

EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
APRIL 16, 2013
5:30 P.M.

Commissioners Present: John Simpson, President; Dick Helgeson, James Manning, and Steve Mital

Others Present: Roger Gray, Debra Smith, Sibyl Geiselman, Jason Heuser, Roger Kline, Erin Erben, Steve Newcomb, Dave Churchman, Tom Williams, Wendi Schultz-Kerns, Kathy Grey, Frank Lawson, Mark Freeman, Sue Fahey, Matt Sayre, Kevin Biersdorff, Jeannine Parisi, Tim Odell, Julie Bivens, Will Price, Lisa, Atkin, Dan Morehouse, Lori Price, Anne Kah, and Taryn Johnson of the EWEB staff; Vicki Maxon, recorder.

President Simpson convened the Regular Session of the Eugene Water & Electric Board (EWEB) at 5:43 p.m.

AGENDA CHECK

President Simpson stated that item #4 has been pulled from the agenda.

ITEMS FROM BOARD MEMBERS

Commissioner Helgeson appreciated staff for the clarity of the backgrounder provided for tonight's meeting.

He stated that he continues to attend the McKenzie Watershed Council meetings and recently heard an interesting presentation from Metro Wastewater Management Commission (MWMC) staff on their plans to deal with issues regarding discharge in the Willamette River, which included a component for water waste. He added that if Board or staff wanted follow-up on this, he would be happy to connect them with the person who gave the presentation.

Commissioner Mital noted that on Saturday, April 20, EWEB and other community partners will be celebrating Earth Day at the EWEB plaza, and that the winner of this year's Green Power grant will be announced at 3:00 p.m.

President Simpson stated that he presented energy efficiency awards to the MWMC via representatives of the Eugene and Springfield City Councils, for significant energy savings at their water treatment plant.

President Simpson stated that he sits on the Lane Council of Governments (LCOG) Board, executive committee and budget committee, and that LCOG's budget is now up for approval. He said that when LCOG's new director came into her position, there was a \$1.3 million budget shortage, and that after "turning over every rock," she has now lowered this

shortage to \$45,000. He said this is a fantastic testament to her capability as a leader, and that he is proud to be a part of that organization.

PUBLIC INPUT

Tim Bennett is a resident of the Friendly Neighborhood, and a retired Safety & Occupational Health professional with the federal government. He presented the following testimony:

“Unlike the residents who live around the reservoir, my water source is the reservoir. Only people who live 90 feet below the reservoir get their water from it. Those who live in proximity of the reservoir get their water from the water tower next to the reservoir. The safety of their water is not at risk. Theirs is strictly a recreational use, and I hope the Board will weigh their input accordingly.

As a safety professional, I used risk management as a tool to come up with the safest way of doing things. One of the early steps in the process is to eliminate known risk, if possible, and mitigate ones you can't. You cannot eliminate all the contaminants to the water, but you can eliminate one source of contaminant by closing off the reservoir, thus protecting the safety of drinking water that thousands of residents and schools use. Why would you want to increase the risk to our drinking water for someone's recreation?

There are parks close by that residents can use, such as Washington Park four blocks away, Adams Elementary School seven blocks away, Friendly Park six blocks away, Frances Willard Elementary School three blocks away, and a suede park that the locals call Madison Meadows, three blocks away.

The Federal Safe Drinking Water Act's strategy is to strengthen public health protection from contaminants in drinking water. As a safety professional, I've dealt with situations where contaminants have been within legal ranges but still made workers sick because of the workers' sensitivity. Older residents and children can be more sensitive to contaminants than other individuals. If the water ever became tainted with bacteria, the proximity of four elementary schools would cause a large number of children to be exposed.

Just this past weekend, vandals tore the gate off the reservoir. Don't wait for them to do more damage. Please secure the reservoir now.”

Bob Cassidy told the Board that he is very impressed with the way the new Board is functioning, and he told them that this Board feels much better to him than when he sat on the Board. Regarding a portion of his testimony at a previous Board meeting, he confirmed that what he meant to say was that he wants to the Board to think about the advantage of borrowing money when rates are low and repaying it at a lesser amount. He closed by saying that he is very interested in the Board addressing the sale of real property, and that the City Council is also looking at selling assets.

Amanda Wiebush is a resident of the Whiteaker neighborhood and a graduate student at the University of Oregon, who supports a carbon tax. She said she understands EWEB's support for immediate action on climate change, and she believes a carbon tax is the best solution to achieving this goal. She noted that a carbon tax could influence an increase in the price of fossil fuels in order to make the price of renewable energy look better in comparison; and that Eugene has a high level of fossil fuel emissions. She believes that moving toward an electrified transportation system would also create more use for EWEB's green power. She asked the Board to do some research on how to make the tax revenue neutral so it doesn't harm customers who need to pay their bills, and she added that by placing the tax, it would account for external costs which are getting high with the increased risk from storms and floods. She urged the Board to support the carbon tax.

