

**EUGENE WATER & ELECTRIC BOARD
SPECIAL MEETING
MCKENZIE FIRE TRAINING CENTER
42870 MCKENZIE HIGHWAY
September 20, 2016
6:30 P.M.**

** Audio file available to the public upon request.*

Commissioners Present: John Simpson, President; John Brown, James Manning, Steve Mital, Commissioners

Absent: Dick Helgeson, Vice President

Guests: Frank Lawson, General Manager; Patty Boyle, Principal Project Manager; Mark Zinniker, Generation Engineering Supervisor; Richard Jeffryes, Senior Engineer; Tyler Nice, Systems Engineering Supervisor; Lisa McLaughlin, Environmental Supervisor; Jeannine Parisi, Government and Community Affairs Coordinator; Karl Morgenstern, Environmental Supervisor; Andrew Talabere, Senior Biologist, Matt Michael, General Manager of Lane Electric

President Simpson convened the September 20, 2016, Upriver Presentation at 6:30 p.m.

Welcome and Meeting Overview

President John Simpson gave an overview of the course of the meeting, which will not include the standard Board Meeting agenda, but instead will be three presentations and an opportunity for discussion. President Simpson then gave a few introductions of Commissioners and Guests. President Simpson offered the floor to the presenters.

Carmen-Smith Relicensing Update

Patty Boyle, Principle Project Manager, introduced herself to the group and opened her presentation. She explained differences between the original project and the finished project. Ms. Boyle stated that she and her 15 team members have put a lot of effort into this project and are getting close. She expressed they have made a great effort to maintain the environmental protection. Ms. Boyle gave a historical background on the project, challenges the team has faced, and ways to find a resolution in order to continue with the project. She presented the distinct changes made, the license, and investments. In the revised approach, highlights of these changes included the following: Trail Bridge Powerhouse will need to be taken offline, and one of the units at Carmen will also need to be refurbished instead of both units. She shared there should not be a significant loss in power. Also in the revision, the substation will remain on the deck. Similarly, other resources will remain the same, such as the Forest Service instead of OSP. Major changes include fish passage changes, including a trapping station, which will be water to water, no handling or sorting. Similarly, there will be downstream changes, thus the need to shut down the Trail Bridge Powerhouse. She emphasized that change will be much more cost effective to the project. In conclusion, Ms. Boyle stated that the main goal is to be sure the passage is safe for both people and fish.

Mark Zinniker, Generation Engineering Supervisor, introduced himself and continued the presentation. He stated he has provided technical support during the settlement re-

negotiation process. He shared that there have been good faith efforts from EWEB regarding this project. Mr. Zinniker continued his presentation, offering details of downstream water passage measurements. He shared details of operational requirements, new flow gauges, and minimum levels and monitoring. He introduced other actions to close camping access and support fish and wildlife in the Smith area. In closing, Mr. Zinniker presented current and upcoming improvements to operation at the Carmen plant.

The audience inquired about the risk of transformers falling into the river. Mr. Zinniker responded that problem has been mitigated and the transformers have been seismically tested and are stable. He stated there is no anticipation of such a collapse. He also presented that the oil used in the transformers has transitioned to a soy-based, fish-friendly oil, to prevent major ecological damage in the event of a spill.

The attendees asked about the present and future role of facilities. Ms. Boyle responded that the plant remains at peaking, which means it has capacity for water storage. She stated that it has a key role, especially in the event of a natural disaster. She clarified that peaking is the hours of the day when consumers are using the most power, the most power is demanded of the plant, such as in the morning when everyone is getting ready for the day and businesses are opening. She continued that non-peak would occur in the middle of the night.

There was an additional question about peaking. Ms. Boyle clarified the other plants are used for non-peaking power.

Holden Creek & Thurston Substation Rebuild Projects

Tyler Nice, Interim Systems Engineering Supervisor, introduced himself and his management role over the substations and lines. Mr. Nice thanked everyone in attendance and gave an overview of upcoming plans for substation maintenance and a new substation in an effort to pursue efficiency and reliability. He noted the three main points of focus: resiliency for a major disaster, long-term vision, and risk management. Mr. Nice passed the presentation to Richard Jeffryes, Senior Engineer. Mr. Jeffryes presented the Upriver Master Plan details for maintaining operations and new substations for upriver services. He stated that the real problem EWEB is faced with is replacing transmission lines, which means significant cutting of trees and easement issues. He offered greater detail of how Holding Creek Substation can minimize most of these issues. He continued that this plan will also be pro-active for overall improvement, even in the event of a major West Coast disaster. He stated there is a lot of paperwork to accomplish due to licensing, but the goal is to be finished by 2020.

In response to an inquiry about transmission poles. Mr. Nice responded the polls will be removed, unless the landowner would like to keep them for osprey nests.

In response to an inquiry around any downside to dependency on BPA. Mr. Nice responded he does not believe there is any downside, but there will actually be benefits to having both types of lines.

