

EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
JUNE 2, 2015
5:30 P.M.

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

Others Present: Roger Gray, Adam Rue, Lance Robertson, Mike McCann, Lena Kostopulos, Todd Simpson, Dave Churchman, Sue Fahey, Brad Taylor, Frank Lawson, Deborah Hart, Mark Freeman, Wally McCullough, Mel Damewood, Joe Harwood, Erin Erben, Laura Farthing, Mark Maguire, Laurie Muggy, Lance Hughes, Anne Kah, Brea Bach, and Taryn Johnson of the EWEB staff; Vicki Maxon, Recorder.

President Mital convened the Regular Session of the Eugene Water & Electric Board (EWEB) at 5:30 p.m.

AGENDA CHECK

President Simpson asked to defer agenda item #11, EWEB Partial Requirements & Stranded Investment Policy, until the July Board meeting, as he doesn't want to feel pressure to make a decision on it this evening. President Mital and Commissioner Helgeson supported this, and the rest of the Board agreed to discuss this item this evening but take no action. President Simpson asked to reduce the time for this agenda item to 15 minutes. President Mital stated that he would like to retain 30 minutes for this item to allow time for ample discussion. President Simpson agreed.

CEREMONIAL RECOGNITION: NWPPA "Career Commitment to Safety" Award

General Manager Roger Gray stated that EWEB has been a member of the Northwest Public Power Association (NWPPA) for many years, and that he recently received a letter from the Executive Director of Technology, thanking Vice President Simpson for his participation in the recent legislative rally in Washington, D.C.

He also noted that EWEB as a whole, and Mark Maguire, Safety Supervisor, as an individual, have received their Career Commitment to Safety Award. He told Mr. Maguire that he greatly deserves this award, as he is a member of every organization, participates at the State and local level, has excellent relationships with every organization, is on the advisory committee on hazards, works with local agencies, and that his religion is safety. General Manager Gray attributes much of EWEB's progress in safety to Mr. Maguire.

Mr. Maguire thanked General Manager Gray, and stated that he and other EWEB staff would not be able to do what they do without the support and leadership of the Board and General Manager Gray, and all other employees, and that it is not just about one person, but everyone from the groundswell up. He added that he has never worked anywhere where he doesn't have to sell the concept of safety, and that it is easy to be a resource and provide service

to an organization who believes in it but that it wouldn't happen without the support of the Board and General Manager Gray.

ITEMS FROM BOARD MEMBERS

Vice President Simpson noted that one of EWEB's industrial customers had contacted him about contacting one of EWEB's key account representatives, as they are interested in expanding their electric service by approximately 1 MWs, and that General Manager Gray has already been informed of their request.

Commissioner Brown asked for a status report on EWEB's revolving economic development fund—how much is currently in the fund and how much has been distributed so far.

He also noted that the McKenzie River is at the lowest level he has seen in 40 years, and that he is challenged to see whether Leaburg Dam is in compliance with FERC policy for 1,200 cubic feet/second (CFS), and that it is going to get worse, as it is half of the level it normally is in the month of October. He wondered if Leaburg and Walterville will be shut down with the record of number of salmon, as there is not enough water for them to get upriver.

General Manager Gray replied that the economic development fund update will be queued up for a starboard report. He asked Mr. McCann to address the McKenzie River question.

Mr. McCann replied that EWEB is in compliance today at 1,000 CFS or more, 1,060 CFS at Leaburg, and 1,090 CFS below Walterville, and noted that EWEB is required to leave at least 1,000 CFS at Leaburg and 1,000 CFS in each canal; and that when the river reaches 500 CFS in the canal and 1,000 CFS in the river, there will be diminishing return on generation. He added that staff will continue to watch the level.

Commissioner Brown stated that if EWEB can do something to help the salmon, he hopes they will.

Mr. McCann added that staff is sending out a maintenance crew to check the salmon return channel, and that as of last week, the salmon are not there. Commissioner Brown noted that there have been 1,300 over the dam already and some elsewhere, so in fact they are there, and reiterated that if EWEB is low on power and having to make a decision between low power and the salmon, he hopes they will go for the salmon.

General Manager Gray noted that Generation staff have authorization to shut down the plant without notifying him.

Commissioner Manning congratulated Mr. McCann and Vice President Simpson for their awards, and noted that the Board will continue to make sure that ratepayers' concerns are addressed and will continue to maintain the quality of expectation for delivery systems.

He then thanked Commissioner Brown and Lance Robertson, Public Information Manager, for their participation in the recent Solar Challenge, in which over 200 students

participated. He also thanked Tim Whitely for inviting Board and staff to participate in it, as one of the greatest things EWEB can do is provide outreach to students and welcome them to the age of technology, where EWEB can discover the next generation of EWEB associates. He also welcomed Commissioner Helgeson back from vacation.

PUBLIC INPUT

Dara Brennan, Springfield Public Schools Science and STEM Specialist and Grant Coordinator, thanked the Board for their participation in the Solar Challenge and also for their financial support for the Springfield School District. She noted that EWEB's grant reaches an average of approximately 6,000 students each school year with 11 different programs. She gave the Board some thank you notes and drawings from Springfield students.

Peter Reppe, Ward 2 and 3, spoke to the proposed stranded investment policy that he believes appears to be a proposed surcharge for distributed generation customers or a fixed rate charge. He stated that this policy could eliminate the legal and financial benefits of owning a photovoltaic system as it now pays less than half of customer-generated power, and that it is difficult for him to follow the logic behind the main argument behind the capacity reservation charge. He asked how the extra cost is justified, and suggested that the Board request from staff or outside consultants information on the benefits of utility generation, revenue losses, customer support, disaster recovery, better generation diversity, etc. He noted that it may be fair to charge other customers more for less revenue and higher line maintenance costs, and that in his opinion this policy penalizes small-scale energy. He urged the Board to request a full accounting of the costs and benefits of distributed generation before making this policy decision.

Brittany Quick-Warner, Ward 8, is the Director of Business Advocacy for the Eugene Chamber of Commerce. She stated that the Chamber has enthusiastically supported the riverfront development process and that they support the Multiple-Unit Property Tax Exemption (MUPTE) program to build what the Chamber desires, establish a train quiet zone, and to be an advocate for public investment. She noted that the Chamber was disappointed that the University of Oregon Foundation backed out as a prospective developer but, despite that, the Chamber still maintains enthusiasm and momentum to do something wonderful to create a lasting legacy and bring great value to the community, and that they are committed to transform the riverfront property. She thanked Board and staff for their hard work.

Shelley Villalobos, Ward 1, works in the University Of Oregon Office Of Sustainability. She provided a brief summary regarding the SCORE (Student Community Outreach for Renter Efficiency) program, in which student peers educate each other. She thanked the Board for assisting with the start of the SCORE program in the form of their funding through the Partners in Education grant in 2012. She noted that the program has grown in the past three years, with the audit of 162 homes by over 520 trained student educators, including installation of low-flow shower heads, timers, weather stripping, insulation, CFL bulbs, etc. Though the program now lives on through funding from the City of Eugene, she thanked the Board for approving the funding to start it three years ago.

Commissioner Helgeson thanked Ms. Brennan and said it is great to hear about the valuable contribution that EWEB provides to school districts. He apologized to Mr. Reppe for not getting back to him yet, as he has been on vacation, and reiterated that the stranded investment policy will be discussed tonight but action will not be taken until the July Board meeting. He appreciated the Chamber of Commerce support for the riverfront development process, and also thanked Ms. Villalobos. He noted that the rental sector has been one of EWEB's energy conservation challenges, and that her presentation reminded him that a part of energy education is behavioral and that education is another way to instill renter efficiency.

Vice President Simpson also appreciated EWEB's partnership with the Chamber, and thanked Mr. Reppe for his concern relative to distributive generation and line compensation. He reiterated that he is not quite ready to take action. He thanked Ms. Brennan for bringing the kudos from students and added that it is impressive to hear that Board support for energy education reaches the Springfield School District even though the EWEB had to reduce those funds.

President Mital stated that Mr. Whitely attends Board meetings 2-3 times a year to apprise the Board of the importance of EWEB's grant money for School District 4J. He appreciated Ms. Brennan's testimony and noted that this contribution is important for longevity of relationships. He thanked her and Ms. Villalobos for their testimony. He reiterated to Mr. Reppe that the Board won't take action on this policy tonight but will only discuss it, and he noted that he has concerns about the signals the policy sends. He thanked Ms. Quick-Warner for the Chamber's support, as EWEB needs all the support it can get to move the riverfront development process off EWEB's books and on to someone else's.

Commissioner Brown noted that he spent five hours at the Solar Challenge and that the students' inventions were incredible—including one student to which he offered a patent for his invention. He recalled that six years ago EWEB's energy education grants were on the chopping block and that he is very glad they were saved. He thanked Mr. Reppe for his testimony and Ms. Villalobos for her admirable program and the outreach to students, as he has seen almost every student housing building on campus, and they are definitely "energy sieves."

Commissioner Manning thanked everyone for their testimony. He noted that how EWEB deals with self-regulated electricity and how to sell it back is a conversation that the Board has had for some time, and that some aspects are controversial but some are not. He thanked Ms. Quick-Warner for her testimony and stated that the Chamber should give her a raise for being so visible everywhere.

For the record, President Mital stated that, prior to being sworn in as an EWEB Commissioner, the SCORE students submitted their grant application independent of him, and then EWEB contacted him and told him that they couldn't issue an award directly to students, so the Office of Sustainability made sense. He noted that this had nothing to do with his work on the Board, but that he is glad the Board was able to extend the grant and roll it over for subsequent years.