Manly Norris is a graduate student at the U of O studying leadership in sustainability, who supports climate change legislation. He said that many Oregon corporations have already urged Congress to combat climate change, and that he appreciates that EWEB has sustainable policies and practices in the course of their business and that they are prepared. He believes that EWEB making a public announcement in support of a carbon tax will add a powerful voice in Salem to ask for change that couldn't come any sooner.

Jerry Olton thanked EWEB for keeping College Hill Reservoir open so far, as it is a wonderful resource for all of Eugene and even for people from other countries who visit here—a place to go to observe the sky and watch the sunset. He realizes that EWEB has had trouble with public access and leaking joints, but he doesn't believe the two are connected. He stated that Oregon health authorities mandate that the leaks have to be sealed, but if they are sealed in a manner that doesn't make them vulnerable to casual visitors, there is no reason to close the reservoir. He noted that he met with EWEB staff on April 9 and was very encouraged, as EWEB staff seems willing to work with the neighborhoods, and vice versa, to keep graffiti and litter to a minimum and to prevent residents from gathering there on the 4th of July. He again thanked EWEB for keeping the reservoir open and working with the neighborhoods, and invited everyone to a star party being held at the reservoir on Friday, April 19.

Gordon Levitt lives in South Eugene and is a law student at the University of Oregon. He urged EWEB to support the carbon pricing mechanism, and he noted that this pricing has already been adopted in California, British Columbia, and in other countries. He believes that pricing carbon is an opportunity to reshape Oregon's future, and will assist in protecting consumers and create a revenue stream. He added that there is a moral and likely legal obligation to take steps to slow and halt carbon emissions, especially when Oregon has a distinguished history of environmental leadership, and when Governor Kitzhaber has already signaled his commitment.

Gwen Buckley lives in the West Jefferson neighborhood and is a graduate student at the University of Oregon. She urged EWEB to publicly support greenhouse gas emission pricing, as it discourages behavior which causes climate change. She noted that British Columbia's carbon tax incentives decreased the consumption of refined petroleum products by 13.1% between 2008 and 2011, and the consumption of gasoline by 4%, and by 3% in the rest of Canada. She added

that the Northwest Economic Research Center has estimated that a carbon tax in Oregon started in 2013 would generate an average annual increase of approximately \$1.1 billion in revenue, and by 2025, emissions would be 12% below the baseline forecast, and the tax would generate revenue of approximately \$2.1 billion.

Tom Bowerman is an EWEB commercial customer using 100% green power. He is in support of a carbon tax, which is less susceptible to meddling and misuse with cap and trade. He presented a graph to the Board of five jurisdictions in the U.S. and other countries and asked them to look at the lack of correlation between income per capita and carbon emissions. He believes that in spite of the pushback from some people, and possibly the Oregon Legislature, a carbon tax will not kill the economy. He also presented a graph regarding the myths and facts regarding the carbon tax in British Columbia, which is similar to what he would like to see Oregon do, as well as to participate in a consortium of west coast jurisdictions in order to address regional problems. He commended EWEB for their recent staff presentation regarding the carbon tax, and he urged the Board to not just think about a carbon tax, but to support it, now.

Commissioner Manning thanked everyone for their testimony. He said that the Board hears their concerns and that their concerns are important to them, and that the Board will do the best they can to satisfy some of their requests.

Commissioner Mital thanked everyone for their testimony. Regarding College Hill Reservoir, he stated that it is pretty clear that there are many sides to this coin, and that from his interactions with staff he has found that they are willing to work to find a solution that can hopefully benefit all parties. He also gave “three cheers” to the University of Oregon graduate students who testified regarding the carbon tax, as he believes they “hit it on the head.” Lastly, he told the audience that he believes they will find that General Manager Gray is willing to stick his neck out pretty far in support of the carbon tax.

Commissioner Helgeson thanked the public for their testimony regarding College Hill Reservoir, and echoed Commissioner Mital’s comments regarding the reservoir and staff’s focus on that issue. He said that he looks forward to considering and discussing staff’s recommendations, as the Board is not interested in taking inappropriate risks around drinking water.

Commissioner Helgeson also thanked those who testified in support of the carbon tax. He said that he agrees with the efficacy of pricing carbon, and he noted that EWEB has a very low carbon footprint due to their investment decisions in renewable resources over the years that almost exclusively do not use carbon-based fuels. He said that those types of investments are typically higher cost and that customers are paying somewhat higher rates to rely on those portfolios, but that implanting a pricing structure also rewards customers for those investments in ways that are not available in the current marketplace.

In response to Mr. Cassidy’s testimony, he reiterated that EWEB will be taking advantage of low interest rates in order to minimize the impact on rates.