Commissioner Brown asked in the event of a disaster would EWEB help BPA or would BPA help EWEB depending on the needs. Mr. Nice responded that they would do what they can,

depending on circumstances, water levels, needs, etc. There was a discussion about wattage.

Attendees asked if EWEB forecast population increase for the service area. Mr. Jeffryes responded they do not forecast a significant population growth.

Mr. Nice also announced plans for an upcoming Leaburg outage.

Managing McKenzie River Flows

Mark Zinniker presented information regarding flow management for the Walterville Canal and McKenzie River. He stated the canal is always generating power, and it is not a peaking plant. Mr. Zinniker continued with flow management details, fish passage, etc. He provided an update of the current river conditions and the channel operations for fish passage. He continued with an update of Leaburg flows. Mr. Zinniker stated there are two generating units at Leaburg and continued to provide a description of current operations.

President Simpson gave instructions for questions to Mr. Zinniker and the next agenda item.

General Question and Answer Session

The audience asked about CFS levels for the canal. Lisa McLaughlin responded that the salmon hatchery has multiple water rights and gave an explanation of how many CFS can be taken off the canal. Mr. Zinniker shared Ms. McLaughlin's biological position and other details. There was continued discussion from crowd and Ms. McLaughlin regarding the fish hatchery and oversight from ODFW. She further explained that EWEB is a partner in the operation, but the ultimate solutions for the hatchery need to come from ODFW and Army Corp of Engineers.

Commissioner Brown inquired about the water temperature of Walterville Canal, asking if EWEB will shut down the canal to allow the water to return to a more natural temperature. Ms. McLaughlin responded that there is not a requirement to address a deviation in temperature. Further inquiries were made; if there is not a requirement, is it at least the right thing to do - shut down the canal for temperature deviation? Ms. McLaughlin replied she is not the best person to respond, but they do divert water and maintain temperatures as appropriate.

Attendees inquired about Carmen Diversion and low CFS threshold. Mr. Zinniker responded that it has been very dry the last two years and under most conditions, Carmen Diversion will allow for appropriate CFS, even on a dry year. There was a clarification that the new license agreement includes the CFS threshold.

The audience asked about the planned outage purpose and timeline. Mr. Nice responded, per his discussion with the tech managing the project, the planned outage should only be about six hours and the purpose is to replace rotted poles.

The audience inquired about the decommissioning of the Leaburg substation. Mr. Nice responded the substation must be entirely rebuilt due to the current substation conditions and new licensing.

An audience member asked about existing diversion and materials. Mr. Zinniker introduced Andy Talabere, a fish biologist working with Patty Boyle on fish passage efforts. Mr. Talabere shared the plans for a trapping fish ladder and presented a diagram for salmon and trout travel. He stated there will be some form of detection for the hopper; fish are delivered into a tank and transported to Trail Bridge Reservoir. He continued to explain details of the spawning channel update.

The audience asked the presenters about global warming and long-term effects on power supply. Responses indicated that EWEB agrees with scientific findings and will make efforts to minimize ecological effects from power production. There was discussion about flexibility and design, water rights, secondary sources, temperatures, etc. to maintain production and EWEB's conscious efforts amidst global warming.

An audience member invited EWEB to participate in a river partnership to preserve the McKenzie River.

A member of the audience inquired about strategy for river maintenance in the South Fork. Mr. Morgenstern responded with details about collaboration with EWEB, ODFW, the Army Corps of Engineers and others to protect the river in all areas.

The audience asked about recreational use along the river and potential for County caretakers. Mr. Morgenstern responded it is cheaper for EWEB to allow the County to charge fees. However, it may choose to cover the expense and pay the County more to manage and avoid fees. He stated there has not been a proposition yet. There was discussion about County plans.

Friends of the Old McKenzie Fish Hatchery invited EWEB to attend the October 11th meeting to provide input for converting the hatchery to an interpretive center.

A river guide thanked EWEB for its assistance to those who work and live on the river. He expressed gratitude to EWEB crew for their efforts and support.

Conclusion

President Simpson adjourned the session at 7:47 p.m., but staff remained available for individual Q&A.

Assistant Secretary

President

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
500 EAST 4TH AVENUE
October 4, 2016
5:30 P.M.**

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

Absent: None

Guests: Jude Grounds, Carollo Engineers; Sheila Crawford, Senior Financial Analyst; Sue Fahey, Chief Financial Officer; Anne Falcon, EES Consulting; Deborah Hart, Fiscal Services Supervisor; Frank Lawson, General Manager; Mike McCann, Generation and Electric Operations Manager; Wally McCullough, Water Engineering Supervisor; Adam Rue, Senior Energy Resource Analyst; Jerry Reller, Senior Financial Analyst; Nate Shultz, Senior Financial Analyst

President Simpson convened the October 4, 2016, Regular Session at 5:32 p.m.

Agenda Check

There were no changes to the agenda.

