

MINUTES OF THE PROCEEDINGS OF THE CITY COUNCIL

December 10, 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, Phil Marler, Carmen Matthews, and Rob Miles. Councilor Stephanie Kilmer was absent. City staff present were City Manager Rodger Craddock, Finance Director Nichole Rutherford, Deputy Finance Director Melissa Olson, Public Works and Community Development Director Jim Hossley, City Engineer Jennifer Wirsing, Resident Project Representative Jan Kerbo, Library Director Sami Pierson, Deputy Library Director Christina Coffman, Fire Chief Mark Anderson, Fire Battalion Chief Jeff Adkins, and Police Chief Gary McCullough.

Review of the Following Council/URA Agenda for December 17, 2019

Ratification of Hotel Industry and Bay Area Chamber of Commerce Appointments to the Coos Bay-North Bend Visitor and Convention Bureau Board

City Manager Rodger Craddock stated the Coos Bay-North Bend Visitor and Convention Bureau (VCB) Board was made up of five representatives: one from each of the partners, the cities of Coos Bay and North Bend, and the Coquille Indian Tribe; along with one from the Bay Area Chamber of Commerce and one from the hotel industry. The term for the hotel industry and Bay Area Chamber of Commerce representatives would expire on December 31, 2019, leaving those positions open. The local hotel industry voted Joseph Monahan to represent the hotel industry for an additional three year term. The Bay Area Chamber Board voted Mark Mattecheck to represent the Bay Area Chamber of Commerce for an additional three year term. Ratification of these positions fulfills the appointment of a member of the local hotel industry representative and the appointment of a member of the Bay Area Chamber of Commerce representative to the VCB.

Consideration to Contract with Pac/West for Government Affairs Services

City Manager Rodger Craddock stated Anne Johnson, a representative of Pac/West, approached the city with a proposal to provide governmental affairs services including lobbying for state funding support for a needed new library building through a capital building project. At the request of the council, Anne Johnson and Phil Scheuers presented to the council on the services Pac/West provides. Mr. Scheuers stated whereas the League of Oregon Cities (LOC) works on broad concern policies and do not represent for capital construction, Pac/West could lobby on more focused priorities, bond campaigns, and help find funding for capital construction. Ms. Johnson stated the city would have a better chance for obtaining state funding if the State Ways and Means Committee knew how much the local government was contributing and the community would put support a bond. Library Director Sami Pierson stated they were going out for bond in May 2020. Library Board Member Curt Benward stated a strategic plan, needs assessment, and feasibility study was completed,

preliminary residential voter poll and library user email survey was conducted, with a preliminary report issued, and next was a telephone survey. Pac/West would work on a strategic plan with recommendation, bond campaign, and education for the library project, including a communication plan, all under a retainer of \$1,000 per month maximum and a one year contract, renewable every thirty days. Council discussed and consensus to move forward with Pac/West, keep current library project consultant also, and have Pac/West talk directly with the Library Steering Committee.

Discussion on Creating an Additional Urban Renewal District with Goal of Incentivizing Housing Development

City Manager Rodger Craddock stated the Coos Bay City Council has identified resolving a housing supply shortage as a goal during the most recent goal setting session. The importance of this goal was supported by the 2018 Coos County Housing Analysis and Action Plan prepared by czbLLC. City staff reached out to our urban renewal consultant, Elaine Howard of Elaine Howard Consulting LLC, to begin discussion on the possibility of establishing a new urban renewal district with a focus on incentivizing development and construction of affordable housing to increase the housing supply. Ms. Howard presented an overview of House Bill 2174; provided examples of housing urban renewal projects in other cities with goals, program implemented, funding source (tiers for rebates or infrastructure incentives), and progress; and process for forming a new urban renewal agency (URA) which could take six to nine months and cost \$35,000 to \$45,000. The City of Coos Bay had the capacity of 1,240 acres, a new URA could be in different areas of the city, but needed to connect; though, could not pass through an existing URA. Council discussed and consensus to move forward with staff proposal and provide a map of vacant acreage, property, and options; the city would also need a consultant.

Consideration of Approval of Amendment 5 for Additional Engineering Services for Wastewater Treatment Plant 2 Upgrade Project

Public Works and Community Development Director Jim Hossley stated due to delays in the startup of the new Wastewater Treatment Plant 2 (WWTP2), the principle project engineer, Jacobs, was requesting a \$65,856.00 contact amendment for engineering services rendered. An amendment #5 to the city's existing contract with Jacobs would be required to accommodate this request. At the November 26, 2019 work session, council discussed this amendment and questioned why the city was responsible for the cost if Jacobs contributed in part to the delays for startup of WWTP2. Jacobs Project Manager Craig Massie attended the work session to answer council questions and explain how the city got to where we are at.