APPROVAL OF CONSENT CALENDAR

MINUTES

1. a. April 7, 2015 Regular Session
- b. May 5, 2015 Executive Session
- c. May 5, 2015 Regular Session

CONTRACTS

2. Certified Contractors – for residential backflow testing services. \$475,000 (over five years). Water Operations, Contact Person is Brad Taylor.
3. Ernst & Young LLP - for Work and Asset Management System (WAM) support services. \$300,000. Information Technology, Contact Person is Erin Erben.
4. JCI Jones Chemicals, Inc. - for water treatment chemicals (liquid chlorine) to be used at the Hayden Bridge Filtration Plant. \$180,000 (over three years). Water Operations, Contact Person is Brad Taylor.
5. Lakeside Industries, Inc. – for cold mix to repair asphalt repair or replacement. \$226,000 over five years). Water Operations, Contact Person is Brad Taylor.
6. Util-Assist, Inc. - for integration of implementation services for the Advanced Metering Infrastructure/Meter Data Management (AMI/MDM) Project. \$700,000 (estimated). Information Services, Contact Person is Erin Erben,
7. Valleyscapes, Inc. – for Landscaping Services. \$421,000 (over five years). Facilities Maintenance, Contact Person is Todd Simmons.

RESOLUTIONS

8. Resolution No. 1511 - Wire Transfers Service Agreement, Contact Person is Susan Fahey.
9. Resolution No. 1512 - Local Government Investment Pool, Contact Person is Susan Fahey.
10. Resolution No. 1513 - U.S. Bank, Contact Person is Susan Fahey.
11. Resolution No. 1514 - Bank of America, Contact Person is Susan Fahey.

It was moved by Commissioner Brown, seconded by Commissioner Helgeson, to approve the Consent Calendar. The motion passed unanimously (5-0).

RIVERFRONT PROPERTY – PATH FORWARD

Using overheads, Steve Newcomb, Environmental and Property Manager, and Jeannine Parisi, Government and Community Affairs Coordinator, provided an update on the riverfront property development process. Mr. Newcomb thanked Ms. Parisi and Will Bondioli, Operations Supervisor for their assistance.

Management summarized progress made on preparation for eventual property sale, key business transaction terms, potential barriers to be addressed, and the partnership with the City of Eugene. Ms. Parisi noted that staff hopes to return to the Board in August with a timeline and/or possible other options, and again in six months with an update on progress, and that a meeting between General Manager Gray and potential developer Williams & Dame of Portland is imminent.

Dike Dame of Williams & Dame introduced himself and thanked Board and staff for tonight's discussion, and noted that he and General Manager Gray will be meeting tomorrow.

It was moved by Commissioner Brown, seconded by Vice President Simpson, to direct management to continue the work in progress to prepare the property for sale and to formally re-engage Williams & Dame to determine their interest in pursuing the riverfront project; to understand the timing and scope of a potential transaction with them, recognizing there may be a preference for a phased sale; and to explore their preferences for EWEB's role in ensuing negotiations, with a staff report back to the Board at the August meeting.

Commissioner Brown stated that he believes Williams & Dame have the ability to take on this project but that the City of Eugene holds the majority of the cards moving forward, and he would like EWEB to take a secondary position. He added that time kills deals and EWEB needs to move forward, but the City controls almost every aspect of the process, and that a Memorandum of Agreement (MOU) is needed that offers the City expectations and a timeline. He reiterated that EWEB can continue the process even if the City doesn't want to take a further role, but that EWEB is not a real estate developer and they've done what they need to do, and that it may be time for EWEB to take a secondary position and let someone else take the lead in the process.

Commissioner Manning stated that he is very disappointed with how things turned out with the University of Oregon Foundation, but that the discrepancies that came out of that process will be corrected as expeditiously as possible. He thanked staff for their work and reminded the audience that there is a developer still interested in the property, and he encouraged General Manager Gray to meet with them, knowing that the now-identified issues with the property will be eliminated.

Commissioner Manning agreed wholeheartedly with Commissioner Brown that the City should take on a larger role, and that EWEB has done what it needs to do, and the rest is pretty much up to the City. He expressed hope that the City will engage rapidly so that EWEB can get back to being a provider of electricity and water.

President Mital supported Commissioner Brown's motion as read, which will further empower General Manager Gray to negotiate with Williams & Dame. He agreed that EWEB should move toward the City taking the lead and clarify what the City can and cannot commit to, and also set some sideboards in terms of time. Should it turn out that the City can't move forward with the process, that conclusion needs to be made in a timely manner so as to provide General Manager Gray as much flexibility as he needs.

Vice President Simpson thanked Mr. Dame for coming to tonight's meeting and told him that the Board is very open to having his company participate as a potential developer, as he is

interested in moving this project along quickly. He reiterated that he and his colleagues are interested in putting the City in the driver's seat and having EWEB take a back seat. He noted that he is personally very disappointed that the University of Oregon Foundation did not work out and also in the method in which the Board learned of their withdrawal. He also reiterated that it is the Board's job to work with the City and encourage them to make the right decisions in a timely manner.

Commissioner Helgeson supported Commissioner Brown's motion and agreed with his fellow Commissioners' comments. He appreciated that Board and staff have done a lot of good work over the past six months, and believes that EWEB is better positioned to move forward more quickly. He agreed that there are many issues yet to be resolved that lie in the City's purview, and he appreciated Williams & Dame's continued interest in working with EWEB, beginning tomorrow and subsequently. Support the motion.

The motion passed unanimously (5-0).

RESERVE FUND STATUS AND TRANSFERS: RESOLUTION #1515

Using overheads, Sue Fahey, Finance Manager, summarized the reserve fund status and transfers. She noted a shortfall due to an unusually warm winter and the recent PERS unfunded actuarial liability decision, among other issues.

It was moved by Vice President Simpson, seconded by Commissioner Manning, to approve Resolution #1515. The motion passed unanimously (5-0).

Commissioner Brown asked for an update on EWEB's economic development program loans. Ms. Fahey stated that two loans are now completed and that there are four in process.

It was moved by Vice President Simpson, seconded by Commissioner Manning, to amend the above motion to also include the addition of a rate stabilization fund for the water utility system and, for the electric system, to direct electric utility staff to rename the unallocated power fund to the rate stabilization fund, and to direct water utility staff to add a new fund named "water rate stabilization fund."

Commissioner Brown supported the motion but noted that he would like to have a discussion about the septic tank repair program and how to get more funding for it.

The motion passed unanimously (5-0).

WATER SYSTEM MASTER PLAN: RESOLUTION #1517

Using overheads, Mel Damewood, Engineering Manager; Wally McCullough, Water Engineering Supervisor; and Laura Farthing, Senior Engineer/Water, presented a summary of the Master Plan and addressed questions and comments from the Board. Mr. Damewood thanked Ms. Farthing for her dedication to this project.

Commissioner Manning suggested that the timer stop during staff's response to Board questions and comments so that staff's response doesn't use up the Commissioners' allotted time. This will be addressed at a later time.

The Board made the following comments/suggestions:

- Generally like the direction of the master plan with its focus on resiliency and optimization
- Favor the 100-year outlook with regard to facilities and trying to get new facilities to assist with being more sustainable
- AMI compatibility – change is inevitable and EWEB is responding
- Re: fire flow strategies in the South Hills, resiliency comes with a price – hardening the base of the system should not be to the detriment of customers, but with a major earthquake or other disaster, an altered level of service will result in a two-mile walk for some customers
- Build in operational flexibility – higher energy efficiency
- Build in plenty of connections within the distribution system for flexibility of operations
- Make sure EWEB has the right telemetry to respond
- Clarify level of services and keep moving forward
- Continue the focus on an emergency water supply

Management stated that the Board's comments will help set the direction and that they will return to the Board with annual capital improvement plans for this and other projects in the future, and will set an annual budget and apprise the Board of any adjustments that need to be made to the master plan.

It was moved by Vice President Simpson, seconded by Commissioner Manning, to approve Resolution #1517. The vote was unanimous (5-0).

President Mital called for a 10-minute recess.

EWEB PARTIAL REQUIREMENTS AND STRANDED INVESTMENT POLICY: RESOLUTION #1516

Using overheads, Erin Erben, Power and Strategic Planning Manager, and Adam Rue, Senior Energy Resource Analyst, clarified the above policies and presented their intentions for next steps, and addressed clarifying comments and questions from the Board.

Commissioner Helgeson stated that he believes this is an overarching strategy for dealing with distributive generation and how customers relate to the grid, and that if the focus is on the concern that customers will switch their power needs off of the grid, then EWEB has lost a strategic opportunity. He voiced the desire to keep rates competitive and to continue to provide value-added choices for customers. He noted that EWEB is not in business to simply sell a product, but to do what's best to serve customers in terms of power supply, and if distributive generation is ultimately cheaper and better in order for them to be served, he hopes that staff would also try to figure out how to align with that, and that community solar may be something that would allow that alignment.

Ms. Erben recalled that EWEB doesn't need to purchase power right now and that community solar can still use distribution system, but by definition solar is not in one's house, and that EWEB needs to do what's in the best interest of community in the future.

President Mital noted that the Board hasn't heard much about the cost of this, and that there is so much information out there about "off the grid" and the technology to support it, but nothing out there about what happens to everyone else, and that he believes it is incumbent upon the Board and Public Affairs staff to get information out there about the impacts of this. He added that he believes that some rate actions the Board has taken nipped the concern that EWEB is largely going to manage the partial service issue, and that he doesn't think customers will appreciate seeing an exit fee.

Commissioner Brown noted that there is a high proportion of low-income residents in Lane County, and he wondered if they would have to pick up the extra cost of non-implementation. He asked for follow-up information on what other utilities have done, as he wants to make sure that every customer pays their share.

Mr. Rue replied that there would be mandatory demand charges and the ability to implement a specific rate for those types of circumstances, and there would also be a higher-level policy for new industrial customers that would address each customer class equally—i.e., residential photovoltaic vs. large industrial vs. selling territory to a neighboring customer.

General Manager Gray noted that most utilities are looking at rate design as an issue for distributive generation and low-income impact, and that EWEB is viewed as a leader in that field and is being asked about rate design. He added that the best study regarding that impact was done in California for the Public Utilities Commissioner (PUC).

Vice President Simpson noted that net metered customers can take advantage of transmission both to and away, and that Bonneville Power Administration (BPA) sends energy long distance across wires, and many other transmission authorities do the same thing. When customers pay for transmission at wholesale level, why shouldn't they pay at retail level? It makes no sense to give it away, and it goes right to the heart of rate design. He added that extra costs need to be carried in the base charge and that there is an impending shift toward that, which is something the Board has talked about for the past five years. He also stated that if EWEB wishes to insulate from the base charge, then four-quadrant meters need to be used for monitoring inbound and outbound, because a customer building up generation facilities and then moving to another city is what contracts are for.