Items from Board Members and General Manager

- Commissioner Brown expressed concern with the banking practices of Wells Fargo, and said that he no longer wished EWEB to do business with them. He added that although the transient camps above EWEB's water intake were cleaned up in February, they are back, and no one seems to do anything about it until he voices loudly his disdain for the camps.
- Commissioner Mital stated he was in agreement with Mr. Brown in regards to Wells Fargo.
- President Simpson reported that he had the pleasure of presenting an award to a student at Twin Oaks Elementary, Destiny Rose Parsons, for creating a poster representing the values of public power. He felt the upriver meeting went very well, and expressed his appreciation to staff for coordinating it.
- Vice President Helgeson said that he had recently visited the O' Hara School in Eugene. He added that he recently attended the Northwest Bonneville Power Administration Board of Trustees meeting in Santa Clara. He said that he'd like to hear staff feedback on the California Independent System Operator (ISO) and California Legislature's move to broaden the footprint of the ISO.

- Commissioner Manning reported that he too had the honor of an award presentation at Meadowview Elementary. He agreed with his fellow Commissioners regarding Wells Fargo's banking and business practices.
- Mr. Lawson reminded the Board that it was Public Power Week. He reported that there was a recent Health and Safety Expo, where 357 EWEB employees participated. He added that this weekend, EWEB initiated a functional exercise simulating a data center fail, in preparation for a larger test in November. He concluded that on October 13, there was a Construction and Utility Career Day being held at EWEB.

Public Input

James Manning of Eugene thanked the Board for their part in the Vietnam Memorial Wall project. Mr. Manning presented Commissioner Brown with a Vietnam memorial pin and keychain to commemorate his service.

Zaidi Langworthy of Eugene expressed concern to the Board that EWEB resets solar production meters monthly instead of annually. He continued he felt that net-zero homes are the wave of the future, and again expressed concern that by resetting meters monthly, EWEB was effectively squashing net-zero homes. He concluded that he'd like to find a way to not only take care of the power grid and the utility itself, but also to keep net zero homes in Eugene a reality.

Commissioner Brown thanked Commissioner Manning for the presentation, and thanked EWEB staff for the work they did in support of the Vietnam memorial.

Commissioner Mital opined that EWEB had looked at and balanced the varying interests in solar power production in the past.

Vice President Helgeson agreed with Mr. Mital concerning EWEB's past work in the field of solar power production, management, and metering.

Mr. Lawson said that staff would definitely be getting in touch with Mr. Langworthy about EWEB's solar metering; he hoped to have the opportunity to work with individuals such as Mr. Langworthy in the future.

BOARD ACTION ITEMS

Approval of Consent Calendar

MINUTES

- 1.a September 6, 2016 Executive Session
- b September 6, 2016 Regular Session

CONTRACTS

2. HD Fowler Company – for the purchase of Ductile Iron Fittings, \$1,200,000 (over 5 years), Contact Person is Mel Damewood, 541-685-7145.

INTERGOVERNMENTAL AGREEMENTS

3. Lane Council of Governments (LCOG) - for technical assistance activities related to EWEB's property management systems, \$308,000 (resulting cumulative total \$398,000), Contact Person is Mel Damewood, 541-685-7145.

RESOLUTIONS

4. Resolution No. 1627, Board Policy Manual Update, Contact Person is Frank Lawson, 541-685-7621.

Items Removed from Consent Calendar

Mr. Brown stated he'd like to remove number three, Lane Council of Governments (LCOG) property management assistance, from the Consent Calendar.

Vice President Helgeson moved to approve the Consent Calendar with the removal of item number three. The motion passed unanimously 5-0.

Commissioner Brown asked how EWEB would address property easements moving forward.

Mr. Lawson replied that there was an advantage to employing LCOG's services, as they would be able to overlay maps and see more precisely where there exists easements, power lines, etc.

Commissioner Brown moved to approve the Consent Calendar with the re-addition of number three.

Vice President Helgeson said that it was his hope that moving forward, partnerships like the one with LCOG, will continue to allow a platform from which staff can get their work done.

Mr. Lawson stated that this partnership would combine two separate systems into one single system.

The motion passed unanimously 5-0.

GENERAL BUSINESS ITEMS

EWEB Cost Allocation and Pricing Update (COSA)

Sue Fahey, Anne Falcon, Adam Rue, and Deborah Hart presented the Board with a report and Power Point on the EWEB COSA.

Mr. Brown asked how many customers EWEB had currently with the ability to generate over one megawatt.

Mr. Rue replied that there were currently only two customers in EWEB's service district capable of that type of power generation.

Mr. Mital expressed concern with customer confusion surrounding the new COSA.

Mr. Rue and Ms. Fahey explained there would be customer outreach in the near future to help ease any customer confusion.

Vice President Helgeson offered that EWEB had ratcheted demand as an element of its rates back in the 1990s.

President Simpson wanted to know if the standby large generator concept is considered a new class.

Ms. Fahey said that it would not, but there would be a new rate and tariff for the concept.

President Simpson asked if the two aforementioned customers capable of generating more than one megawatt would switch to the new tariff by default, or by choice, or by force.

Mr. Rue replied that these customer contracts would either change after expiration, or by mutual agreement.

President Simpson wondered if it would be possible to automate the COSA process.