Mr. Massie stated the city had a facility plan done in 2008, however, what was recommended was not able to be built at the location due to the wetlands. Another firm (SHN) was hired to do a facility plan amendment to look at modifications. A third engineer (CH2M/Jacobs) did a valuation assessment which endorsed the facility plan amendment, what resulted in the current plant versus modifications to WWTP2. CH2M/Jacobs, as a sub-contractor to SHN, did the pre-design, with responsibility of the treatment process. The treatment process, endorsed and designed, was a package sequencing batch reactor system with UV disinfection; the system was provided by only one manufacturer Sanitaire, who was subsequently purchased by Xylem. The plant construction was carried out by general contractor Mortenson Construction, with responsibility of supplying, through Xylem, the equipment and building the housing tankage, electrical, mechanical, and other support

systems. Computer modeling done by Jacobs confirmed the process was possible using the system provided by Xylem. Operation on wastewater began on November 2018, with first six months riddled with a series of mechanical failures, programming errors, and misdirection from Xylem on the operation of the plant. Most of the mechanical failures led to some kind of disruption of the biological process, ultimately resulting in a reseeded of the plant in late July 2019 (ie, starting over). The solids retention time (SRT) period over which the biomass spends in the tank is twenty to twenty-five days and a significant disruption takes two or three SRTs to recover. These disruptions also had caused a disinfection violation. Since July 2019, the process had been more stable with one mechanical failure in August 2019, but had not been able to begin the thirty day perform test until December 16, 2019.

Mr. Massie stated even with the failures, compared average performance of the new plant to old plant, in the four main pollutant categories of biochemical oxygen demand (BOD), total suspended solids (TSS), ammonia, and disinfection-fecal/e-coli, the new plant has discharged 45% less BOD, 78% less TSS, 680% less ammonia, and all fecal hits had been associated with the system/program failure disruptions. The disruption issues were under the responsibility of Xylem to provide direction on how to operate the process and the programming, as it was a propriety product and program from Xylem. Xylem was contractually responsible for demonstrating their system as designed and constructed could perform treatment. If not completed efficiently, Xylem could be found in default of their contact with potential liability for regulatory impacts. Though Xylem had been trying to find explanations why it had not been their responsibility, Jacobs had data showing nothing was outside of what was specified during the design phase with Xylem.

Council stated the plant was designed not to use chemicals, but chemicals (magnesium hydroxide) had been added and council was informed to expect the necessity of chemicals from time to time; council asked if it was a design error by Jacobs. Mr. Massie stated there wasn't a design error, the data received to determine the Xylem system would be sufficient was confirmed by Jacobs and Xylem's modeling, and nothing had been outside the range of what was identified in the specifications. Additionally, the system hadn't been below the minimum value of what was identified by Xylem to satisfactorily perform as designed. City Manager Rodger Craddock stated a third party consultant had stated the process chosen and being utilized was the right process and the wastewater treatment facility was first rate. Council stated the plant was performing more efficiently, but that was what was expected considering the amount of money spent on it and asked if it meeting the criteria was expected. Mr. Massie stated a chemical addition was not expected, was at a low rate right now, and should not be necessary the majority of the time, outside of high flow winter conditions. Xylem needed to explain what changed since the modeling did not show chemicals were needed, and four other plants designed in Oregon, using the same process, did not need chemicals. Mr. Massie didn't believe the modeling had been incorrect, rather how Xylem had been directing the operation resulted not achieving the designed performance.

Council stated this was the fifth request from Jacobs for additional money because of either delays, design problems, or installation problems, either with the contractor or manufacturer, and every time the city covered the cost for the problems. The desire was to negotiate reimbursement of city covered costs; with knowledge the city would continue to cover additional costs with Jacobs. Mr. Massie stated it was clear the responsibility was on the supplier and general contractor for all the issues. Jacobs would support the city in justifying why the city was damaged by the supplier and general contractor's failure to perform.

Council considered whether Jacobs should participate in the upgrades to Wastewater Treatment Plant 1 (WWTP1), with all the problems at WWTP2 and asked about the technology at WWTP1. Mr. Massie stated Jacobs concurred with a decision already made about the treatment plant process, had excellent experience with Sanitaire in the past, had the right wastewater expertise within their firm, their model confirmed Xylem's modeling, and there was four other plants using this process running without issue, so Xylem owns the responsibility of their system failures. WWTP1 project would not have Xylem programming only an upgrade to current technology as it had a different type of process; however, Xylem had a monopoly in the market and owns other standard technology that could be used in WWTP1.

Mr. Craddock stated the city was currently holding back some funds from the contractor and manufacturer as leverage, but we had a contractual obligation to pay for services. Mr. Massie stated he believed Jacobs had leverage as the number one wastewater firm in the country and Jacobs was scheduling a meeting with Xylem to show the documentation of all the mechanical failures, programming failures, and process direction received. Jacobs would discuss with Xylem the additional costs, impact incurred by the city, and chemicals being added. City Engineer Jennifer Wirsing stated Xylem bought out Sanitaire more recently and believe the city's plant was one of the first to be started up use Xylem under their new direction which may not include the engineers that originally designed the plant for coordination.

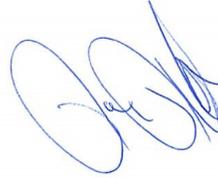
Mr. Massie thanked city staff for all their support and documentation. Resident Project Representative Jan Kerbo stated the contractor was a year and a half behind the original schedule and Jacobs had provided continuing support for the project over that time which were what most of the amendments were for; though, the contractor was responsible for those expenses. City staff would provide council with an explanation for previous amendments at the next council meeting. Council requested Mr. Massie return for the December 17, 2019 council meeting for repeat WWTP2 presentation, to allow for more public input.

Consideration of Approval to Purchase a Wastewater Vehicle

City Manager Rodger Craddock stated the agenda item had been removed for a presentation as a future meeting.

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 December 17, 2019 in the council chambers at city hall.



Joe Benetti, Mayor

Attest: Nichole Rutherford
Nichole Rutherford, City Recorder