Commissioner Manning stated that he will always oppose customers at the lowest socioeconomic level paying for any other customer, and that this is a possible opportunity for EWEB to consider adding solar to their portfolio, and could be a way to address it holistically instead of having individuals doing their own thing. He added that technology is moving pretty fast with battery-operated cars, self-driving cars, etc., and that should be considered when thinking about how EWEB will evolve over time.

President Mital supported a more granular policy that isolates big users from small users.

Commissioner Helgeson stated that for him this is part of a much broader conversation that has to do with strategic position and what the future may hold, and how EWEB aligns with that.

President Mital stated that it's hard to see how partial requirements customers would move from partial requirement to when they want to separate from the grid, and that that has been addressed in the changes that have been made to the base charge. He voiced the desire to focus on one or both first and leave partial requirements for later.

Vice President Simpson voiced the desire to see it qualified in the policy, with Board approval. Commissioner Helgeson voiced the desire to do more work on it first.

General Manager Gray stated that there are other issues that are more pressing currently, i.e., the absence of a customer exit policy.

Ms. Erben stated that staff will separate the first two items and bring those back to the Board fairly soon, and then bring the others back later. The Board agreed.

CORRESPONDENCE AND BOARD AGENDAS

General Manager Gray highlighted the following:

- Important compliance/governance issues
- Power trading amendment
- Filing of renewable portfolio standards (RPS) requirements with the State of Oregon
- Legislative session update – things are changing rapidly; HB 3470 close to being consistent with Board's adopted carbon policy but still not defined enough
- One modification on tonight's decision – propose to move the riverfront property update from the July meeting to August, and change the Executive Session start time later (i.e., 4:30 p.m.)

BOARD WRAP-UP

Commissioner Helgeson stated that there may be a way to construct community solar to take advantage of tax credits and allow prescriptions to that in a way to satisfy whatever customer need is, as an alternative to customers who will otherwise take advantage of subsidies. He wondered if there is interest in taking a look at that.

General Manager Gray replied that he can provide more information on that from the briefings he received at a recent meeting.

Vice President Simpson asked to include information regarding the E3 California Net Metering projects in a starboard report. He also appreciated the riverfront property discussion and thanked management for bringing the Board into a win/win position, in his opinion.

He then wondered why staff takes the extra time to send Board backgrounders via e-mail when they are already on the website. He noted that one backgrounder was so large that his internet provider rejected it, that he doesn't receive confidential documents accurately, and that receiving a PowerPoint document via e-mail is awkward. He also stated that receiving

documents in this way robs the public of an opportunity to see them and is more cumbersome for access, and that he prefers going to a known website location to read the backgrounders.

President Mital asked Taryn Johnson, Executive Assistant to the Board and General Manager, to poll the Board for their preference on how to receive backgrounders and other documents.

Regarding the Board retreat, President Mital stated that General Manager Gray and Ms. Johnson will prepare a matrix with questions for the Board and he will e-mail it to the Board and then get the information back to General Manager Gray and Ms. Johnson. He also noted that various boards have recently lost public trust because of how they use their e-mails in the private vs. public sector, and that the Board might want to become more disciplined about that.

Regarding improvement of the three-minute timer for Board meetings, Commissioner Brown stated that he doesn't want to change how it is currently used. He also noted that he uses his work e-mail address most of the time as he can't always get his EWEB e-mail address to work properly.

President Mital adjourned the Regular Session at 9:07 p.m.

Assistant Secretary

President

EUGENE WATER & ELECTRIC BOARD
EXECUTIVE SESSION
EWEB BOARD ROOM
500 EAST 4TH AVENUE
JUNE 2, 2015
4:30 P.M.

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

Others Present: General Manager Roger Gray, Steve Newcomb, Jeannine Parisi, Sue Fahey, Brea Bach and Taryn Johnson of EWEB staff. Eric DeFreest of Luvaas Cobb.

President Mital called the Executive Session meeting of the EWEB Board of Directors to order pursuant to ORS 192.660(2)(e) at 4:30 p.m. to deliberate with persons governed by the governing body to negotiate real property transactions.

President Mital adjourned the Executive Session meeting at 5:20 p.m.

Assistant Secretary

President

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a new contract with **Halvorson Contracting**, for the **Electric Operations Remodel**.

Board Meeting Date: July 21, 2015
Project Name/Contract#: Electric Operations Remodel / ITB 013-2015
Primary Contact: Todd Simmons Ext. 7373
Purchasing Contact: Tracy Davis Ext. 7468

Action Requested:	
<input checked="" type="checkbox"/>	Contract Award
<input type="checkbox"/>	Contract Renewal
<input type="checkbox"/>	Contract Increase
<input type="checkbox"/>	Other

Contract Amount:
Original Contract Amount: \$131,000
Additional \$ Previously Approved: \$ N/A
Invoices over last approval: \$ N/A
Percentage over last approval: N/A %
Amount this Request: \$131,000
Resulting Cumulative Total: \$131,000

Funding Source:	
<input type="checkbox"/>	Budget
<input type="checkbox"/>	Reserves
<input type="checkbox"/>	New Revenue
<input checked="" type="checkbox"/>	Bonding
<input type="checkbox"/>	Other

Contracting Method:
Method of Solicitation: Formal Invitation to Bid
If applicable, basis for exemption: N/A
Term of Agreement: July 24, 2015 thru October 31, 2015
Option to Renew? No
Approval for purchases "as needed" for the life of the contract No

Form of Contract:	
<input type="checkbox"/>	Single Purchase
<input type="checkbox"/>	Services
<input type="checkbox"/>	Personal Services
<input checked="" type="checkbox"/>	Construction
<input type="checkbox"/>	IGA
<input type="checkbox"/>	Price Agreement
<input type="checkbox"/>	Other

NARRATIVE:

When the Roosevelt Operations Center was first designed, assumptions were made about current and future staffing levels as well as the configuration of the crew work areas for departments. Subsequent experience utilizing the current configuration has made it apparent that it is not as conducive to work crew efficiency as originally envisioned. In an effort to meet the needs of the current staff, this modification of interior space is required.

The current Line Crews Department Library and senior planner office walls will be removed to create a more efficient crew room for electric line crew employees. This space will provide a job discussion area and computer access for field employees. An office will be added in the Electric Operations area to accommodate the Senior Planner. Two offices will be added to the Electric Distribution Engineering area to provide a dedicated space for the entire Vegetation Management Department, and is designed for customers and contractors to interact with staff in the one area.

Staff issued an Invitation to Bid in May, 2015. Twelve companies reviewed the project and thirteen contractors attended the mandatory pre-bid meeting. EWEB received two bids, the lowest responsive and responsible bid was received from Halvorson Contracting of Creswell, Oregon. A bid was also received from GBC Construction of Corvallis, Oregon. If approved, Halvorson Contracting will provide construction services as specified in the solicitation documents.

ACTION REQUESTED:

Management requests Board approve a new contract with **Halvorson Contracting**, for the **Electric Operations Remodel**. ROC bond funds will be used to pay for this work.

SIGNATURES:

Project Coordinator: _____

LT Manager: _____

Purchasing Manager: _____

General Manager: _____

Board Approval Date: _____

Secretary/Assistant Secretary verification: _____

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a new contract with **H & J Construction, Inc.** for the **East 24th Ave Main Extension West of Hilyard Street** project.

Board Meeting Date: July 21, 2015
Project Name/Contract#: E. 24th Ave Main Extension/ITB 028-2015
Primary Contact: Mel Damewood Ext. 7145
Purchasing Contact: Ramie Alkire Ext. 7413

Action Requested:	
<input checked="" type="checkbox"/>	Contract Award
<input type="checkbox"/>	Contract Renewal
<input type="checkbox"/>	Contract Increase
<input type="checkbox"/>	Other

Contract Amount:
Original Contract Amount: \$285,500
Additional \$ Previously Approved: \$ N/A
Invoices over last approval: \$ N/A
Percentage over last approval: N/A %
Amount this Request: \$285,500
Resulting Cumulative Total: \$285,500

Funding Source:	
<input checked="" type="checkbox"/>	Budget
<input type="checkbox"/>	Reserves
<input type="checkbox"/>	New Revenue
<input type="checkbox"/>	Bonding
<input type="checkbox"/>	Other

Contracting Method:
Method of Solicitation: Formal Invitation to Bid
If applicable, basis for exemption: N/A
Term of Agreement: July 22, 2015 thru August 28, 2015
Option to Renew? No
Approval for purchases "as needed" for the life of the contract No

Form of Contract:	
<input type="checkbox"/>	Single Purchase
<input type="checkbox"/>	Services
<input type="checkbox"/>	Personal Services
<input checked="" type="checkbox"/>	Construction
<input type="checkbox"/>	IGA
<input type="checkbox"/>	Price Agreement
<input type="checkbox"/>	Other

NARRATIVE:

EWEB Staff determined that in order to serve the new Roosevelt Middle School that is currently under construction, a new 12-inch water distribution main extension was necessary. This main will eventually connect to the distribution main in Amazon Parkway providing a valuable loop in the water distribution system from Hilyard Street to Amazon Parkway. The work needs to be completed prior to September 2015 to avoid impacts to school operations.

The work to be performed includes the installation of approximately 1400 lineal feet of ductile iron pipe and appurtenances, the construction of three fire hydrants, permanent trench restoration, traffic and erosion control, and testing of the new pipeline.

In June 2015, staff solicited bids for the East 24th Ave Main Extension West of Hilyard Street project. Three bids were received from H & J Construction, Inc, Pacific Excavation, Inc., and Delta Construction Co., all of Eugene, OR. H & J Construction, Inc. was determined to be the lowest responsive/responsible bidder. If approved, H & J Construction, Inc. will extend the water main on East 24th Avenue in Eugene, OR.

ACTION REQUESTED:

Management requests Board approve a new contract with **H & J Construction, Inc.** for the **East 24th Ave Main Extension West of Hilyard Street** project. Funds for this work are budgeted for 2015.

SIGNATURES:

Project Coordinator: _____

LT Manager: _____

Purchasing Manager: _____

General Manager: _____

Board Approval Date: _____

Secretary/Assistant Secretary verification: _____

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a new Contract with Maul Foster, & Alongi, Inc. for **Remedial Design Engineering Services**.