Commissioner Manning stressed putting the data within a COSA in laymen's terms.

Commissioner Brown asked what direction the Finance Department needed from the Board.

Ms. Fahey answered that the questions posited already by the Board gave them sufficient direction.

2017 Draft Electric & Water Budgets/Prices & Long-Term Financial Plan (LTFP) Update

Sue Fahey, Nate Schultz, Sheila Crawford, and Jerry Reller presented the Board with a report and Power Point on the 2017 Draft Electric & Water Budgets/Prices & Long-Term Financial Plan (LTFFP).

President Simpson asked for clarification on Contribution Margin Risk Tolerance.

Ms. Hart answered that it was amount of risk tolerance EWEB has built into its budget for the year.

Public Hearing on 2017 Budgets/Prices & LTFFP

President Simpson opened the Public Hearing at 7:03 p.m. Seeing no one signed up to speak about this Agenda item, President Simpson then closed the Public Hearing.

Break

President Simpson called for a 10-minute break.

New Water Filtration Plant - Update on Preliminary Design

Wally McCullough and Jude Grounds presented the Board with an update and Power Point on the preliminary design of the new water filtration plant.

Commissioner Manning offered that he was under the impression that the water source was the McKenzie River only, and that he wasn't aware that water from the Willamette River would be mixed in.

Vice President Helgeson stated that he was not worried about the raw water quality, and he believed that EWEB had solid treatment techniques that could handle any extra inflow. However, he was concerned with the Alternative Water Supply nomenclature, stating that it would not be an "alternate" supply, but the supply itself.

Commissioner Mital wondered, with the new integrated system sending the majority of water flow to South Eugene under normal operating conditions, what would happen if the Hayden Bridge facility was turned off.

Mr. McCullough replied that there would be no adverse effects on EWEB's water system if this were to happen.

Commissioner Mital also asked if EWEB was still seeking external funding for the new filtration plant.

Mr. McCullough said that those avenues were continuing to be explored.

President Simpson posited that unless there was good reason to do otherwise, the water should be mixed. He added that he was also in support of a possible integration between EWEB's and Springfield Utility Board's (SUB) water supplies, at least on an emergency preparedness basis.

Commissioner Brown asked, since the main water line is already south of the river, the majority of the service population is south of the river, and the majority of existing water infrastructure is already south of the river, why wouldn't the tie-in be at the Knickerbocker Bike Bridge, instead of a circuitous rerouting. He also expressed concern that the public was not yet made aware of this project.

Commissioner Manning moved to change the wording of the project title from "Alternate Water Source," to "Second Water Source." The motion failed 4-1, with all Commissioners opposed except Commissioner Manning.

Carmen Smith License Renegotiation (action preparation)

Mike McCann presented the Board with a report and Power Point on the Carmen Smith license renegotiation.

Commissioner Mital expressed concern with the 50-year plan timeframe as opposed to the 40-year timeframe. He stated that having to go in for relicensing 10 years earlier than was planned for, could put the utility at a disadvantage.

Mr. McCann responded that by law, the Federal Energy Regulatory Commission (FERC), cannot issue any licensing lower than 30 years, nor greater than 50 years. He further agreed with Commissioner Mital's sentiment, that this issue deserved looking into.

Break

President Simpson called for a five-minute break.

Riverfront Property

Mr. Lawson stressed that some of the content which was shared with Commissioners individually concerning the Riverfront Property should remain confidential. He added that it was likely an Executive Session would be called over the next few weeks to review the purchase and sale agreement.

Commissioner Mital asked if EWEB would add a minimum threshold stipulation for the City.

Commissioner Brown vocalized support for Mr. Lawson's work on the Riverfront Property negotiations.

President Simpson also expressed supported Mr. Lawson going forward with Riverfront Property negotiations.

Vice President Helgeson offered his support to Mr. Lawson. He asked how long the negotiations would take.

Mr. Lawson replied that a one-year timeframe had been placed on the negotiations, although he expected it to be less than that.

Commissioner Manning stated that although he was hoping for a higher amount, he was loathe to drag the negotiations out any longer than necessary.

Correspondence & Board Agendas

Mr. Lawson offered the Board a Calendar update.

Board Wrap-Up

Commissioner Brown offered thanks to the General Manager and staff for their work, especially on the Riverfront Property and Carmen Smith situations.

President Simpson adjourned the Regular Session at 9:05 p.m.

Assistant Secretary

President

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to authorize the General Manager to approve a Contract after completion of a competitive process for **Electric Utility Line Work Crews**.

