

EUGENE WATER & ELECTRIC BOARD
EXECUTIVE SESSION
EWEB BOARD ROOM
500 EAST 4TH AVENUE
NOVEMBER 3, 2015
5:00 P.M.

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

EXECUTIVE SESSION:

Pursuant to ORS 192.660(2)(e)

The EWEB Board of Commissioners met in Executive Session to deliberate with persons governed by the governing body to negotiate real property transactions.

Others Present: General Manager Roger Gray, Dave Churchman, Patty Boyle, Sue Fahey, Roger Kline, Mike McCann, Anna Wade, and Anne Kah of the EWEB staff. Attorneys Thomas Grim and Richard Lorenz of Cable Huston LLP participated telephonically.

President Mital adjourned the Executive Session meeting at 5:15 p.m.

Assistant Secretary

President

EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
NOVEMBER 3, 2015
5:30 P.M.

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

Others Present: Roger Gray, Mike McCann, Patty Boyle, Roger Kline, Mark Freeman, Frank Lawson, Harvey Hall, Lance Robertson, Sue Fahey, Lisa Atkin, Sarah Gorsegner, Steve Newcomb, Alan Fraser, Adam Rue, Brad Taylor, Karl Morgenstern, Jeannine Parisi, Erin Erben, Lena Kostopulos, Cathy Gray, Wally McCullough, Dave Churchman, Todd Simmons, Deborah Hart, Susan Eicher, Edward Yan, Matt Barton, Monica Shovlin, Gene Austin, Anna Wade, Teresa Dingman, Janice Lee, Spencer True, Linsey Bjorklund, and Anne Kah 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

There were no comments.

ITEMS FROM BOARD MEMBERS

Commissioner Manning stated that he had visited Arcimoto with Vice President Simpson and that it was exciting to see all the different jobs there. He also noted that he is volunteering for the Run to Stay Warm event in November.

Vice President Simpson stated that he works for Arcimoto and noted the upcoming “plug-in party.” He too is volunteering for the Run to Stay Warm event.

President Mital noted that the Board received 70-some comments on line and an additional amount that were sent to them individually or via social media, regarding the Register-Guard article about the proposed basic charge/rate increase. He added that the Board feels customers’ tension and will address this later in tonight’s meeting.

Commissioner Brown noted that he had sent General Manager Gray and Jeannine Parisi, Government and Community Affairs Coordinator, an article about a quiet zone crossing in Vancouver, Washington which cost \$10,000 instead of the projected \$4 million for a quiet zone in Eugene. He stated that this issue is very important for sale of the EWEB property, and asked that Mr. Gray forward the article to the City Manager.

Mr. Gray officially presented awards that were given to EWEB and Karl Morgenstern, Environmental Management Supervisor (who received two awards), by Carpe Diem West for source protection/water supply. Mr. Gray read the inscription on the award and congratulated Mr. Morgenstern. President Mital noted that all the great work that Mr. Morgenstern's group does is accomplished by only two staff—Nancy Toth and David Donahue—other than Mr. Morgenstern.

Vice President Simpson noted another award that was given to EWEB for outstanding RP3 programs, for high proficiency, reliability, safety and work force development, and system improvement. He added that this award is given to very few utilities and that he is proud of staff's efforts to meet this criteria.

PUBLIC INPUT

David Tobin (Ward 1) stated that while most people know about St. Vincent dePaul's efforts with thrift stores and housing, a third service is assistance for people in the community who request it. He noted that in the last few years the people he and others have visited have literally nothing and need just about everything—appliances, furniture, etc. He stated that he is opposed to the proposed basic charge/electric rate increase as it will hurt a lot of people. He noted that most federal workers and those who receive Social Security will not receive a cost of living raise this year. He also noted that he and others take LED bulbs to the people they visit, especially renters, and that they really help. He urged the Board to remember the customers who can't afford a rate increase.

Barbara Donovan (Crest Drive residence/Mill Street business) believes that the planet needs to go electric. She owns one electric car and will be purchasing another one soon, and she also purchases 100% green energy. She noted that the tank water heater at her business was inefficient and benefited Northwest Natural Gas, not EWEB, so they went with an electric on-demand water heater that could be monitored inside, with a delay for electricity on EWEB's part, and then \$1,500 later were charged for increasing the transformer load in that neighborhood. She believes that EWEB is discouraging customers from replacing gas with electricity and that EWEB's policies have no room for individuals trying to make good decisions for the planet. She noted that campaigning for a green city is a farce if EWEB doesn't reevaluate their public energy policies and encourage electric use. She urged the Board to be prepared by thinking and acting aggressively, and to not delay a revisit of the policies that discourage replacing fossil fuels with electricity.

Carolyn Stein, the executive director of BRING, thanked EWEB for their support of BRING's programs in the community. She noted that the Rethink Business program has provided many improvements to over 200 businesses and schools since 2010 with low-flow shower heads, upgrading inefficient lighting, etc., and that over 900 members of the community have toured 10 home and garden sites and have attended disaster preparedness programs staffed by EWEB employees.

Commissioner Manning stated that he is a product of a poor and under-served environment, and that any decision he faces considers that sector of the community above all else. He added that his heart is with those in the community who aren't doing well, and stated that is one of the reasons why he wanted to be an EWEB Commissioner.

Commissioner Helgeson appreciated Mr. Tobin's work and the handing out of LED bulbs, and noted that EWEB continues to fund its conservation program at a very high level though somewhat less than in the past, and that they also buy down LEDs at big box stores fairly frequently. He told Ms. Donovan that he would follow up with her regarding her testimony, and thanked Ms. Stein for her appreciation.

Vice President Simpson thanked Mr. Tobin for his trust in EWEB. He noted that EWEB has discovered that the low-income population's pattern of electricity use mirrors those who are not so hard-pressed to pay their bill and, as such, loading more cost recovery into the base charge and at the same time lowering the rate charge will have the effect of impacting about half of the low-income population. He added that the Board is seriously considering (and he is in support) rate relief to individuals and households who would otherwise be affected by this, and that it deals with two separate things--rate restructuring, which increases the basic charge and the electricity charge and is revenue neutral—and a 2.5% electric rate increase because of bonds. He also thanked Mr. Tobin for distributing the LED lights as the Board is very interested in helping customers conserve energy and also having fixed costs billed as fixed charges. He also assured Ms. Donovan that he will follow up with staff regarding her issue.

President Mital thanked Mr. Tobin and noted that the Board was invited by Catholic Community Services to learn about what they do in the community, and he asked to join Mr. Tobin on one of his rounds. He also noted that he runs a small program at the University of Oregon that distributes LEDs to off-campus students, and that EWEB has applied for a \$5,000 grant through Home Depot to buy LEDs and install them. He reiterated that staff will follow up with Ms. Donovan about her issue.

Commissioner Brown appreciated Mr. Tobin's efforts, and reiterated that EWEB had received a total of 100 comments in four hours today, all of which were read, and that he will do his best to make the right decision. He reminded the audience that the Board is here to reflect what customers want, and assured the audience that the low-income and poor are in their minds, as EWEB gives more to their Community Care program than any other utility does.

CONSENT CALENDAR

MINUTES

1. a. October 6, 2015 Executive Session
- b. October 6, 2015 Regular Session

CONTRACTS

2. ARCOS LLC - for a hosted automated roster call-out system and implementation services. \$240,000 (over five years). Electric Operations, Contact Person is Todd Simmons.

RESOLUTIONS

3. Resolution No. 1507 – Authorizing General Manager in Sale of Assets, Power Operations, Contact Person is Dave Churchman.
4. Resolution No. 1508 – Authorizing Power Purchase Transaction, Power Operations, Contact Person is Dave Churchman.
5. Resolution No. 1531 – 2015 Revised and 2016 Trojan Budgets, Financial Services, Contact Person is Susan Fahey.
6. Resolution No. 1532 – Revision to Real Property Policies SD14 and Property Management Procedures, Environmental Management, Contact Person is Steve Newcomb.

OTHER

7. Board Meeting Minutes – Action oriented minutes, supplemented by audio recording, Contact Person is Anne Kah, Executive Assistant.

Commissioner Brown pulled item #6. Commissioner Helgeson pulled item #7.

It was moved by Commissioner Brown, seconded by Vice President Simpson, to approve the remainder of the Consent Calendar. The motion passed unanimously (5-0).

ITEMS REMOVED FROM CONSENT CALENDAR

Regarding item #6 (Resolution #1532), Commissioner Brown noted that the language in this resolution is specific to a specific property, contains specific individuals' names, etc., and read an example. He requested more wordsmithing before he can adopt it.

Mr. Gray stated that he will talk to Mr. Morgenstern to make sure this will not cause an operational delay, but he believes it will not. He added that staff will make it clear what policies staff is asking the Board to approve.

Mr. Morgenstern stated that he didn't intend for the attachments to be included with the Resolution.

It was moved by Vice President Simpson, seconded by Commissioner Brown, to defer approval of Resolution #1532 to the December meeting. The motion passed unanimously (5-0).

Regarding item #7 (Board minutes production), Commissioner Helgeson stated that he hasn't had issues with the minutes and that he doesn't believe cost is a major consideration, but that he appreciates the other perspectives on changes, and supports those changes. Regarding providing an audio version of the minutes, he urged staff to do this both in a timely way and a way that is easily accessible for customers due to the length of most meetings (four hours) so that it is easy for them to find the issue that they are looking for.

Vice President Simpson noted that he has toured LCOG's metro television facility, and that their videos are posted on line with a nifty indexing system that helps people find the portion they are looking for. He asked Ms. Kah to reach out to LCOG or do so through him for their assistance.

It was moved by President Mital to adopt the resolution as is (hold the audio version on EWEB's website for a minimum of four years and then archive it). Commissioner Manning seconded the motion but asked if the cost of file retention will affect rates.

Commissioner Helgeson reiterated that what is most important to him is that any customer who has interest in accessing the information has the opportunity to do that one way or the other, and that if staff learns that one year of hold on the website constrains that, staff needs to be flexible, as EWEB's objective is to serve customers well beyond what is required by law.

