



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital

FROM: Mark Freeman, Customer & Energy Management Services Department Manager and Kathy Grey, Residential Energy Management Services Program Supervisor

DATE: December 20, 2013

SUBJECT: EMS limited income conservation, rental weatherization and other support initiatives

OBJECTIVE: Provide requested information to the Board regarding the subject

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## **Issue:**

This memo is in response to a request for background on limited income conservation and rental property weatherization. Included as links are past background memos in response to previous Board requests of similar nature and attached is a table of penetration levels into these markets.

## **Background:**

Per ORS469.665, energy conservation measures to a dwelling shall be considered part of the utility service rendered by a publicly owned utility. The Eugene Water & Electric Board (EWEB) has offered very generous limited income and rental weatherization conservation programs since 1982. In 2011, EWEB was asked to evaluate the viability of a more specific regulatory approach to capturing more energy efficiency. Staff conducted a high-level assessment of a seemingly straightforward idea, requiring an energy audit of the building at time of sale, and uncovered numerous logistical and political issues. See [page 6 of March 19, 2012 Energy Audit Ordinance Proposal Memo](#).

### Limited Income (LI) Energy Conservation Activity

It is important to recognize that EWEB's energy conservation activities are budgeted and accounted for separately from EWEB's bill assistance programs (Customer Care). Although the two programs are coordinated, they address different objectives. Customer Care includes an education component where approximately 1,000 participants annually receive energy use education and equipment such as low-flow showerheads and CFLs free of charge. The education component of Customer Care complements the energy conservation programs and messages; and Customer Care energy advocates refer customers to EWEB's energy conservation programs.

EWEB allocates its energy conservation costs across customer rate classes by revenue. These conservation costs are split and captured through the delivery and energy charges. Because limited income customers' electric profiles are typical residential profiles, limited income customers are paying the same proportional share for conservation in their rates as other residential customers and yet are receiving a higher proportional benefit from EWEB's conservation programs.

It is estimated that between 20-30% of the Eugene population is at or below 60% of the state median income level, which is the qualifying income level for EWEB and Federal utility assistance. Historically, EWEB has targeted serving at least 20% of its limited income households through its energy conservation programs. See [September 6, 2011 Energy Management Services Penetration in Rental and Low-Income Housing Markets Memo](#). Energy Management Services (EMS) records going back to 1982 show EWEB energy conservation penetration into Eugene's limited income market has averaged more than 20%.

Forty-seven percent (47%) of all residential energy conservation projects completed over the last five years were on limited income households, and 52% of budgeted residential incentive dollars were spent on these projects, many of which are also rentals (see attached table 1). These incentives went primarily toward weatherization, heating system improvements (ductless heat pumps introduced in 2009), solar water heating, and residential multifamily (less than four stories) new construction<sup>1</sup>. In addition, 84% of commercial multifamily high-rise (four stories and above) new construction and retrofit projects completed during this same period have been for limited income occupancy. This is remarkable considering that during this time Eugene was experiencing an economic downturn, unemployment was at an all-time high and discretionary spending curtailed.

The Bonneville Power Administration (BPA) offers utilities the ability to use their BPA allocation to claim "dollar-for-dollar" expenditures for specific measures in qualified limited-income residences and up to \$20 per square foot for windows. Until 2012, EMS funded 100% of the costs for insulation, electronic thermostats, and duct-sealing; between 30-50% of the costs to install efficient windows; and an additional \$500 above the regular income heating systems incentive for limited income occupied properties (rental and owner-occupied). Limited income homeowners could receive 100% of the windows paid for through HACSA. Federal and State tax credits have been available to both residential homeowners and rental property owners.

Additionally, income eligible customers with approved credit can receive zero-interest loans to cover remaining program costs, whereas other customers must choose between rebate incentives or a zero-interest loan. In the past five years, nearly 500 limited income customers received loans for conservation projects.

As part of the EWEB 2012 cost cutting strategy, EMS conservation budgets and staff were reduced. To balance customer demand with reduced resources, EMS reduced incentives across all residential customers and eliminated some programs. This strategy included transferring all future limited income retrofit projects to HACSA starting in 2013. An intergovernmental agreement between EWEB and HACSA was approved by EWEB's Board in March 2013, allocating \$500K to provide whole house retrofits of limited income owner-occupied homes. EWEB agreed to continue the HACSA contract in 2014. Therefore, 41% of all residential conservation incentives dollars in the 2014 budget are targeted towards LI.