Board Meeting Date: November 1, 2016
Project Name/Contract#: Electric Utility Line Work Crew
Primary Contact: Mel Damewood Ext. 7145
Purchasing Contact: Sarah Gorsegner Ext. 7348

Action Requested:	
<input checked="" type="checkbox"/>	Contract Award
<input type="checkbox"/>	Contract Renewal
<input type="checkbox"/>	Contract Increase
<input type="checkbox"/>	Other
Funding Source:	
<input checked="" type="checkbox"/>	Budget
<input type="checkbox"/>	Reserves
<input type="checkbox"/>	New Revenue
<input type="checkbox"/>	Bonding
<input type="checkbox"/>	Other

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

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

Contracting Method:
Method of Solicitation: Formal Invitation to Bid
If applicable, basis for exemption:
Term of Agreement: Up to 5 years, as needed
Option to Renew? No

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

Proposals/Bids Received (Range): Bidding range is expected to be between \$79 and \$86/labor hour based on prevailing wage rates plus mark up for profit and overhead

Selection Basis: Lowest responsive and responsible Bid

Narrative:

This consent item requests that the Board authorize the General Manager to sign the contract for electric utility line work crews. Union requirements and prevailing wages will likely result in a narrow band of qualified bidders.

Electric Operations generally maintains five crews; due to recent injuries, Electric Operations can only staff four of the five required crews. The current workload and the approaching storm season require a contracted crew as soon as possible. The contract crew will then be available on an as-needed basis for storm events or limited EWEB staffing availability.

Work will include installation, repair and maintenance of transmission and distribution lines and auxiliary equipment including, but not limited to, poles, conductor, cross arms, pins, insulators, guys, transformers, and switch racks. Contractor will provide equipment and supervision for the crew, planning and materials use will be supported by EWEB. Work may also include PUC, customer required, and routine maintenance activities.

A contractor has not yet been selected. Staff plans to issue a solicitation by the end of October 2016. The solicitation will be posted on the EWEB website, the Daily Journal of Commerce, and the State of Oregon's procurement site, ORPIN. The solicitation is expected to close mid-November and final contract award executed as soon thereafter as feasible, pending completion of the evaluation and negotiation of the contract.

ACTION REQUESTED:

Management requests the Board authorize the General Manager to sign the resulting contract up to \$400,000 and report back to the Board with the actual contract value and bid results in order to avoid losing several critical weeks that may postpone contract activities. Funds for this work are available in the 2016 and planned 2017 budget.

SIGNATURES:

Project Coordinator: _____

Manager: _____

Purchasing Manager: _____

General Manager: _____

Board Approval Date: _____

Secretary/Assistant Secretary verification: _____

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a contract with **Westates Flagman** for **Traffic Control & Flagging Services for work subject to BOLI prevailing wage rates.**

Board Meeting Date: November 1, 2016
Project Name/Contract#: 031-2016/Traffic Control & Flagging Services
Primary Contact: Mel Damewood Ext. 7145
Purchasing Contact: Collin Logan Ext. 7426

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: \$2,250,000 (over 5 years)
Additional \$ Previously Approved: \$ n/a
Invoices over last approval: \$ n/a
Percentage over last approval: n/a %
Amount this Request: \$2,250,000 (over 5 years)
Resulting Cumulative Total: \$2,250,000 (over 5 years)

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

CONTRACTING METHOD:
Method of Solicitation: Formal Request for Proposals
If applicable, basis for exemption: n/a
Term of Agreement: 1 years
Option to Renew? Yes, up to 5 years
Approval for purchases "as needed" for the life of the contract Yes
Proposals/Bids Received (Range): 1
Selection Basis: Highest scored proposal

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

NARRATIVE:

The Board is being asked to approve a new contract with **Westates Flagman** of Springfield, OR for **Traffic Control & Flagging Services for work subject to BOLI prevailing wage rates** on an as needed basis.

In July 2016, staff solicited proposals from qualified flagging companies for traffic control and flagging services to be used during EWEB's capital work and construction related activities subject to the Bureau of Labor and Industries (BOLI) prevailing wage rates. Though several contractors exhibited interest only one flagging company submitted proposals, and Westates Flagman Inc. is determined to be the highest-ranked proposer.

Staff completed a market survey, and prices ranged from a minimum of \$37.78/hour (Prevailing Wage Rate without administrative overhead or profit) to \$47/hour (pricing bid on a recent City of Eugene project). Westates Flagman is offering pricing at \$44.95/hour, within the expected market rate.

The exact amount of services needed is unknown and no guarantee has been made for any specific annual quantity of work. Flagging Services will be requested on an as-needed basis. The exact amount of services may vary; however, historical procurement data indicates annual services will cost approximately \$450,000 per year.

ACTION REQUESTED:

Management requests the Board approve a Price Agreement with **Westates Flagman** for **Traffic Control & Flagging Services for work subject to BOLI prevailing wage rates.** Funds for these purchases were budgeted for 2016 and will be budgeted annually.

SIGNATURES:

Project Coordinator: _____

Chief Engineering & Operations Officer: _____

Purchasing Manager: _____

General Manager: _____

Board Approval Date: _____

Secretary/Assistant Secretary verification: _____



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Helgeson, Manning, Mital and Brown
FROM: Sue Fahey, Chief Financial Officer; Susan Eicher, Accounting & Treasury Supervisor
DATE: October 21, 2016
SUBJECT: Oregon Depository Accounts
OBJECTIVE: Board Action – Approval of Resolution No. 1631

Issue

By statute the Board must approve the financial institutions with which EWEB can deposit funds. Management is requesting approval of a resolution that would allow deposits in certain local financial institutions.

