



MINUTES

Coburg City Council

Regular Meeting

September 10, 2013 - 7:00 P.M.

Coburg City Hall

91069 North Willamette - Coburg

COUNCILORS PRESENT: Jae Pudewell, Mayor; Sharyl Abbaspour, Jerry Behney, Don Nelson, Brian Pech

COUNCILORS ABSENT: Jeffrey Kaliner, Ray Smith

STAFF PRESENT: Petra Schuetz, Ward Beck, Sammy Egbert, Brenda Fritsch, Jeanine Lavers, Milo Mecham, Larry Nelson, Rob Sutton, Ramona Sweere, Ron Walz

RECORDED BY: Dan Lindstrom

Mayor Jae Pudewell called the meeting of the Coburg City Council to order at 7:00 p.m. Councilors joined in the Pledge of Allegiance. Minutes Recorder C. Daniel Lindstrom called the roll, noted the absence of Councilors Jeffrey Kaliner and Ray Smith, and stated that a quorum was present. Mayor Pudewell noted that the meeting was being recorded.

1. CITIZEN TESTIMONY

Mayor Pudewell noted that written testimony had been received from "A concerned, honest tax-paying citizen," Patrick and Ginger Banks, and Robert Harris.

Bill Ledford, 32443 Bottom Loop Road, Eugene, reviewed previously published cost estimates for the Wastewater Project and a calculation of how much it was costing each equivalent dwelling unit in Coburg. Commenting on the added estimated cost to purchase a building to replace the City Hall, he said it was too much. He called on Councilors to "think hard" about the impact on tax payers of moving forward with the proposed replacement plan on which the Council would be acting later in the Agenda of the meeting.

Bill Guldager, 91177 North Willamette, reported that, over the years, he had accrued a large quantity of Coburg historic documents and memorabilia and that his ability to safely store them in his residence was being over burdened. He said he would happily donate them to the City if they were able to provide a suitable location for its storage and display.

Mayor Pudewell stated that the offer was appropriate for consideration by the Historic Preservation Committee. City Administrator Petra Schuetz said preserving the heritage of Coburg has been a long-standing concern of City staff. Councilor Jerry Behney said he also believed preserving town history was important. Councilor Don Nelson said he was the Council Liaison to the Historic Preservation Committee and would carry the concern of the Council to its next meeting.

Mayor Pudewell requested that a special order of business be provided and referred to Agenda support material entitled "Historic Preservation Program Progress Report." He noted that an application for appointment to the Historic Preservation Committee had been received from Claire Lanzarotta. He invited Ms. Lanzarotta to be interviewed by members of the Council.

Ms. Lanzarotta reviewed reasons for her interest in serving on the Committee. Councilor Sharyl Abbaspour stated her support for the appointment.

Councilor Abbaspour moved, seconded by Councilor Don Nelson, to appoint Claire Lanzarotta as a member of the Historic Preservation Committee. The motion was adopted unanimously, 4:0.

2. AGENDA REVIEW

City Administrator Petra Schuetz noted that Agenda support material had been distributed at the beginning of the meeting entitled "Wastewater Project Management Team Summary," "Engineering Contract Amendment Number 13 . . ." and "Finance Department Monthly Report." She requested that consideration of them be added to the Agenda.

Mayor Pudewell determined that there were no objections to the request and the Agenda was amended.

3. COMMENTS OF THE MAYOR

Mayor Pudewell commented on the timing of the water rate increases enacted at the August meeting of the Council. He suggested that although they had been recommended as necessary years earlier, none had been adopted for many years because he was felt to be "too painful" for rate payers. He said that many citizen comments showed they proved to have caused distress, especially in light of the recent addition of wastewater construction rate costs.

Mayor Pudewell added that the City Council was responsible for ensuring that adequate resources were available to operate City functions. He suggested that ramifications of Council actions needed to be weighed against opportunities to do so.

4. WASTEWATER PROJECT

Mayor Pudewell referred to Agenda support material entitled "Wastewater Project Management Team Summary" and said he was concerned about continuing citizen reports of construction contractors moving on from installing wastewater hookups on a property before completing repair and replacement of its landscaping. He said he feared the practice was creating more and more "unhappy customers."

City Attorney and Wastewater Project Manager Milo Mecham replied that Project management was well aware of the problem and had held meetings with the contractor regarding it. He said another meeting was scheduled the next day and that it would be explained that requests for payment would not be considered unless partially-finished work on a property was completed according to contract specifications.