Vice President Simpson asked Lance Robertson, Public Affairs Manager, if four years is reasonable. Mr. Robertson replied that reformatting will be done to a cloud-based website and that he believes there will be capacity for 2-4 years of audio files, but he isn't sure yet. He assured the Board that staff will work with whatever the Board desires.

Mr. Gray noted that staff will return with an informed answer and final data about storage cost, and that staff is currently looking at what parts of the website customers click on the most and what they are trying to find.

The motion was re-introduced for a shift to action-oriented Board minutes plus a website retention period of four years for audio versions, in lieu of the time period that staff proposed. The motion passed 4-1 (Manning opposed).

CONCRETE REMOVAL AND REPLACEMENT SERVICES CONTRACT

Brad Taylor, Water Operations Manager, gave a description of the contract and addressed questions and comments from the Board.

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

CARMEN POWERHOUSE – WILDISH CM/GC CONTRACT, CONSTRUCTION SERVICES AMENDMENT

Mike McCann, Generation Manager, gave a description of the contract and addressed questions and comments from the Board.

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

CARMEN POWERHOUSE – WILDISH CM/GC CONTRACT, TURBINE SHUTOFF VALVE PROCUREMENT

Mike McCann, Generation Manager, gave a description of the contract and addressed questions and comments from the Board.

Mr. Gray noted that more contracts of this nature are forthcoming but that these are for the most urgent items, and that these only relate to the powerhouse as opposed to general relicensing issues.

It was moved by Commissioner Brown, seconded by Vice President Simpson, to approve the contract. The motion passed unanimously (5-0).

CARMEN POWERHOUSE - ENGINEERING CONSULTANT CONTRACT

Mike McCann, Generation Manager, gave a description of the contract and addressed questions and comments from the Board.

It was moved by Commissioner Helgeson, seconded by Vice President Simpson, to approve the contract. The motion passed unanimously (5-0).

President Mital called for a 10-minute recess.

Agenda item #13 was moved up so as to allow the Public Hearing to occur at the advertised time.

2015 ORGANIZATIONAL PERFORMANCE, Q3 KEY PERFORMANCE INDICATORS

Mr. Gray noted that there have been no format changes in this document but only procedural changes, as Roger Kline, Enterprise Risk & Internal Controls Manager, has assumed control of the document and Mr. Gray now influences it. Mr. Gray added that he supports the content and that process and accountability now rests with Mr. Kline.

Mr. Kline noted that the notable excess in the document is around financial health and environmental stewardship, with some opportunities for improvement, and that staff will present a report from the governing board at December's Board meeting, primarily regarding the Work Asset Management (WAM) project.

Commissioner Brown stated that he is "gun-shy" about the money being spent on information technology projects, and that he will be watching the expenses closely and needs to understand them better.

Mr. Gray noted that the procedure for WAM is only struggling from a business standpoint and not from a financial standpoint. Mr. Kline added that improvements are already being seen as a result of the WAM project and that new data is being gathered from it.

Mr. Kline also noted that a new Information Services Manager will be hired in the near future, and he briefly reviewed the procedure for the hiring process.

Vice President Simpson what has caused the Customer Service category to change. Mark Freeman, Customer Service & Energy Management Services Manager, explained that there are several employees on emergency medical leave so new employees are being trained, and some part-time employees are being increased to full-time.

PUBLIC HEARING – 2016 PROPOSED BUDGETS, REVENUE REQUIREMENTS AND PRICES

Former EWEB Commissioner **Bob Cassidy** stated that he had read the Register-Guard article this morning and is concerned. He suggested splitting the electric bill into two parts, showing operations and electricity, but still within one bill. He said he doesn't mind paying a larger amount as he believes he gets his money's worth from EWEB, but he wants to have EWEB's rates remain low.

Ed Morfit agreed with Mr. Cassidy that the proposed rate increase is a disincentive for people interested in conserving resources and using less electricity, and that it doesn't fall in line with reducing carbon emissions. He is also concerned about the impact on low-income customers and those customers who have gone to the classes EWEB has provided about reducing electricity usage. He also noted that those are customers who can't afford to buy LED lights or get new water heaters.

Vice President Simpson noted that low-income customers are not necessarily low electricity consumers, and that half of the low-income population will see a lower bill, though the basic charge is broken out.

President Mital voiced disappointment that the first paragraph in the Register-Guard article was somewhat misleading and that there is not a reporter from the Register-Guard present tonight so that it can be corrected.

Commissioner Brown stated that EWEB has a public relations problem regarding the proposed rate increase, and that even though the rate increase is revenue-neutral, it wasn't portrayed that way in the Register-Guard article. He noted that the 100 e-mail comments that the Board received today after the article appeared in the newspaper is almost more comments than were received in opposition to EWEB's advanced metering infrastructure (AMI) project.

2016 PROPOSED BUDGETS, REVENUE REQUIREMENTS AND PRICES

With the aid of overheads, Sue Fahey, Finance Manager, and Harvey Hall and Deborah Hart, Senior Financial Analysts, presented the above, and asked for feedback and clear direction from the Board regarding the following recommendation:

Management recommends that the Board direct staff to: 1) Prepare the 2016 budget using the assumptions set forth in the background; 2) Prepare an Electric Utility price proposal with a 2.5% overall average February 2016 increase; 3) Include a residential price design with a \$10 increase to the basic charge in the Electric price proposal and a \$169,000 increase for limited income assistance and the other price changes described; and 4) Prepare a Water Utility price proposal with a 3.6% overall average February 2016 price increase.

2016 Budget:

Commissioner Helgeson:

- Consistent with Board guidance over several months; appreciate incremental reduction
- Struggle to have time to delve into budget details only one week before the meeting

Commissioner Brown:

- Okay with electric budget
- Wants to continue septic tank program and increase number of emergency water containers (septic tank program will not run out of money and containers are budgeted)

Commissioner Manning:

- Need to figure out how to explain the proposed rate increase to customers, possibly with a bill insert? Continue to work on presenting issues to the public so that the Register-Guard will not publish assumptions

Vice President Simpson:

- Most smooth budget process ever but agree there was not enough time to delve into details
- Appreciate keeping the 2.5% rate change separate from restructuring – which should also be part of public message
- Assumptions well-aligned with strategic planning – supports the budget

President Mital:

- Okay with 2.5% electric increase and 3.6% water increase with a detailed analysis from Karl Morgenstern's group

Round #2:

Commissioner Helgeson:

- Would like off-line discussion about 3.6% water increase as part of the smoothing strategy and how that relates to the alternative water source (ALS) reserve beyond the 1% of one year ago
- Move forward with 2.5% electric and 3.6% water rate increases

Both Commissioner Helgeson and Vice President Simpson asked for a one-on-one meeting regarding delving further into the budget details.

Price Design Changes:

Commissioner Helgeson:

- Can't support increase in basic charge – customers don't perceive they get a lot for it; \$20 to \$30 in revenue is not that great; cost of service is looking at \$30 to recover more than historically was included in the basic charge.
- Taking a big risk with customers for not a lot of benefit.
- \$20-25 is good enough for now – “don't poke the bear.”

Commissioner Brown:

- Can't support this – need to know what difference is between \$20 and \$25
- Don't want to go for more than half of what was proposed
- We need to listen to the public and educate them on why we're doing this. Incremental increase.

President Mital:

- Commissioner Helgeson raises good points
- Register-Guard has now confused the public
- Benefit is not that great and don't see that rate design is that flawed
- Would feel better doing this in 3-4 years when we have the new customer information system in place.

Vice President Simpson:

- Agreed with President Mital
- We do need to restructure rates but we messed up in terms of communication and assumed it wouldn't be a problem. We're trying to correct an equity imbalance that's existed for a long time.
- It's our job to help the public want that and we didn't do that, so I want no rate change whatsoever.
- Retain existing two-tier structure and no change in base charge. We heard it loud and clear today.

Commissioner Manning:

- We're on the same page – buy-in is an education matter and we need more education for customers. I stand with my fellow Commissioners.

A major discussion ensued regarding the current rate design and the various concerns of Mr. Gray and the Board regarding that design.

Erin Erben, Power Planning Manager, also presented her view regarding the rate design recommendation. She noted that collapsing rate tiers is do-able but there may be an alternative to increasing the basic charge, and that there are other ways to get revenue stability. She noted that staff wants to allow customers more choices in the future and that the rate design issue will remain whether it's now or later.

The Board was asked to repeat their desired direction regarding rate design:

Commissioner Helgeson:

- Leave rate design alone at this time
- Tiered rate doesn't have that much of a differential
- Concerned about eliminating delivery charge

Commissioner Manning:

- Okay with \$5 and \$10 comparison but need to be comfortable with explaining the impact

Commissioner Brown agreed, and would like to see a comparison of anywhere from zero increase to \$5 with escalating everything by 2.5%.

President Mital:

- Return to \$5 option with no basic charge increase.

The Board then discussed moving forward with rate design changes on the commercial side and have meters in place to do so, and staff returning to the Board regarding the residential side when the Board feels better prepared to better explain the changes to customers.

Mr. Freeman noted that an explanation of the delivery charge is the most common thing customers ask for when they call in.

Mr. Gray then asked for confirmation of the following options to be presented to the Board at the December meeting:

Option 1: Retain the rate design as is and increase each element by 2.5%, which will meet the revenue requirement.

Option 2: Move forward with the \$5 rate design and move General Service customers in the same direction, as proposed this evening.

The budget remains identical, only difference is how it is funded.

The Board unanimously confirmed the above, and Commissioner Manning will meet with staff to confirm some details.

Ms. Fahey confirmed that the Customer Care program will be increased to reflect the \$5 rate design.

CORRESPONDENCE AND BOARD AGENDAS

Mr. Gray stated that Correspondence remains as presented.

He noted that agendas for 2016 are teed up well, and that the Board will be spending more time on strategic planning and agenda planning, so there will be second Board meetings on March 15 and April 19, solely for strategic planning discussion. Ms. Kah will follow up for scheduling of these second meetings.

The annual upriver meeting date is tentatively scheduled for September 6.

