

MINUTES OF THE PROCEEDING OF THE CITY COUNCIL

June 18, 1996

The minutes of the proceedings of a regular meeting of the City Council of the City of Coos Bay, Coos County, Oregon, beginning with interviews for appointment to City Boards at 6:00 p.m. in the Manager's Conference Room, continuing to a work session in the Council Chambers at 7:00 P.M. and proceeding to regular session in the Council Chambers at 7:30 P.M.

Those Present

Those present were Mayor Joanne Verger, Councilors Joe Benetti, Cindi Miller, Don Spangler and Judy Weeks. Councilor Gary Combs arrived at 6:30 and Councilor David Williams arrived at 6:50. City staff present included City Manager Bill Grile, City Recorder/Finance Director Gail George.

Staff attending the work session and regular session included City Attorney Randall Tosh, Library Director Carol Ventgen, Police Sergeant Jack Bushmaker, Fire Chief Cliff Vaniman and Community Services Director Bruce Meithof. Members of the media were also present for the work session and regular session.

COUNCIL INTERVIEWS

The Council met to interview candidates for appointments to positions on two City boards. Tony Virgili was interviewed for the Building and Fire Code Board of Appeals. Bob Golden and Cora Vandervelden were interviewed for the Tree Board.

WORK SESSION

Mayor Verger reviewed the agenda for the meeting. City Manager Bill Grile pointed out the bids just received for the downtown sidewalk project were over the amount budgeted for this item. He said the difference could come out of the funds budgeted for infrastructure in the 1996/97 budget. On the request of Councilor Miller, agenda items 4 and 5 were switched.

Mayor Verger reported she had a request from Ralph Larson to be added to the agenda to talk to the Council about problems with his initiative petition. She suggested it be added as item 3 a). Councilor Miller moved to add this item. The motion was seconded by Councilor Weeks and carried with the Mayor and all Councilors voting aye.

Mayor Verger reminded the audience and the Council that time for comments might be short as there are a lot of agenda items and there is also an executive session for this meeting. She asked that groups of people wishing to speak on a particular item have a single spokesperson if possible. Mayor Verger requested permission to make a presentation before the Consent calendar. The Council agreed this would be appropriate.

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COUNCIL MEETING

Presentation of Governor's Livability Award

Mayor Verger presented the 1996 Governor's Livability Award she received in Seaside last week to Bruce Meithof as a representative of city staff. The award was given for the Coos Bay Downtown and Waterfront Revitalization project. She complimented staff for their work on this project.

Consent Calendar

Mayor Verger read the items on the consent calendar which included the following:

- a) Approval of the minutes of the regular meeting of June 4, 1996
- b) Approval of OLCC License Renewals for The Alibi, Bank Brewing Company, Bob's Bistro, Coney Station #1, Jacavilla Trading Co., Garlands, The Nugget Tavern, Pizza Crazy and Ray's Food Place.
- c) Approval of a renewal of the management agreement for Mingus Park Pool.
- d) Adopting Resolution 96-20, which is attached hereto and made a part of thereby, Declaring intention to make improvements on Blanco Avenue and setting a public hearing for July 16, 1996.
- e) Adopting Resolution 96-21, which is attached hereto and made a part of thereby, Declaring intention to make improvements on California Drive and setting a public hearing for July 16, 1996.
- f) Adopting Resolution 96-22, which is attached hereto and made a part of thereby, Declaring intention to make improvements on 20th Street and setting a public hearing for July 16, 1996.
- g) Adopting Resolution 96-23, which is attached hereto and made a part of thereby, Declaring intention to make improvements on 21st Street and setting a public hearing for July 16, 1996.
- h) Adopting Resolution 96-24, which is attached hereto and made a part of thereby, Declaring intention to make improvements on 22nd Street and setting a public hearing for July 16, 1996.

Councilor Weeks moved to approve the consent calendar as presented. The motion was seconded by Councilor Miller and carried with the Mayor and all Councilors voting aye.

