

MINUTES OF THE PROCEEDINGS OF THE CITY COUNCIL

January 14, 2020

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, Stephanie Kilmer, Phil Marler, and Rob Miles. Councilors Drew Farmer and Carmen Matthews were absent. City staff present were City Manager Rodger Craddock, City Attorney Nate McClintock, Finance Director Nichole Rutherford, Deputy Finance Director Melissa Olson, Library Director Sami Pierson, Public Work and Community Development Director Jim Hossley, Community Development Administrator Carolyn Johnson, City Engineer Jennifer Wirsing, Contract Admin Specialist Rishia Mitchell, Fire Chief Mark Anderson, and Deputy Police Chief Chris Chapanar.

Review of the Following Council/URA Agenda for January 21, 2020

Acceptance of Department of Land Conservation and Development Technical Assistant Grant and Adoption of Supplemental Budget

Community Development Administrator Carolyn Johnson stated the City was awarded a Department of Land Conservation and Development (DLCD) Technical Assistance grant of \$28,000 to develop a Buildable Lands Inventory (BLI) and Housing Needs Analysis (HNA). The HNA and BLI analysis will identify the adequacy of the city's existing urban lands for new housing and maximum residential density for future development, create baseline data for the update of city regulations related to housing needs, and potentially a determination to revise the city's urban growth boundary. The outcome of the study would lay the technical groundwork for the city to determine needed modifications to land use regulations to accommodate new housing development applications. The city will utilize the services of the Lane Council of Governments (LCOG) to prepare the studies and they have considered the city's needs and prepared an assessment of how the update could be accomplished with the grant funds. Work on this project should be complete by the end of the 2020 and staff time was authorized as the grant match. Ms. Johnson asked if anyone on the council wanted to be on the advisory committee that would identify issues of interest and value to the community related to the project, followed by recommendation to council. Councilor DiNovo and Councilor Kilmer volunteered; however, Councilor Kilmer knew Councilor Farmer was interested in the housing portion and would confirm with him if he would like to be on the committee instead.

Discuss Options for the Operations and Maintenance of the City's Wastewater Asset

Public Works and Community Development Director Jim Hossley noted in attendance was Steve Major with The Dyer Partnership representing both the Bunker Hill Sanitary District and Charleston Sanitary District, Jacobs Project Manager Patrick Kavan, and Jacobs O&M Project Manager Ron Petcher. The City had conducted several third party audits of their

wastewater operations and maintenance contractor, Jacobs (formally known as CH2M / OMI), for the last three years. Unfortunately, the audits had identified some deficiencies and areas for improvement. The city followed up with Jacobs after each of the audits, but due to the continued permit violations at Wastewater Treatment Plant 1 (WWTP1), it appeared Jacobs had not made the necessary changes to successfully meet their contract obligations. As a result, staff hired a consultant to investigate other options so an informed decision could be made regarding the best path forward for the operation and maintenance of the city's wastewater asset.

Mark Walters of Waterdude Solutions, LLC, presented for Council consideration of three options: (1) continue with existing contractor and develop a plan to meet current contract service levels, revise existing contract, create a method for the city to receive a rebate when service levels are not met, negotiate a fee for services, and create a new city contract manager position to oversee and manage the wastewater system operations contract and regulatory compliance (estimated cost \$120,000 per year); (2) transition to a different contractor and develop a request for proposals, update contract for services to ensure city receives required service levels, develop schedule for transition, meet with interested contractors for pre-proposal site visits, and create a new city contract manager position to oversee and manage the wastewater system operations contract and regulatory compliance (estimated cost \$120,000 per year); or (3) transition to self performance by city staff and create a transition plan, scope of work would be based on current contracted scope of work, introduce Fats, Oils, and Grease (FOG) program, maintenance goal to clean and inspect system every five years, and follow industry standard staff evaluation results of seventeen full-time equivalent positions and operating budget summary. City operated wastewater system cost estimated was \$2,368,878, Jacobs base fee (twenty-four year contract) was \$1,920,845, for a cost difference of \$448,034 which fit within the current budget and would not require a rate increase other than the previously forecasted 6.5%.

Council asked the necessity for a new position to be created at the city and clarification on the Jacobs service level findings. City Manager Rodger Craddock stated City Engineer Jennifer Wirsing managed the wastewater system coordination as the city was the permit holder; however, it had been taking up the majority of her time and the new position would oversee, have access to more real time data, would improve accountability, and could manage the lateral inspect project, FOG program, and an accelerated maintenance schedule. Public Works and Community Development Director Jim Hossley stated the City provides contract oversight for other contracts as well, but managing this contract took up a lot of Ms. Wirsing's time, and with this being the largest city contract it could take a dedicated employee to oversee. Mr. Walters stated he had seen Jacobs had high turnaround and the city has paid for services for which had not been staffed. Ms. Jennifer Wirsing stated when needed, or the city requested, Jacobs had brought in outside resources to fill some of the vacancies temporarily. Mr Walters also stated service levels were not being met, had numerous discharge permit violation, biosolids management goals have not been met, operations strategies had been updated but not followed, maintenance projects were not on schedule, annual operations and maintenance reports are not submitted, and the operating budget and capital expenditure forecasts are not timely.