To make program participation attractive and affordable, incentives targeting limited income and rental property owners are typically more generous. Limited income project incentives range from 25–100% above traditional programs. Combining the higher incentives with the increased customer and contractor support required to bring these projects to completion translates into an average of about 50% higher operating cost for each kWh saved on a limited-income customer project.

### Rental Property Energy Conservation Activity

It is estimated that between 48-50% of all housing units in Eugene are rental units. Over the past five years, an average of 41% of projects completed were on rental properties (refer to attached tables). The 2010 Conservation Potential Assessment (CPA) listed approximately 11,000 living units in EWEB's service territory that had no record of participating in energy conservation programs. Of those non participants, approximately 6,800 were electrically-heated rental units. To gain insight into this market, research was conducted in 2012 that identified the majority of property owners of these non-weatherized rental units. Based on focus group research, staff has since created an action plan to contact these property owners and is implementing a targeted direct mail campaign in 2014 to encourage action. See [page 22 of April 5, 2013 Memo Rental Weatherization Research and Recommendations](#).

### Energy Conservation Outreach Activities

Outreach to limited-income and rental households includes: Coordinated referral from EWEB's Customer Care Bill Assistance programs, listings in Senior and Boomer News resource directory, Community Resources Network meetings with social services agencies, assessing customers who contact EMS directly to determine potential inclusion in limited-income programs, querying EWEB's CIS periodically to determine customers who have received LIHEAP and other types of LI assistance, referrals from the City of Eugene, advertising in the Rental Owner Association (ROA) newsletter, ROA meeting presentations, and direct mail to landlords and property owners of non-weatherized units (referenced above).

Affordability is a key strategic issue utility-wide and has become the primary barometer that staff uses to weigh program and service decisions. EWEB staff has made every attempt to strike a balance between affordability and availability of services and has made tangible improvements where possible. Increasing market penetrations in segments that may be lagging in energy efficiency too often requires additional funding. This additional market penetration may be a challenge given EWEB's current budget situation, relatively small conservation acquisition targets, and the EMS redesign objective to ensure year-round program availability for all interested residential customers.

Despite these limitations, 2013-14 incentives for ductless heat pumps (DHP) were expanded to include manufactured homes (MH). Staff estimates there are about 6,000 MH in EWEB service territory and anticipates that this program expansion will help reach a LI market segment that has been traditionally under served. Staff is not planning to actively promote this technology to manufactured home customers, but rather will accommodate natural demand from customer inquiries.

### **Recommendation:**

No recommendations, informational only.

### **Requested Board Action:**

None

<sup>1</sup> Appliances and lighting energy conservation programs are excluded because these programs are delivered by retailers who do not capture purchasers' income levels.

<http://quickfacts.census.gov/qfd/states/41/4123850.html>

**Table 1. EWEB Limited Income and Rental Property Penetration (2008-2012)**

Limited Income and Rental Property Project Data:

Completion Year	Total number of Projects	Number of Limited Income Projects	Limited Income as % of total projects	Number of Rentals	Rentals as % of total projects	Number of Limited Income Rentals	Limited Income Rentals as % of total projects	Number of Non-Limited Income Rentals	Non-LI Rentals as % of total projects
2008	2,176	1112	51%	902	41%	812	37%	90	4%
2009	2,198	1012	46%	701	32%	530	24%	171	8%
2010	2,714	1474	54%	989	36%	552	20%	437	16%
2011	3,028	1373	45%	1,461	48%	1,072	35%	389	13%
2012	1,847	667	36%	808	44%	368	20%	440	24%
<b>Totals</b>	<b>11,963</b>	<b>5638</b>	<b>47%</b>	<b>4,861</b>	<b>41%</b>	<b>3,334</b>	<b>28%</b>	<b>1527</b>	<b>13%</b>

Incentive Dollars paid to Customer for Energy Efficiency Projects:

Completion Year	Total Incentives paid	Total Appliance and Lighting Incentives	Total Incentives not including Appliances and Lighting	Total limited income incentives paid	Limited Income as % of total incentives paid
2008	1,482,584	430,908	1,051,676	755,525	72%
2009	2,188,392	455,184	1,733,208	785,102	45%
2010	2,548,833	325,479	2,223,354	1,083,531	49%
2011	2,987,987	388,197	2,599,790	1,290,554	50%
2012	1,395,328	339,331	1,055,997	573,697	54%
<b>Totals</b>	<b>10,603,124</b>	<b>1,939,099</b>	<b>8,664,025</b>	<b>4,488,409</b>	<b>52%</b>

**Table 2.**

## New Construction Projects 2008 – 2014

Residential New Construction - Limited Income Projects						
Year	LI Projects	Residential Housing Type	Number of units	LI Incentives	% LI vs. Non LI units (per year)	% LI Incentives vs. Non LI units (per year)
2008	2	Multifamily	29	\$ 23,800	14%	13%
2009	2	Multifamily	166	\$ 82,635	47%	56%
2010	2	Multifamily	45	\$ 15,485	19%	14%
2011	0					
2012	1	Multifamily	56	\$ 7,676	48%	9%
2013	3	2 Single Family, 1 Multifamily	56	\$ 19,000	64%	N/A
2014	6	5 Single Family, 1 Multifamily **	59	\$ 6,250	31%	N/A
<b>Totals</b>	16		411	\$ 129,596		25%

**Note:** 2013 LI projects expected December 31, 2013.  
LI incentives column does not include 2013 and 2014 estimated incentives.

Commercial - New Construction and Retrofit Limited Income Projects						
Year	LI Projects	Commercial Housing Type	Number of units	LI Incentive	% LI vs. Non LI units (per year)	% LI Incentives vs. Non LI units (per year)
2008	0					
2009	0					
2010	1	Multifamily	35	\$ 19,464	100%	16%
2011	2	Multifamily	45	\$ 48,557	56%	7%
2012	3	Multifamily	105	\$ 18,042	100%	7%
2013	0					
<b>Totals</b>	6		185	\$ 86,063	79%	8%

**Note:** Commercial multifamily high-rise projects (four stories and above).



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December 16, 2013

Roger Gray  
Eugene Water and Electric Board  
P.O. Box 10148  
Eugene, Oregon, 97440

Dear Friend of 4J,

Thank you for supporting excellence for students in Eugene School District 4J. Your contribution donated 11/7/2013, and itemized below, is greatly appreciated.

**Grants/2013 Celebration "Science Kits" \$4000**

*Thank you!*

Gifts and grants reach students in every 4J school, every year, thanks to the commitment of donors like you. Some students visit the ocean for the first time in their lives, because of an EEF-sponsored field trip. Others gain opportunities to reach for higher learning, because of EEF support of AVID programs. Many students advance their skills in Science, Technology, Engineering and Math when they are given access to advanced calculators, iPads, science kits, and more.

EEF exists to provide support and hope to our community, our teachers, our kids. Your investment in their future will continue to strengthen us all for a lifetime. Your continued support will provide opportunities to inspire the next generation of learners.

Visit the EEF Facebook page and you'll see photos and stories about EEF grants in action, or sign up for the EEF newsletter on our website, [www.eeflane.org](http://www.eeflane.org) to stay connected with us.

Most sincerely,

A handwritten signature in cursive script that reads 'Molly Wittkop Lajoie'.

Molly Wittkop Lajoie  
Executive Director

*Please keep this letter as a receipt for tax purposes. Pursuant to Internal Revenue Code Section 170(f)(8), EEF states that it provided no goods or services in return for this gift. Federal Tax ID Number 93-1128220*

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# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital  
FROM: Cathy Bloom, Finance Manager and Gail Murray, Purchasing/Risk Manager  
DATE: December 30, 2013  
SUBJECT: Q4 2013 Contract Report  
OBJECTIVE: Information Only

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## **Issue**

At the August 6<sup>th</sup> Board meeting, the Board ratified Resolution 1320, which increased the Board Approval Threshold for certain contracts to more closely align with solicitation thresholds. As a result, the processes were streamlined for the Board and Purchasing/Risk department and assisted with a strategy to move forward with reduced staffing levels in the Purchasing Department. The Board requested that staff provide a quarterly report of contracts between \$20,000 and \$150,000, which would have come to the Board for approval under the previous threshold amounts.