Council Appointments

On motion by Councilor Miller, seconded by Councilor Weeks, Tony Virgili was appointed to the Building and Fire Code Board of Appeals by a unanimous vote. Councilor Miller moved to appoint Keith Topits to the Parks Commission. The motion was seconded by Councilor Spangler and carried with the Mayor and all Councilors present voting aye. Mayor Verger then moved to

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appoint Cora Vandervelden, Judy Lovell and Bob Golden to the Tree Board. The motion was seconded by Councilor Miller and carried with the Mayor and all Councilors present voting aye.

Award of Bid - Core Area Sidewalk Project

City Manager Bill Grile reported two bids were received on the core area sidewalk project, both over the \$58,000 budgeted. Casey Construction bid \$66,590 and Baughman & Son bid \$97,957. Mr. Grile suggested the bid be awarded to the low bidder with the remainder of the funds coming from the infrastructure budgeted in 1996/97. Councilor Benetti moved to award the bid to Casey Construction for \$66,590. The motion was seconded by Councilor Miller and carried with the Mayor and all Councilors present voting aye.

Ralph Larson - Presentation on Initiative Petition

Ralph Larson informed the Council he sponsored an initiative petition to require a vote on all bonds or warrants issued by the City. He related giving the copy of the petition to the City's Elections Officer and receiving approval to circulate the petitions. After gathering over 500 signatures he was informed his petition lacked having a copy of the measure attached and was therefore invalid. Mr. Larson asked that the Council place the measure on the ballot so that the work of the signature gatherers would not be wasted.

City Attorney Randall Tosh said he had helped Mr. Larson draft language for his measure and it was properly filed with the City. Mr. Tosh stated the City, as allowed by state law, has its own procedures for ballot measures and Mr. Larson's petitions did not have a copy of the measure attached as required by the City's ordinance. Mr. Tosh pointed out the Council has two choices at this point. One would be to require Mr. Larson to go out and collect the signatures again with a proper petition, the other would be for the Council to amend the ordinance to allow the Council to place an initiative on the ballot and then place the measure sponsored by Mr. Larson on the ballot.

Mayor Verger asked why the ordinance would have been adopted to prohibit the Council from referring a charter amendment to a vote of the people. Mr. Tosh suggested that the ordinance may have been drafted to place a higher burden on the Council to place initiatives on the ballot, or it may have been an oversight. Mayor Verger asked if all General Obligation bonds required a vote of the people and was answered in the affirmative. She then asked if Revenue Bonds required a vote upon remonstrance of ten citizens and was also given an affirmative answer. Gail George, Finance Director, explained the warrants mentioned in the initiative petition are short-term financing instruments used mainly for payment during construction of capital projects, especially local improvements, and are negotiable instruments.

Mayor Verger asked Mr. Larson why he was proposing the initiative when it would not have any effect on the Urban Renewal Agency. Mr. Larson said he felt the Council, acting as the Urban Renewal Agency, would be sensitive to the vote of the people on this City issue since he was informed he could not have a measure against the Urban Renewal Agency issuing bonds. Mr. Tosh was called on to explain the separation of powers between the City and the Urban Renewal Agency. He referenced ORS 457.035 which creates the Agency as a separate corporate political entity which is activated by the Council. He indicated the Council can then either appoint themselves as the

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board of the Urban Renewal Agency or they can appoint a separate board. Mr. Tosh stressed the acts of the Council when acting as the Urban Renewal Agency are acts of the Agency only and not the City. He continued saying limitations on the City do not affect the Agency and cited a court case in Beaverton upholding this point. He said in his opinion, the 1978 charter amendment limiting the Urban Renewal Agency was invalid.

Councilor Spangler asked if any objections were filed on the revenue bonds issued to construct the boardwalk and was answered in the negative. Mayor Verger questioned whether or not the measure in question accomplished its objective since it doesn't concern the real issue, Urban Renewal bonds. She said she felt the ordinance should be amended to allow the Council to put initiatives on the ballot without going out and collecting signatures. Councilor Spangler would like to see the ordinance changed as would Councilors Weeks, Combs, Benetti, Miller and Williams. Councilors Benetti and Williams would like to see a requirement for some type of super majority to place initiatives on the ballot.