President Simpson stated that tonight was one of the best public input presentations he has ever heard during his two terms of service on the Board, and that it was thrilling to hear people bring solutions, ideas, and balanced perspectives to the Board rather than a litany of complaints, which can become burdensome at times. He thanked everyone for their testimony and encouraged them to return often to give further testimony on any subject they wish.

President Simpson then stated that, at the risk of being politically on the wrong side of the fence, he is leaning toward closing College Hill Reservoir, as he went through this same process four or five years ago and a lot of promises were made by community members and neighbors of the reservoir to work on ways to police and clean up the area, and nothing ever came of it, and he was very disappointed. He said he is hoping that there will indeed be true collaboration and cooperation from those that have a vested interest in a workable solution, and that he will be open, and will be watching that very closely. He added that he is open to some type of reservation system, if it is workable.

He then presented the following position piece regarding a carbon tax:

“I feel it’s high time to enact a carbon tax to ‘level the playing field’ in the renewable energy market. All of these disjointed hacks we’ve seen, such as the renewable energy standards, renewable energy credits, and carbon offsets, to name a few, had their place in a political environment that wasn’t ready to embrace an equitable mechanism to address climate change at the source of the problem. But, frankly, we’ve reached a threshold, and it’s time for society to act. If the nation isn’t ready, then we should lead the way in the tradition that Oregonians are so well-known for, and for which I am proud.

I mean, seriously, it wrenches my gut to think about polar bears being stranded on blocks of melting ice, only to die of starvation and loneliness because of the preventable, selfish behavior of short-sided and greedy, or just plain ignorant, people.

I recommend a rising tax be levied on fossil fuels at the source across all industry sectors, and 100% of the proceeds be redistributed back to taxpayers. This would result in equity between higher-priced “green energy” resources and traditional resources which are not renewable.

I even think a cap-and-trade policy is a hack. This is what Obama favors—an economy-wide limit on greenhouse gas emissions that will be lowered over time and that allows polluters to trade emission permits on a carbon market.

Carbon taxes raise the price of carbon-intensive fuels and thereby encourage a low-carbon lifestyle. Such a tax would be extremely beneficial to the citizens of Eugene because it would raise the cost of power on the wholesale market, and would once again allow EWEB to make more money selling surplus power. This additional revenue would put a stop to the insidious downsizing we’ve seen in the past couple of years, and would help keep future rate increases in check.

A carbon tax would bring more stability to the market, and would have a damping effect on the very, very volatile prices we see now. Business leaders need to know energy prices when they decide whether to invest in more energy-efficient products, and the reduced volatility would make planning efforts much more predictable.

Our staff is right, greenhouse gas emissions are contributing to global climate change. And I will add that the citizens of Eugene are dedicated to ensuring that this runaway situation is reversed.

I hope my fellow Commissioners will stand behind me in recommending that EWEB assume a leadership role in the development of this policy so that future generations can prosper. Frankly, I don't want to celebrate my 90th birthday knowing that polar bears went extinct on my watch, due to inaction which could have been easily reversed."

INTEGRATED ELECTRIC RESOURCE PLAN (IERP) UPDATE

Erin Erben, Power Resources & Strategic Planning Manager, reviewed the agenda for tonight's presentation. She noted that this is the annual update that is provided to the Board in order to check in to see if staff is on the right path.

Sibyl Geiselman, Energy Resource Analyst, reviewed the 2011 IERP recommendations:

1. Pursue conservation to meet all forecast load growth
2. Partner with customers to avoid new peaking power plants
3. Continue to rely on and expand regional partnerships
4. Pursue new large load strategy, if needed (market and conservation)
5. Review progress and key assumptions annually

Using overheads, Ms. Geiselman then reviewed the assumptions that drive resource planning decisions, various power price forecast updates, EWEB gross load and peak load forecasts, and load resource balance forecasts. She noted that load forecasts have changed significantly since the IERP analysis because of recent conservation acquisition and other drivers such as unemployment, system rates, changes in population growth forecast, weather fluctuations, and changes in industrial loads.

Using overheads, Ms. Erben briefly reviewed the context of EWEB's demand response, conservation and energy efficiency programs. She reviewed load forecasts for 2010-2013 under Strategy 1 (meet all load growth with conservation), and reviewed the end of year status of EWEB's residential research and development pilot programs (Strategy 2, partner with customers to avoid new peaking power plants). She noted that staff will be giving quarterly updates to the Board regarding these pilot programs.

Ms. Erben then reviewed the next steps for the demand side and resource portfolios:

Demand Side:

- Establish first-year peak acquisition target
- Assess trade-off of energy and peak savings from demand side management (DSM) program suite and being to track peak benefits
- Modify DSM program offerings

Supply Side:

- NLSL policy presented to Board
- Establish reserve margin
- Refine peak forecast methodology
- Continue to evaluate asset sale opportunities with an eye on portfolio impacts and implications

Commissioners Manning and Helgeson thanked staff for an excellent presentation. Commissioner Helgeson said that he is supportive of the pilot program work. He added that he has continued interest about hearing about insight or scenarios regarding how the capacity market develops and how it impinges on the resource portfolios in different ways, whether that be wind, peak (cold weather) or other circumstances.