Mr. Gray noted that \$1 million contracts are separate line items (by board policy and by his practice) and that the Consent Calendar is an effective process, but not usually for broken-out line items, and he asked the Board if they would be comfortable treating larger contracts the same way (a procedure change with no change in details). He added that if this was done, staff would not be required to attend the meeting as agenda time would not be needed, but the Board would have to formally revise the policy.

After a brief discussion, the Board agreed, and staff will queue this up.

BOARD WRAP-UP

Commissioner Helgeson asked if Board run materials could be sent earlier if the material is available to do so, possibly bi-weekly.

Regarding the Register-Guard article and portions of that discussion this evening, Vice President Simpson commented that he believes creative tension is okay and that when the Board reads messages from the public, they react. He stated that he believes EWEB should be indifferent in the way it delivers products, and if customers conserve, great, but if not, that's their choice. He added that he believes both the Register-Guard and EWEB are to blame for the misinformation in the Register-Guard article.

President Mital stated that public perception is a huge issue and that Board and staff need to be more clear about what the community learns.

Commissioner Brown noted that he is having lunch with the new chief executive officer of the Register-Guard soon, and that he hopes that EWEB staff will respond to the customers who offered comments regarding the rate increase before the December meeting.

President Mital adjourned the Regular Session at 8:42 p.m.

Assistant Secretary

President

EUGENE WATER & ELECTRIC BOARD
EXECUTIVE SESSION
EWEB BOARD ROOM
500 EAST 4TH AVENUE
NOVEMBER 9, 2015
3:30 P.M.

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

EXECUTIVE SESSION:

Pursuant to ORS 192.660(2)(e)

The EWEB Board of Commissioners met in Executive Session to deliberate with persons governed by the governing body to negotiate real property transactions.

Others Present: General Manager Roger Gray, Steve Newcomb, Karl Morgenstern, Patty Boyle, Sue Fahey, and Anne Kah of the EWEB staff.

President Mital adjourned the Executive Session meeting at 3:50 p.m.

Assistant Secretary

President

EUGENE WATER & ELECTRIC BOARD
SPECIAL BOARD MEETING
EWEB BOARD ROOM
500 EAST 4TH AVENUE
NOVEMBER 9, 2015
3:50 P.M.

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

Others Present: General Manager Roger Gray, Steve Newcomb, Karl Morgenstern, Patty Boyle, Sue Fahey, Lance Robertson, Joe Harwood and Anne Kah of the EWEB staff.

It was moved by Commissioner Brown, seconded by Commissioner Manning, that the Board of Commissioners direct EWEB staff to make a \$250,000 grant to the McKenzie River Trust in support of stewardship and restoration planning at the McKenzie Camp Parcel near Blue River, Oregon. Further, the Board of Commissioners directed staff to pursue development of a matching challenge grant to support the project. The matching grant would be up to \$500,000 with the challenge running through 12/31/16. Staff were given authority to adjust timing of the challenge grant to achieve greatest possible leverage for EWEB's investment.

President Mital adjourned the Executive Session meeting at 4:15 p.m.

Assistant Secretary

President



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Mital, Simpson, Helgeson, Manning and Brown
FROM: Mel Damewood, Engineering Manager, Frank Lawson, Systems Engineering Supervisor, and Philip Peterson, Staff Electrical Engineer
DATE: November 20, 2015
SUBJECT: WEG Electric Corporation for Holden Creek Transformer Purchase
OBJECTIVE: Approve Contract

Issue

Staff is requesting approval of the contract to purchase power transformers for the new Holden Creek Substation.

Background

EWEB is designing the new Holden Creek Substation with plans to begin construction in 2016. The status of this project was discussed in November Board Correspondence in a document entitled “Significant Type 2 Project Update/Cost Increase: Holden Creek Substation”.

EWEB requires two (2) new transformers for Holden Creek including a 20MVA transformer to connect customer load, and a 25MVA generator step-up (GSU) to connect Leaburg generation. These transformers will be purchased from a single manufacturer, capable of designing and building both units.

Discussion

EWEB issued RFP 036-2015 in August of 2015, inviting transformer manufacturers to submit a solution to EWEB for the purchase and installation of two (2) transformers for the new Holden Creek Substation. The RFP was scored based on considerations of total lifecycle costs, sound level, adherence to EWEB technical specifications, adherence to EWEB terms and conditions, and phone interviews with vendor-supplied references.

The RFP was reviewed by 15 companies. Nine (9) responses were received.

The RFP was reviewed by staff and the list of potential candidates was narrowed down to two (2) after reviewing total lifecycle costs, sound level, and adherence to EWEB technical specifications: these two (2) finalists were SPX Transformer Solutions (Waukesha) of Waukesha, WI and WEG of Duluth, GA. After review of adherence to EWEB terms and conditions and phone interviews with vendor-supplied references WEG Electric Corp. was the highest ranked proposer.

WEG manufactures their transformers in two (2) facilities in Mexico. EWEB has not entered business with WEG before, but they have been bidders on several past RFPs. EWEB personnel have experience working with international suppliers in this global market.

Recommendation

Staff recommends the approval of a contract with WEG for the purchase of two (2) transformers, including one (1) 20MVA for distribution, and one (1) 25MVA for Leaburg generation.

Requested Action

Approval of a contract with WEG for the purchase of the Holden Creek transformers.

If you have any questions please contact Mel Damewood by email at mel.damewood@eweb.org or by telephone 541-685-7145.

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a contract with **WEG Electric Corp.** for the purchase of two (2) transformers for Holden Creek Substation.

Board Meeting Date: December 1, 2015
Project Name/Contract#: Holden Creek Substation Transformers/RFP 036-2015
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: \$ 945,000
Additional \$ Previously Approved: \$ N/A
Invoices over last approval: \$ N/A
Percentage over last approval: N/A %
Amount this Request: \$ 945,000
Resulting Cumulative Total: \$ 945,000

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 Request for Proposals
If applicable, basis for exemption: N/A
Term of Agreement: December 31, 2016
Option to Renew? No

Form of Contract:	
<input checked="" type="checkbox"/>	Single Purchase
<input 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

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

Narrative:

The Board is being asked to approve a new contract with **WEG Electric Corp.** of Duluth, Georgia for the purchase of two transformers for Holden Creek Substation.

EWEB requires two (2) new transformers for Holden Creek Substation. This includes a 20MVA transformer to connect distribution customer load, and a 25MVA generator step-up (GSU) to connect Leaburg generation. These transformers will be purchased from a single manufacturer capable of designing and building both units. In August, 2015, EWEB issued a formal RFP for the purchase of the transformers. The RFP was scored based on considerations of total lifecycle cost, sound level, adherence to EWEB technical specifications, adherence to EWEB terms and conditions, and phone interviews with vendor-supplied references. The RFP was reviewed by 15 companies. Nine responses were received; WEG Electric Corp was determined to be the highest ranked proposer.

Responses were received by HD Supply of Portland, OR; Shihlin Electric of Pasadena, CA; WEG Electric of Duluth, GA; SPX Waukesha of Waukesha, WI; Virginia Transformer Corp. of Roanoke, VA; Whitefish Energy Holdings of Whitefish, MT; Delta Star of San Carlos, CA; MVA Power of Montreal, Quebec (CA); and CG Power of Washington, MO.

If approved, staff will purchase two transformers at the established prices.

ACTION REQUESTED:

Management requests the Board approve a new contract with **WEG Electric Corp.** of Duluth, Georgia for the purchase of **two transformers for Holden Creek Substation.** Funds for this purchase were budgeted for 2016.

SIGNATURES:

Project Coordinator: _____

LT Manager: _____

Purchasing Manager: _____

General Manager: _____

Board Approval Date: _____

Secretary/Assistant Secretary verification: _____



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Mital, Simpson, Helgeson, Manning and Brown
FROM: Steve Newcomb, Environmental Management Department Manager, and
Karl Morgenstern, Environmental Management Supervisor
DATE: November 20, 2015
SUBJECT: Real Property Policy (SD-14) and Property Management Procedures
OBJECTIVE: Board Action: Resolution No. 1532

Issue

Management of EWEB-owned property assets requires Board approved policies to guide the implementation of internal property management procedures. EWEB Property Management staff have updated current Board Policy SD-14 and developed a set of procedures to implement the policy to provide a legal and consistent approach to the actions associated with acquisition and disposition of property, encroachments, lease terms, easement and permit processes, and adds fees to cover EWEB staff costs associated with some of these activities. Management wants to inform the Board of Property Management Procedures (PM.200.PRC.01-00) that will be adopted following approval of SD-14.

Background

EWEB's Property Management portfolio includes: 244 parcels totaling approximately 1,500 acres; 41 leases with third parties to use EWEB property for cell towers, parking, building rental, storage, and other approved purposes. There are over 60 known encroachments on EWEB property by adjacent property owners (i.e., involving barns, sheds, stairs, decks, driveways, vegetation, fences, etc.); 7,983 easements; and, numerous revocable permits of various types. EWEB's Property Management group has been operating under a set of draft procedures dated October 1993 that were never adopted.

Discussion

Revisions to Real Property Policy SD-14 contains two changes to update this policy (see Attachment A). These changes are as follows:

- Property Acquisition – added reference to “other products (i.e., telecommunications)” and deleted “steam products”.
- Easement Acquisition – added “and public” to include the fact that EWEB currently obtains easements for EWEB facilities on private *and public* property.

The Property Management Procedures (PM.200.PRC.01-00) provide the process and approach to implementing the policy. Section 6 (*Property Management*) of the Procedures (see attachment B) contains the majority of changes that differ from how EWEB has managed properties in the past. The main changes include:

1. Instituting a Revocable Encroachment Permit process (Section 6.4.4); and
2. Charging fees for permits that EWEB issues to recover administrative costs (see Attachment C).

Documenting and enforcing encroachments that currently exist on nearly 25% of EWEB-owned properties in support of water, electric and generation operational needs and priorities may expose EWEB to legal challenges and disgruntled customers. These new procedures provide staff a process for preventing future encroachments from happening, while documenting and addressing existing encroachments through a permit process that requires removal of the encroachment upon sale of the property. The procedures provide a fee system that recovers costs associated with monitoring and evaluating encroachments.