Project construction supervisor Rob Sutton reported that, except for the noted incompleteness issue, Phase 4 hookups in residential areas was progressing approximately according to sched-

ule. He said he had received a significant number of complaints about the contractor not completing work on a property before moving on to the next. He said there appeared to be an effort to get as many tanks into the ground before the rainy season began. He also said there was much misinformation about the Project being circulated, such as that the City was refusing to pay the contractor and that the contractor was about to abandon the Project. He suggested that most issues with which he dealt related to landscaping and concerns that its repair and replacement would not be done.

Project architect Ron Walz said it was his experience that Project construction contractor R & G Construction was not accepting contract provisions that work was paid for when it was completed, and instead was requesting partial payment for work on hookups not completed.

Mayor Pudewell asked if it was possible to remove landscaping repair provisions from the existing contract. Mr. Sutton replied that doing so would create significant accounting issues since the cost of a tank included its installation and repair of landscaping. Mr. Mecham added that contractual Change Orders could not be imposed on the contractor or initiated by the City.

Ms. Schuetz said that she was most highly concerned about untruths about the position of the City were being promulgated to citizens by the contractor and his employees. She said doing so was both unprofessional and unethical. Mr. Walz added that the concerns would be straightforwardly addressed at the meeting to be held the next day.

Councilor Behney suggested that a problem with removing landscaping provisions from the contract was that it became unfair to the other contractors whose bids on the Project were rejected. Mr. Mecham added that it was very important that the City follow the existing contract to avoid the risk of legal action by the contractor.

Councilor Nelson asked for an update on the failure rate of existing septic tanks requiring replacement. Mr. Walz reported that such data was collected on a monthly basis, but that it was obvious that it was improving as construction moved into newer residential areas of the City.

Councilor Nelson requested that Project managers provide at the next Council meeting a full critique of progress on the Project, including an accounting of how many previously installed tanks had been and were anticipated to be replaced. He said he also wanted comparative information about the cost of individual installations.

Mr. Sutton reported that Phase 3 of the Project related to the Treatment facility was nearly complete. He said that testing of water/effluent discharged to Muddy Creek had been successful, and that only minor items remained to be completed. Mr. Mecham added that the Oregon Department of Environmental Quality had deemed the plant to be operating well within set standards.

Finance Director Ramona Sweere reported that financing arrangements with Project lenders was up to date and working well.

In response to a question from Councilor Brian Pech, Mr. Walz estimated that approximately one-quarter of the capacity of the treatment plant was currently being used. He also stated that the warranty period on installed operational parts had already begun.

Mr. Mecham referred to Agenda support material entitled "Engineering Contract Amendment Number 13 for Kennedy/Jenks Consultants, Coburg Wastewater Project." He reviewed background information it provided and described new tasks Amendment 13 added to the engineering agreement: preparation and submission of a renewal application for the Coburg discharge

permit, preparation of a request for approval of a revision to the Recycled Water Use Plan, and development of Wastewater Design Standards.

Councilors discussed the uses and standards for recycled water.

Councilor Pech moved, seconded by Councilor Behney, to approve Kennedy/Jenks Amendment No. 13, adding \$14,000 to the Wastewater Project engineering contract. The motion was adopted, 3:1, with Councilor Nelson voting no.

5. DEPARTMENT ACTIONS AND UPDATES

A. City Administration

Ms. Schuetz referred to Agenda support material entitled "City Administration Summary" and said she was prepared to answer Councilor questions about its reports. She said that she had spent an inordinate amount of time in the last month understanding and preparing for the introduction of the federal Affordable Care Act and on citizen concerns about water and wastewater rates. She asked for Councilor suggestions for additional ways to promulgate correct information to City residents. Councilor Pech replied that he believed as many attempts to ensure citizen understanding were being made as possible. Councilor Behney suggested that it was important to convey the fact that water and wastewater rate revenue was dedicated to use on those systems only and not being used for any other purpose such as attracting new businesses to Coburg.

In response to a question from Councilor Nelson, Mr. Mecham reported that there was no new progress to report on the legal suit of a Pioneer Village Estates resident regarding utility rates. He said that he had filed a request for a summary judgment at its scheduled presentation in Circuit Court.

Ms. Schuetz reported that threatened legal action regarding damage done to the access road to the Wastewater Treatment plant had not been pursued when it was shown that the damage was pre-existent to construction work.