## **Background**

Due to the cost reduction strategies implemented in the last two years, the Purchasing department has been reduced by two FTE, or a 20% reduction in staff. In an effort to streamline processes and procedures for both staff and the Board, management proposed and the Board approved the alignment of Board approval and procurement thresholds. This change will result in the reduction of the number of items coming before the Board on the consent calendar. This would allow the Board to focus on higher level/higher risk contracts and other strategic initiatives. It will also allow purchasing staff to focus their energies on the higher risk/greater return projects and contracts.

The thresholds are:

Purchase of all Goods, Equipment, Services and Personal Services:	\$ 150,000 or greater
Purchase of Construction Services:	\$ 100,000 or greater

## **Discussion**

Attached is the Contract report for the fourth quarter. The contracts listed are those that would have previously come to the Board for approval, but which are now below the Board approval threshold. If you have any questions regarding the contracts, please contact the Purchasing Manager, Gail Murray.

## **Recommendation/Requested Board Action**

None at this time. This information is provided for informational purposes only.

Contract Execution Date	Contract #	Contractor	City, State	Description	Contract Amount	Contract Term	Contract Process	LT Manager
10/03/2013	1059-2013	Peterson Power Systems	San Leandro, CA	Emergency Generator Testing	\$ 39,170.00	10/2/13 - 10/3/18	Request for Quote	Roger Kline
10/07/2013	13-0011	Rainbow Water District	Eugene, OR	Water Meter Installation	\$ 30,000.00	10/7/13 - 10/6/14	IGA	Brad Taylor
10/11/2013	2363	Bridge Energy Group	Marlborough, MA	SOA Employee Service Implementation	\$ 147,840.00	10/11/13 - 12/31/13	Informal RFP	Matt Sayre
10/14/2013	2346	Systems West	Eugene, Oregon	Chilled Water & Building Control Retro-Commissioning	\$ 21,500.00	10/14/13 - 12/31/13	Direct Negotiation	Todd Simmons
10/22/2013	2362	Feynman Group	Eugene, Oregon	Residential Networking Support	\$ 20,000.00	10/22/13 - 12/31/14	Direct Negotiation	Erin Erben
11/01/2013	2366	Art2Link	Carmel, Indiana	BizTalk Training-EnergyInsight to SmartStream Integration Srvcs	\$ 32,000.00	11/1/13 - 12/31/13	Direct Negotiation	Matt Sayre
11/12/2013	048-2013	Kenney Consulting	Kensington, CA	Actuarial Services	\$ 130,500.00	1/1/2014 - 12/31/2017	Request for Proposal	Cathy Bloom
11/12/2013	2367	The Freshwater Trust	Portland, Oregon	Phase II Riparian Forest Survey	\$ 47,000.00	11/12/2013 - 12/31/2014	Direct Negotiation	Steve Newcomb
11/18/2013	2357	BLX Group	Mesa, AZ	Arbitrage Rebate Consulting Services	\$ 25,000.00	11/18/13 - 11/13/14	Direct Negotiation	Cathy Bloom
12/05/2013	2355	Baker Tilly	Madison, WI	WAM - Budget Work Around	\$ 100,000.00	12/5/13 - 3/31/14	Informal RFP	Cathy Bloom
12/13/2013	1054-2013	Elstor	Albany, Oregon	Painting Transformers	\$ 50,000.00	12/15/13 - 12/14/18	Request for Quote	Todd Simmons
12/13/2013	2356	Baker Tilly	Madison, WI	WAM - Inventory Module Implementation	\$ 149,000.00	12/13/2013 - 12/31/13	Informal RFP	Cathy Bloom

**Total # of Executed Contracts between \$10,000 - \$20,000 = 3**

EWEB association for all above contracts = None

Questions? Please contact: Gail Murray, 541-685-7429



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD



TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital  
 FROM: Lance Robertson, Public Affairs Manager; Jeannine Parisi, Community and Local Government Outreach Coordinator  
 DATE: December 18, 2013  
 SUBJECT: Stormwater and Wastewater Charges  
 OBJECTIVE: Information Only

At the December Board meeting, Commissioner Brown requested updated rate projections for City of Eugene storm water and wastewater fees collected as part of the EWEB bill.