Board Meeting Date: July 21, 2015
Project Name/Contract#: Remedial Design Engineering Services/058-2014
Primary Contact: Steve Newcomb Ext. x7391
Purchasing Contact: Sarah Gorsegner Ext. x7348

Action Requested:	
<input checked="" type="checkbox"/>	Contract Award
<input type="checkbox"/>	Contract Renewal
<input type="checkbox"/>	Contract Increase
<input type="checkbox"/>	Other

Contract Amount:
Original Contract Amount: \$420,000
Additional \$ Previously Approved: \$ n/a
Invoices over last approval: \$ n/a
Percentage over last approval: n/a %
Amount this Request: \$420,000
Resulting Cumulative Total: \$420,000

Funding Source:	
<input checked="" type="checkbox"/>	Budget
<input type="checkbox"/>	Reserves
<input type="checkbox"/>	New Revenue
<input type="checkbox"/>	Bonding
<input checked="" type="checkbox"/>	Other-prior property owners

Contracting Method:
Method of Solicitation: Formal Request for Proposals
If applicable, basis for exemption: n/a
Term of Agreement: December 31, 2016
Option to Renew? No
Approval for purchases "as needed" for the life of the contract No

Form of Contract:	
<input type="checkbox"/>	Single Purchase
<input checked="" type="checkbox"/>	Services
<input type="checkbox"/>	Personal Services
<input type="checkbox"/>	Construction
<input type="checkbox"/>	IGA
<input type="checkbox"/>	Price Agreement
<input type="checkbox"/>	Other

Narrative:

The Board is being asked to approve a new contract with **Maul Foster, & Alongi, Inc.** of Portland, Oregon for the purchase of Engineering Services.

EWEB requires Remedial Design Engineering Services at the Eugene Former Manufactured Gas Plant located on the headquarters property site. The Department of Environmental Quality has issued a Record of Decision for the site which directs EWEB to complete remedial action and design for both upland and bank stabilization work. Contracted services will include design work for contaminated soil/waste removal and cap construction related activities in the upland areas. The bank stabilization work will include shoreline stabilization design, construction oversight, and environmental permitting.

In March 2015, staff issued a Formal Request for Proposals (RFP). Fifty-one (51) companies reviewed the solicitation; EWEB received eight (8) proposals; proposals were received from Advanced Remediation Technologies, Inc. of Canby, Oregon, AMEC Foster Wheeler Environment & Infrastructure of Portland, Oregon, Anchor QEA, LLC of Portland, Oregon, Crete Consulting Incorporated, PC of Seattle, WA, GEI Consultants, Inc. of Portland, Oregon, GSI Water Solutions, Inc. of Portland, Oregon, Maul Foster, & Alongi, Inc. of Portland, Oregon, and PBS Engineering + Environmental Inc. of Eugene, Oregon. The responses were evaluated based on the evaluation criteria stated in the RFP which included the project's proposed technical approach, firm's prior experience, the project team's experience, and the ability to keep projects on time and budget. Maul Foster, & Alongi, Inc. was the highest ranked offeror.

Staff has issued a notice of Intent to award a contract to Maul Foster, & Alongi, Inc. as the highest ranked offeror and has negotiated a contract with them, pending Board approval.

ACTION REQUESTED:

Management requests the Board approve a contract with Maul Foster, & Alongi for **Remedial Design Engineering Services**. Based on arrangements with prior property owners, EWEB is responsible for funding 16.33% (\$68,586) of the costs for the associated work. Funds for these services were budgeted for 2015 and will be budgeted annually.

SIGNATURES:

Project Coordinator: _____

LT Manager: _____

Purchasing Manager: _____

General Manager: _____

Board Approval Date: _____

Secretary/Assistant Secretary verification: _____

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a new Contract with **Northwest Youth Corps** for **required vegetation maintenance services**.

Board Meeting Date: July 21, 2015
Project Name/Contract#: Vegetation Maintenance / SC #2434
Primary Contact: Steve Newcomb Ext. 7391
Purchasing Contact: Tracy Davis Ext. 7468

Action Requested:	
<input checked="" type="checkbox"/>	Contract Award
<input type="checkbox"/>	Contract Renewal
<input type="checkbox"/>	Contract Increase
<input type="checkbox"/>	Other

Contract Amount:
Original Contract Amount: \$ 400,000 (over 5 years)
Additional \$ Previously Approved: \$ N/A
Invoices over last approval: \$ N/A
Percentage over last approval: N/A %
Amount this Request: \$ 400,000
Resulting Cumulative Total: \$ 400,000 (over 5 years)

Funding Source:	
<input checked="" type="checkbox"/>	Budget
<input type="checkbox"/>	Reserves
<input type="checkbox"/>	New Revenue
<input type="checkbox"/>	Bonding
<input type="checkbox"/>	Other

Contracting Method:
Method of Solicitation: Direct Negotiation
If applicable, basis for exemption: EWEB Rule 3-275 Sole Source
Term of Agreement: July 24, 2015 to July 23, 2020
Option to Renew? Yes, Renewable annually up to 5 years
Approval for purchases "as needed" for the life of the contract Yes

Form of Contract:	
<input type="checkbox"/>	Single Purchase
<input checked="" type="checkbox"/>	Services
<input type="checkbox"/>	Personal Services
<input type="checkbox"/>	Construction
<input type="checkbox"/>	IGA
<input type="checkbox"/>	Price Agreement
<input type="checkbox"/>	Other

Narrative:

The Board is being asked to approve a new contract with **Northwest Youth Corps (NYC)** of Eugene, Oregon for required vegetation maintenance services.

EWEB is required (by FERC, Army Corps, DSL, etc.) to perform various wetland and stream restoration, wildlife habitat enhancement, native vegetation planting, and invasive plant species removal projects on EWEB owned or controlled properties. Contract services include the manual removal of non-native invasive vegetation, as well as planting of native species.

NYC is a youth job development organization that operates under ORS 344.425. Public bodies may enter into agreements with youth job development organizations for the provision of services by youth participants in connection with public resource projects. EWEB has contracted with NYC in the past, and their work has been exemplary. EWEB has determined that contracting with NYC provides required services at reasonable rates and assists in the training of youth participants.

If approved, Staff would contract with NYC on an "as-needed" project-by-project basis. Staff will identify vegetation maintenance and removal requirements as specific needs arise. Exact project parameters are unknown and no guarantee has been made with the contractor to purchase any specific annual amount. The contract would be for one year with an option, at EWEB's discretion, to renew for four additional one-year periods, the total potential contract term is 5 years. Staff estimates a possible total amount of \$400,000 over the five-year period.

ACTION REQUESTED:

Management requests the Board approve a new contract with **Northwest Youth Corps** for **required vegetation maintenance services**. Funds for these services were budgeted for 2015 and will be budgeted annually.

SIGNATURES:

Project Coordinator: _____

LT Manager: _____

Purchasing Manager: _____

General Manager: _____

Board Approval Date: _____

Secretary/Assistant Secretary verification: _____

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve an Amendment to an existing contract with TetraTech, Inc. for **Owner's Representative Services**.

Board Meeting Date: July 21, 2015

Project Name/Contract#: LB Roll Gate 2 Hoist Replacement Engineering

Consulting/PSC#2388

Primary Contact: Mel Damewood Ext.x7145

Purchasing Contact: Sarah Gorsegner Ext.x7348

Contract Amount:

Original Contract Amount: \$89,950

Additional \$ Previously Approved: \$

Invoices over last approval: \$

Percentage over last approval: %

Amount this Request: \$184,925

Resulting Cumulative Total: \$274,875

Contracting Method:

Method of Solicitation: Sole Source

If applicable, basis for exemption: EWEB Rule 3-0275

Term of Agreement: Extend through June 30, 2017

Option to Renew? No

Approval for purchases "as needed" for the life of the contract No

Narrative:

The Board is being asked to approve an amendment with **Tetra Tech, Inc** of Pasadena, California for the purchase of Owner's Representative services.

EWEB requires Owners Representative Services during the construction phase of the Leaburg Dam Roll Gate 1 and 3 Hoist Replacement project. Contracted services required include review and comment on technical submittals, response to Requests for Clarification, providing design review, completing inspections, providing oversight during the testing and commissioning processes, and providing factory acceptance shop testing.

Tetra Tech, Inc. has been selected to provide the services based on their expertise in hydropower engineering in the Northwest. Their experience has included providing similar services on the Leaburg Dam Roll Gate 2 work and for several gate hoist replacement projects with the Army Corps of Engineers. Their experience working with the unique aspects of the roll gate mechanical and electric control systems is required for success on the Roll Gate 1 and 3 Hoist Replacement Project. Staff has negotiated a contract amendment with Tetra Tech, Inc., pending Board approval.

ACTION REQUESTED:

Management requests the Board approve an Amendment to an existing Contract with **Tetra Tech, Inc.** for **Owner's Representative Services**. Funds for this work were budgeted for 2015 and are included in the 10-year CIP.

Action Requested:

Contract Award
 Contract Renewal
 Contract Increase
 Other

Funding Source:

Budget
 Reserves
 New Revenue
 Bonding
 Other

Form of Contract:

Single Purchase
 Services
 Personal Services
 Construction
 IGA
 Price Agreement
 Other

SIGNATURES:

Project Coordinator: _____

LT Manager: _____

Purchasing Manager: _____

General Manager: _____

Board Approval Date: _____

Secretary/Assistant Secretary verification: _____

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a new price agreement with **WESCO Distribution** for the periodic purchase of Molded Rubber Products (as needed to replenish stock).

