayor Joe Benetti and Councilors Lucinda DiNovo, Drew Farmer, Stephanie Kilmer, Phil Marler, Carmen Matthews, and Rob Miles. City staff present were City Manager Rodger Craddock, City Attorney Nate McClintock, Acting Finance Director Amy Kinnaman, Public Works and Community Development Director Jim Hossley, Operations Administrator Randy Dixon, City Engineer Jennifer Wirsing, Fire Chief Mark Anderson, and Police Chief Gary McCullough.

Review of the Following Council/URA Agenda for February 5, 2019

Request for Additional Equipment at Pirate Park by the Marshfield Key Club

On September 20, 2018, Marshfield High School (MHS) Key Club Director Stacy Gulseth, along with students from the Key Club, presented to the Parks Commission (Commission) a request to install outdoor exercise equipment at the newly renovated Pirate Park. On November 1, 2018, Ms. Gulseth attended a meeting with the Commission to review its findings because the proposed outdoor exercise equipment was not an approved site amenity for neighborhood parks.

Councilor Marler entered the meeting at 5:36 pm.

Marshfield Key Club members provided the Council a brief history about Pirate Park including their recent participation to improve the park; noted Key Club adopted the park as their "forever" project, which included current and future maintenance. Key Club members shared before and after pictures of their improvements along with photos of the proposed outdoor fitness equipment (fitness zone) project to be located in the east portion of park; noted they hoped to help promote regular physical activity. Key Club stated they were willing to help fund the cost to implement the outdoor fitness zone at Pirate Park and urged the Council to "think outside of the box" (Master Plan) and consider approving installation of the exercise equipment; their goal would be to install the equipment by June 2019.

Operations Administrator Randy Dixon stated the purpose of a neighborhood park was to serve the community within a radius of one mile, and generally neighborhood parks were not equipped with cardio outdoor exercise equipment, onsite parking, restrooms, etc. Despite these directives, the Parks Commission agreed to support an obstacle course at Pirate Park as a site amenity for the neighborhood park. Mr. Dixon explained, outdoor exercise equipment was not covered in Parks Master Plan (Plan) and installation could impact future grant requirements and serviceability of those grant (would require City to meet additional standards). Mayor Benetti complemented Key Club on their accomplishments thus far, but expressed concern about impact to future grant funding opportunities.

Planning Commission Member Christine Coles stated she thought availability of outdoor exercise equipment was a wonderful idea, but expressed concern about setting precedent and doing away with standards; stated she did not believe the Parks Master Plan should be changed. Mr. Dixon confirmed the Plan was set for review in 2023, but could be amended at any time. Councilor Matthews noted he also served on Parks Commission and was proud of the Key Club's accomplishments; noted National Parks and Recreation (NPR) standards were adopted nationwide; installation of the proposed fitness equipment would veer away from those standards; proposed a comprise to install equipment accepted by NPR or investing/installing the equipment at a larger park. City Manager Rodger Craddock expressed concern about unintended consequence of overburdening the community/area surrounding the park. Council consensus was to postpone consideration pending further exploration.

Presentation of the Value Analysis Efforts for the Wastewater Treatment Plant 1 Upgrade Project

Public Works and Community Development Director Jim Hossley explained the City contracted with the Dyer Partnership to perform a value analysis (VA) on the facility plant addendum (FPA) for the Wastewater Treatment Plant 1 (WWTP1) upgrade project. The VA was a four day workshop that evaluated plan alternatives and recommendations, looked at alternative solutions (other than what was investigated in the FPA, completed in 2011), and provided recommendations. The VA team was comprised of various subject matter experts; their purpose was to validate the recommendations in the FPA or provide additional recommendations that could be more beneficial to the city.

Tyler Molatore, Engineer with Dyer Partnership, provided an overview presentation of the VA process noting the objectives of VA were to reduce project costs, ensure efficient investments, improve project quality and schedule, and eliminate unnecessary and costly elements (if any). Mr. Molatore reviewed the phases of the job plan (information, function, creative, evaluation, and development). City staff stated the Department of Environmental Quality (DEQ) and OMI/Jacobs attended the VA meetings during the information (first day) and final review (last day) phases. Mr. Molatore noted inherent project limitations existed due to budget constraints and permit compliance issues related to the upgrade. Prioritized projects identified were explored further for viable alternatives; addition of secondary clarifier for redundancy and capacity; influent screening upgrades to improve solids removal; instrumentation of control improvements; digester improvements to address current deficiencies; permit compliance; chemical enhanced primary treatment (CEPT) to address deficiencies and limitations with existing primary clarifier; and disinfection improvements.