Recommendation on Wastewater Operations and Management Proposals

City Manager Bill Grile highlighted some of the key provisions in the material on Operations Management International, Inc. (OMI) received by the Council. He related some of the history starting in 1993 when the Council rejected a proposal from OMI for operations and maintenance of the wastewater system. Mr. Grile said this is a management issue and said he felt the City lacked the management depth and experience to operate the wastewater plants at optimum efficiency. He stressed this was not a reflection on the good job he felt the current employees were doing.

He felt there were two reasons to negotiate a contract; the first being long-term financial savings, and the second, compliance with ever increasing regulations and restrictions. OMI has made it clear up front that there would probably be no immediate savings or complete compliance without plant modification. However, Mr. Grile opined there is potential for long term savings. Mr. Grile referred to a January 25th letter setting forth principles of agreement adopted prior to requesting a proposal from OMI. He said after the Council approved those principles he met with employees to apprise them of the situation. Mr. Grile related receiving a letter on April 25th from Jim Stone, President of the local AFSCME union, informing the City the union would be taking the opportunity to submit a competitive proposal for the work under consideration for contracting out. Mr. Grile stated two proposals were received and evaluated in accordance with the criteria set forth in the request for proposals. He pointed out the AFSCME proposal was not responsive to the items set forth in the request for proposal and proposed maintaining the status quo except for appointing a new Wastewater and Storm water Commission and the possibility of hiring an office manager. He felt this new commission would only serve to dilute the powers of the Council and Management and add expense for training and travel for members of the commission.

Mr. Grile said he had reviewed the OMI proposal and said he found it to be a credible proposal. He noted the City currently has 13.62 positions in the budget and has budgeted to add two new positions next year in collections and OMI's proposal adds two additional positions also, but in the management and clerical areas. Mr. Grile summarized two examples from the OMI proposal showing how they had saved clients from \$1 million to over \$2 million in plant improvements. He said the City is concerned about employees and OMI has offered to take all wastewater employees

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at their current salaries and offer a comparable benefit package. He noted comparability of benefits was not a black and white issue, and would affect each employee differently depending on their needs. He informed the Council Charleston Sanitary District had met with OMI at Charleston's request and he has kept the district informed of what we are doing.

Mr. Grile stated that to review the proposals properly we must compare apples with apples. In his opinion, the City needs demonstrated expertise and knowledge to achieve the desired results. He commented on the possibility of hiring consultants and additional personnel with more expertise at a cost of \$100,000 or more. The cost analysis by Finance Director Gail George showed \$36,331 additional cost to contract with OMI than is presently budgeted for operations and maintenance. He expressed his opinion that going with OMI could be looked at as saving money as without it the City could face additional personnel costs of \$100,000 or more as well as consultant costs to solve problematic areas. He said that his own recommendations are:

1. Find the AFSCME proposal non-responsive and reject it.
2. Find the OMI proposal responsive and "in the best interests of the City on the whole" and grant a "tentative award" to OMI pursuant to the provisions of the RFP.
3. Direct the City Manager to work with the City Attorney and staff to negotiate a five-year contract for operation and management services with OMI for a fixed price not to exceed \$1,226,215 for year one, plus a repairs and equipment allowance of \$50,000. Subsequent years' price to be negotiated.
4. Direct the City Manager to authorize OMI to proceed with Steps 1, 2 and 3 of the "Employee Transition Approach," set forth at pp. 1-5 of its proposal, in order to conduct an employee workshop, interview potential new OMI associates and make employment offers (which will be conditioned upon execution of the contract between the City and OMI).

In addition he referenced recommendations from the Community Services Director and Finance Director included in the agenda material provided to the Council.

Councilor Spangler said he wanted to treat the employees fairly and have guarantees for them in the contract. He is looking at what is best for the citizens and is concerned about cost in future years. Mr. Spangler relayed an interest in hearing from Mike McDaniel, Wastewater Administrator, on what he would need that we haven't given him to have a better operation. Councilor Weeks said she was pleased with the recommendation, liked the guaranteed jobs and was also concerned about the cost in the second year. Councilor Combs hopes to see cost savings to the taxpayers, help on the compliance issue, fairness to the city's "dedicated" employees and would also like to hear from Mr. McDaniel. Councilor Benetti noted Mr. Grile had reservations about contracting out three years ago and now has a positive recommendation which makes him feel more comfortable. He felt the manager has kept the employees informed, wants guarantees for them and is concerned about being out of permit. Mr. Benetti feels contracting with OMI will help other city operations by freeing up time for the City Manager, Director of Community Services and City Engineer to spend on other pressing issues. He said he supports the concept in theory. Councilor Miller was also concerned with compliance issues and wants the city's "loyal" employees treated well. She also supports going with OMI at this point. Councilor Williams said he agrees with all that has been said, felt it was a good proposal, and feels OMI has the resources and technical ability to deal with the complex issues in wastewater. He also commented he had concerns about the price

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in future years. Mayor Verger asked Mike McDaniel to address the council if he felt comfortable doing so.