Board Meeting Date: 7/21/15
Project Name/Contract#: ITB 017-2015
Primary Contact: Mel Damewood Ext. 7145
Purchasing Contact: Ramie Alkire Ext. 7413

Action Requested:	
<input checked="" type="checkbox"/>	Contract Award
<input type="checkbox"/>	Contract Renewal
<input type="checkbox"/>	Contract Increase
<input type="checkbox"/>	Other

Contract Amount:
Original Contract Amount: \$ 525,000
Additional \$ Previously Approved: \$ n/a
Invoices over last approval: \$ n/a
Percentage over last approval: n/a %
Amount this Request: \$ 525,000
Resulting Cumulative Total: \$ 525,000

Funding Source:	
<input checked="" type="checkbox"/>	Budget
<input type="checkbox"/>	Reserves
<input type="checkbox"/>	New Revenue
<input type="checkbox"/>	Bonding
<input type="checkbox"/>	Other

Contracting Method:
Method of Solicitation: Formal Bid
If applicable, basis for exemption: n/a
Term of Agreement: July 22, 2015 – July 21, 2020
Option to Renew? No

Form of Contract:	
<input type="checkbox"/>	Single Purchase
<input type="checkbox"/>	Services
<input type="checkbox"/>	Personal Services
<input type="checkbox"/>	Construction
<input type="checkbox"/>	IGA
<input checked="" type="checkbox"/>	Price Agreement
<input type="checkbox"/>	Other

Approval for purchases "as needed" for the life of the contract Yes

Narrative:

The Board is being asked to approve a new price agreement with **WESCO Distribution** of Portland, OR for the purchase of Molded Rubber Products on an as needed basis.

EWEB requires Molded Rubber Products for use in EWEB's electric distribution system. In May, 2015, EWEB issued a formal invitation to bid to establish a price agreement for the purchase of Molded Rubber Products. The solicitation was reviewed by seven (7) companies. Three (3) responses were received; WESCO Distribution was determined to be the lowest responsive and responsible bidder.

Responses were received by General Pacific of Portland, Oregon, HD Supply of Portland, Oregon, and WESCO Distribution, of Portland, Oregon.

Historical procurement data suggests that the total contract amount will be approximately \$525,000 over the total five-year period. The actual total dollar amount, however, is unknown and may be more or less than that estimated volume. Purchases will be based on need and not on any specific annual quantity. The annual cost will be within the amount budgeted for that specific year.

If approved, staff will purchase required Molded Rubber Products at the established prices over the life of the contract. The contract is for five years.

ACTION REQUESTED:

Management requests the Board approve a new price agreement with **WESCO Distribution** for the purchase of **Molded Rubber Products**. Funds for this purchase were budgeted for 2015 and will be budgeted annually.

SIGNATURES:

Project Coordinator: _____

LT Manager: _____

Purchasing Manager: _____

General Manager: _____

Board Approval Date: _____

Secretary/Assistant Secretary verification: _____



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD



TO: Commissioners Mital, Simpson, Helgeson, Manning and Brown
FROM: Sue Fahey, Finance Manager; Susan Eicher, Accounting and Treasury Supervisor
DATE: July 13, 2015
SUBJECT: Update of Financial Policies
OBJECTIVE: Approval of Resolution No. 1518 Updating Financial Policies

Issue

The financial policies that support Board Policy SD6 require periodic updates. The last revision was approved by the Board in June 2013.

Background

The Board has established a number of reserves and designated fund accounts and has approved financial policies with targets for several of the accounts. On an annual basis, after the financial audit, staff prepares a summary of the year end reserves and funds balances, compares the balances to the Board Financial Policy targets, and recommends transfers and/or changes to financial policies. The transfers approved by the Board at the June 2, 2015 meeting included changes to reserve targets. The financial policies have been updated to reflect these. Additionally, certain sections of the policies have been updated to reflect changes required by accounting standards, changes in methodologies and operational changes. A summary of the substantive changes is included below.

Discussion

Finance now provides performance metrics to the Board on a quarterly basis. Since the Board is receiving updated metrics throughout the year, the year-end metrics were removed from the policies. Additionally, with Board Policies readily available on line, those reference documents have been removed from the Financial Policies.

Section 1.2 - Rate Stability Policy

This section has been updated to reflect the change in methodology for calculating the power reserve. The power reserve was originally intended to protect the Electric Utility from volatility due to changes in generation and market prices. The economy and the power markets have changed significantly, as has our understanding of, and ability to, measure the risks to which we are exposed. The current methodology incorporates four categories of risk.

Generation Risk

Calculated by measuring the financial impact to revenues when water available for generation is at Firm levels (about 70% of median) versus budget levels (about 90% of median).

Power Price Risk

Calculated by measuring the financial impact to revenues if forward power prices decrease 30% from current year budget expectations.

Retail Load Risk

Calculated by measuring the financial impact to revenues if actual retail load is 4% less than budgeted load.

Credit Risk

An estimation of risk exposure in the event of a credit default of power trading counterparties.

When combined, the total amount calculated for each separate risk will make up the target balance for the Power Reserve. The target balance is recalculated annually. The Board may choose to supplement the target amount at their discretion.

Other edits have been made to enhance clarity.

Section 1.3 - Capital Reserve Policy

The Capital Reserve Policy has been renamed the Capital Improvement Funding and Reserve Policy. An earlier update to this policy established capital improvement types and associated funding sources by type. The updated name recognizes that the policy is no longer limited to setting the level of the Capital Reserve. As in section 1.2, certain other wording has been updated for clarity, and targets have been updated for the most recent Board approval. Since the target is based on annual depreciation amounts, management is recommending that the target floor be removed.

Section 1.4 - Retirement Benefits Funding Policy

The Retirement Benefits Policy wording has been updated for clarity.

Section 2.0 - Financial Management Policies

The policies in this section have been edited to align with the 2014 revision of Board Policy EI-1 and for clarity.

Section 3.0 Risk Management Policies

With the creation of an Enterprise Risk Function, this section has been revised to focus on Financial Risk Management. Enterprise Risk Management will be covered in a separate policy. Additional edits have been made to enhance clarity.

Section 4.0 – Accounting Policies

The accounting policies section has been edited for clarity, and to conform with changes in accounting standards.

Section 5.0 Reference Documents

Appendices referencing other Board policies have been removed and the cash and reserve targets summary has been updated.

Recommendation and Requested Board Action

Management recommends approval of Resolution No. 1518 updating the financial policies that support the Board's financial targets, strategies and reporting.



Eugene Water & Electric Board

Rely on us.

Financial Policies

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EWEB Financial Policies

1.0 RESERVE POLICIES

1.1 Rate Sufficiency Policy

Rates and charges will be adequate to provide revenues sufficient to maintain a degree of financial soundness over and above requirements for compliance with existing bond covenants. (BP SD6)

Discussion:

EWEB bond resolutions contain a rate sufficiency covenant that is a standard provision in municipal utility bond contracts. The covenant requires that rates and charges be set at a level that is high enough to pay the costs of operating and maintaining the utilities. This rate sufficiency policy is a higher standard than that required by the standard rate covenant contained in the bond resolutions. The policy is intended to supplement the weaker financial performance standards set out as minimum requirements in the bond resolutions. The financial standard implied by this policy is that rates and charges will be maintained at a level consistent with an average credit rating of A for the Electric Utility and AA rating for the Water Utility.

Credit rating agencies evaluate creditworthiness by assessing an organization's ability to adequately address issues of strategic importance. Credit analysis includes the track record of performance as reflected in widely used ratios and statistics. These measurements are compared with other similarly situated utilities to determine relative financial strength within the industry. An example of such a statistic is "debt service coverage ratio" which shows how many times debt service can be paid from net operating revenues. Minimum legal debt service coverage requirements are 1.35 times debt service for issuing new debt. EWEB's long term target for debt service coverage ratio for the Electric Utility is 1.75 to 2.0 and the Water Utility is 2.00 to 2.50 times debt service.

Performance standards, where established, are based on review with our Financial Advisor and what they are observing in the financial markets and rating agency reviews of public utilities that own generating facilities.

EWEB Financial Policies

	<u>Performance Standard</u>
Electric Utility	
Working Capital Days Cash	90 to 149 days
Current Ratio	3.250x
Debt Service Coverage	1.75 to 2.0x
Water Utility	
Working Capital Days Cash	90 to 120 days
Current Ratio	3.250x
Debt Service Coverage	2.0 to 2.50

Working cash balances are based on the amount of cash needed to pay for ongoing operational expenditures during the year and maintain an amount of working capital to support the day's cash ratio sufficient to maintain higher than average credit rating. The target for working cash is \$24 million and \$3.4 million for the Electric and Water Utility, respectively.

1.2 Rate Stability Policy

Certain funds will be held in reserve for the purpose of mitigating the customer rate impact of unanticipated events. (BP SD6)

Discussion:

It is the nature of budgets, financial projections, and other statements about the future to contain uncertainty. The intent of this policy is to set aside funds or other financial instruments to smooth out the financial impact on customers when assumptions about the future do not comport with actual events as they transpire.

The Electric Utility owns or has contracted for power resources that exceed the amounts needed to serve customer load, and is exposed to certain power portfolio and retail load risks that can have significant adverse effects on financial stability. Those risks include, generation, power price, retail load, and credit risks. EWEB has established a power reserve that is designed to provide funds sufficient to cover operational costs in the event of adverse fluctuations in these risks. The funds needed to mitigate financial impacts of fluctuations are estimated annually based upon the measurement criteria specific to each of the major risks. Generation risk is calculated by measuring the impact to revenues if water available for generation is at Firm levels

EWEB Financial Policies

which is approximately 70% of median. Power price risk is calculated by assuming prices decrease 30% from budget expectations, and retail load risk is calculated assuming a 4% decrease from budgeted load. Credit risk is a flat dollar amount that represents approximately 50% of counterparty exposure. The combined amounts are intended to cover operational cost for one calendar year and prevent sudden and significant impacts to customer rates. The Board of Commissioners may elect to supplement the calculated amounts at their discretion.

The Water and Electric Operating Reserve accounts are used in similar fashion to smooth out the effects of revenue shortfalls or unforeseen expenses. The Self Insurance Reserve is to fund the out-of pocket liability costs of third party claims.

The target for the Self-Insurance Reserve combined for both the Electric and Water Utilities totals \$2,000,000, which is based on the amount EWEB is self-insured. Excess liability insurance protects EWEB after the self-insurance limit is exhausted.

