

## MINUTES OF THE PROCEEDINGS OF THE CITY COUNCIL

June 27, 2016

The minutes of the proceedings of a special meeting of the City Council of the City of Coos Bay, Coos County, Oregon, held at 12 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, Jennifer Groth, Stephanie Kramer, Thomas Leahy, and Mike Vaughan. Councilor Mark Daily was absent. City staff present were City Manager Rodger Craddock, City Attorney Nate McClintock, Finance Director Susanne Baker, Community Development Director Eric Day, Public Works Director Jim Hossley, 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**

Ken Folker, Coos Bay: Asked when DB Western approached the city with their proposal; was the first proposal the same as the current proposal; who would pay for the extra costs for stalling the project; what would happen to Empire Boulevard if the highway had to be dug up again; DB Western should pay any extra costs; what happened if DB Western went bankrupt in five or ten years; did DB Western want to move the plant to the North Spit; and had other cities been asked if they had any problems with privatization.

City Manager Rodger Craddock stated the first contact was made probably at the end of 2014 and the proposals had changed during this time. The current proposal was to build two wastewater treatment plants at their current locations, on City owned property. The full extent of the impact for delaying the Department of Environmental Quality (DEQ) approved construction was being compiled. Mayor Shoji asked Community Development Director Eric Day to provide a sign-up paper to the audience for emails of those present who wanted more information.

Carol Sanders, Coos Bay: stated the last proposal she was aware was for construction on the North Spit and asked for confirmation that the DB Western plan was now proposed for the site on South Empire Blvd; asked if The World Newspaper reporting had been accurate; felt the DEQ approved plan presented seemed fiscally sound, responsibly done, and they as neighbors were resigned to the project. Ms. Sanders stated DB Western had captured the City Council's attention and during her research into the owner and background of DB Western, she found state and federal charges of pollution with an unsavory resolution as a result of attorney manipulation of statutes; which provided a warning that this was a person of dubious character. Ms. Sanders cautioned the City of Coos Bay to be very careful, turning over the wastewater treatment plants to such a person would be a huge disservice. Ms. Sanders asked if the City Manager's performance had been acceptable over the years wherein Mayor Shoji stated he received good evaluations each year. Ms. Sanders asked then why not follow his recommendation; staff had performed their homework. The people of Coos Bay were relying on the Council to save us from unscrupulous individuals and unrealistic expectations; the Council had a duty to act in a responsible manner.

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Darrel Sanders, Coos Bay: Stated he had an adjacent business at 658 South Empire Blvd, near Wastewater Treatment Plant No. 2 (WWTP2) and concurred with Carol's statements; stated the deliberations had gone on too long. Stated some were promoting their friend Mr. Beetham whether due to contributions to their pet projects or the next campaign; he did not know of a logical reason for their vote. If this were the reason, they should resign because they were not working for the good of Coos Bay.

David Petrie, Coos Bay: Stated he was a Coos tribesman, worked for DB Western, and would be working on water quality regardless of his employment as he wanted the best for the commonwealth. Stated the Powell Butte case had been settled and they were negotiating a settlement for a nontoxic disposal site. DEQ was the second worst violator of the Clean Water Act outside the state of Vermont and believed DEQ was one of the most negligent agencies in the state. Mr. Petrie had been involved in a citizen Clean Water Act lawsuit for the past two years with DEQ and the Oregon Shores Coalition. In relation to cost to the City of Coos Bay, the sequencing batch reactor (SBR) would not meet the Environmental Protection Agency (EPA) thresholds ambient water quality within probably five years. The SBR system would be outdated and not meet norovirus requirements for the estuary. Stated the City's procurement policy needed attention. DB Western reviewed the recently awarded contract for Pump Station No. 1 and believed it could have been built for less than one million dollars. The citizens had to absorb the loss and accept standards where no local contractors could bid on projects. As far as the rate structure, there was no fear of DB Western going bankrupt because they had contracts going forward 20 years with some of the largest chemical companies in the world. DB Western had revenues to finance the project easily and the rate of \$40 per equivalent dwelling unit was a solid number for 20 years. The Empire plant would cost close to \$35 million and DB Western has spent \$300,000 in 18 months to find a real solution.