President Simpson stated that he's very confident that EWEB is headed in the right direction.

In response to a question from President Simpson, Ms. Geiselman replied that EWEB is "energy long" but not "capacity long" at the current time.

General Manager Gray added that the region is in a similar situation as EWEB's, i.e., running out of capacity for energy, and that is why staff is looking at demand side programs.

Regarding a question from President Simpson about EWEB's peak load forecast without future conservation, Ms. Geiselman noted that Eugene has a slightly higher than regional average rate of interest in electric vehicles and hybrids, and that staff researched scenarios for what that might look like for energy demand, and found that there would be a very small contribution based on current trends.

President Simpson asked if this would be an electric demand problem or a distribution problem. Ms. Geiselman replied that EWEB has a robust distribution system and that it can handle peak loads quite well. General Manager Gray added that even though EWEB's distribution system is robust, electric vehicles in clusters would cause localized problems, and the pricing of electricity becomes critical when those vehicles would be charged between midnight and 4:00 a.m.

President Simpson wondered if there is any opportunity to partner with a utility that has an opposite profile (portfolio) to EWEB's. Ms. Geiselman replied that generally the region has a similar portfolio to EWEB's, and that historically that was one of the values of accessing the California market, as they have a different profile.

Ms. Erben noted that her staff provides a quarterly report to the organization and that her staff could provide the Board with that as well. The Board voiced the desire to receive a quarterly report.

EWEB PROPOSED POLICY POSITION ON GREENHOUSE EMISSION PRICING (CARBON TAX)

General Manager Gray told the Board that EWEB is putting themselves out on a limb by taking this position and that it will not be without controversy, as some of EWEB's fellow utilities may not like what EWEB is saying. He said that staff has not reached a decision regarding carbon tax vs. carbon pricing, that he would like to have academic research done as opposed to advocacy, and that studying this is time well-spent. He noted that currently the study is focused on the carbon tax, and staff recommends to at least consider other options. He added that the cap and trade system might benefit the state of Oregon.

He then presented management's proposed policy position on greenhouse gas emission pricing:

- Global climate change is a real problem that needs to be addressed through comprehensive policy. If not on a national level, then let's start on a state level and work with other states and provinces.
- Indirect and incomplete approaches used today are not particularly efficient or effective. EWEB favors a more direct and comprehensive approach to pricing greenhouse gas emissions and carbon.
- Cap and trade or carbon taxes are two possible carbon pricing mechanisms. EWEB believes that any approach must apply across all sectors of our economy to be efficient and effective.
- EWEB favors a work and study group approach that engages stakeholders to develop fair, efficient and effective solutions for policy-makers to consider.
- EWEB welcomes being part of such an approach.

Jason Heuser, Legislative Representative, stated that there is already a carbon price of sorts in State policies (indirectly), but it is a somewhat clumsy and one-size-fits-all approach. He noted that those types of policies have impeded the decision-making of EWEB's Board, and once this is addressed, it will leave direction and decision-making in the hands of the Board.

President Simpson stated that he believes a huge majority of the Eugene community will support EWEB in this position statement.

Commissioner Mital agreed with President Simpson. He asked for more detail about the risk to EWEB in taking this position.

General Manager Gray stated that management tries to position EWEB to have a good reputation in the region so it can play a role, and that EWEB has an excellent reputation for

being moderate, not extreme. He said that this position statement may be viewed as EWEB going toward the left, which is a potential risk, but he believes it is a risk worth taking. He noted that some utilities have already gone in this direction, and that if EWEB is going to stake its reputation on something, he can't think of something more important to do that with.

President Simpson agreed that EWEB has a long legacy of being up front on issues. Ms. Erben added that EWEB is aligned with other utilities on many issues, so when EWEB steps out of line, those decisions need to be made very deliberately.

Commissioner Mital wondered in what specific ways EWEB would be marginalized. Mr. Heuser replied that some may feel that the state of Oregon is no longer on a level playing field.

Commissioner Helgeson stated that there are a lot of politics in Oregon relative to utilities and that EWEB works with some who have carbon in their portfolios, and that EWEB doesn't have the impact of this distributed evenly across the state which favors them politically. He added that EWEB has to be sensitive to that, but also smart about how they engage politically and how they position themselves to be allied with others.

Commissioner Mital wondered if this could affect EWEB's access to the Bonneville Power Administration (BPA). General Manager Gray replied that it would not.

General Manager Gray reminded the Board that even though they received friendly supportive testimony this evening, that won't be uniform around the state, and that there will be people who won't be happy with EWEB's policy position who will want it across the economy, not just utilities.

Mr. Heuser noted that staff will develop a robust outreach plan to reach out to stakeholders in order to explain where EWEB is coming from, and to explain more about the reasons that EWEB took this position.