Recommendation

Management recommends the Board approve Resolution No. 1532 to incorporate the language found in Attachment A and adopt the fee schedule found in Attachment C. Following Board approval of Resolution No. 1532, the All Utilities section of the Customer Service Policies will be updated to reflect the fee schedule.

Attachment A – Revised Real Property Policy

Policy Number: SD14

Policy Type: Strategic Direction

Policy Title: Real Property Policies

Effective Date: December 1, 2015

The following property policies shall govern the acquisition, management, and disposal of EWEB property and property rights.

1. Property Acquisition – To ensure that facilities are available for the production and distribution of useable energy, water, and ~~other steam~~ products (i.e., telecommunications), EWEB will consider the purchase of fee property. The decision to purchase fee property rather than lesser rights such as easements shall be based on the extent of control necessary to adequately protect the utility system.

2. Property Management – EWEB’s property shall be managed to comply with City, County, State and Federal ordinances, statutes, laws and EWEB’s Charter, Mission and Statement of Legacy.

3. Property Disposal – The Board may declare any real property surplus. The decision to declare a parcel surplus will be based on current and future utility needs land use and environmental considerations. The Board may direct staff to dispose of any properties declared surplus. Any properties disposed shall be disposed in accordance with applicable ordinances, statutes, laws and other Board policies.

4. Easement Acquisition – Easements will be obtained for all EWEB facilities located on private and public property, exclusive of electric service lines for the property owner’s sole use.

5. Easement Management – EWEB will provide customers with easement information when requested. EWEB may provide limited landscape maintenance within an easement only under certain circumstances.

6. Permits – EWEB will obtain permits for temporary uses on private property and on City of Eugene property where easements are not available.

7. Leases – EWEB staff, with Leadership Team Manager approval, may lease property for utility purposes when purchase of the property is not possible or in the best interest of EWEB.

Source: Real Property Policy & Procedures Approved 10/1993, Revised 07/05/2005, Revised 1/06/2015, Resolution No. 1503, Revised 12/1/2015, Resolution No. 1532.



Eugene Water & Electric Board



Property Management Policies and Procedures

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Approval

Signature

Date

DOCUMENT CHANGE LOG

A history of changes made to this document is shown below. The current document supersedes all previous procedure versions, understandings, agreements, and written or oral guidelines. Documents are effective the date they are approved and until superseded or determined obsolete.

Date	Rev	Change Description	Entry First Initial, Last Name	Check A Column	
				Major Change	Minor Change
mm/dd/yyyy					

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1. PURPOSE

The purpose of this document is to provide policies and procedures for the acquisition, management and disposal of EWEB real property and property rights, exclusive of improvements.

2. SCOPE

This procedure describes all aspects of Property Management responsibilities.

3. TERMS AND ABBREVIATIONS

- *Application Fee* – A fee based upon the administrative cost to create a permit, operational and surveyor costs and recordation fees.
- *Appraisal* – An opinion of value based upon factual analysis. An estimation of value by third party of suitable qualifications.
- *Condemnation* – The taking of private property for public use. Consent of the owner is not required but fair compensation must be paid.
- *Deed* – Any one of many conveyancing or financing instruments, but generally a conveyancing instrument, given to pass free title to property upon sale.
- *Easement* – A non-possessory interest held by one person in property of another where the first person is accorded partial use of the property for a specific purpose.
- *Easement Vacation/Termination* – To end or to cause to stop or end an approved easement. Merger, release, or abandonment are the three basic means by which easements are terminated.
- *Eminent Domain* – A governmental right to acquire private property for public use by condemnation, and the payment of just compensation.
- *Encroachment* – Generally, construction onto the property of another, as of a wall fence, building, etc.
- *Environmental Assessment* – A physical inspection of a site (land and improvements) to determine if environmental problems exist. Typically this is done prior to sell or lease to identify potential liability and risk associated with environmental degradation.
- *Integrated Vegetation Management* – A decision making process where you use mechanical, manual, biological and chemical control methods to manage vegetation and pests in a decision making hierarchy.

- *Lease* – An agreement by which an owner of real property (lessor) gives the right of possession to another (lessee), for a specified period of time (term) and for a specified consideration (rent).
- *Lease Value* – The monetary worth of a property, good or service to buyers and sellers at a given time. Typically determined through market value or appraisal methods.
- *Pending Litigation* – Either a civil lawsuit brought by a citizen or group of citizens against another person or group of person, or a criminal charge brought against someone by the government or the state, that have not been “heard” or “tried” yet.
- *Permit* – An official document giving permission to conduct specific activities (permitted actions) to someone (grantee) on property owned by the entity providing authorization (grantor) for a specified period of time (term). Permits are revocable at will.
- *Preliminary Title Report* – A report prepared prior to issuing a policy of title insurance that shows the ownership of a specific parcel of land, together with the liens and encumbrances thereon which will not be covered under a subsequent title insurance policy.
- *Public Notice* – An advertisement published to announce EWEB property proposed for disposal.
- *Surplus Declaration* – Properties that have been determined by staff to be of excess to the needs of EWEB and recommended for sale.
- *Tax Assessor’s Map* – An official document showing the locations and parcel identification numbers for all property located within an ad valorem (property) tax jurisdiction.
- *Title Report* – See Preliminary Title Report.

4. RESPONSIBILITIES

The Property Management Procedures, *PM.200.PRC.01-00*, describes the roles and responsibilities of how EWEB Departments work together for the acquisition, disposition, and management of EWEB property rights, easements, leases, and permits.

5. PROPERTY ACQUISITION

Board Policy: To ensure that facilities are available for the production and distribution of useable energy, water, and other products (i.e., telecommunications), EWEB will consider the purchase of fee property. The decision to purchase fee property rather than lesser rights, such as easements, shall be based on the extent of control necessary to adequately protect the utility system.

Procedure:

5.1 DETERMINATION OF NEED

A Manager or Supervisor may initiate the acquisition process. Departments may determine the need for additional property based upon approved facility plans and/or Capital Investment Plans, and deliver property selection criteria to Property Management. These criteria may include general location, size parameters, access requirements and elevation parameters if appropriate. Property Management will seek available property that meets the criteria or investigate properties identified by staff. Property Management will work with the requestor and appropriate staff to evaluate and rate the available properties and make recommendations for further investigation where appropriate. Once the requestor has made a final decision on the most desirable property, and subject to the application of ORS Ch. 35, the General Manager may authorize Property Management to complete acquisition. Property acquired through Eminent Domain requires a Board action.

5.2 TITLE REPORT

A Status of Record Title (SORT) report will be obtained during preliminary evaluation of property options for acquisition. A preliminary Title report will be ordered as part of the execution of the sale agreement for the property to be acquired.

5.3 SALE AGREEMENT/ENTRY PERMIT

Property Management will negotiate a Sale Agreement with the owner of the desired property that contains authorizations to conduct due diligence upon the property for environmental assessment, survey/engineering work, and other needed activities. A typical Sale Agreement will contain provisions related to determining purchase price.

Subject to requirements of ORS Chapter 35 in lieu of a Sale Agreement, Property Management may contact the owner of the desired property, explain EWEB's interest in the property and negotiate an entry permit if necessary. The entry permit may contain provisions for an environmental site assessment, fee appraisal and survey/engineering work depending on the specific situation.

5.4 ENVIRONMENTAL ASSESSMENT

The Environmental Management Department will manage consultants to provide environmental assessments for desired properties per applicable ASTM Standards. A written report of the Level 1 environmental assessment results will be sent to the requesting Manager and other appropriate staff with a copy sent to Property Management. If the report contains a recommendation for a Level 2 environmental assessment, the requesting Manager will make a determination whether to proceed with the Level 2 assessment or pursue another parcel. Should Level 3 work be required on the proposed site, the requesting Manager will make the decision in consultation with Environmental Management to either proceed with the work or pursue a different parcel. Environmental Management will provide a recommendation to the requesting Manager

how to proceed based on environmental liability and risk as determined by the environmental assessment.

5.5 APPRAISALS

Property Management will initiate a contract for the services of a state certified appraiser. The appraisal shall identify the parcel and property rights appraised, the valuation approach used, and state the fair market value of the property or property right being appraised. Supporting documentation shall be included. Property Management will review the appraisal for its completeness and competence. Property Management will contract with an alternate appraisal firm to complete a review appraisal to confirm that the appraisal has followed the appropriate process and that the value conclusion is well supported. Appraisal review may trigger need for conducting a second appraisal. All properties identified for acquisition will be appraised, except if value is estimated below \$10,000. Property Management may provide a Letter of Value in lieu of appraisal to estimate acquisition price if less than \$10,000.

5.6 NEGOTIATIONS

Negotiations will be performed by Property Management in consultation with the requesting Manager and other staff as appropriate. Eminent Domain may be used, however, when considered necessary and authorized by the Board.

If EWEB chooses to exercise its right of Eminent Domain through condemnation to acquire property for utility purposes, Property Management will obtain legal counsel to refine the process. In general, the process for condemnation includes the following:

1. Board Resolution to authorize proceedings and acquisition of property in accordance with ORS Ch. 35. The Board Resolution will include the requisite determination of need and public purpose.
2. Provide land owner 15-day notice to access property for appraisal, inspections and other appropriate activities.
3. Determine appropriate appraisal format based on type of property.
4. Make offer to land owner and provide 40-days to accept or reject offer.
5. If landowner rejects offer, File Action & Order of Possession.
6. Attempt to negotiate settlement terms with landowner.
7. Offer to compromise 10 days before trial date.
8. Other actions as necessary.

EWEB staff shall consider the following when determining an appropriate path toward acquisition through condemnation: a) relocation costs of occupants; b) practical need for lot line adjustments; c) keeping home site with agricultural zoning; d) value of mineral rights or environmental attributes which are separable from property ownership; and e) the timing and expense of condemnation process.