Mike McDaniel, Wastewater Administrator, said he would be happy to answer any questions the Council had, whereupon Councilor Spangler asked him what the City would need to do to have him manage it instead of OMI. Mr. McDaniel replied his empowerment from Bruce Meithof has already helped him with the management of the wastewater facilities and in addition he would need more time with the City Engineer. He stated he would need clerical help and would like consultants to evaluate the system and how things are being done. He indicated the employees are very dedicated and they have been implementing new SOP's. Mr. Spangler then asked if he could get us to where OMI can get us. Mr. McDaniel replied that the City does not have the support OMI does, citing their ability to put a problem on E-mail to their 120 sites for possible solutions. He said we can't offer the resources they do and he does not have the operations knowledge that the OMI project manager will have.

Gene McCabe, former City Councilor for Coos Bay, reported on his investigation of how OMI operated when they had a proposal before the Council a few years ago. He remarked he was pleased to see the Council's concern for the employees. He said he had traveled to two cities with contracts with OMI on behalf of the City Council. When he asked them about what happened to the price after the first year, both cities said OMI did not take advantage of them. He remarked that all the employees he talked to were happy about their treatment from OMI and he said the plants appeared to be well run and well maintained. Mr. McCabe said he was favorably impressed and felt the change would be good for our employees by offering them opportunities to advance if they wanted to.

Gene Bailey, North Bend, representing the ILWU retired pensioners and the Labor Council, said the City employees do not want to be moved into OMI. He said there are many ways to save costs including cutting staff and wages. He mentioned Bay Area Hospital elected not to contract out running the Hospital and felt you lose control when you contract out. He reiterated the employees are upset and uptight over the uncertainty of their jobs and feels that employees are deserving of more than just being kicked around.

Mayor Verger said she has been Mayor for four years and has not seen any employees being kicked around. She mentioned she was bothered by the five year contract price issue for the later years and would like to have things added into the contract to make the employees less nervous about their jobs. She mentioned the school district contracted out food service and didn't lose any employees yet saved money.

Thom Day, OMI, said the mission statement of OMI says in part "Our employees are our most important asset". He felt this contract would expand the number of opportunities for city employees. He related OMI went into "Total Quality Management" seven years ago and several employees, mostly hourly, were given the authority to develop an incentive program for all OMI employees. He feels the OMI incentive program helps employees have ownership in the operation. He assured the Council the situation is no different here than many other places and nothing he can say will convince anyone because there is uncertainty. Mr. Day reported many employees who expressed very adamant views against OMI to their respective councils, changed their outlook after the transition took place. He stated OMI will offer employment to all current employees at their current salaries with a comparable benefit package but it is a change and the employees have a right

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to be concerned.

Mayor Verger encouraged the City Manager to visit OMI contracted sights, and do more in-depth investigation of other sites. Councilor Benetti moved that the manager's recommendations be approved with the understanding that nothing is binding at this point. Councilor Miller seconded the motion. Councilor Combs said he wanted to make sure the City retains control. Councilor Spangler asked the City Manager to keep the employees involved as he has received calls from employees that they are being ignored. Mr. Grile asked him what he meant as he has kept the employees as informed as possible and asked Mr. Spangler how he wanted him to proceed with the contract negotiation. Councilor Weeks pointed out OMI puts on a workshop with employees and families and felt that was good. The question was called and the motion carried with the Mayor and all Councilors voting aye.