President Simpson noted that one way to make it more robust is to leverage the marketing component and advertising values through public relations, and that he believes EWEB can get out in front of this so it doesn't undermine them.

Commissioner Manning voiced his support for this approach though he understands there will be sensitivity issues for some. He said that he believes EWEB should "lead, follow, or get out of the way," and that the winds of change will not be deterred, and that the risk is low and benefits are big.

Commissioner Helgeson stated that, aside from EWEB being aligned with appropriate values, it has been in "entrenchment mode" for a while because of financial constraints, and that he likes to get out there and mix it up so that customers realize that the Board remembers those values and that there's things that can be done.

He voiced his support, at least from a mechanical perspective, for the carbon tax structure and for something kept simple in concept, but voiced concern about what the market does to convert price signals, etc. He said that paying a carbon tax as part of the cost of energy is compelling because consumption then reflects the externality that is being talked about. He added that the notion of revenue neutrality in distributing the tax back on a per-taxpayer or individual basis has some logic, as everyone is impacted by what happens in the airshed, so those who invest in non-carbon-based resources get net benefit. He noted that the problem will become when people figure out that there are winners and losers in that equation.

President Simpson asked if there will be a budget established in order to move this forward. General Manager Gray replied that this will be part of the normal course of business. He explained that it will result in expenditures in some areas, i.e., more trips to Salem and Portland, and expenses for Commissioner advocacy, but that for 2013 and 2014 the contingency fund would be used for things that come up, though most costs are fixed and would be minor expenditures, so the contingency fund may not be used. He added that staff does have a rollout plan and that they have tested the waters with potential allies and non-allies, and it has gone fairly well so far.

Commissioner Helgeson asked who the natural allies are and how that strategy will be cultivated. General Manager Gray replied that EWEB's natural allies are other utilities, and that several businesses have signed a pact for support (as was mentioned in public testimony this evening). He identified Oregon Environmental Council, the City of Eugene, City of Portland, and Multnomah County as others.

Mr. Heuser added that six or seven governments have already adopted policy. General Manager Gray noted that he has spoken with the Governor's energy advisor and, depending on Board action tonight, she will possibly set up a meeting. He reiterated that others may agree on ends but maybe not on means, and that there will be others who are strongly opposed.

Mr. Heuser added that there will also be people who say that carbon pricing only makes sense at a federal level, and one thing to discuss is what Oregon will want to do in Washington, D.C. regarding their course of action (i.e., the 2015 legislative session). He said that there will be a process to design a rational carbon price for Oregon and that there will be multiple decision points for the Board along the way. He noted that tonight's discussion shouldn't be taken as pre-approval as there will be future opportunities to discuss this matter.

Commissioner Mital stated that he hopes that General Manager Gray is willing to commit to this, and he asked that at the May Board meeting, Mr. Heuser let the Board know what he needs from them to empower him to do that, i.e., whether or not the Board wants to voice general support for the position and to start work with potential allies, and for the Commissioners to begin advocacy and for staff to begin working on the process.

President Simpson stated he believes there is clear Board consensus even though Vice President Brown is not present tonight. Commissioner Mital stated that he believes it is

important to know Vice President Brown's position in order to get feedback from all five Commissioners.

General Manager Gray stated that the Board can be updated at the May Board meeting or off line, and that Vice President Brown had previously indicated to him that he is concerned about the tax aspects from a political standpoint, though he supports the concept around carbon.

2013 STRATEGIC PLAN UPDATE, 2013 OPERATING PLAN DASHBOARD REPORT

Vice President Brown arrived shortly after this agenda item began.

With the use of overheads, Ms. Erben reviewed the items that were included in the 2011 Strategic Plan that the Board had previously adopted. She then reviewed the 2012 and 2013 updates that were done for the Water and Electric Utilities, listing realities and priorities for each, their impact on current strategies, and the strategic plan conceptual model for each. She noted that in the 2013 update, risk management has been added as a new dimension of the electric utility strategy, i.e., making a conscious choice around the risks and benefits of decisions.

Lance Robertson, Public Affairs Manager, spoke to the community engagement portion of the Strategic Plan update. He stated that the 2013 update is a great opportunity to bring customers into the conversation, and that later this week the Board will receive a plan for how they can contribute to an expanded budget and rates discussion.

Debra Smith, Assistant General Manager, discussed the 2013 organizational dashboard and mapping of Board strategies that the Board had received in their background. She noted that this will be a high-level organizational view and detail including comments, which will be recapped quarterly. She reviewed how the previously identified Board priorities from the 2011 Strategic Plan map to the current dashboard. These are:

- Second source
- Infrastructure reliability and cost balancing
- Customer service
- Power resource planning and cost strategy
- Financial strategies
- Rate structure strategies
- Be a high-performing Board

Ms. Smith then reviewed the process for the update of the plan and monitoring/reporting of the dashboard items. She noted that staff's recommendation would be to identify only red and yellow lights (in reference to dashboard indicators) and a deterioration in trend.