5.7 CLOSING

EWEB will obtain property by Warranty Deed unless a suitable alternative form of deed is approved by the Environmental Manager or General Manager for good cause shown. Title Insurance, in an amount equal to the purchase price of the property, will be obtained at the time of closing, usually to be paid for by the seller. When properties are acquired from the open market, closing costs should be split equally between buyer and seller. When EWEB acquires property from a property owner who did not already have the property for sale, closing cost may be paid by EWEB. Closing will be handled through a Title Company. Where a Title Insurance Policy provides adequate protection for EWEB's interests, the Title Companies may be exempted from Business Service Agreement requirements.

6. **PROPERTY MANAGEMENT**

Board Policy: EWEB's property shall be managed to comply with City, County, State and Federal ordinances, statutes, laws and EWEB's Charter, Mission and Statement of Legacy.

Procedure:

6.1 PROPERTY INVENTORY

EWEB Property Management will maintain a written or electronic inventory of all EWEB property. The inventory will be reviewed and updated periodically as needed and will include:

1. Tax Lot Number of Parcel
2. EWEB File Document Number
3. Size of Parcel
4. Present and Anticipated Future Use(s)
5. Last Field Inspection Date
6. Inspection Priority Status
7. Electronic Photo (optional)
8. Location
9. Zoning Code
10. Topography
11. Date Acquired
12. Environmental Conditions*
13. Property Map/Boundary Surveys
14. Notes

* Environmental Conditions will note such things as wetlands, Rare & Endangered plants, riparian zones, sensitive habitat, etc. when applicable.

6.2 PROPERTY INSPECTIONS

All EWEB property will be inspected regularly by surveyors and/or Property Management staff. EWEB properties under a FERC license agreement; appropriate staff will conduct inspections and maintenance per those license requirements. Parcels identified with a "HIGH" inspection priority will be visited within one year of such designation. Parcels known to be environmentally sensitive, have a higher frequency of unauthorized use, or have encroachment issues will be considered for "HIGH" inspection priority status. A parcel's inspection priority will be reviewed at the time of each inspection to verify and continue the designated priority or revise the priority for prospective action.

6.3 PROPERTY MAINTENANCE

EWEB will maintain its properties to support the present utility purpose and future needs taking into account reasonable financial and environmental stewardship:

6.3.1 EWEB will manage vegetation and appropriate landscaping per the Vegetation Management Plan developed for each property that takes into account operational needs, surrounding land use, and costs to perform activities. Property Management will coordinate with Environmental Vegetation Management Coordinator and the Right-of-Way Vegetation Management Supervisor to develop and update vegetation management plans for each property. EWEB will employ the Integrated Pest Management (IPM) in the maintenance of its lands. IPM involves recognizing the sensitivity to pesticides and acknowledging alternative methods to pest control and seeks a balance of environmental responsibility with economic reality (*Attachment A – Integrated Vegetation Management Plan 2011*).

6.3.2 Maintain all fencing, hardscaping, signage, and other features in working order in support of operational needs for the property and to attempt to mitigate adverse impacts to adjacent lands.

6.3.3 Maintain survey markers associated with properties to provide visible delineation of property boundaries.

6.3.4 Address illegal dumping and camping in a timely and consistent manner per EWEB's Illegal Camping Policy.

6.4 PERMIT GRANTING

EWEB may issue Entry or Encroachment Permits to document actions conditionally or permissively allowed on EWEB property, clarify expectations, and ensure activities are limited in scope and acceptable uses.

- 6.4.1 *Revocable Permits*: Revocable Permits are a hybrid of perpetual easements for other local government agencies and public utilities (e.g., City of Eugene, Springfield Utility Board). Revocable Permits are documents recorded at the County Deeds and Records and become public record (*Attachment B – Revocable Permit Templates*). A fee will be charged for Revocable Permits reflecting the cost of processing the permit and allow other charges to be billed (such as operational crew time or right of way agent time) (*Attachment C – EWEB Property Management Fee Schedule*).

In the event EWEB sells the property encumbered by the facility under a Revocable Permit, EWEB may: 1) revoke the permit requiring the facility to be relocated; 2) negotiate perpetual easement for the facility prior to sale; or 3) sell portion of property encumbered by the facility. Revocable Permit process is similar to easement granting (Section 6.5).

- 6.4.2 *Revocable Entry Permits*: Any public or private organization or individual shall seek prior permission from EWEB to enter upon EWEB property, dedicated easement, and/or right of way in the form of a Revocable Entry Permit. Revocable Entry Permits are granted for temporary permission to enter upon EWEB property in order to maintain adjacent property, deliver or remove materials from adjacent property, or other acceptable activities. Revocable Entry Permits are not necessary for non-vehicular pedestrian access associated with day-use recreation at EWEB properties posted for such activity. Property Management will issue Revocable Entry Permits using legal counsel reviewed templates (*Attachment D – Revocable Entry Permit Templates*). A fee will be charged for Entry Permits reflecting the cost of processing the permit and allow other charges to be billed (such as operational crew time or right of way agent time) (*Attachment C – EWEB Property Management Fee Schedule*).

All permitted uses will be described in writing, approved and signed by the Supervisor(s) representing the subject parcel(s). In some instances draft Entry Permits will require review by Risk Management and/or Environmental Management to develop terms and conditions addressing potential liabilities associated with the permitted use(s) prior to permit approval. Acceptable uses will meet each of the following conditions:

- a) Uses will not interfere with the function of the utility;
- b) Uses will not cause additional expense to the utility without adequate reimbursement;
- c) Uses must conform to zoning laws, statutes and ordinances;
- d) Uses will not cause deterioration or degradation of the property including any known environmental resources.

EWEB's issuance of any permit does not determine the lawfulness of the intended use by the permitted user. In all instances, the permitted user remains responsible for their actions and compliance with all federal, state and local laws.

6.4.3 *Water Use Agreement (Leaburg/Waltermville Canals)*: Historically, as a courtesy to property owners in the vicinity of the Leaburg and Waltermville Power Canals, EWEB has allowed the diversion of water from the power canals for irrigation purposes only (non-potable use). This practice continues at this time. The following procedures are required to allow current and future diversions to occur.

6.4.3.1 Requests to EWEB to divert water from either of the power canals will be routed to Property Management. Property Management will inform the potential irrigation water user that the following documentation is required to start the process:

1. Proof of applicable State of Oregon water right;
2. Proposed method to divert water from the power canal; and,
3. In the case of leased property, the lessee is required to provide a water right for the leased property, in addition to a copy of the signed lease.

Property Management will notify the Generation Manager, Hydro Generation Supervisor, and Generation Engineering Supervisor of the request. Generation Engineering will determine if the request for diversion can be granted under the circumstances and the location designated for diversion. Generation Engineering will report this information to Property Management for consideration whether to approve the proposed diversion.

6.4.3.2 If EWEB approves the request, Property Management will provide the requestor with two original Water Use Agreements for the requestor to review and sign, which shall incorporate EWEB drawing showing approved diversion station location and methods (*Attachment E – Water Use Agreement and current EWEB engineering standard, Drawing No. D-8834*). Property Management will also provide the requestor a letter that states:

1. Only installations as shown on EWEB current engineering standard (*Attachment E*) will be approved;
2. The irrigator shall follow the installation and posting requirements as noted on current EWEB engineering standard (*Attachment E*);
3. The irrigator's proposed method for diverting water from the canal shall be illustrated on a Professional Engineer stamped Installation Plan to be submitted to EWEB for approval. A materials list shall be included with the Installation Plan for approval;

4. No work on or near the canal will be allowed until an Installation Plan has been reviewed and approved by EWEB and proof of insurance provided per Water Use Agreement (*Attachment E*);
5. Installation shall be done by requestor with EWEB oversight of work on EWEB canal. EWEB will not sign the Water Use Agreement (*Attachment E*) until the diversion work has received a final inspection and acceptance by an EWEB engineer; and,
6. Failure to follow the requirements of the Water Use Agreement may result in immediate disconnection from the power canal.

6.4.3.3 Requestor shall be responsible for developing Professional Engineer stamped design as part of the Installation Plan using EWEB engineer standards (*Attachment E*). When received, Property Management will forward copies of the signed Water Use Agreement and proposed Installation Plan to the Generation Engineering Supervisor and request a review. Generation Engineering will review and either approve or reject the water users proposed Installation Plan to divert water from the power canal. The assigned engineer will notify Property Management of the engineer's approval or denial (with cause(s) for denial) of the diversion Installation Plan. Property Management will notify the water user of either design approval and establish a schedule for installation, or reasons for denial.

6.4.3.4 Once the request is approved and the irrigator notified, Generation Engineering will monitor the diversion installation and perform a final inspection with the Hydro Generation Supervisor for the Leaburg-Walterville project. Generation Engineering will inform Property Management via e-mail of their approval of the final inspection.

6.4.3.5 With Generation Engineering's approved final inspection, the Generation Manager will review and sign the Water Use Agreement and return both signed copies to Property Management. Property Management will send one signed original agreement to the water user, the second original to EWEB's Library file, scan and add to Property Management GIS, and provide copies to Generation Manager, Generation Engineering Supervisor, and Hydro Generation Supervisor.

6.4.4 *Revocable Encroachment Permits*: It is the policy of EWEB that there shall be no unauthorized encroachments over, upon, across, above or below the surface of any portion of EWEB property, easement, and/or right-of-way. Where an undocumented encroachment already exists without a valid EWEB permit, the owner shall be required to remove the encroachment at his/her own expense, EWEB will send owner a letter by certified mail requiring removal of encroachment from EWEB property, easement and/or right-of-way within 30 days. After 30 days, if not resolved EWEB will remove encroachment and recover costs from offending party. If existing encroachment is permanent infrastructure (i.e., building, barn, shed, concrete/paved driveway) and determined by EWEB to not be curable, a temporary Revocable Encroachment Permit may be issued.

Property Management will use legal counsel reviewed templates for the issuance of any Revocable Encroachment Permits (*Attachment F – Revocable Encroachment Permit Templates*).