Each process identified resulted in 88 ideas to accomplish functions identified, which were then broken into two categories: design recommendations and value analysis proposals. Results of the VA proposal included recommendations for: influent screen improvement at headworks; flow equalization to reduce peak wet weather flows; dissolved oxygen probe installation up-front; new chlorine contact tank for disinfection; additional secondary clarifier not sized at peak hourly flow, but based on minimum DEQ standards; digester improvements (gas holding cover); and sludge thickening in two tanks. Items in agreement with 2018 FPA: controls and instrumentation-VA team recommended installation of dissolved oxygen probes with phase one; concurred with CEPT; secondary clarifier-VA recommended constructing additional clarifier, but not sized based on peak hourly flow; digester improvements-VA recommended digester improvements but included addition of gas holding cover; concurred with yard piping; sludge thickening-VA recommended thickening with two tanks versus one.

Total phase one costs estimated by Dyer Partnership through the VA process was between \$10.9 and \$11.4 million (2018 dollars). Phase two was yet to be evaluated by Dyer Partnership; OMI/Jacobs estimated costs were \$11.4 million for phase one and \$8 million for phase two. Next step was to meet with OMI/Jacobs to review phase one VA recommendations and revamp the FPA which was originally completed in 2011. Dyer Partnership did not see anything in the phase one plan that DEQ would oppose. Redevelopment of FPA would help determine budget and implementation costs; noted building improvement costs were not included in the VA process.

Discussion of a Transportation User Fee

Public Works and Community Development Director Jim Hossley stated over the past several months the Council held several work sessions and regular Council meetings in order to obtain public input on the Transportation User Fee (TUF), with focus on implementing a flat \$10 per month TUF. Council also explored a \$15 or \$20 TUF for commercial properties. A \$10/\$15 combination TUF would generate an additional \$40,200 per year. A \$10/\$20 TUF combination would result in an additional \$80,400 per year (\$402,000 in 5 years) over the \$10 only TUF. Staff provided a spreadsheet of potential projects that could be completed with a \$10/20 TUF over the next 5 years. City Manager Rodger Craddock stated he had not received any feedback from Bay Area Chamber of Commerce (BACC) or business community yet. Mayor Benetti noted Council would make final consideration on this matter at the February 19, 2019 City Council meeting.

Approval of the "Rules of Conduct" Regarding Exclusionary Ordinance 501

City Manager Rodger Craddock stated on September 18, 2018, the Council enacted Ordinance 501, giving law enforcement officers or any person specifically authorized by the City Manager the authority to exclude individuals from city parks, recreational areas, city owned or leased properties, or city-sponsored events for a period of up to ninety (90) days based upon a reasonably objective belief by the officer (or authorized person) that the individual engaged in: Conduct made criminal as either a misdemeanor or felony under State Law; Conduct in violation of a City ordinance or code; and Conduct in violation of a City Council adopted "rules of conduct". The Coos Bay City Library already had an established "Library Code of Conduct" which was previously approved by the Library Board, but had not officially been adopted by the Council. Staff requested the Council consider adopting the Coos Bay Library Code of Conduct as an official rule/policy of the City.

Consideration of a Resolution Authorizing an Interfund Loan for Purchase of New Fire Engine and Adopting a Supplemental Budget

Acting Finance Director Amy Kinnaman stated in July 2018 Council authorized purchase of a new fire engine and directed staff to research payment options. The best payment option was determined to be a down payment of \$268,060 by the end of January 2019 with the balance of the purchase to be paid by the end of April 2019. Resources for the payments were expected to come from two sources: the balance of the fire station bond fund (currently \$225,683) and 2018 timber sale revenue. Due to the delay in harvest of the 2018 timber sale, interim resources were necessary to finalize the purchase of the new fire engine.

Staff recommended an interfund loan be made from the Rainy Day Fund to the Major Capital Fund in an amount not to exceed \$300,000, bearing an interest rate not to exceed 3.25%,

and with full repayment due on or before June 30, 2021. Authorization for use of resources from the Rainy Day Fund would require super majority approval from Council and the interfund loan would require a public hearing to adopt a supplemental budget. Staff provided four loan options for Council consideration: simple interest and compound interest, each at 3.00% and 3.25% interest rates. Staff recommended Council approve an interfund loan for an amount not to exceed of \$300,000, bearing compound interest at a rate not to exceed 3.25% with repayment on or before June 30, 2021.

Acceptance of the Urban Renewal Agency Annual Financial Report for Fiscal Year Ended June 30, 2018

Acting Finance Director Amy Kinnaman stated Oregon Revised Statutes (ORS) required a financial impact statement from the Urban Renewal Agency (URA) to be filed with the City Council each year. Attached was a draft of the annual URA financial report for fiscal year ended 2018. The final draft was under review by the City/Agency's urban renewal consultant and would be presented at the February 5, 2019 Council meeting for Council review and approval. Staff did not anticipate any significant changes to the draft document.

Enterprise Zone Agreement with Jordan Cove Energy Project L.P.

City Manager Rodger Craddock explained the enterprise zone project as currently proposed would feature a liquefied natural gas (LNG) export terminal on the North Spit of lower Coos Bay and a pipeline for the transportation of natural gas sourced from United States and Canada. Per the project owner Pembina Pipeline Corporation, the Jordan Code Project would represent a capital investment of more than \$10 billion into the state and local economy, provide an influx of locally sourced jobs, and contribute to improvements in schools, public safety, and the modernization of the Port of Coos Bay.