	Performance Standard
Electric Utility	
Power Reserve	\$22,100,000
Operating Reserve	\$ 2,000,000
Self-Insurance Reserve	\$ 1,720,000
Water Utility	
Operating Reserve	\$1,000,000
Self-Insurance Reserve	\$ 280,000

1.3 Capital Improvement Funding and Reserve Policy

Utility plant assets will be maintained, including such capital additions as may be necessary to support growth in loads and customer base, and associated infrastructure. (BP SD6)

Discussion:

EWEB's approach to financing capital assets uses a combination of current rate revenue, capital improvement reserves, contributions in aid of construction, system development charges, and debt financing.

EWEB Financial Policies

Capital projects are classified as Type 1, Type 2, or Type 3. Each year, an amount is budgeted from rate revenues to provide ongoing funding for a base level of capital additions and replacements. The base level amount is determined through an evaluation of the age and condition of basic capital infrastructure of the Electric and the Water Utilities taking into consideration capital reserve levels. This amount represents what is needed annually to maintain the desired level of service reliability on a long-term basis. These are considered Type 1 capital projects; projects that are ongoing capital infrastructure replacements.

Type 2 capital projects include capital improvement projects which are large rebuilding or expansion projects that occur periodically and may be funded with rates or bonds. Type 3 capital projects are major strategic projects and are funded with bonds and/or reserves.

Capital funding requirements are determined by a Capital Improvement Plan (CIP). The CIP is a ten-year projection of capital needs that is updated annually and approved by the Board. The CIP sets out, for each utility, the anticipated need for utility and support infrastructure to meet customer demands and system reliability standards. Identified in the CIP is an indication of the proportion of funding from 1) rates, 2) accumulated reserves, 3) interest and other earnings on accumulated reserves, and 4) debt proceeds.

The target amount for the Electric and Water Utility Capital Improvement Reserve is based on one year's depreciation expense adjusted for service reliability needs.

The Targets are:

Electric Utility: 20 million

Water Utility: \$7 million

1.4 Retirement Benefits Funding Policy

All long-term liabilities that must be either disclosed and/or accounted for in the financial statements will be funded according to a rational and consistent plan that targets full funding of the liabilities over a specified period of time. (BP SD6)

Discussion:

Financial reporting requirements for governmental and private sector concerns continue to converge regarding the consistency and transparency of unfunded retirement liabilities. For EWEB, unfunded retirement liabilities result from pension and other postemployment benefit programs. The primary financial strategy with these

EWEB Financial Policies

plans is to pay the actuarially determined annual required contribution, which pays for the current costs and unfunded liabilities over a designated period of years. However, if the funded status of the plans reach 70% funded status or less, an assessment of accelerated funding will be performed. When the funding status of the plan is at or below 70% of funded status, the plan is financially unstable as the plan is no longer self-funding based on actuarially determined contribution rates. Below is a summary of the three plans.

1) **Pension Plan** - The Oregon PERS (OPERS) continues to experience volatility in regard to the rates employers pay to the state pension plan for benefits. EWEB pays the actuarially determined rate. In years where there is a difference between the PERS ordered contribution rate and the amount provided for in the annual budget, the excess amounts will be set aside in a Board reserve for reduction of unfunded retirement liabilities in the future.

2) **Other Post-employment Benefits** – EWEB created a trust in November 2007 as a means through which assets are accumulated and benefits are paid for other postemployment benefits (OPEB), other than pension benefits. Eligible retirees and beneficiaries of EWEB receive health care and life insurance benefits.

3) **Supplemental Retirement Plan** – EWEB created a pension plan in 1968 to provide supplemental retirement benefits to employees. The objective of the plan was to provide a benefit on retirement, which together with benefit from the OPERS, will provide 1.67% of the highest 36-month average salary for each year of service. The plan was closed in 1988. EWEB contributes actuarially determined amounts to a designated pension fund that pays the annual cost for this closed plan. Due to the nature of the closed plan, it is more cost effective to pay-as-you go, than set up a trust.

2.0 FINANCIAL MANAGEMENT POLICIES

2.1 Cost Management Policy

EWEB will take cost management actions that provide for authorized budgets and include actions to maintain expenditures within authorized budget levels. (BP SD6)

Discussion:

The annual budget is the primary tool for setting rates and controlling costs within a given year. For accounting and budgetary purposes, the budgets are broken into operating and capital components for each Utility. The operating budget of the Electric Utility further separates power and related costs as distinct from non-power operating costs. The reason for this is that the cost of power and related items generally varies with changes in sales volume. Non-power items are composed of

EWEB Financial Policies

mostly labor, services and materials that are less susceptible to variations in sales volumes.

The annual budgets are the maximum level of expenditure authorized by the Board. Conditions may arise during any given budget year that cause projected expenditures for either Utility operations & maintenance and/or capital budgets to be higher than those approved by the Board. If any of the specific conditions occur as defined in Board Policy EL1 - Financial Controls, Management is required to propose a budget amendment.

The budget amendment proposal must state the causes of the projected non-budgeted expenditures, the offsetting actions taken to mitigate the increase, and the source of any additional funding requested. The Board will consider each proposed budget amendment and either approve or disapprove. In the event of disapproval, the General Manager will exercise established authorities in taking actions necessary to curtail spending within authorized levels.

To monitor the budget, cost management procedures involve the monthly review of variances from the authorized budget by the Leadership Team. The review of power-related items is performed by the Power Risk Management Committee and is separate from non-power items. Actual and projected capital and other non-power expenditures are monitored by the Leadership Team. With the assistance of financial staff, the Leadership Team determines what degree unfavorable variances in one department can be offset by favorable variances in another. In the event of a shortfall, the Leadership Team will determine whether to bring a budget amendment forward or curtail other activities to remain within authorized spending levels.

2.2 Budget Policy

The authorized annual spending plan will be balanced such that resources meet or exceed requirements in each fiscal year. (BP SD6)

Discussion:

Long-term financial stability can be assured only if, in each year, the annual spending plan is fully funded and results in a balanced budget. The budget is considered balanced when the following four conditions are met:

- 1) Expected annual operating revenues and use of reserves for one-time expenses equal or exceed anticipated operation and maintenance expenses.

EWEB Financial Policies

2) Budgeted capital outlays are funded in full from a combination of net operating revenues, capital improvement reserves, accumulated system development charges, and debt proceeds.

3) Pro forma presentation of debt service coverage shows a ratio at or above the Board established performance standard (Rate Sufficiency Policy 1.1).

2.3 Debt Policy

Funds to acquire major capital improvements will be provided in accordance with the estimated useful lives of such assets. (BP SD6)

Discussion:

Prudent financial practice dictates the use of debt financing only in those cases where public policy, ratepayer equity, and economic efficiency favor the use of debt over current financing. In EWEB's case, debt is considered an appropriate funding option for Type 2 and Type 3 capital projects. (See the discussion under Capital Reserve Policy 1.3.) Debt service payments shall not exceed the useful life of the asset and should be structured to mirror the stream of benefits from the facility or project being funded.

Long-term debt financing will be considered for those major system improvements that meet two general criteria:

- The asset has a relatively long useful economic life (at least 10 years);
- The asset is a significant item included within the capital budget portion of the electric and water project plans.

However, if debt levels are too high the utility could become over-leveraged relative to its asset base and revenue producing capability. In all cases, management will balance the benefit of long term financing with the overall health of the organization as determined by appropriate measures of financial leverage.

Performance standards, where established, are based on review with our Financial Advisor and what they are observing in the financial markets and rating agency reviews of public utilities that own generating facilities.

	Performance Standard
Electric Utility	
Debt/Asset Ratio	60% or less
Debt/Equity Ratio	91% or less

EWEB Financial Policies

Water Utility

Debt/Asset Ratio	60% or less
Debt/Equity Ratio	89% or less

2.4 Billing and Collection Policy

Services will be billed in an accurate and timely manner and collected with fair and equitable consideration for all customers. (BP SD6)

Discussion:

Sound business and collection practices will be applied uniformly to all customers. EWEB maintains a customer credit rating system to provide fair and equitable consideration in deposit and collection practices for all customers. Decisions to extend payment terms for anyone are based on the customer's good faith, ability to pay, and payment history.

EWEB provides cost-effective customer assistance programs (*e.g.*, Average Payment Plan, Customer Care, payment extension options, dispute/appeals recourse, *etc.*). EWEB will also cooperate with customers participating in social service programs such as the Limited Income Home Energy Assistance Program (LIHEAP) and other resources available to customers.

EWEB makes every reasonable and cost-effective attempt to secure payment of all accounts receivable. In accordance with bond covenants, products and services are not provided free of charge. Bills are issued based upon actual use of products and services, except that billings are estimated when EWEB service meters are inaccessible, or other considerations necessitate issuing estimated billings.

EWEB employees make a concerted effort to inform customers about the options available to them regarding payment for and controlled use of EWEB products and services as situations may deem advisable. In addition, EWEB has built strong partnerships with community social service organizations that create preventive strategies for avoiding disconnection of services.

EWEB Financial Policies

Performance standards are as follows:

	Performance Standard
Write-offs as a % of Rate Revenue	.5% or less

3.0 FINANCIAL RISK MANAGEMENT POLICIES

3.1 Financial Risk Management Policy

Financial risks associated with EWEB operations will be proactively managed in a cost-effective and efficient manner consistent with prudent utility practice. (BP SD6)

Discussion:

The objective of financial risk management is ongoing identification and mitigation of the risk of financial losses including power risk, property damage and other insurable risks, vendor contract development and administration, and risks associated with administering Oregon Public Contracting laws and statutes. EWEB will transfer as much as is reasonably possible of its liability contractually, and retain those risks that can be self-assumed without seriously affecting the financial condition of the organization. EWEB will purchase sufficient insurance coverage when the risk is of a catastrophic nature or beyond the capacity of the organization to absorb, or when it is required by law or contract. However, insurance shall, of necessity, be limited to availability of coverage at reasonable cost, consistent with the probable frequency, severity and impact of losses on the financial stability of the organization.

Due to the nature and extent of commodity risks, power supply related risk management policies are separately addressed in the Power Risk Management Policy.

3.2 Power Risk Management Policy

Purchases and sales of electric power and related financial instruments will be managed to maximize the benefits to customers from wholesale transactions while minimizing the risk that wholesale activities will adversely affect retail prices. (BP SD6)

Discussion:

For many years the staff at EWEB has worked to reduce power purchase costs while managing or avoiding risks that might result in price shocks or supply interruptions.