Encroachment Permits may be recorded in Lane County Deeds and Records at the discretion of Property Management in consultation with the Supervisor representing the subject parcel based on the nature of the encroachment. Encroachments involving landscaping, gardens or other vegetation will typically not be recorded in Lane County Deeds and Records. Encroachments involving structural improvements will typically be recorded in Lane County Deeds and Records. Recordation of the Encroachment Permit gives notice to potential Buyers of the existence of the encroachment that must be removed upon sale

Revocable Encroachment Permits shall contain the following terms and conditions:

- a) Grantor retains all property rights that existed prior to the granting of this permit. It is understood that this permit allows a limited encroachment for purposes specified above on the Grantor's property. In no way shall this permit be construed to allow any additional encroachment.
- b) No additional buildings or structures shall be constructed, placed or stored on the Grantor's property.
- c) Grantee agrees to keep the Grantor's property clear of storage and other obstructions except for those specifically approved herein. At no time shall the Grantee allow the permit area to become unsightly or violate any nuisance ordinance or applicable environmental or other law. At no time shall access be blocked to any utility facilities within the permit area.
- d) Grantee agrees to indemnify and hold harmless the Grantor from

any and all claims arising from or out of the use of said property by the Grantee or others.

- e) The Grantor may, with or without cause, revoke this permit with 90 days written notice to the Grantee.
- f) The Grantor intends to maintain its property as needed and reserves the right to do so including, but not limited to, mowing, clearing, and fencing etcetera.
- g) This permit is exclusive and personal to Grantee during his/her/its ownership of that above-referenced property located adjacent to the above-referenced Grantor property, and not to subsequent owners; it is neither transferrable nor perpetual. This permit shall terminate upon sale, transfer or conveyance of said Grantee's adjacent property. Grantee shall notify Grantor at its address noted below of the transfer of Grantee's said property at or prior to closing and the termination of this permit.
- h) Upon termination of this Permit, the Grantee agrees to remove all encroaching structures, fencing, gardening, landscaping, irrigation and other materials subject to this Permit at Grantee's sole expense within 30 days, except to the extent EWEB agrees, in writing, to allow specific encroachments to remain on Grantor's property. If the Grantee fails to remove unauthorized encroachments, EWEB will remove encroachments and Grantee agrees to reimburse Grantor for actual costs of removal per EWEB schedules.

Revocable Encroachment Permits shall carry with them the following fees (see *Attachment C – EWEB Fee Schedule*):

- a) An application fee based upon the administrative cost to create the permit, operational costs, and recordation fees. The application will also require EWEB Surveyors to create drawing as an exhibit that describes the location and nature of the encroachment with appropriate fees for Surveyor's time.
- b) A yearly fee for the use of EWEB property based on the actual area encumbered by the encroachment and the nature and/or severity of the encroachment. Legal review will guarantee this will not create a lease-hold estate and thus trigger a Landlord Tenant relationship.
- c) A fee to terminate the encroachment reflecting administrative cost to process the documents and recordation fees.

The above-described fees serve two purposes. First they will reflect the actual cost of staff time needed to handle these issues. Secondly, the fees serve as a disincentive to encroach on EWEB property.

In the event that the property owner rejects the Revocable Encroachment Permit, Property Management will issue written notice to the individual(s) responsible for the encroachment indicating EWEB's intent to pursue litigation for relief using legal counsel reviewed letter. Property Management will maintain and prioritize the list of encroachments pending litigation and select cases to move forward with based on available resources. It is expected that Property Management will move cases toward litigation within 180 days from issuance of intent to litigate letter. For cases moving to litigation, Property Management will consult with legal counsel to file suit to cure the encroachment.

6.5 EASEMENT GRANTING

This involves EWEB granting easements to third parties to place facilities on EWEB property. In limited situations the General Manager may grant easements for specific uses over, upon, across, above or below the surface encumbering EWEB owned land providing those uses will not conflict with EWEB's present or future uses for the property.

Uses that are permanent in nature may be considered for easements. Property Management will develop an Easement Request Memorandum that provides a description of the request, background of the circumstances, issues related to the request, and staff recommendations on how to proceed (*Attachment G – Easement/Permit Request Memorandum Template*). The Memorandum is circulated for signature approvals by all Managers associated with the property under easement consideration and routed to the General Manager for final approval. The General Manager may grant an easement if all of the conditions stated above in Permit Granting (Section 6.4.2) are met.

6.6 LEASE GRANTING

When a permanent easement is not appropriate EWEB may grant a lease. A lease is appropriate when the Lessee will profit, or generate revenue, from the use of the leased land or facilities.

6.6.1 *Lease Request Process*

When an offer to lease a portion of EWEB property or facilities is received the following process will be followed:

- a) Property Management is notified and takes the lead to ensure consistency of lease conditions, terms, valuation, and establishing proper billing accounts.
- b) Obtain concurrence from Manager(s) and Supervisor(s) responsible for property that lease activities and terms will not interfere with EWEB operations or interests using the same criteria listed in Permit Granting (Section 6.4.2).
- c) Use legally reviewed lease agreement templates that establish terms

and conditions (*Attachment H – Lease Agreement Templates*).

6.6.2 *Lease Approval*

Property Management staff will use legally reviewed lease agreement template (*Attachment H*). The Environmental Manager and Risk Manager will review all lease agreements prior to approval. The Manager representing the subject parcel will have final approval authority on the lease. Leases on joint-use property will be reviewed and approved by each Manager of the operational units potentially impacted by the lease. Once approvals are obtained from each Manager, the lease shall be subject to approval and execution by the General Manager or their designee will sign the lease as EWEB's authorized agent. Acceptable lease uses will meet the conditions detailed under "Permit Granting" in Section 6.4.2.

6.6.3 *Terms of Lease*

The length of lease shall be no greater than five years, but may be renewable. Lease payments shall be due at the beginning of each month. Lease payments, at the discretion of the Lessee, may be paid annually in advance. Lessee must provide adequate liability insurance to protect EWEB. The amount of insurance will be determined by EWEB's Risk Manager.

6.6.4 *Determination of Lease Value*

Property Management will be responsible for determining lease value in consultation with the Manager and/or Supervisor representing the subject parcel. Except grazing leases, lease values will generally be determined in consultation with a licensed real estate appraiser or broker. A minimum value for all leases will be set to cover administration expenses. Grazing leases may be exempted from all but the minimum value to cover administration expenses to EWEB in not having to mow the parcel to stay within vegetation requirements.

Lease consideration shall not be set below market value except when good cause is established for a lease to other government agencies and/or nonprofit organizations for use dedicated to public service and subject to approval from Manager representing the subject parcel(s).

7. PROPERTY DISPOSAL

Board Policy: The Board may declare any real property surplus. The decision to declare a parcel surplus will be based on current and future utility needs, land use and environmental considerations. The Board may direct staff to dispose of any properties declared surplus. Any properties disposed shall be disposed in accordance with applicable laws, statutes, ordinances and other Board policies.

Procedure:

7.1 STAFF REVIEW

Property Management will review all properties not currently used or slated to be abandoned in the near future. A list of parcels identified in the review will be routed to the all Managers to determine present and future needs for each parcel. Examples of needs include, but are not limited to:

1. Property for utility facilities such as water treatment and intake sites, substations, reservoirs, utility corridors and pump stations.
2. Land use and environmental considerations such as preservation and enhancement of water quality, increased utility setbacks or buffer strips for sight, sound and safety, trees and drainages (e.g. wildlife habitat and wetlands) where these uses are consistent with the utilities mission.
3. Uses that may otherwise assist the Board in implementing measures consistent with the utility's Mission, Vision and strategic directions.

The parcels that are determined by all Managers as not having a present or future need for utility purposes will be added to a Potential Surplus Property List that is maintained by Property Management.

7.2 SURPLUS DECLARATION

Those properties that have been determined by Staff to be excess to the needs of the utility and recommended for surplus designation by the Property Horizontal Team will be presented to the Board for a resolution declaring property surplus. Staff will provide conclusive findings in a Memorandum that demonstrates to the Board that such properties do not meet the utilities needs as described above. Board action declaring a parcel surplus may take place at any time. Actual disposal does not have to immediately follow Board action. Properties declared as surplus by Board resolution will be added to the Surplus Property List (*Attachment I – Board Surplus Designation Resolution Template*).

7.3 PRELIMINARY TITLE REPORT

Prior to any attempt to dispose of a surplus parcel, a preliminary Title Report will be ordered from a licensed Title company.

7.4 APPRAISAL

Prior to any attempt to dispose of a surplus parcel, an appraisal will be obtained. Refer to Section 5.5, Property Acquisition Appraisals, of this document for appraisal details.

7.5 CITY OF EUGENE NOTICE

After obtaining Board a surplus designation and prior to attempts to dispose of a surplus parcel, Staff will notify the Eugene City Manager, Attorney, and Executive Assistant in writing of the availability of the property pursuant to Eugene Code 2.196 (*Attachment J – City of Eugene Potential Surplus Letter Template*). If the City desires to obtain the property, the City Manager shall request negotiations within thirty (30) days of the notification.

After requesting negotiations, the City Manager and EWEB General Manager, or their representatives, have 90 days to negotiate an agreement to compensate the Board for the property to be transferred. Any agreed transfer to the City and compensation to the Board shall be completed within five (5) years from the date of the signed agreement.

The Board may dispose of the property by such means and terms as it deems appropriate if the City Manager, or the City Managers authorized representative, notifies EWEB in writing that the City is not interested in the property, fails to request negotiations within thirty (30) days of notification of availability of the property or if negotiation of the property transfer agreement is not completed within five (5) years of that notification.

7.6 NOTICE OF OTHER AGENCIES

If the City of Eugene declines the opportunity to obtain a parcel of surplus property, an opportunity may be afforded to other public agencies within whose boundaries the property lies, such as Lane County, City of Springfield and School Districts. The notified agencies will be given 30 days to respond. Those properties which receive no agency interest and are not immediately marketed will be added to a Surplus Property List, which will be maintained by the Property Management.

7.7 PUBLIC NOTICE

Advertisements announcing the proposed disposal of EWEB property shall be published within one week prior to the Board meeting for approval of property disposal and shall contain: tax lot number, legal description, size, location, zoning, EWEB's mailing address, Property Management's phone number, and time and place of Board meeting. The notice will be displayed in the Register Guard. The public notice and Board meeting shall comply with ORS. 221.725.