City Manager Craddock explained the potential financial impact of Jordon Cove on the local economy; noting Jordon Cove automatically qualified for five-year, short term tax abatement through Oregon Enterprise Zone laws which would result in a large financial impact and burden to the local area, with State of Oregon receiving the greatest financial benefit/gain. The proposed project rested in the boundaries of Coos County Urban Renewal (UR) District, any increased value and taxes derived could go only to the Coos County UR district.

In 2014, Jordan Cove applied for a long-term Enterprise Zone property tax exemption at the request of several citizens of Coos County with the intent of entering into a local agreement to pay a series of annual service payments in support of the Community Enhancement Plan (CEP). A committee was formed representing members of the four Enterprise Zone Sponsors (cities of Coos Bay and North Bend, Coos County, and the International Port of Coos Bay); the workgroup became known as the Community Enhancement Plan Work Group (CEP Workgroup). Over the last several years, the workgroup negotiated a potential agreement with Jordan Cove which would provide community services payments equal to taxes they would have otherwise paid. In addition to the community service fee (distributed based on how the enterprise zone sponsors unanimously agreed), Jordon Cove would provide funding upfront (estimated \$12 million/year for five years); to equalize payment (net present value) they would charge interest of 7% for making payments upfront.

City Manager Craddock noted a lack of support from Coos County Commissioners related to the waterfront development plan. Councilor DiNovo also mentioned (Coos County)

Commissioner Melissa Cribbins thought the proposed interest rate was too high and recommended using a rate of 2-3%. City Manager Craddock explained that in December of 2018, the CEP workgroup, voted to recommend an enterprise zone agreement and the intergovernmental agreement (IGA) plan for distribution of the community service fee to the enterprise zone sponsors for review and acceptance. It was now the obligation of the current CEP partners to vote on the Enterprise Zone Agreement and IGA Plan for Distribution of the Community Service Fee as voted and agreed upon. Should the proposed documents not receive 100% approval, they would have to go back to CEP workgroup for redevelopment.

Mayor Benetti inquired if the enterprise zone agreement and IGA could be approved separately. City Manager Craddock confirmed the two documents could be adopted separately, but consideration to do so was not supported by several of the partners due to concerns the process would stall. Mayor Benetti suggested the proposed five year, 7% up-front costs were excessive and expressed concern about the distribution and use of the proportionate share of funds issued to Waterfront Development Partnership. It was estimated if revenue was split proportionately between the Waterfront Development Partnership members, City of Coos Bay would receive \$2.25 million per year. City Manager Craddock noted, City was not an overlapping taxing district and would not be entitled to any funds should the Council not move forward and approval; additionally, the school district would not receive any funding.

Councilor DiNovo noted there was no scope of work identified for the waterfront. City Manager Craddock stated boundaries of district were the combined enterprise zone and the estuary; speculated the County would not approve the proposed agreements; the Port and North Bend were scheduled to vote on the matters January 22, 2019. Councilor DiNovo recommended to take additional two or three months to negotiate an agreement that was fair and equitable to everyone. City Manager Craddock suggested Council consider postponing consideration of the matter, send it back to committee, and to direct to the City's two committee members on what City was willing to accept; Coos County would be discussing consideration on January 23, 2019; noted all four CEP members would have to ratify all appointments to the Enterprise Zone Committee. Mayor Benetti noted City would not be eligible to withdraw from the agreements, once or if they were approved by Council. Councilor DiNovo recommended holding a work session specifically dedicated to consideration of the matter.

Appointment to Coos County Urban Renewal Agency

City Manager Rodger Craddock stated the Coos Bay City Council's two appointments to the Coos County Urban Renewal Agency Board expired December 2018. Mayor Benetti and Councilor DiNovo were the appointees to the board. Council consensus was to agree to reappoint Mayor Benetti and Councilor DiNovo to the board.

Discussion of Two Intergovernmental Agreements with the Charleston Sanitary District

Public Works and Development Director Jim Hossley stated the City of Coos Bay provided wastewater treatment services to the Charleston Sanitary District (CSD) since 1964. In exchange for providing those services, CSD was expected to pay the city for their proportionate share of treatment costs at Wastewater Treatment Plant 2 (WWTP2). The agreement included costs for maintenance, repair, operation, administration, and capital improvements of the treatment plant and associated appurtenances.

City of Coos Bay and CSD staff spent the last couple years crafting two different Intergovernmental Agreements (IGAs). A construction (only) IGA for the provision of cost sharing related to the construction and replacement of WWTP2 and other IGA for the operation and maintenance (O&M) costs which laid out the services provided by the city for O&M of the facilities that treated CSD wastewater as well as how the proportional share of O&M costs are determined.

Adjourn

There being no further items for discussion, Mayor Benetti adjourned the work session. The next regular Council meeting was scheduled for February 5, 2019 in the Council Chambers at City Hall.



Joe Benetti, Mayor



Attest:

Amy Kinnaman, City Recorder