Approval of Salaries for Non-represented Employees for FY 1996/97

Bill Grile pointed out that in response to those who asked why this was not brought before the budget committee, he included a copy of his budget message about these increases and the fact they would be brought to the Council. Mr. Grile asked Director of Community Services Bruce Meithof to explain the salary of the Building Codes Administrator. Mr. Meithof related the history of labor negotiations for the building codes inspector positions. He said when the Senior Codes Inspector was made the Building Codes Administrator, it was agreed that the salary would remain the same as if he were still in the union even though additional duties were added to the position. Councilor Spangler asked if all other administrator salaries would continue moving up to catch up with the Building Codes Administrator to maintain parity. Mr. Grile said he would be looking at salaries each year and was trying to achieve some internal parity, but did not anticipate all positions would have parity. Mayor Verger asked if the Planning Administrator and the Building Codes Administrator have similar responsibilities. Bill Grile said they did, but the fact was that a person with the building codes certification had a higher market value than a planner. Councilor Benetti had a concern as to whether the increase for the Wastewater Administrator would affect contract negotiations with OMI. Councilor Miller moved to approve the 1996/97 salaries as proposed by the City Manager and Councilor Weeks seconded the motion. The question was called and the motion passed by the following vote: Those voting aye were Councilors Combs, Miller, Weeks and Williams. Those voting no were Mayor Verger and Councilors Benetti and Spangler.

Public Hearing - FY 1996/97 City Budget and Use of State Revenue Sharing Funds

Mayor Verger opened the public hearing and invited those who wished to comment on the 1996/97 City budget to come forward. Flora Lee Lockhart asked if the City contracted with OMI whether or not they would be responsible for all repairs to the collection system and how that would affect the budget. City Manager Bill Grile answered that OMI would do all minor repairs and major repairs would be put out to bid by the City. No one else came forward to speak and the public hearing was closed.

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Adoption of Resolution 96-17 Electing to Receive Shared Revenues from the State, Resolution 96-18 Adopting the 1996/97 City Budget and Making Appropriations, and Resolution 96-19 Levying Ad Valorem Taxes

Councilor Benetti moved to adopt Resolution 96-17 which is attached hereto and made a part of thereby, electing to receive shared revenues from the state. The motion was seconded by Councilor Weeks and carried with the Mayor and all Councilors present voting aye.

Councilor Benetti moved to adopt Resolution 96-18 which is attached hereto and made a part of thereby, Adopting the 1996/97 budget and making appropriations. The motion was seconded by Councilor Miller and carried with the Mayor and all Councilors present voting aye.

Councilor Benetti moved to adopt Resolution 96-19 which is attached hereto and made a part of thereby, levying ad valorem taxes. Councilor Weeks seconded the motion which carried with the Mayor and all Councilors present voting aye.

Request by Councilor Spangler to Discuss Submitting an Advisory Question to the Voters on the Library Expansion Project Using Urban Renewal Funds

Mayor Verger said she had been asked to read the statement she read at the last meeting again, and she then read a statement she prepared regarding urban renewal, the library project and sewer lines. A copy of the statement can be found attached to the minutes of the June 4, 1996 meeting. Councilor Spangler was asked to explain why he asked for this agenda item. Mr. Spangler replied that he felt there had been a lack of information and he would like to see the citizens have a say before bonds were sold for the library expansion project. He said he wanted to be sure the citizens are behind this project not just the 22 people on the library advisory committee. Mayor Verger asked him if he could explain why no one came forth during the two years that the library project was in development. He said he could not really answer except that more information needs to get out.

Ralph Larson, Coos Bay, asked the Council to place the library expansion project on the November ballot because they would be selling bonds. In regards to the money already spent, he felt the money spent on purchasing the land was a good investment. He said he has signatures of many who want to be able to vote on any bond measure.

Earl Ericksen, Coos Bay, asked if the library needed to be expanded and said he does not think such an elaborate expansion was necessary. He wondered if the increase in use of home computers would negate the need for them at the library. He commented a ballot measure would give thousands of voters an opportunity to vote instead of just four of the seven on the Council. He felt the Council should relinquish some of their powers and let the people vote. He said he felt the cost of an election would be minimal compared to donating almost \$200,000 to non-profit agencies.

Michael Solomon, Coos Bay, said he would like to see the library measure go to the voters so everyone could have a say.