President Simpson stated that the dashboard work is in line with what he has envisioned, and he thanked Ms. Smith for prompting he and his fellow Commissioners to be a better Board.

Commissioner Mital wondered if hearing only about the red and yellow lights would cause the Board to focus on the bad. Ms. Smith replied that staff wants to highlight areas that the Board should be concerned about, but there will be an opportunity to see good news as well, i.e., capital project progress, information technology project progress, etc.

Commissioner Helgeson echoed Commissioner Mital's concern about only focusing on only red and yellow lights, as it is also nice to have something to celebrate, but he added that goals should not be set so low that the lights are always green.

Commissioner Mital reminded the Board that one of his biggest issues is to find ways for low-income customers to receive assistance because of rate increases, changes in rate design, etc. He asked Ms. Smith where that concern will appear in the dashboard.

Ms. Smith replied that it appears in two places---the \$500,000 whole house retrofit program as part of energy/efficiency delivery, and in the limited income assistance program, which is part of the customer service dashboard.

Commissioner Manning asked if EWEB conducts in-house surveys when customers come to EWEB to pay their bills. Mr. Robertson replied that in-house surveys are not done, but staff would like to begin to implement transactional surveys. He gave the example of the new electronic bill pay program which 20,000 customers have now signed up for, and a survey that would loop back to some of them to ask how the sign-up process went, did they like how it was done, etc. He added that EWEB doesn't have a lot of information about how what our customers think about certain services, and that staff needs to find ways to take advantage of some of those opportunities for feedback.

Commissioner Manning wondered how many customers, from low-income to those who have the proper resources, physically come in to EWEB to pay their bill, as he believes that would be a good survey sample.

Ms. Smith replied that the majority of customers who come in to pay their bill do so because they need to make payment arrangements or are required to pay their bill in person for a variety of reasons.

President Simpson asked if customer feedback is captured in an unsolicited manner. Wendi Schultz-Kerns, Cash Accounting Supervisor, replied that customer comment cards are provided at each customer service desk and window for both commendations and complaints.

President Simpson asked if customer service representatives have an opportunity to meet as a group to share stories and whether that information is conveyed up the chain to Roger and the leadership team. Ms. Smith replied that the customer service representatives are a very tight group and they have a large number of ways in which they share information with their supervisors and with Mark Freeman, their manager.

Commissioner Helgeson stated that he realizes that many customers view EWEB as a faceless bureaucrat who doesn't care, and maybe that view will never be able to be fully

overcome. He said that in his experience, when EWEB's Board and staff listen and are responsive on a personal level, and are right-minded and trying to balance all the right things, the customers who have direct experience with that come away impressed, and that he believes that is who EWEB truly is.

President Simpson stated that he has seen many customer comments that praise staff for going out of their way to assist them.

Commissioner Manning asked if previous Commissioners have ever greeted customers in the lobby. Mr. Robertson replied that twice a year EWEB has a customer appreciation week, and that would provide an opportunity to sign up for a two-hour shift, hand out cookies and punch, and greet customers.

Commissioner Manning stated that he fully supports that because the Board is committed to going before their constituents to let them know what they're doing. He asked Mr. Robertson to let the Board know when there is an opportunity to interact with customers.

Ms. Smith said that it would be a great for the Board to interact with customers, as she believes it would be a great experience. She noted that kudos from the Board mean a lot to the customer service employees, and she gave the example of a compliment from Commissioner Mital that had been passed on to them by Mr. Freeman. She invited the Board to sit with a customer service representative to observe the customer call experience.

President Simpson stated that this discussion gives him an idea to set up a "Meet Your Commissioner" type event in the lobby.

The Board thanked staff for an excellent presentation.

PROPERTY DECLARATION AND ASSET SALES, LEASE UPDATE, AND DECLARATION OF SURPLUS OPTIONS DISCUSSION

General Manager Gray noted that this agenda item will consist of general discussion and Board direction along with a few specific requests.

General Manager Gray asked if the Board is in favor of listing the West 3rd Avenue property. The Board was unanimously in favor of this.

Commissioner Mital asked if the West 3rd property is anticipated to be sold for a profit or a loss. Kevin Biersdorff, Principal Project Manager, replied that the market has improved a bit but maybe not in that sector. A discussion followed regarding testing the market. Vice President Brown suggested that the property be marketed with a threshold established at which offers would be taken. He reminded staff that EWEB isn't obligated to accept an offer.

Regarding other surplus property sales (various small parcels), Commissioner Mital asked about the parcel near Hayden Bridge Filtration Plant. Tim O'Dell, Right of Way

Associate, replied that he received a strong offer on this property this morning that is within 5% of the appraised value with no broker fee and a short close.