Background

Staff have contacted local financial institutions requesting information about depository accounts. To open accounts, additional Board action is required. Enclosed is a resolution setting forth signatory and transfer authorizations relating to EWEB's depository activities. Banking Resolution No. 1631 authorizes the Treasurer and Assistant Treasurer to establish depository accounts including money market savings accounts and certificates of deposit with financial institutions headquartered in the state of Oregon and designated as a qualified depository with the Oregon State Treasurer's office. Currently there are four banks and three credit unions with Eugene branches that meet this criteria. Staff is also currently evaluating participation in the Certificate of Deposit Account Registry Service (CDARS) program as a potential investment.

Recommendation & Requested Board Action

Management recommends approval of banking Resolution No. 1631 which allows treasury officers to establish local financial depository accounts.

**RESOLUTION NO. 1631
NOVEMBER 2016**

**EUGENE WATER & ELECTRIC BOARD
OREGON DEPOSITORY ACCOUNTS**

BE IT RESOLVED that the Eugene Water & Electric Board hereby authorizes Susan K. Fahey, Treasurer or Susan J. Eicher, Assistant Treasurer to establish depository accounts with any financial institution headquartered in the State of Oregon and listed as a qualified depository with the Oregon State Treasurer's office.

BE IT RESOLVED further, that the above named are hereby authorized to designate individuals authorized to give instructions concerning transfers of funds of the Eugene Water & Electric Board held by a financial institution as depository. Delegation of authority to designated individuals will be evidenced by financial institution documentation, as required.

Dated this 1st day of November, 2016.

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

President

I, ANNE M. KAH, hereby certify that I am the duly appointed, qualified and acting Assistant Secretary of the Eugene Water & Electric Board, and that the attached Resolution is a true and exact copy of a Resolution adopted by the Board at its November 1, 2016 Board Meeting.

Assistant Secretary



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Helgeson, Manning, Mital and Brown
FROM: Sue Fahey, Chief Financial Officer; Susan Eicher, Accounting & Treasury Supervisor
DATE: October 21, 2016
SUBJECT: Resolution No. 1632: 2017 Trojan Annual Operating Budget
OBJECTIVE: Board approval of Revised 2016 and Proposed 2017 Budgets for the Trojan Nuclear Plant

Issue

Although Bonneville Power Administration (BPA) pays all EWEB costs related to Trojan, the Board is required to approve the annual Trojan budget and amended annual budget in accordance with the Three-Party Net Billing Agreement, dated October 5, 1970. This memorandum provides background for that approval.

Background

The Trojan nuclear plant was constructed in the early 1970's by Portland General Electric (PGE), EWEB, and Pacific Power & Light Company with EWEB owning a 30 percent share. Trojan operated from 1976 until 1993 when the owners agreed to shut down and decommission the facility.

In 1981 EWEB and BPA entered into an agreement whereby EWEB assigned its rights to the project's future power in return for BPA paying all EWEB costs related to project operation, maintenance and decommissioning, as well as internal costs related to oversight. Since then BPA has been paying, and will continue to pay, EWEB's share of the costs in accordance with the agreement.

At this point, almost all of the project decommissioning is complete. The spent fuel has been transferred to a long-term storage facility at the Trojan site and will remain there until such time as it can be relocated to a federal waste repository. Remaining costs primarily relate to the spent fuel storage costs.

Discussion

Each year, the co-owners review and approve the Trojan Project operating budget as prepared and proposed by PGE. BPA is currently reviewing the proposed 2017 Trojan project budget and will pay 100% of EWEB's share of the costs under the net billing agreement. The largest single budget item relates to the spent fuel storage. Of the \$1.6 million budgeted as EWEB's share of the expenses, \$1.5 million of that relates to spent fuel storage. PGE's approval of proposed budget is expected prior to the end of this year.

The Trojan owners sought to get the federal government to pay some or all of the costs of maintaining the spent fuel storage based on the federal government's failure to take responsibility for spent fuel storage at a central repository. The Court ruled in favor of payment by the federal government in July 2013. The following payments have been received by EWEB and passed through to BPA.

Department of Energy Spent Fuel Storage Payments

Received	Years Covered	Amount
9/10/2013	1998-2009	\$ 24,400,000
8/11/2014	2010-2012	2,600,000
12/5/2014	2013	946,000
11/20/2015	2014	966,000
		<hr/>
		\$ 28,912,000

Requested Board Action

Management recommends Board approval of Resolution No. 1632 for the Revised 2016 and Proposed 2017 Trojan Annual Operating Budgets.