Councilor Nelson requested that Mr. Mecham provide copies to Councilors of the letter he had written to the Board of Directors of the Coburg Rural Fire District in response to their concern that establishing the Urban Renewal District had reduced their tax revenue.

Ms. Schuetz reported that there was no new news about whether Materne had been approved for the Oregon Strategic Investment Program tax abatement it had requested in anticipation of establishing a manufacturing plant in Coburg.

Ms. Schuetz reported that Coburg had received a "safety award" for its employee accident-free work.

Ms. Schuetz referred to an Agenda support document entitled "City Hall Feasibility" and reviewed background information it contained.

Real estate consultant Ward Beck reviewed the status of purchase/sale option negotiations between the City and Campbell Real Estate regarding 91136 North Willamette Street (a.k.a. Manley Building).

Ms. Sweere reviewed financing options related to the purchase/sale found in the support document. She discussed loan application details with Citizen's Bank, including a \$5,000 escrow

deposit required, annual loan payment sources, comparative utility costs, and moving expenses described in the document.

Mayor Pudewell said he believed there was no question about the need of the City for improved administrative, police, and municipal court operating space. He said the likely small reduction in property tax revenue with the facility switch being contemplated was "tricky," and the proposed loan payment from the water and wastewater funds was questionable in the eyes of citizens. Ms. Schuetz interjected that the proposal was the way current building expenses were allocated.

Mayor Pudewell expressed his opinion that a franchiser of a fiber optic system in Coburg should be responsible for the cost of moving the base installation currently at City Hall. He suggested that the intergovernmental fiber optic consortium would soon begin to realize a profit from its installations and that grants to cover such moving might be available.

Mayor Pudewell also suggested that a "volunteer moving day" by staff and citizens might prove to be cost effective. Ms. Sweere said she believed such costs could be afforded within the current budget.

Councilor Pech said he believed it was possible that property tax value lost in the exchange of property tax exemption could be reversed with commercial redevelopment of the current City Hall property. He noted that no cost estimate was included in moving expenses for transfer of the City Hall information kiosk and reader board installation. Ms. Schuetz said moving the installation would depend on an agreement with a new owner and suggested that its function could be effectively replaced.

Councilor Abbaspour said she believed the City should continue to investigate the opportunity of purchasing the Manley Building because any other replacement for City Hall would likely be more expensive. She also said that it should be clearly explained to citizens how City operations would be improved with the proposed switch.

Councilor Nelson said the proposed purchase/sale was fiscally irresponsible. He pointed out that the total cost of the Wastewater Project was still not known and that utility rates had recently been raised to the displeasure of citizens. He suggested that the Council drop consideration of the option and "get on with City business."

Councilor Behney asked why several lenders had not expressed interest in funding the proposal. Ms. Sweere replied that they had questioned whether the City would be able to afford the expense of an additional loan. She added that a recent fire drill had shown staff that there were no adequate emergency escape routes from City Hall.

Councilor Behney asked if U.S. Department of Agriculture rural development loan funds might be available for the purchase of a replacement City Hall. Ms. Schuetz replied that such funds were not usually available for such projects, but could be used for loan refinancing.

Councilor Behney stated that he believed the option under consideration was an opportunity that should be taken seriously, but that it was not the ideal time, financially, for the City to add debt.

Mr. Beck observed that he did not believe it would create an insurmountable difficulty to delay a decision for the City to commit "earnest money" to ensure the purchase proposed beyond the October 2 deadline included in the agreement because there did not appear to be any other interest in purchasing the Manley Building.

Councilor Behney said that, before the Council moved forward with agreeing to the proposed

option, discussion with the Lane Board of County Commissioners should be held, and an opportunity for public input provided. Ms. Schuetz added that an official appraisal of the Manley Building also needed to be made. She said that no unauthorized expense besides staff time had been expended on the proposal.

Mayor Pudewell said he believed there was universal support for holding a Public Hearing on the proposal and that he questioned whether the City could afford it.

Mr. Beck said he could request that Manley Building owners extend their offer for 60 days.

Councilors discussed the options, especially whether it was appropriate/wise to pay the \$5,000 earnest money deposit.

Ms. Schuetz said she interpreted the discussion to indicate that the Council was not open to committing the \$5,000 earnest money required because it might be lost if the deal was not consummated.

Mr. Beck recommended that the Council "leave the deal in place," and schedule a Public Hearing as part of a Supplemental Budget process.

Ms. Schuetz observed that no additional information would be available to share with the public than was already provided. She said another financing option was also not likely and the Council had all the information it needed to move forward, but that she felt there was hesitancy to do so.