Commissioner Helgeson inquired about many of the surplus properties being on the water side, i.e., they wouldn't assist with electric capital. He noted that some come with encumbrances in terms of City interest or potential future reservoir sites. He said that he assumes that staff is looking for those properties that might do EWEB the most good on the electric side and involve the least amount of terms of rights of refusal or public process around whatever issues are involved.

A brief discussion followed.

Vice President Brown asked if the Willagillespie property is being considered for sale. Steve Newcomb, Environmental Manager, replied that staff hasn't looked at this property in much detail but that it is definitely part of the concept.

General Manager Gray added that Mr. Newcomb is looking at all reservoir sites to determine whether or not EWEB will need them in the future and identify any opportunities to dispose of or trade them. He noted that some may create potential property trades between interested parties.

Commissioner Helgeson asked that staff be mindful that the market is down and that those buyers with cash are looking for good value in order to either flip or develop properties. He added that he hopes that EWEB will position themselves to "obtain or capture," and he doesn't want to be in a hurry or have fire sales.

General Manager Gray assured the Board that this is not a fire sale situation and that staff isn't over-dependent on sales or leases, and that they are mindful of the market.

Mr. Biersdorff stated that May 15 is the first City Council meeting date at which deliberation regarding the riverfront property will take place, and then approximately a month from that time a second session will be held. He noted that staff can engage with the City Council regarding the schedule, and that a public hearing will be held on June 17 with action, prior to the Council's break on August 1.

President Simpson asked if the Board can participate in those meetings. Jeannine Parisi, Community and Local Government Outreach Coordinator, replied that they can, especially in a public hearing type situation.

Vice President Brown asked if the EWEB/City Council annual meeting has been scheduled yet. Ms. Parisi replied that it has not, and that the Board might want to wait until after the election to decide on the meeting topics. She added that it might be helpful for the new Commissioners to meet with the City Council, but that probably wouldn't be until July or so, as her counterpart at the City of Eugene is currently working in Salem.

Commissioner Manning agreed that it would be good to wait until after the election.

Mr. Biersdorff stated that the Request for Proposal is now out to hire a real estate consultant to assist with disposition of the riverfront property, and that it has received a lot of very positive interest. Mr. Biersdorff briefly reviewed the tasks that the consultant will perform.

Mr. Biersdorff noted that there has been some interest in the north headquarters building, the south headquarters building second floor, and the former warehouse building. A discussion followed regarding the timing of property disposition and also about disposition or lease of the former warehouse building.

President Simpson stated that he doesn't support leasing the former warehouse building at this time.

Vice President Brown stated that he wouldn't be opposed to doing a Request for Proposal and a real market test on whether or not the former warehouse building should be retained. He noted that EWEB wouldn't be obligated to sign a lease.

President Simpson voiced his support for a discussion around Vice President Brown's suggestion. Commissioner Helgeson agreed. Commissioner Mital stated he would like to follow Vice President Brown's lead, as he appreciates his expertise. Commissioner Manning agreed with Commissioner Mital.

General Manager Gray stated that his recommendation is to hire the consultant, as the Memorandum of Understanding (MOU) with the City of Eugene and the issue of public access need to be addressed. He added that the quick process of the commercial market is preferred over a slower process. He asked the Board for their feedback on the riverfront property, particularly how public access should be implemented, though there is currently no staff recommendation for this.

Vice President Brown briefly explained the issue around public access for the riverfront property, and noted that if EWEB declares open access to the public and it is privately owned, then they can enforce no camping, keeping it clean, etc. He said he believes it would be better for EWEB to maintain the riverfront property as the City doesn't have the funds to do so. He recommended public access be crafted similar to Oakway Center, which is open to the public from 7:00 a.m. until midnight.

A brief discussion ensued regarding EWEB's initial obligations and how those would transfer to a new property owner.

President Simpson voiced full support for Vice President Brown's recommendation regarding public access and EWEB maintaining the riverfront property.

Commissioner Mital wondered if there is a counter argument to this recommendation. General Manager Gray replied that the MOU requires the concept of public access in different

aspects, and that whoever makes an investment in the riverfront property will want it maintained properly, though it will be an expensive open space to maintain. He said that he has trouble visualizing a traditional “city park” path as, again, that would be expensive for EWEB to maintain.

Ms. Parisi stated that the land use code doesn’t require any particular ownership and that it is neutral regarding whether that transfers to another public entity or is privately maintained. She explained that this speaks more to the City’s interest in the 27 acres confined to merely the riverfront park strip just between the bike path and the riverfront, and that that the City Council has endorsed that as soon as EWEB declares surplus, they will release the riverfront property with the exception of that strip. She added that EWEB and the City need to have a conversation about how that would work, and that EWEB’s real estate consultant will be very helpful in that regard, i.e., he/she might recommend that EWEB have a developer on board who would partner with the City regarding maintenance.