**EUGENE WATER & ELECTRIC BOARD
TROJAN NUCLEAR PLANT
2016 ANNUAL OPERATING BUDGET - FINAL
(In Thousands of Dollars)**

	<u>2016 Revised</u>	<u>2016 Proposed</u>	<u>Increase/ (Decrease)</u>
EWEB's share of operation costs	\$39	\$39	\$0
EWEB's share of decommissioning costs	1,603	1,599	4
EWEB's share of capital additions	1	1	0
TOTAL EWEB SHARE OF PGE COSTS	<u>1,643</u>	<u>1,639</u>	<u>4</u>
EWEB's direct costs	85	94	(9)
TOTAL OTHER COSTS	<u>85</u>	<u>94</u>	<u>(9)</u>
TOTAL ANNUAL OPERATING COSTS	<u>1,728</u>	<u>1,733</u>	<u>(5)</u>
LESS:			
Prior year general fund carry-over	(822)	(653)	(169)
General fund interest income	(2)	(2)	0
PLUS:			
Year end general fund balance	296	300	(5)
TOTAL REQUIREMENT	<u>1,200</u>	<u>1,378</u>	<u>(178)</u>
TOTAL AMOUNT TO BE NET BILLED	<u><u>1,200</u></u>	<u><u>1,378</u></u>	<u><u>(178)</u></u>
ANNUAL FINANCING			
Beginning general fund balance	822	653	169
Net billings	1,200	1,378	(178)
Interest earnings on gen fund invest	2	2	0
TOTAL FUNDS AVAILABLE	<u>2,024</u>	<u>2,033</u>	<u>(9)</u>
TOTAL ANNUAL OPERATING COSTS	<u>1,728</u>	<u>1,733</u>	<u>(5)</u>
ENDING GENERAL FUND BALANCE	<u><u>\$296</u></u>	<u><u>\$300</u></u>	<u><u>(\$4)</u></u>

**EUGENE WATER & ELECTRIC BOARD
TROJAN NUCLEAR PLANT
2016 ANNUAL OPERATING BUDGET - FINAL
(In Thousands of Dollars)**

DECOMMISSIONING COSTS

	<u>2016 Revised</u>	<u>2016 Proposed</u>	<u>Increase/ (Decrease)</u>
USDOE Litigation Costs	\$20	\$20	\$0
ISFSI	<u>\$5,324</u>	<u>\$5,310</u>	<u>\$15</u>
DECOMMISSIONING COSTS	<u><u>5,344</u></u>	<u><u>5,330</u></u>	<u><u>15</u></u>
EWEB'S SHARE OF DECOMMISSIONING COSTS	<u><u>\$1,603</u></u>	<u><u>\$1,599</u></u>	<u><u>\$4</u></u>

CAPITAL ADDITIONS

	<u>2016 Revised</u>	<u>2016 Proposed</u>	<u>Increase/ (Decrease)</u>
Capital Jobs	<u>\$4</u>	<u>\$4</u>	<u>\$0</u>
EWEB'S SHARE OF CAPITAL ADDITIONS	<u><u>\$1</u></u>	<u><u>\$1</u></u>	<u><u>\$0</u></u>

**EUGENE WATER & ELECTRIC BOARD
TROJAN NUCLEAR PLANT
2016 ANNUAL OPERATING BUDGET - FINAL**

EWEB DIRECT COSTS

	<u>2016 Revised</u>	<u>2016 Proposed</u>	<u>Increase/ (Decrease)</u>
Labor	\$8,800	\$16,472	(\$7,672)
Overhead	880	1,647	(767)
LABOR & OVERHEAD	<u>9,680</u>	<u>18,119</u>	<u>(8,439)</u>
Legal	75,000	75,000	(0)
Bank Fee	277	1,000	(723)
OTHER	<u>75,277</u>	<u>76,000</u>	<u>(723)</u>
EWEB DIRECT COSTS	<u><u>\$84,957</u></u>	<u><u>\$94,119</u></u>	<u><u>(\$9,162)</u></u>

**EUGENE WATER & ELECTRIC BOARD
TROJAN NUCLEAR PLANT
2017 ANNUAL OPERATING BUDGET- PRELIMINARY
(In Thousands of Dollars)**

	<u>2017 Budget</u>	<u>2016 Revised</u>	<u>Increase/ (Decrease)</u>
EWEB's share of operation costs	\$44	\$39	\$5
EWEB's share of decommissioning costs	1,548	1,603	(55)
EWEB's share of capital additions	0	1	(1)
TOTAL EWEB SHARE OF PGE COSTS	<u>1,592</u>	<u>1,643</u>	<u>(51)</u>
EWEB's direct costs	86	85	1
TOTAL OTHER COSTS	<u>86</u>	<u>85</u>	<u>1</u>
TOTAL ANNUAL OPERATING COSTS	<u>1,678</u>	<u>1,728</u>	<u>(50)</u>
LESS:			
Prior year general fund carry-over	(301)	(822)	521
General fund interest income	(3)	(2)	(1)
PLUS:			
Year end general fund balance	300	301	(1)
TOTAL REQUIREMENT	<u>1,674</u>	<u>1,205</u>	<u>469</u>
 TOTAL AMOUNT TO BE NET BILLED	 <u><u>1,674</u></u>	 <u><u>1,205</u></u>	 <u><u>469</u></u>
 ANNUAL FINANCING			
Beginning general fund balance	301	822	(521)
Net billings	1,674	1,205	469
Interest earnings on gen fund invest	3	2	1
TOTAL FUNDS AVAILABLE	<u>1,978</u>	<u>2,029</u>	<u>(51)</u>
TOTAL ANNUAL OPERATING COSTS	<u>1,678</u>	<u>1,728</u>	<u>(50)</u>
ENDING GENERAL FUND BALANCE	<u><u>\$300</u></u>	<u><u>\$301</u></u>	<u><u>(\$1)</u></u>