The first table below shows five years of rate changes for the wastewater component of the bill. Please note that wastewater charges have two components: a local user fee set by the City of Eugene and a regional fee set by the Metropolitan Wastewater Management Commission (MWMC). The fee is based on water consumption<sup>1</sup>, so the monthly costs are estimates for a typical residential customer.

**Table 1. Wastewater Rate History FY09 through FY14**

	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>
Local rate per kgal	1.368	1.696	1.849	1.904	1.961	1.961
Cost @ 5kgal/month	6.84	8.48	9.25	9.52	9.81	9.81
% change		24%	9%	3%	3%	0%
Regional rate per kgal	1.684	1.986	2.085	2.168	2.255	2.324
Cost @ 5kgal/month	8.42	9.93	10.43	10.84	11.28	11.62
Regional basic charge	<u>8.46</u>	<u>9.98</u>	<u>10.48</u>	<u>10.90</u>	<u>11.34</u>	<u>11.68</u>
Total Regional Cost	16.88	19.91	20.91	21.74	22.62	23.3
% change		18%	5%	4%	4%	3%
<b>Total Combined WW Charge/month</b>	<b>\$23.72</b>	<b>\$28.39</b>	<b>\$30.16</b>	<b>\$31.26</b>	<b>\$32.43</b>	<b>\$33.11</b>
<b>% change</b>		<b>20%</b>	<b>6%</b>	<b>4%</b>	<b>4%</b>	<b>2%</b>

<sup>1</sup> Wastewater charges are based on actual water meter readings for December – April and use average winter consumption for the other months to account for outdoor usage.

The cumulative change to monthly wastewater charges since 2009 was about \$9.40; currently the average residential customer pays about \$33/month for wastewater fees. Please note that as part of the new billing agreement between EWEB and the City of Eugene, wastewater is now contributing to EWEB's bill payment assistance for limited income customers. Previously, only the City's storm water utility participated in supporting Customer Care.

Looking ahead over the next few years, city staff project annual increases close to the Consumer Price Index for the local portion of the wastewater fee. For the regional component of the wastewater fee, the rate forecast reviewed by the MWMC in April 2013 projected a four percent rate change in FY14-15. The updated rate analysis for FY14-15 is pending completion and staff was unable to provide a longer range forecast.

On the storm water side, earlier projections estimated annual increases in the four – five percent range. However, with the current \$3 million gap in the City's General Fund, storm water charges are much more uncertain. One proposal to help close the budget gap transfers approximately \$600,000 of storm water services from the General Fund to the Storm water Fund. Aligning the funding for maintenance of parks and open space that benefit the City's storm water program acknowledges the direct correlation of the value of those services to the storm water system. If this proposal is approved, additional increases may be needed to create a stable storm water fund.

The table below shows the changes in monthly storm water rates since 2009. Since charges are based on the size of the building's footprint, values below are for a medium tier residential property (greater than 1000 sq ft and less than 3000 sq ft).

**Table 2. Storm water Rate History FY09 through FY14**

	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>
Rate/Month	\$9.40	\$9.82	\$9.82	\$10.89	\$11.39	\$11.39
% change		4%	0%	11%	5%	0%

The cumulative bill impact from storm water increases since 2009 is about \$2 more per month. Here are some other facts discovered during this review that may lend some additional context.

- The large increase to wastewater fees in 2010 (20%) was a direct result of the closure of the Hynix facility.
- A 1% storm water rate increase adds about 11 cents to the average residential customer monthly bill; a 1% electric rate increase adds about \$1.10 per month.

- A 1% increase to both the regional and local portion of the wastewater fee has about the same bill impact as a 1% water rate increase for the typical household (about thirty-five cents/month)
- The City of Springfield's charges for both storm and wastewater are higher than Eugene's. According to the 2012 City memo referenced by Commissioner Brown, there was about a \$10/month differential in wastewater fees.

Each year, the City supplies EWEB with an updated storm water and wastewater rate brochure for inclusion in the July billing cycle. This brochure is also posted on the EWEB website to help customers better understand the different charges on their bill.