Commissioner Manning voiced his support for Vice President Brown’s expertise and suggestions regarding public access, and also voiced support for what the Board has already embraced. He asked staff to let the Board know what they can do to help speed up this process and move forward.

Commissioner Helgeson agreed with going ahead with the hiring of a consultant for the above-mentioned issues as well as the timing of the declaration of surplus property. He agreed with Commissioner Manning regarding moving forward as quickly as possible, but cautioned that the reality is that it will take a while, particularly if the Board wants to stay true to the vision of the Riverfront Master Plan.

President Simpson stated that he would like to take the most conservative approach possible, and that if General Manager Gray recommends hiring the consultant, he supports that.

Ms. Parisi reminded the Board that there won’t be a direct way to advocate for City Council support until the public hearing is held, and that the Council has indicated multiple meeting processes over the summer, but that it may be possible for the time frame to be shortened.

Ms. Parisi told the Board that she is meeting with three people tomorrow to do video shoots along the river which will portray different walks of life. The video will then be linked with a voiceover and released to social media to get people excited about the riverfront project and to gain even more support. She said that she anticipates that it will be complete by the end of April and will also be used as pre-marketing material, so it has a dual purpose.

Vice President Brown asked when the asbestos removal from the steam plant will be complete. Mr. Newcomb replied that it will be complete by September or October 2013.

Vice President Brown asked if the Board should anticipate a recommendation for the sale of the headquarters building with EWEB leasing it back. General Manager Gray replied that,

given the code structure, EWEB has the ability to do that, and that he believes all options should be considered, however a potential lease of the second floor of the south headquarters building would be a possible encumbrance.

Mr. Biersdorff encouraged the Board to hire the consultant and get him on board in order to assist with the above-mentioned tasks, and he noted that all previous charrettes and other material that were prepared as part of the Riverfront Master Plan are available to share with the consultant.

General Manager Gray reminded the Board that real estate transactions can be discussed in Executive Session.

General Manager Gray then summarized tonight's discussion and feedback from the Board:

- Proceed with possible lease of headquarters north building and south building second floor
- Okay to test market for former warehouse building but review economics vs. potential sale (with assistance from consultant)
- Lease interest RFIs coming in on Monday, April 22
- Okay to proceed with sale of West 3rd but test market and no fire sales – will use a broker there as well
- Other surplus property sales will come to Board for declaration – will use broker and at least have an appraisal if appropriate for advice
- City Council meeting dates for riverfront upcoming – address stretched out schedule in interaction with City Councilors
- Get consultant advice for how to surplus riverfront – big bang or parcels, and test the market
- Open space/public access and MOU – advice from consultant and from interested parties on what they would like to see – future Board discussion

CORRESPONDENCE AND BOARD AGENDAS

General Manager Gray stated that he will further clarify with the Board what agenda items will be handled in the abbreviated Board meeting vs. the first meeting of each month, as he wants to test it in real time. He reiterated that the outcome of the recent Board retreat was to eventually have one Board meeting per month unless there is a compelling reason to have a second meeting, and that it may be possible to get to one meeting per month as a general goal.

He noted that one exception is the Board's traditional upriver Board meeting which is typically dedicated to upriver issues which is held in September and is currently scheduled for September 17. He added that another possible exception are the October Board meetings, as it would be hard to squeeze the agenda for those two meetings into one agenda.

President Simpson asked if the Board is required to have two public hearings for rate increases. Sue Fahey, Fiscal Service Supervisor, replied that the BPA passthrough can be done as an automatic passthrough, but the rate hearings in November and December will require two public hearings.

General Manager Gray reiterated his previous recommendation that when budget and rates are discussed at a meeting, the discussion will be referred to as a hearing.

General Manager Gray announced that EWEB recently received the safety award for large utilities (those working one million hours or more per year) from Northwest Public Power Association (NWPPA) for the third year in a row. He noted that there are many good things happening in terms of EWEB receiving recognition from the outside.

Commissioner Manning asked Mr. Robertson if there will be a press release prepared about this award. Mr. Robertson replied that there will be. President Simpson requested that a piece also be written for the Intercom employee newsletter.

Commissioner Manning thanked Commissioner Mital for his response to the awards that staff has been receiving, and said that he is setting a great example for the other Commissioners to emulate. President Simpson said that he had the opportunity to personally thank an employee and had taken another one out to lunch this week.

Commissioner Helgeson wished that there was a way to more formally acknowledge staff.

Vice President Brown recalled a past instance where a meter reader had saved a blind woman from an attack by a pit bull and had received an award for his actions, and the Board was present when the award was presented.

General Manager Gray stated that there are several ways to recognize staff directly, whether it be to have them come to a Board meeting or to invite the Board to a presentation during the work day where various staff and departments are recognized, and that he would like to use as many ways as possible to do so.

President Simpson adjourned the Regular Session at 9:00 p.m.

Assistant Secretary

President