Mr. Craddock stated the city would need to negotiate a new contract with Jacobs, but if Jacobs was not willing, council would have to make another decision. City Attorney Nate McClintock stated it was the city's view Jacobs was in breach of their contract. Mr. Craddock stated the end goal was to have a smoothly operating and regulatory compliant utility that does not adversely affect the environment and the council had to decide how the city gets

there. Ron Petcher from Jacobs stated he was embarrassed and sorry Jacobs had not lived up to the city's expectations for the last three years. Jacobs had worked with the city for twenty-five years and they felt they had done a really good job until recently. They may have lost focus with some of their people in the Northwest, with their West Coast Manager gone and the Northwest Regional Manager replaced, he was sent to Coos Bay to help fix the issues and provide technical support. Jacobs had hired new people and would be up to full staff by February 1 and was committed to being here until they got it right. They had done a lot of work and made progress, and still wanted to be a partner with Coos Bay, so would look at ways to retain employees. Mr. Petcher stated Jacobs would look at anything that was necessary to stay competitive in the industry. He didn't want to speak to the city's in-house needs, but didn't like to think that a person was needed to overlook Jacobs' daily activities, but noted there was advantage to having one point of contact. Jacobs was always willing to sit down to talk with the city to discuss the contract or anything else and unfortunately, they weren't provided early notification before the meeting to adequately respond to the city's questions and concerns regarding the contract and operation of the city's wastewater system.

Mr. Craddock stated the discussion was necessary because both council and city staff had noted status quo was no longer acceptable. DEQ had stated it wasn't acceptable and a change had to be made in operating the plant or there will be penalties assessed against the city. City staff would reach out to Jacobs for a renegotiated contract and will provide an update to the council.

Approval to Purchase Wastewater Vehicle

Public Works and Community Development Director Jim Hossley requested to purchase wastewater pumper truck for the city wastewater operation. The byproduct of wastewater treatment was sludge and had to be treated so that pathogens were removed to levels that were not harmful. This was commonly referred to as solids handling and typically was done in a digester. Once treated, it was to be disposed of accordingly. For Coos Bay, biosolids were land applied as fertilizer to local farms in the summer. With the new Wastewater Treatment Plant 2 (WWTP2) in Empire, the solids handling was removed from the site. Sludge was conveyed, via a force main, to the digesters at Wastewater Treatment Plant 1 where they were treated and then stored in the lagoon in Eastside until they were ready to be land applied. The city now only has to maintain one set of digesters, as opposed to two, and would be more cost effective over the life of the system. Prior to the removal of the digesters at the old WWTP2 site, once the sludge was treated, it was hauled in a large tanker truck to the lagoon in Eastside. This occurred once or twice daily, seven days a week. It was beneficial to have the large tanker to minimize trips, but the large tanker could not be utilized for land application on the farmer's fields due to its weight and inability to maneuver easily. City staff recommended downsizing the large fifty foot tanker trailer to a smaller 4,000 gallon tanker truck for land application and with two trucks running, a smaller truck would provide redundancy should the older tanker need repair. Mr. Hossley stated the cost would be \$180,000 instead of the original cost of \$190,000. The city would surplus the larger tanker at a later date. Council consensus was to proceed with the purchase.

Review of the Urban Renewal Agency Annual Financial Report for the Fiscal Year Ended June 30, 2019

City Manager Rodger Craddock stated Oregon Revised Statutes (ORS) required a financial impact statement from the Urban Renewal Agency (URA) to be filed with the governing body

of the municipality and provided directly to each overlapping taxing district each year. A draft of the annual URA financial report for fiscal year ended June 30, 2019 was provided to Council. Finance Director Nichole Rutherford stated this year ORS required the addition of information on maximum indebtedness, including initial maximum, total used, and amount still available. Staff did not anticipate any significant changes to the draft document.

Other Business

City Manager Rodger Craddock stated the city would undertake another project on Front Street where the city received a Traffic Road Management grant, doing work connected to the next step from Front Street Master Plan which evolved into the Front Street Action Plan, and included doing a safety plan and traffic flow analysis. The program would be managed through Oregon Department of Transportation (ODOT), with discussion to utilize Lane Council of Governments (LCOG). Council had concerns LCOG may not have expertise in rail and street, but if the City went with another firm, the city would need more time to go out for request for proposal from contractors with subject matter expertise.

Adjourn

There being no further business to come before the council, Mayor Benetti adjourned the work session. The next regular council meeting was scheduled for January 21, 2020 in the council chambers at city hall.



Joe Benetti, Mayor

Attest: Nichole Rutherford
Nichole Rutherford, City Recorder