7.8 DISPOSAL OPTIONS

After the property has been declared surplus by the Board, a Title Report and appraisal have been obtained, and public notice issued for listing, Property Management will make a presentation to the Board. As part of that presentation, staff will recommend one of the following disposal options. The Board will select a disposal option and

approve a resolution directing staff to market the surplus property.

1. *Direct Sales*

Direct sales are straight forward transactions, exchanging land for dollars. Parcels for direct sale include whole parcels, minor partitions and/or lot line adjustments.

2. *Trades*

Trades of surplus property for property that can be used by the utility as provided by ORS 271.340. Appraisals shall conform to ORS 271.350.

3. *Donations (Disposal at less than Market Value)*

Donations of EWEB property shall be limited to other governmental agencies and non-profit organizations and shall conform to ORS 271.330 and ORS 271.350. Potential beneficiaries may include the City of Eugene, City of Springfield, Lane County, school districts and land trusts. Donation of property is allowed, providing the donation conforms to the Board's policy and is otherwise permitted by law.

7.9 MARKETING

When a particular parcel, or portion of a parcel, is to be marketed, Property Management will order a preliminary Title Report and an appraisal. When an independent fee appraiser is used, the same criteria established under Property Acquisition Section 5.5 will apply. If less than one year has elapsed since the property was declared surplus, the appraisal obtained at that time may be sufficient.

In order to maximize value, some parcels may require a planning action such as:

1. Re-Zoning
2. Reservation of an Easement
3. Formal Partition
4. Subdivision
5. Verification of Unit of Land/Legal Lot Status
6. Septic Approval
7. Installation of adequate water supply
8. Use of conservation easement or CCR to protect social and/or environmental values important to EWEB and/or the community.

Property Management may employ two different approaches to marketing properties for sale:

1. *Auction:* Use internal sources or hire an auction company to advertise property for sale. The ad will contain the location, size, zoning, physical description, Board approved minimum bid price of the parcel, and the last date bids will be accepted. If no bids are received at or above the minimum bid price, the Board may choose to accept or deny any and all bids received. Staff may accept, without additional Board

approval the highest acceptable bid over the minimum bid price established by the Board.

2. *Direct Sale:* EWEB will employ a local Real Estate Broker with expertise regarding the type of property to be sold to represent EWEB interests.

7.10 CLOSING

Closing will be executed through a Title company. EWEB will pay for fifty percent (50%) of the closing costs as well as purchase Title insurance on the parcel sold. All sales will be fully payable at closing and there will be no mortgage terms. EWEB will not finance or “hold paper” on any property sold. Ten percent (10%) of the bid price in the form of a cashier’s check shall be submitted with the written sealed offer. The balance is due at closing.

8. **EASEMENT ACQUISITION**

Board Policy: Easements will be obtained for all EWEB facilities located on private and public property, exclusive of electric service lines for the property owner’s sole use.

Procedure:

8.1 EWEB INITIATED EASEMENTS

EWEB initiated easements are those easements required for system improvements, road widening projects or other projects that are not a result of a request for service. EWEB staff requesting Property Management to acquire an easement shall follow the Easement Acquisition Procedure Manual (*Attachment K – Easement Acquisition Procedure Manual*). Staff will attempt to acquire the easement without monetary compensation to the property owner. Staff will notify EWEB's Financial Services of any easement compensation paid for proper IRS reporting.

8.2 CUSTOMER INITIATED EASEMENTS

Customer initiated easements are those easements required due to a customer’s request for service. Staff will attempt to acquire the easement at no cost in an effort to keep facility extension costs reasonable. If the owner of the property over which the easement is requested insists on compensation, the property owner and the customer will be encouraged to work out a fair settlement without involving EWEB. Any costs incurred preparing and acquiring the easement plus EWEB overhead will be passed on to the customer as part of the facility extension costs.

8.3 STRIP EASEMENTS

Strip easements are those easements of a consistent width that are adjacent and contiguous to a property line. Strip easement documents will be prepared by Property Management and reviewed by survey personnel per the Easement Acquisition

Procedure Manual (*Attachment K*).

8.4 AS-BUILT EASEMENTS

As-built easements are those easements that are obtained after the facility, for which the easement is being obtained, has been installed. As-built easements require surveys and will be prepared by survey personnel and reviewed by Property Management per the Easement Acquisition Procedure Manual (*Attachment K*).

8.5 EXHIBIT EASEMENTS

Exhibit easements may be obtained prior to the installation of the facilities. Exhibit easements do not require surveys but have attached exhibits showing details of the facility's intended location the Easement Acquisition Procedure Manual (*Attachment K*).

8.6 EASEMENT TRACKING

Requests for easements will be coordinated and tracked by Property Management. Written requests for easements submitted to Property Management should include a Work Order, name of EWEB staff, Tax Assessor's Map with the requested easement indicated, and a copy of the job drawing or sketch. In an effort to save money, customers requesting service may request the opportunity to prepare the easements related to their project. EWEB will only allow customer prepared easements to be accomplished using Licensed Professional Surveyor and/or Attorney of Law representing the customer. Although this option is not preferred, blank easement forms will be provided to the customer's agent to prepare and obtain the necessary easements on behalf of their client. After the customer's agent has prepared the easement and before the easement has been signed by the property owner(s), the easement document shall be returned to Property Management for review. Once Property Management has approved the easement, the customer's agent will have the property owner(s) sign the document and have the signatures notarized. The easement document must be accepted by the appropriate EWEB Supervisor(s) or Manager(s) potentially affected by this action. The customer's agent will then properly record the document at the County Records Office, and return a copy of the fully executed and recorded easement to Property Management. Property Management will enter the recorded easement into EWEB's GIS system for tracking.

All easement documents will have an attached exhibit clarifying the intent of the easement.

9. **EASEMENT MANAGEMENT**

Board Policy: EWEB will provide customers with easement information when requested. EWEB may provide limited landscape maintenance within an easement only under certain circumstances.

Procedure:

9.1 CUSTOMER INQUIRES

9.1.1 *Easement Inquiries*

Property Management will provide EWEB easement information to anyone who requests it. All existing EWEB easements are recorded at the County Deeds and Records Office and are therefore public information. EWEB will not establish the physical location of an easement because this requires a survey.

9.1.2 *Vegetation Control*

EWEB will not normally provide landscape maintenance within easements. However, with approval of the Supervisor responsible for the subject facilities the easement protects, staff may provide limited landscape assistance under special circumstances. Staff may maintain clearance and access to its facilities by trimming vegetation away from electric or water facilities in accordance with EWEB's established environmental management procedures (*Attachment A – Integrated Vegetation Management Plan 2011*).

9.2 EASEMENT VACATION/TERMINATION

EWEB staff will recommend that the General Manager re-convey and vacate easements when no present or future utility use for the easement can be determined.

When a request for easement vacation has been received, Property Management will route the request along with applicable maps to the Supervisors and staff associated with the facilities potentially impacted by the action. With staff Supervisors concurrence, Property Management will prepare Resolution and Conveyance & Release documents for appropriate Leadership Team Manager approval before routing to the General Manager for final approval and signature.

9.3 EASEMENT ENCROACHMENTS

To protect EWEB easement rights, encroachments will be addressed as described in Property Management Section 6.4.4.

10. PERMITS

Board Policy: EWEB will obtain permits for temporary uses on private property and on City of Eugene property where easements are not available.

Procedure:

10.1 ENTRY PERMITS

Entry Permits are to be obtained prior to final design on projects requiring as-built

easements (*Attachment L – As-Built Easement Entry Permit Template*). Permits will allow for EWEB employees, contractors and assigns to enter upon private property to facilitate the installation of facilities and to survey facilities for the preparation of the final easement document. EWEB will agree to hold the property owner harmless from EWEB negligence and the property owner will agree to grant EWEB an easement once the document is prepared.

10.2 USE PERMITS

The City of Eugene and EWEB have agreed to grant each other Use Permits instead of easements.

10.3 RAILROAD PERMITS

When a Railroad Permit is required, EWEB Engineering staff will deliver to Property Management a sketch showing the exact location of the crossing and a detailed description of all facilities to be placed in the proposed crossing per Railroad Permit Procedure Manual (*Attachment M – Railroad Permit Procedure Manual*). This process must take place well in advance of the expected construction phase as the railroad companies frequently take in excess of three months to process an application. Railroads charge annual fees for all crossings. An attempt will be made to pay a larger, one-time, up-front charge so additional annual fees can be avoided.

11. LEASES

Board Policy: EWEB staff with Leadership Team Manager approval, may lease property for utility purposes when purchase of the property is not possible or in the best interest of EWEB.

Procedure:

Leases are not a preferred property right and should be avoided. However, in some Circumstances such as out-of-town office space, a lease is the only option. All lease agreements will be reviewed by Legal Counsel prior to execution. Leases shall conform to ORS. 271.360.