**EUGENE WATER & ELECTRIC BOARD
TROJAN NUCLEAR PLANT
2017 ANNUAL OPERATING BUDGET- PRELIMINARY
(In Thousands of Dollars)**

DECOMMISSIONING COSTS

	<u>2017 Budget</u>	<u>2016 Revised</u>	<u>Increase/ (Decrease)</u>
USDOE Litigation Costs	\$20	\$20	\$0
ISFSI	<u>\$5,141</u>	<u>\$5,324</u>	<u>(\$184)</u>
DECOMMISSIONING COSTS	<u>5,161</u>	<u>5,344</u>	<u>(184)</u>
EWEB'S SHARE OF DECOMMISSIONING COSTS	<u>\$1,548</u>	<u>\$1,603</u>	<u>(\$55)</u>

CAPITAL ADDITIONS

	<u>2017 Budget</u>	<u>2016 Revised</u>	<u>Increase/ (Decrease)</u>
Capital Jobs	<u>\$0</u>	<u>\$4</u>	<u>(\$4)</u>
EWEB'S SHARE OF CAPITAL ADDITIONS	<u>\$0</u>	<u>\$1</u>	<u>(\$1)</u>

**EUGENE WATER & ELECTRIC BOARD
TROJAN NUCLEAR PLANT
2017 ANNUAL OPERATING BUDGET- PRELIMINARY
(In Thousands of Dollars)**

OPERATION & OTHER COSTS

	<u>2017 Budget</u>	<u>2016 Revised</u>	<u>Increase/ (Decrease)</u>
Administrative & General	\$0	\$0	\$0
Property Insurance	9	9	0
Injuries and Damages	2	2	0
Employee Benefits	21	14	7
Misc. General Expenses	<u>115</u>	<u>110</u>	<u>5</u>
<i>OPERATIONS</i>	<u>147</u>	<u>135</u>	<u>12</u>
Payroll taxes	7	5	2
Other interest expense/Rental Revenue	<u>(9)</u>	<u>(10)</u>	<u>1</u>
<i>OTHER</i>	<u>(2)</u>	<u>(5)</u>	<u>3</u>
<i>OTHER WORKING CAPITAL CHANGE</i>	<u>3</u>	<u>0</u>	<u>3</u>
 TOTAL OPERATION & OTHER	 <u><u>148</u></u>	 <u><u>130</u></u>	 <u><u>18</u></u>
 EWEB'S SHARE OF O & M COSTS	 <u><u>44</u></u>	 <u><u>39</u></u>	 <u><u>5</u></u>

**EUGENE WATER & ELECTRIC BOARD
TROJAN NUCLEAR PLANT
2017 ANNUAL OPERATING BUDGET- PRELIMINARY**

EWEB DIRECT COSTS

	<u>2017 Budget</u>	<u>2016 Revised</u>	<u>Increase/ (Decrease)</u>
Labor	\$8,932	\$8,800	\$132
Overhead	893	880	13
LABOR & OVERHEAD	<u>9,825</u>	<u>9,680</u>	<u>145</u>
Legal	75,000	75,000	0
Bank Fee	1,000	277	723
OTHER	<u>76,000</u>	<u>75,277</u>	<u>723</u>
EWEB DIRECT COSTS	<u><u>\$85,825</u></u>	<u><u>\$84,957</u></u>	<u><u>\$868</u></u>

RESOLUTION NO 1632
November 2016

EUGENE WATER & ELECTRIC BOARD
2016 Revised and 2017 Trojan Budgets

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

WHEREAS, the Trojan nuclear plant was constructed in the early 1970's by Portland General Electric, EWEB and Pacific Power & Light Company with EWEB owning a 30 percent share;

WHEREAS, the owners agreed to shut down and decommission the facility after operating it from 1976 – 1993;

WHEREAS, EWEB and Bonneville Power Administration entered into an agreement whereby EWEB assigned its rights to power to the project in return for Bonneville Power Administration paying all EWEB costs related to project operation, maintenance and decommissioning as well as EWEB debt service and internal costs related to oversight;

WHEREAS, the co-owners review and approve the Trojan Project operating budget annually as prepared and proposed by Portland General Electric;

NOW, THEREFORE, BE IT RESOLVED by the Eugene Water & Electric Board that:

1. The Board hereby has reviewed and approves the 2016 revised and 2017 proposed Trojan Budgets.

DATED this 1ST day of November 2016.

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 November 1, 2016 Board Meeting.

Assistant Secretary