EWEB Financial Policies

Rapid changes in the electric power industry since 2000 have challenged traditional methods and prompted EWEB to migrate with power management systems and controls similar to those used in commodity trading organizations.

The Board has established a power risk management policy to provide direction and oversight as referenced in Board Policy SD8 - Power Risk Management Policies.

3.3 Investment Policy

EWEB's investment portfolio will be managed to achieve safety of capital, achieve market rates of return, and provide sufficient liquidity to meet disbursement schedules. (BP SD6)

Discussion:

EWEB's investment policy calls for the investment of excess funds in a manner which will preserve capital and provide sufficient liquidity to meet cash flow demands while conforming with all State statutes governing investment of public funds and bond covenants. The policy includes provisions with respect to diversification and the credit quality of securities purchased. EWEB's primary objectives are, in order of priority: safety of principal, liquidity and achieving a rate of return at least equal to the return on a comparably maturing U.S. Treasury bill. EWEB attempts to match its investments to anticipated cash flow requirements. Securities are intended to be held to maturity, unless the quality, yield or maturity characteristics of the portfolio can be improved by replacing one security with another.

4.0 ACCOUNTING POLICIES

4.1 Financial Entity Policy

EWEB will account for separate financial entities and will clearly define relationships among those entities to facilitate management decision-making. (BP SD6)

Discussion:

1) Financial Reporting and Budget

Financial accounting standards and Bond covenants require that EWEB maintain separate financial records for the Electric Utility and the Water Utility. Each entity has separate legal standing and revenues backing their respective bond issues and separate budgets. Often, the Utilities share personnel or other resources. The shared resources are allocated between the systems for accounting and ratemaking purposes.

2) Reporting Entity

For external reporting purposes, EWEB is required to follow Governmental Accounting Standards Board (GASB) definition of a reporting entity as EWEB is considered a primary government. The Electric and Water Utilities are reported separately with a combined total for both systems.

For internal reporting purposes, the results and financial position of the Electric Utility and the Water Utility will be reported separately. In addition, any component of either Utility, which can be separately reported, and for which separate reporting would be useful, such as a major line of business, class of customer, or new operation will be separately reported as required by EWEB management from time to time.

EWEB also has various relationships with other parties, such as 1) Western Generation Agency, an Intergovernmental Agency cogeneration project, 2) Trojan Nuclear Project, a jointly owned decommissioned nuclear plant and 3) Harvest Wind, a joint ownership with an equity investment in a wind generating facility and 4) OPEB Trust, post-employment health care and life insurance benefits trust. These projects or investments are separate legal entities that are properly recorded within the Electric System and are fully disclosed in the footnotes of the financial statements.

4.2 Capitalization Policy

Major utility expenditures for labor, materials and/or services that result in revenue or benefits in future reporting periods will be capitalized and allocated to match such future revenue or benefits through periodic amortization or depreciation, using methodologies acceptable under accounting standards. Additions, renewals, and betterments with a minimum cost of \$5,000 are capitalized. Repairs and minor replacements are recorded as operating expenses. (BP SD6)

Discussion:

1) Utility Plant in Service

The physical assets that make up the electric and water production, transmission and distribution systems, including the acquisition of land or construction of a building are capitalized and included in plant in service.

2) Preliminary Investigations and Regulatory Accounting

It is accepted utility practice to accumulate Preliminary Investigations, costs of projects the utility believes will be viable in the future. An example of this for EWEB is relicensing costs for the Carmen-Smith Project. Preliminary investigations are recorded as an "Other Asset" on the Statement of Net Position.

EWEB Financial Policies

EWEB policy also permits the use of regulatory accounting, which allows for revenues and expenses to be charged to future periods to match the time periods when the revenue and expenses are included in rates. Revenues and expenses that are recorded using regulatory accounting may be treated as other assets or liabilities or deferred inflows or outflows, depending on the nature of the revenue or expense. An example of a regulatory other asset is unamortized bond issuance costs. An example of deferred inflows and outflows is the recording of the change in market value of hedging derivative instruments. Board approval, either by resolution or by inclusion in the annual budget, is required prior to using regulatory accounting.

Source: Board Approved 01/18/2000, Ratified 04/19/2005, Amended 07/19/2005, Amended 06/04/2013, Resolution No. 1308 07/16/13.

EWEB Financial Policies

5.0 APPENDIX A: CASH AND RESERVE TARGETS SUMMARY

6/2/15

<u>Cash and Reserve Accounts</u>	<u>Electric Utility Target</u>	<u>Water Utility Target</u>
1) Working Cash	\$24,000,000	\$3,400,000
2) Power Reserve	22,100,000	
3) Operating Reserve	2,000,000	1,000,000
4) Self-Insurance Reserve	1,720,000	280,000
5) Capital Improvement Reserve	20,000,000	7,000,000
	_____	_____
Total	<u>\$69,820,000</u>	<u>\$11,680,000</u>

- 1) Working Cash – amount of cash needed to pay for ongoing operational costs during the year.
- 2) Power Reserve – amount of reserves to offset fluctuations due to the effects of risk exposures, and any budgeted draw on the reserve.
- 3) Operating Reserve – reserve for emergency operating costs.
- 4) Self-Insurance Reserve – reserve to pay for claims incurred during the year and target is based on the \$2 million self-insurance coverage limit for both utilities combined.
- 5) Capital Improvement Reserve – reserve for capital improvements and target is based on at least one year's depreciation.

EWEB Financial Policies

APPENDIX B: SD6 FINANCIAL POLICIES REVISIONS

APPENDIX C: SD8 POWER RISK MANAGEMENT POLICIES

[HTTP://WWW.EWEB.ORG/PUBLIC/DOCUMENTS/BOARD_POLICIES.PDF#PAGE=39](http://www.eweb.org/public/documents/board_policies.pdf#page=39)

APPENDIX D: EL1 FINANCIAL CONTROLS

[HTTP://WWW.EWEB.ORG/PUBLIC/DOCUMENTS/BOARD_POLICIES.PDF#PAGE=55](http://www.eweb.org/public/documents/board_policies.pdf#page=55)

Policy Number: SD6
Policy Type: Strategic Direction
Policy Title: Financial Policies
Effective Date: June 4, 2013, Revised July 21, 2015

The following financial policies shall govern staff's operation of the utilities:

1. Rate Sufficiency Policy - Rates and charges will be adequate to provide revenues sufficient to maintain a degree of financial soundness over and above requirements for compliance with existing bond covenants. (FP 1.1)
2. Rate Stability Policy - Certain funds will be held in reserve for the purpose of mitigating the customer rate impact of unanticipated events. (FP 1.2)
3. Capital **Improvement Funding and** Reserve Policy - ~~Net investment in~~ Utility plant assets will be maintained, including such capital additions ~~and reserves~~ as may be necessary to support growth in loads and customer base ~~-, and associated infrastructure.~~ (FP 1.3)
4. Retirement Benefits Funding Policy - All long-term liabilities that must be either disclosed and/or accounted for in the financial statements will be funded according to a rational and consistent plan that targets full funding of the liabilities over a specified period of time. (FP 1.4)
5. Cost Management Policy - EWEB will take cost management actions that provide for authorized budgets and include actions to maintain expenditures within authorized budget levels. (FP 2.1)
6. Budget Policy - The authorized annual spending plan will be balanced such that resources meet or exceed requirements in each fiscal year. (FP 2.2)
7. Debt Policy - Funds to acquire major capital improvements will be provided in accordance with the estimated useful lives of such assets. (FP 2.3)
8. Billing and Collection Policy - Services will be billed in an accurate and timely manner and collected with fair and equitable consideration for all customers. (FP 2.4)
9. ~~Enterprise~~ **Financial** Risk Management Policy – **Financial** risks associated with EWEB operations will be proactively managed in a cost-effective and efficient manner consistent with prudent utility practice. (FP 3.1)

10. Power Risk Management Policy – Purchases and sales of electric power and related financial instruments will be managed to maximize the benefits to customers from wholesale transactions while minimizing the risk that wholesale activities will adversely affect retail prices. (FP 3.2)
11. Investment Policy - EWEB's investment portfolio will be managed to achieve safety of capital, achieve market rates of return, and provide sufficient liquidity to meet disbursement schedules. (FP 3.3)
12. Financial Entity Policy - EWEB will account for separate financial entities and will clearly define relationships among those entities to facilitate management decision-making. (FP 4.1)
13. Capitalization Policy - Major utility expenditures for labor, materials and/or services that result in revenue or benefits in future reporting periods will be capitalized and allocated to match such future revenue or benefits through periodic amortization or depreciation, using methodologies acceptable under accounting standards. Additions, renewals, and betterments with a minimum cost of \$5,000 are capitalized. Repairs and minor replacement are recorded as operating expenses. (FP 4.2)

Source: Board Approved 01/18/2000, Ratified 04/19/2005, Amended 07/19/2005, Amended 06/04/2013 (Resolution No. 1308 07/16/13); Amended 07/21/2015 (Resolution No. 15xx)

**RESOLUTION NO. 1518
JULY 2015**

**EUGENE WATER & ELECTRIC BOARD
FINANCIAL POLICIES**

WHEREAS, the Eugene Water & Electric Board is the body designated by the Eugene City Charter and City Code to administer the Electric and Water utilities of the City of Eugene;

WHEREAS, the Eugene Water & Electric Board has established financial policies to support the Board's financial targets, strategies and reporting.

WHEREAS, the Eugene Water & Electric Board has reviewed year-end results;

WHEREAS, the financial policies have been reviewed and updated based on 2014, year-end results, the Board's targets, associated financial metrics, and accounting standards.

WHEREAS, the Board of Commissioners has reviewed a modification to Board Policy SD6, Financial Policies and has determined that the modification is appropriate and necessary.

THEREFORE BE IT RESOLVED that the Eugene Water & Electric Board hereby authorizes the General Manager to adopt and enforce the financial policies as updated.

Dated this 21st day of July 2015.

THE CITY OF EUGENE, OREGON
Acting by and through the
Eugene Water & Electric Board

President

I, TARYN M. JOHNSON, the duly appointed, qualified, and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the Resolution adopted by the Board at its July 21, 2015 Regular Board Meeting.

