

Oak Harbor City Council
Special Workshop Meeting Minutes
September 2, 2014

CALL TO ORDER

Mayor Scott Dudley called the meeting to order at 3:00 p.m.

ROLL CALL

Present:

Mayor Scott Dudley
Mayor Pro Tem Danny Paggao
Councilmember Joel Servatius
Councilmember Jim Campbell
Councilmember Rick Almberg
Councilmember Beth Munns
Councilmember Bob Severns

Staff Present:

City Administrator Larry Cort
Finance Director Doug Merriman
City Attorney Nikki Esparza
Chief of Police Ed Green
Chief of Fire Ray Merrill
Development Serv. Director Steve Powers
Public Works Director Cathy Rosen
Exec. Assist. to the Mayor Kellye Mazzoli
Facilities Manager Rich Tyhuis
City Engineer Joe Stowell
Project Engineer Arnie Peterschmidt
City Clerk Anna Thompson

Councilmember Tara Hizon was absent.

AGENDA

1. Discussion of the Request for Proposals (RFP) issued by the Navy concerning the North Transmission Water Line Project.

Public Works Director Cathy Rosen provided a power point presentation regarding the current water service contract with the Navy. Both the City and the Navy needs a new transmission main from North Reservoir to Goldie Road/NE 16th Avenue. The Navy has requested to cost-share with the City on construction of the new water main.

Councilmember Almberg asked about the location of the water lines projected on the power point slide.

The Navy has proposed two new points of connection at the Sea Plane Base which would modify the City's current agreement with the Navy. The US Navy proposed three different cost-sharing methods for this work: 1) 1-time capital charge; 2) A recurring cost through h construction period; and 3) A water rate which incorporates the capital cost amortized over 10, 20 and 30 years.

The Defense Federal Acquisition Supplement specifics required procedures regarding connection and services charges. (DFARS 241-202).

Councilmember Munns asked about the salvage value of the pipes. Finance Director Doug Merriman provided a response to the inquiry.

Staff concerns with the Navy's Request for Proposals: The Navy wishes to modify a contract dated 1971, which presents a number of issues including antiquated and otherwise impractical terms for this project.

City staff wishes to receive policy guidelines from the Council in order to respond to the Navy's request for proposal. City Administrator Dr. Cort made additional comments for consideration.

Mayor Pro Tem Paggao asked about connection charges to the Navy. Councilmember Alberg asked what the benefits are to the City. Ms. Rosen answered that cost sharing on the new water line project is the major benefit to the City.

Councilmember Campbell suggested that we prepare a rebuttal detailing what we can and cannot do on this project. Councilmember Severns stated that we should provide them with our terms and added that it is not prudent to renew a contract from 1971 in this situation.

Mayor Dudley asked about the timing on this project. Public Works believes one of the pressing issues is their aging pipes.

Councilmember Severns asked whether the Federal Government can exercise eminent domain against municipalities.

Councilmember Alberg asked questions about the location of the current water mains to Mr. Peterschmidt.

Dr. Merriman provided financial information to the Council with respect to the proposed project from the Navy. He discussed the option to sell City bonds for this type of project. Mayor Dudley inquired about utility tax rates.

Discussion among Councilmembers, staff, and the Mayor continued.

Ms. Rosen concluded by stating that their department will put together a response based on today's comments and will present the report to Council before release to the Navy.

ADJOURNMENT

Mayor Scott Dudley adjourned the meeting at 3:53 p.m.

Anna M. Thompson, City Clerk