### **Clarification of City Council's Direction Regarding Wastewater Treatment Plant #2 by Public Works Director Jim Hossley**

Public Works Director Jim Hossley stated at the June 21, 2016 Council meeting the Council approved a motion by Councilor Daily:

I move to establish a Council committee consisting of the Mayor, Councilor Brick and Councilor Leahy with Councilor Vaughan as an alternate committee person. The purpose of the committee is to select an attorney who specializes in wastewater treatment for the purpose of assessing the city's wastewater treatment operations with the intent of developing a request for proposal for private wastewater treatment with best available technology and that staff should be available to assist the attorney with things the attorney requests. Staff should not move forward with its current treatment plant plans unless the Council discovers through the specialty attorney that it is not viable to move forward with a private plant.

To ensure staff carried out the Council's desire, clarification and direction was requested. Was it the Council's intention to carry on with the previously approved piping project under Empire Blvd to connect future improvements on the proposed WWTP2 site to the outfall pipe on the west side of Empire Blvd? Should Council decide not to move forward with the project, it was likely the newly constructed improvements to Empire Blvd would have to be dug up and replaced to make the connection when the new plant was constructed. Due to the federal source of funding for the Empire Blvd project, there was a five year moratorium on trench cutting the asphalt. Any asphalt

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trench cut would require additional asphalt and infrastructure repair work that would be a substantial additional cost to the project. The Council had already approved the piping project and the CMGC advertised for bids and the state revolving fund (SRF) loan for the project. The pipe infrastructure would be required regardless of who owned WWTP2.

Councilor Vaughan stated he spoke with a contractor on site and observed the construction sequencing and asked if the crossing could have been done in April, which he had not heard before. Public Works Director Jim Hossley stated the Council's delay on the SRF loan approval delayed the project a month. City Manager Rodger Craddock stated additionally, the project was delayed another month due to Mr. Petrie requesting DEQ to delay the environmental permit processing for the plant approval.

Councilor Vaughan stated the project needed to be done as soon as possible and thought it could have been done earlier. City Manager Rodger Craddock stated the contract belonged to the State of Oregon and the City was constrained by their progression and requirements. Councilor Leahy stated the pipe needed placed without delay. Councilor Kramer stated it would be insane not to place the pipe at this time. Councilor Brick stated the motion made by Councilor Daily at the last meeting was not an attempt to stop placement of the pipe. This was part of the reason he decided not to run again as he believed he was being massively manipulated by information thrown at him by DB Western and he did not know who to trust at the City. Additionally, he believed The World gave sporadic impressions on the subject. Stated he wanted to place the pipe and let the committee and others decide which plant would be built. Councilor Groth concurred with placement of the pipe as soon as possible. Mayor Shoji stated she had always been in favor of moving forward with the DEQ approved plant; there were a lot of purchasing and contracting rules in government that private companies did not have to adhere to; and it had been managed quite well by staff and it would be foolish not to move forward.

Councilor Groth moved to move forward with installation of the pipe under Empire Boulevard. Councilor Brick seconded the motion. Councilor Vaughan asked if the project approval had been in April why it took until June for the work to be completed wherein City Manager Rodger Craddock stated the funding source was not approved until recently. If the Council chose a different direction, the SRF funding may not be available and the Council would have to find another funding source. Councilor Vaughan stated there were a lot of parts, it was hard to understand, and he felt under educated which was why there were lots of questions. Councilor Kramer stated she had been involved with the process since 2006, was not a wastewater person, did not care to become one, and believed they had to trust people; questioned what would staff have to gain by manipulating the numbers. A call for the question was made which carried with Mayor Shoji and Councilors Brick, Groth, Kramer, Leahy, and Vaughan voting aye. Councilor Daily was absent.

Peter Cooley, Coos Bay: Stated he could not find anything useful on DB Western's website, DEQ had an open source to information and suggested if the Council moved forward with privatization, there could be a lot of unintended consequences. It did not sound like a good idea and would be a financial black hole.

Tom Gayewski, Coos Bay: Stated he as a local contractor and had worked for both Coos Bay and North Bend's pump stations and plants and with all the time an effort by staff and everyone, it would be a waste of time to not move forward with the City's plan. He had worked with staff in all


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departments at the City and there was no one to mistrust; they were honest people working here, no one was pulling the wool over the Council's eyes. To stop now was not right, too much wasted time and money; he hoped the Council moved forward with the construction as planned.

**Adjourn**

There being no further business to come before the Council, Mayor Shoji adjourned the meeting. The next regular Council meeting was scheduled for July 5, 2016 in the Council Chambers at City Hall.

Attest:   
Susanne Baker, City Recorder

  
Crystal Shoji, Mayor