Assistant Secretary



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Mital, Simpson, Helgeson, Manning and Brown
FROM: Roger Kline, Enterprise Risk & Internal Controls Manager (CRO)
DATE: July 10, 2015
SUBJECT: Addition of an Enterprise Risk Management Board Policy
OBJECTIVE: Approve Resolution No. 1520; addition of Board Policy SD20

Background

During the course of his tenure at EWEB, General Manager Gray has emphasized the management of *risk* at the organization-wide, or *enterprise* level. In September of 2014 a senior staff level position was created to aid the Board, General Manager and the Leadership Team in developing and implementing a standardized framework for risk identification, as well as other key enterprise-wide programs. This action was identified and greatly supported by the recent external financial audit conducted by Moss-Adams, as well as our most recent external NERC/WECC program compliance audit as an industry best practice.

The referenced policy is a key step in standardizing this work for the enterprise as well as aiding the organization in meeting its strategic objectives.

Requested Board Action

Approval of Resolution No. 1520, Enterprise Risk Management Policy, SD20.

If you have any questions please contact Roger Kline, Enterprise Risk & Internal Controls Manager at roger.kline@eweb.org.

Attachments:

- 1: SD20 Enterprise Risk Management Policy
- 2: Resolution No. 1520

Policy Number: SD20
Policy Type: Strategic Direction
Policy Title: Enterprise Risk Management
Effective Date: July 21, 2015

The Board recognizes the importance of Enterprise Risk Management in governing utility operations and providing services to customers.

Accordingly,

- The Board authorizes, delegates, and directs the General Manager to establish and maintain a governance framework including strategies for implementing enterprise risk management.
- As part of this governance framework, the General Manager will periodically report on the status of enterprise risk management activities.

Discussion:

Organizations of all types and sizes face internal and external factors and influences that make it uncertain whether and when they will achieve their objectives. The effect this uncertainty has on an organization's objectives is *risk*.

All activities within EWEB involve risk. EWEB shall manage risk by identifying it, analyzing it and then evaluating whether the risk should be modified by *risk treatment* in order to satisfy its established *risk appetite* and/or *risk tolerance(s)*. EWEB shall communicate and consult with internal/external stakeholders and monitor and review the risk and the controls that are modifying the risk in order to ensure that no further risk treatment is required.

EWEB shall develop, implement and continuously improve a *risk framework* whose purpose is to integrate the process for managing risk into the organization's overall governance, strategy, compliance and planning, management, reporting processes, policies, values and culture.

As an example, EWEB's framework shall enable the organization to:

- increase the likelihood of achieving objectives;
- encourage proactive management;
- be aware of the need to identify and treat risk throughout the organization;
- improve the identification of opportunities and threats;
- comply with relevant legal and regulatory requirements and utility best practices;
- improve mandatory and voluntary reporting;
- improve governance;
- improve stakeholder confidence and trust;
- establish a reliable basis for decision making and planning;
- improve controls;

- effectively allocate and use resources for risk treatment;
- improve operational effectiveness and efficiency;
- improve loss prevention and incident management;
- minimize losses;
- improve organizational learning; and
- improve organizational resilience.

Source: Kline, Enterprise Risk & Internal Controls, Draft Provided to Board 07/21/2015, Approved xx/xx/xxxx.

**RESOLUTION NO. 1520
JULY 2015**

**EUGENE WATER & ELECTRIC BOARD
RESOLUTION APPROVING BOARD POLICY
SD20- ENTERPRISE RISK MANAGEMENT**

WHEREAS, the Eugene Water & Electric Board (EWEB) maintains a Board Policy Manual that contains governing policies for the Board of Commissioners; and

WHEREAS, the Board of Commissioners periodically reviews said policies and identifies required modifications or amendments to those policies; and

WHEREAS, the Board of Commissioners periodically determines that new policy is required to adequately document the work or intention of the Board with regard to governance, Board-staff linkage, strategic direction or executive limitations; and

WHEREAS, the Board of Commissioners approve in substance and detail the provisions of proposed Policy SD20 – Enterprise Risk Management.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners hereby approves the addition of Board Policy SD20 – Enterprise Risk Management.

Dated this 21st day of July 2015.

THE CITY OF EUGENE, OREGON
Acting by and through the
Eugene Water & Electric Board

President

I, TARYN M. JOHNSON, the duly appointed, qualified, and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the Resolution adopted by the Board at its July 21, 2015 Regular Board Meeting.

Assistant Secretary



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Mital, Simpson, Helgeson, Manning and Brown
FROM: Todd Simmons, Electric Operations Manager; and Lance Robertson,
Public Affairs Manager
DATE: July 8, 2015
SUBJECT: Revisions to Board Policy SD 5
OBJECTIVE: Board approval of Resolution No. 1521

Issue

Board Strategic Direction Policy 5 (SD5) incorporates rules, procedures and conditions for use of the Plaza at EWEB Headquarters for community events and activities.

The policy has been modified slightly in response to a change in the EWEB department responsible for oversight of the Plaza. The revised SD5 eliminates the reference to the specific department. That contact information is contained in the hold-harmless agreement a member of the public must sign and submit to EWEB for large-group use of the Plaza.

Requested Board Action

Approval of Resolution 1521 on your Consent Calendar.

Policy Number: SD5
Policy Type: Strategic Direction
Policy Title: Public Plaza Policy
Effective Date: ~~January 6~~July 21, 2015

The River Edge Public Plaza is a public place for the enjoyment of all. It cannot be reserved and must remain open to the public until 11 p.m. each day, except for closures related to public safety. Any use by organized groups must not infringe upon public access.

For purposes of this policy, an "event" refers to a gathering of 20 or more people for a common purpose.

Conditions of Use

- The River Edge Public Plaza is available for community events excluding for profit commercial use.
 - Organizations or groups using this area must complete a "[Hold Harmless Agreement](#)" and review and sign the "[Conditions of Use](#)."- Event organizers are required to submit completed forms to EWEB [Security \(security@eweb.org\)](mailto:security@eweb.org) ~~5~~ at least five (5) business days prior to the event.
- EWEB parking spaces are not available for use by event participants between ~~6:00~~ a.m. and ~~6:00~~ p.m., Monday through Friday, unless the event falls on a recognized holiday.
- EWEB does not provide furniture or audiovisual equipment of any kind.
- Activities that pose a threat to public safety or damage the plaza are prohibited.
 - Discharging of firearms, possession of weapons of any kind and/or use of fireworks is prohibited.
- Motorized vehicles are not permitted in the plaza, unless otherwise authorized.
- Consumption of any alcoholic beverages or illegal substances is not permitted.
 - Use of amplified sound systems or noise producing devices which interfere with the working environment of EWEB headquarters and/or disturb other park users is prohibited.
 - Engaging in any activity or conduct which is disruptive or interferes with the enjoyment of the plaza by others is prohibited.
 - The event organizers will be expected to clean up the site after use. If required, event organizers should arrange for garbage cans, trash removal and portable toilets.
- Putting soap, dye or any other foreign substances in the fountain is strictly prohibited.
- The event organizers shall ensure compliance with local Health and Safety Regulations

Source: Board Approved 11/27/1989, Revised April, 2004, Revised April, 2004, Ratified 04/19/2005, Revised 01/06/15, [Revised July 21, 2015](#).

Policy Number: SD5
Policy Type: Strategic Direction
Policy Title: Public Plaza Policy
Effective Date: July 21, 2015

The River Edge Public Plaza is a public place for the enjoyment of all. It cannot be reserved and must remain open to the public until 11 p.m. each day, except for closures related to public safety. Any use by organized groups must not infringe upon public access.

For purposes of this policy, an "event" refers to a gathering of 20 or more people for a common purpose.

Conditions of Use

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- Organizations or groups using this area must complete a "[Hold Harmless Agreement](#)" and review and sign the "[Conditions of Use](#)." Event organizers are required to submit completed forms to EWEB at least five (5) business days prior to the event.
- EWEB parking spaces are not available for use by event participants between 6 a.m. and 6 p.m., Monday through Friday, unless the event falls on a recognized holiday.
- EWEB does not provide furniture or audiovisual equipment of any kind.
- Activities that pose a threat to public safety or damage the plaza are prohibited.
- Discharging of firearms, possession of weapons of any kind and/or use of fireworks is prohibited.
- Motorized vehicles are not permitted in the plaza, unless otherwise authorized.
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- Use of amplified sound systems or noise producing devices which interfere with the working environment of EWEB headquarters and/or disturb other park users is prohibited.
- Engaging in any activity or conduct which is disruptive or interferes with the enjoyment of the plaza by others is prohibited.
- The event organizers will be expected to clean up the site after use. If required, event organizers should arrange for garbage cans, trash removal and portable toilets.
- Putting soap, dye or any other foreign substances in the fountain is strictly prohibited.
- The event organizers shall ensure compliance with local Health and Safety Regulations

Source: Board Approved 11/27/1989, Revised April, 2004, Revised April, 2004, Ratified 04/19/2005, Revised 01/06/15, Revised July 21, 2015.

**RESOLUTION NO. 1521
JULY 2015**

**EUGENE WATER & ELECTRIC BOARD
RESOLUTION APPROVING REVISIONS TO BOARD POLICY SD5**

WHEREAS, the Eugene Water & Electric Board (EWEB) maintains a Board Policy Manual that contains governing policies for the Board of Commissioners; and

WHEREAS, the Board of Commissioners periodically reviews said policies and identifies required modifications or amendments to those policies; and

WHEREAS, the Board of Commissioners periodically determines that new policy is required to adequately document the work or intention of the Board with regard to governance, Board-staff linkage, strategic direction or executive limitations; and

WHEREAS, the Board of Commissioners has reviewed a modification to Board Policy SD5, Public Plaza Policy and has determined that the modification is appropriate and necessary.

NOW, THEREFORE, BE IT RESOLVED by the Eugene Water & Electric Board hereby approves the revisions to Board Policy SD5 – Public Plaza Policy.

DATED this 21st day of July 2015.

THE CITY OF EUGENE, OREGON
Acting by and through the
Eugene Water & Electric Board

President

I, TARYN M. JOHNSON the duly appointed, qualified, and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the Resolution adopted by the Board at its July 21, 2015 Regular Board Meeting.

Assistant Secretary