Councilor Pech moved, seconded by Councilor Abbaspour, to move forward with the next steps between the City and New Pacific Corporation to gain approval for needed financial arrangements and needed building inspection for exchange of the Manley Building and City Hall.

Ms. Schuetz said she felt uncomfortable making payments on the agreement. She said Council advice on meaningful public outreach on the proposal was needed.

Mayor Pudewell said he believed a new City Hall was needed, but still had questions about its financial feasibility at the present time.

Councilor Nelson said he believed it was time to "come out of the closet" and invite public involvement in the decision.

The motion was adopted, 3:1, with Councilor Nelson voting no.

Mayor Pudewell referred to Agenda support material entitled "Revisions to Water Ordinance A-224." He read the proposed ordinance by title: AN ORDINANCE PROVIDING RULES AND REGULATIONS FOR THE PROVISION OF WATER SERVICES BY THE PUBLIC WORKS DEPARTMENT OF THE CITY OF COBURG, OREGON, PROVIDING FOR THE CONSTRUCTION OF PUBLIC IMPROVEMENTS WITH PRIVATE FINANCING AND REPEALING ORDINANCE A-224.

Mayor Pudewell observed that the proposed Ordinance revision since its First Reading in August.

Councilor Pech moved, seconded by Councilor Nelson, to adopt Ordinance A-224-A. The motion was adopted unanimously, 4:0.

B. Finance

Ms. Sweere referred to Agenda support regarding Resolution 2013-18: A RESOLUTION ESTABLISHING A FISCAL PARTNERSHIP WITH THE COBURG FORD INSTITUTE PROGRAM COHORT AND AUTORIZING THE APPROPRIATE ADDITIONS TO THE COBURG BUDGET. She reviewed background information it contained about a memorandum of understanding (MOU) between the City and the twenty-five member Coburg cohort to provide the service of the City Finance Director as third party administrator of its project to construct a covered pavilion structure in the Norma Pfeiffer Park. She also noted that it authorized appropriate City Budget revenue and expense additions to finance the project.

Councilor Pech moved, seconded by Councilor Nelson, to approve Resolution 2013-18.

Councilor Abbaspour determined that she had no conflict of interest in voting on the motion because she was a member of the Ford Institute Program Cohort.

The motion was adopted unanimously, 4:0.

Ms. Sweere referred to the August Finance Report and reviewed revenue, expense, account balance information it contained. She reported that the City had begun using a new mailing service and that she would be attending a League of Oregon Cities municipal finance training.

Ms. Sweere called attention to Agenda support material entitled "Budget Committee Vacancies" and highlighted her intention to post the attached notice of openings in appropriate locations.

C. Major Project Updates

Ms. Schuetz referred to Agenda support material entitled "Transportation System Plan Progress Report" and "Coburg Loop Multi-Use Path."

Mayor Pudewell determined that there were no Continued Business items for consideration by the Council.

6. COUNCIL COMMENTS

Councilor Abbaspour reported that her concern expressed at the previous Council meeting regarding individuals creating problems in the City Park by daily long-term alcohol consumption had been dealt with by Police Chief Larry Larson visiting with the persons involved and suggesting that the practice cease.

Councilor Abbaspour also reported that she had had a discussion with Councilor Ray Smith regarding the possibility of City Councilor meeting agenda packets being delivered to members by members of the Police, as was the practice in Junction City. General discussion led to the conclusion that the current practice of the material being available for Councilor pickup at the City Hall should be continued.

7. CONSENT AGENDA

Mayor Pudewell noted that the Consent Agenda included acceptance of the August 13 and 27 Council meeting minutes.

Councilor Pech requested that the term "tax exemption" be replaced with "tax abatement" in the fourth paragraph on page one of the minutes of the August 13 joint meeting with the Lane County Board of Commissioners. Mayor Pudewell determined that there was no objection to the request and the minutes were amended.

Councilor Pech moved, seconded by Councilor Nelson, to approve the Consent Agenda. The motion was adopted unanimously, 4:0.

The meeting adjourned at 9:55 p.m.

ACCEPTANCE

Approved: October 10, 2013

JA
8, 2013

Yes: 5 No: 0 Abstained: None

Attest:

Jae Pudewell

Jae Pudewell, Mayor

Date: 10/8/13

Sammy L. Egbert

Sammy L. Egbert, City Recorder

Date: 10/8/13