Lilah Bidwell, Coos Bay, reported she served on the library advisory committee. She said she invested time, energy and caring and was disappointed that the decision was made at that time not to vote on the project. She remarked she accepted that decision and kept investing time, energy and caring. She feels if we go back, all time, energy and caring would be wasted and she would be

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a very angry volunteer. She would like the Council to take into consideration the time and energy and caring of those who have worked on this project.

Flora Lee Lockhart, Coos Bay, said she was not aware of the project at the time it was being discussed. She said she felt the meeting rooms have been over done and suggested expanding the library only into the block in which it now sits, pave the purchased lots for parking and scale back the project. She indicated she opposed the project because it was overdone and said most places allow people to vote on a library. Councilor Benetti commented her proposal would be the same size, just a different direction.

Chris Guernsey, Coos Bay, said she has seen the area become blighted since the Hub left. She expressed appreciation for the work done by Mayor Verger and Mayor Gould to improve the downtown, especially the avenue of flags. Ms. Guernsey explained the parking regulations required if the library were expanded to encompass the entire block. She said she failed to see why three years of work should be jettisoned because of the negativity of a few people and she questioned whether there was some hidden reason. She recounted some of the history of the project noting it started April 29, 1993. She stated the members of the library board and committee do not have an agenda or financial interest, but a duty to provide technology to those who cannot or will not have it in their own homes. She feels an obligation to the children who hang out at the library daily. She stated the library has need of additional room for books and this expansion will provide space for the next twenty years.

Landrith Hamil said she was approached to sign Mr. Larson's petition and when she asked about it was told it was to start a dialog on the library project. She believes the signature collection process was flawed as it was misrepresented to her. She said she likes the integrity of the Council and wants them to continue to represent her.

Roger Gould, Coos Bay, said the Council should feel good about what they have done and the citizens have voted by not objecting many times. They vote by their support on the issues and the vast majority vote by not objecting. He recalled lamenting the lack of participation on projects when he was Mayor and came to realize the people were supporting by not objecting. He remarked that other cities have used funding mechanisms that required a vote of the people. He likes urban renewal and feels the Council made a wise choice of funding methodologies.

Ken Harlan, Coos Bay, said he had not seen a library plan in the paper and feels there are not a lot of people out in the community that understand urban renewal. He feels bringing this to a vote of the people will bring fairness. He commented that when he looks at his tax bill he wonders how much of the urban renewal will be for the library and how much will be for other projects. He said he sees no other method besides urban renewal to keep this town alive and asked what is wrong with putting this to a vote.

Glen Marker, Coos Bay, said he feels voting is by pencil and paper. He feels the public won't come out to these meetings and the Council needs to find a way to get their opinion other than having them come to the meetings. In his opinion the use of hotel/motel tax costs the taxpayers money because it could come into the general fund. He remarked he doesn't see how the Council can justify the library as being under urban renewal with the requirement that it be in a blighted area. and said the law says you must work closely with the public on urban renewal. He then commented that he was not aware this project was under urban renewal until recently.

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Ann Keizer, Coos Bay, stated she feels this is a positive project and urged the Council to continue with it in a timely manner.

Councilor Spangler moved that an advisory measure be placed on the ballot in November asking whether the Urban Renewal Agency should sell bonds. The motion died for lack of a second.

Public Comments

Due to the late hour of the meeting, the Mayor requested no public comments be given.

City Attorney Report

City Attorney Randall Tosh reported the lease for the Chamber property has been signed.

City Manager Report

City Manager Bill Grile said they had received his report in writing

Mayor and Council Comment

Due to the lateness of the hour, the Mayor and Council held their comments until the next meeting.

Executive Session

On Motion by Councilor Miller, seconded by Councilor Weeks, with the Mayor and all Councilors voting aye, the Council went into executive session pursuant to ORS 192.660 (1) (h) to consult with legal counsel in regard to potential litigation.

Adjournment

There being no further business to come before the Council, Mayor Verger adjourned the meeting to 7:00 o'clock p.m. in the Council Chambers of City Hall on July 2, 1996.

Joanne Verger
Mayor of the City of Coos Bay,
Coos County, Oregon

ATTEST:

Joyce Jansen
Deputy Recorder of the City of Coos Bay
Coos County, Oregon