12. REFERENCE DOCUMENTS

12.1 [Attachment A – Integrated Vegetation Management Plan 2011](#)

12.2 [Attachment K - Easement Acquisition Procedure Manual](#)

12.3 [Attachment M – Railroad Permit Procedure Manual](#)

PROPERTY MANAGEMENT ACTIVITY FEE SCHEDULE - Updated October 20, 2015				
Property Management Activity	Fee Amount	Fee Duration	Reason for Fee	Calculation of Fee
Revocable Permit	\$400	One-Time	Administrative costs for setup and recording with County	WAM Work Design No 150647 - Right-of-Way Agent time (average 4 hours); vehicle use (average 1 hour); recordation fee (average \$57)
Revocable Permit	\$225	As Needed	Operational costs for inspection and/or standby	WAM Work Design No 150649 - Line crew lead (average 2 hours); Crew vehicle (average 2 hours)
Revocable Entry Permit	\$345	One-Time	Administrative costs for setup and tracking	WAM Work Design No 150648 - Right-of-Way Agent time (average 4 hours); vehicle use (average 2 hours)
Revocable Entry Permit	\$225	As Needed	Operational costs for inspection and/or standby	WAM Work Design No 150649 - Line crew lead (average 2 hours); Crew vehicle (average 2 hours)
Revocable Encroachment Permit	\$940	One-Time	Administrative costs for setup, survey/mapping encroachment, and recording with County	WAM Work Design No 150650 - Right-of-Way Agent time (average 5.5 hours); vehicle use (average 1 hour); recordation fee (average \$57); Average 2.5 hours survey crew time; crew vehicle use (2.5 hours)
Revocable Encroachment Permit	\$335	Annual	Permit renewal fee including encroachment inspection	WAM Work Design No 150651 - Right-of-Way Agent time (average 4 hours); vehicle use (average 1 hour)
Revocable Encroachment Permit	\$390	One-Time	Administrative costs associated with termination of permit (vacation process)	WAM Work Design No 150652 - Right-of-Way Agent time (average 4 hours); vehicle use (average 1 hour); recordation fee for vacating (average \$57)

**RESOLUTION NO. 1532
DECEMBER 2015**

**EUGENE WATER & ELECTRIC BOARD
RESOLUTION APPROVING REVISION TO
REAL PROPERTY POLICIES**

WHEREAS, The Eugene Water & Electric Board (EWEB) periodically reviews, revises and updates Board Policies for consistency, legality, correctness and to reflect actual practices evolving as continual improvement;

WHEREAS, The Board Policy SD14 – having been presented at the November 3, 2015 and December 1, 2015 Regular Board Meeting and revised as follows:

1. Modifications to language in Real Property Policy (SD-14) to update Property Acquisition, Easement Acquisition, and Leases;
2. Implementation of the Property Management Activity Fee Schedule, effective December 2, 2015.

NOW THEREFORE, BE IT RESOLVED, that the Eugene Water & Electric Board does hereby resolve to adopt the revisions of Real Property Policy (SD-14) as so revised. Furthermore, be it resolved that the Board hereby authorizes the General Manager to implement the Property Management Activity Fee Schedule and reflect those prices in updated Customer Service Policies effective December 2, 2015.

DATED this 1st day of December, 2015.

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

President

I, ANNE KAH, the duly appointed, qualified and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is true and exact copy of the amended Resolution adopted by the Board in its December 1, 2015 Regular Board Meeting.

Assistant Secretary



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Mital, Simpson, Helgeson, Manning and Brown
FROM: Roger Gray, General Manager
DATE: November 16, 2015
SUBJECT: Update to Board Policy GP4, Agenda Planning
OBJECTIVE: Board Action: Resolution No. 1537

Issue

Board policy GP4 states that contract awards or increases over one million dollars must be an agenda item on the regular Board meeting agenda, rather than presented as part of the consent calendar. This practice is a EWEB requirement which is not mandatory under Oregon Purchasing laws.

Discussion

Management has observed that the Board generally does not discuss contracts that are in excess of one million dollars. At times, presenters report to Board meetings when there are no questions or concerns for them to address. This is due in part because contracts of this magnitude are accompanied by a backgrounder containing detailed information for the board to make an informed decision. Furthermore, Commissioners have the opportunity to request additional information from Management in advance of the meeting to resolve any concerns or to answer factual or technical questions.

Board policy GP4 provides that Board members can elect to remove an item from the consent calendar for discussion by notifying the Board President prior to voting. Many times, there is no correlation between the dollar amount of the contract and potential for discussion. This provision will continue to afford commissioners the opportunity to discuss any contract, regardless of the amount, whenever necessary.

Recommendation

Management proposes to remove the dollar threshold for items that may be placed on the consent calendar with the understanding that consent calendar requests for large contact awards will continue to be supplemented with background information and that any item can be removed from the consent calendar and discussed.

Requested Board Action

Management requests approval of Resolution No. 1537; revision to board policy GP4 which removes restrictions for contracts that may be placed on the consent calendar.

Policy Number: GP4
Policy Type: Governance Process
Policy Title: Agenda Planning
Effective Date: December 2, 2015 ~~January 6, 2015~~

BACKGROUND:

The Board will follow an agenda that periodically:

1. Focuses on policy review and
2. Continually improves Board performance through Board education and enriched input and deliberation.

Accordingly, the following additional assumptions and procedures apply regarding agenda planning and Board background material preparation:

Assumptions:

- The Board owns its agendas.
- Board agendas will emphasize policy development, goal status and the future direction of the utility.
- The Board President and Vice President set the agendas with the General Manager (GM).
- The GM has the authority to schedule agenda items.
- Board priorities take precedence over individual Commissioner priorities.

AGENDA FORMATION:

- **Regularly scheduled Board items** established by charter, by-laws or Board policy (i.e. budget development, budget amendments, rate setting) can be both Board and staff driven.
- **Informational or review items** (i.e. policy discussion, revisions or review) may be requested by a majority of the Board.
- **Informational, policy updates or review items** (i.e. annual customer survey results, interim reports) are staff driven.
- **Consent calendar** is a group of routine items that have either been discussed previously or do not need discussion before a vote of the Board. Board members can elect to remove an item for discussion by notifying the Board President prior to voting. Chair ahead of time.
- ~~**Contract awards or increases over \$1M must be an agenda item on the regular Board meeting agenda. Contract awards for \$1M or less can be placed on consent calendar.**~~
- **Backgrounders** are content based documents, prepared by staff, which support an agenda item in order to inform and educate the Board. Backgrounders are often in response to:
 - Board requests
 - Agenda items initiated by staff
 - Agenda items that require interim or status reports
 - Unusual items appearing on the consent calendar, i.e. large contract awards or budget amendments

AGENDA FORMAT:

Generally, the agenda for Regular EWEB Board Meetings will include the following:

- Agenda Check
- Items from Board Members
- Public Input
- Board Action Items
- General Business Items
- Board Agenda Calendar
- Board Wrap up

Commissioners reserve the right to add or delete items as needed, or change the order of the agenda as necessary. Public input and public hearings will occur near the published time.

ORGANIZATIONAL MEETING:

During the first meeting of each calendar year an election of Board officers and other routine annual business will be performed.

AGENDA MANAGEMENT:

- The President, Vice President and the GM will meet prior to each Board meeting to develop and prioritize agenda items.
 - The Executive Assistant to the GM/Board will maintain a list containing potential future background and agenda items.
- Agenda management will be broken out as a regularly occurring agenda item.
 - The time will be used to gauge the Board's interest in topics raised by Commissioners or staff and to discuss the trade-offs involved in using Board time for that issue.
- Board Agenda Reports: An agenda report is kept and provided with each Board Agenda and tracks the status of outstanding and future agenda items. The report is made up of the following components:
 - Outstanding backgrounders that may result in Board action
 - Items that may be added to future Board agendas
 - Annual agenda calendar and agenda items if known
- All Board agendas, including all backgrounders, correspondence, and other supportive documentation for regular meetings, special meetings, and work sessions shall be made available to the Board in hardcopy or other suitable form; and all non-confidential supportive documentation will be made available to the public via EWEB's website at least four full business days in advance of the meeting unless mitigating circumstances prevail.
- Public Notice. EWEB will comply with Oregon Public Meetings Law 192.640 to provide reasonably calculated notice to news media and other interested persons. If an emergency meeting is necessary, notice shall be given to the Board and the public at least 24 hours prior to the meeting unless emergency circumstances prevail.

Source: Board Approved 10/20/03, Revised 02/13/2004, Revised 04/19/2005; Revised 12/15/2009 (Resolution 0931); Revised 3/1/2011 (Resolution 1112); Revised 01/06/15, Resolution No. 1503; Revised 12/01/15, Resolution No. 1537.

**RESOLUTION NO. 1537
DECEMBER 2015**

**EUGENE WATER & ELECTRIC BOARD
RESOLUTION APPROVING REVISIONS TO BOARD POLICY GP4**

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 has reviewed a modification to Board Policy GP4, Agenda Planning Policy, which removes the threshold for contracts that may be placed on the consent calendar, and has determined that the modification is appropriate and necessary.

NOW, THEREFORE, BE IT RESOLVED that the Eugene Water & Electric Board hereby approves the revisions to Board Policy GP4 – Agenda Planning Policy.

DATED this 1st day of December 2015.

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

President

I, ANNE M. KAH 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 December 1, 2015 Regular Board Meeting.

Assistant Secretary



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Mital, Simpson, Helgeson, Manning and Brown
FROM: Sue Fahey, Finance Manager; Deborah Hart, Senior Financial Analyst
DATE: November 20, 2015
SUBJECT: Electric Operations & Maintenance (O&M) Budget Amendment
OBJECTIVE: Board Action – Approval of Electric O&M Budget Amendment

Issue

Per Board Policy EL-1, the approved budgets are the maximum level of expenditure authorized by the Board. Purchased power costs and depreciation expense are currently projected to end 2015 higher than budget. Accordingly, Management is requesting that the Board approve an amendment to the 2015 Electric O&M budget. Generation has been low, requiring that EWEB purchase additional power to cover its hedges as required for compliance to SD-8 and to support the EWEB budget. As a result, purchased power costs are expected to be higher than budget. Additionally, depreciation expense has been higher than budgeted.

Background

Electric purchased power costs are projected to exceed budget by approximately \$13 million which is partially offset by a positive budget variance of \$10 million in wholesale revenue. The remainder of the purchased power expense variance is primarily due to low generation. EWEB enters into hedge transactions to comply with SD-8 and preserve the value of the trading portfolio to provide financial stability. Occasionally, when generation is lower than anticipated, power purchases are necessary.

Depreciation expense is expected to be \$4.3 million greater than budget, primarily due to capturing shorter lived assets such as technology assets in the new fixed assets system. Depreciation is a non-cash transaction that does not impact current reserves. Departments are currently reporting approximately \$3.2 million of positive budget variances primarily as a result of the savings initiative work for the 2016 budget preparation. The budget amendment request is offset by this positive variance.

In summary, the requested budget amendment is as follows:

Account	Electric O&M Budget Amendment	
5550	Purchased power costs	\$ 13,000,000
4030	Depreciation	\$ 4,300,000
9302	Division Savings	\$ (3,200,000)
	Total request	\$ 14,100,000

Requested Board Action

Management recommends and requests that the Board approve the above budget amendment to increase the 2015 Electric O & M expense by \$14.1 million.