

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

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

Others Present: Matt Barton, Jeannine Parisi, Sarah Gorsegner, Harvey Hall, Lance Robertson, Mel Damewood, Frank Lawson, Taryn Johnson, Brad Taylor, Todd Simmons, Steve Newcomb, Edward Yan, Joe Harwood, Sue Fahey, Dave Churchman, Mike McCann, Wally McCullough, Megan Capper, Erin Erben, Lena Kostopulos, Deborah Hart, Catherine Gray, Adam Rue, Leslie Kidd, Lisa McLaughlin, Patty Boyle, Jared Rubin, Cecilia Braaten and Anne Kah of the EWEB staff; Deb Galardi of the Galardi Rothstein Group; Teresa Lloyd, Recorder.

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

AGENDA CHECK

There were no items.

ITEMS FROM BOARD MEMBERS

Commissioner Manning stated that for the last three years it was a pleasure working with his colleagues and was looking forward to working with all in the next year.

Commissioner Helgeson extended appreciation and acknowledged the EWEB Public Affairs staff in keeping them posted in newsworthy developments. He also acknowledged prior minutes recorder, Vicki Maxon, who worked with EWEB in various administrative capacities for 16 years since the mid 1990's, and since that time as minutes recorder.

Vice President Simpson echoed acknowledgement to Ms. Maxon, and wished a Happy New Year to everyone while looking forward to challenges being taken on in the future. He met with McKenzie River Valley representatives regarding options in restructuring the annual meeting, exploring timing and format of meetings with regard to the community. The idea is to work toward forming workshops. Also, there was closing dialog regarding the opportunity to extend broadband service to the community, and he thought it was an option to consider exploring.

Commissioner Simpson has been selected as Chair for LCOG, and welcomes votes for continued board liaison appointment.

Commissioner Mital also extended appreciation to Ms. Maxon. After the December meeting he toured the Catholic Community Services who invited EWEB members or any members from the public. Regarding low income services, he said that he was impressed by the level of work they do providing resources in assisting with energy needs. He invited them to participate in giving testimony when they have an opportunity to do so, hopefully in the next few months, so fellow Commissioners will be able to get an idea of what they do.

Commissioner Brown also thanked Ms. Maxon. He directed a comment to EWEB General Manager, Roger Gray, regarding the Striker Park and well head overlay protection zone and with regard to the neighborhood group, NorthEast Neighbors. On February 6, 2016, McKenzie River Guides will vote to remove eight transient camps, which would require cooperation from Weyerhaeuser.

PUBLIC INPUT

Kristen Helton, EWEB Child Development Center Director, extended appreciation of EWEB's support over the years to allow the Child Development Center's location on the Riverfront property. The Center has provided service to over 500 children since 1988. She noted the Center is a highly regarded establishment with a wait list of 130 children, and facilitates numerous calls per day from families needing child care. EWEB support for over 28 years has provided a high quality, engaging program for children. The location has been a wonderful opportunity to provide service to the community. She also extended thanks for the rent-free facility, and emphasized the program is not a money making venture. She then invited the Commissioners for a tour.

Jennifer Slater, EWEB Child Development Center Assistant Director, also extended thanks to EWEB in their partnership with the program. She said they are starting a campaign called "Branching Out" working with stakeholders to help the Center move forward to establish funds in relocating. She hoped the 28 year history will be kept in mind as redevelopment of the property moves forward, and transition will be as smooth as possible.

Former EWEB Commissioner **Bob Cassidy** mentioned the State of the Union address by Eugene City Mayor Kitty Piercy to be held at the Hult Center on Wednesday, January 6, 2016. He spoke to the property negotiations going on with the sale of the property, and was concerned about the definition 'public property' as was addressed in the Citizen's meeting a few weeks back. He noted that the EWEB property was not listed or considered as public property and suggested Commissioners may want to have input. He discussed a proposal of a bridge connecting the park for the public and shared an artist's rendition of a pedestrian bridge. He then emphasized that this would enhance the value of the property for future sale. He noted this would be a considerable asset to the value of the property with regard to transferring property from EWEB to the City.

Commissioner Manning thanked the representatives from the Child Development Center. He acknowledged the transition difficulty, and wants to make the transition as minimal as

possible as the care of the children are priority. He also thanked former Commissioner Cassidy for his presentation, and commented that it was a beautiful bridge and a great legacy which also adds value. He's not sure what board members can do to move it forward but willing to present it to people to move forward.

Commissioner Helgeson also thanked everyone. Regarding the Child Center, he noted he wants to be sensitive to their transition. There are a lot of moving parts and was glad to hear they are being proactive moving forward and looking for ways to manage operations to minimize disruption to clients.

Vice President Simpson and President Mital passed.

Commissioner Brown stated EWEB does not have the resources to improve the property.

APPROVAL OF CONSENT CALENDAR

MINUTES

1. a. December 1, 2015 Executive Session
- b. December 1, 2015 Regular Session

RATIFICATION OF BOARD CONSULTANTS AND RETAINED PROFESSIONALS FOR 2016

2. Ratification of Retained Professionals and Attorneys for 2016
 - 2.1 General Counsel - Eric DeFreest, Luvaas Cobb Law Office
 - 2.2 Special Counsel and Power Risk Counsel - Cable Huston Benedict Haagensen & Lloyd
 - 2.3 Special Counsel, Power Operations - Law Offices of Jeremy Weinstein
 - 2.4 Special Counsel (BPA Rate Review) - Murphy & Buchal LLP
 - 2.5 Human Resources Counsel - Harrang Long Gary Rudnick
 - 2.6 Bond Counsel - Mersereau & Shannon

Ratification of Board Appointed Consultants for 2016

- 2.7 Independent and Consulting Engineers - Black & Veatch
- 2.8 Independent Actuaries - Kenney Consulting
- 2.9 Independent Auditor and Certified Public Accountant - Moss Adams
- 2.10 Financial Advisor - Piper Jaffray

CONTRACTS

3. H.D. Fowler Company - for the purchase of ductile iron pipe. \$452,000 (Total \$2,352,000 over five years). Water Operations, Contact Person is Brad Taylor 541-685-7385.

4. WESCO - for the purchase of a pre-fabricated control house with integrated medium voltage switchgear for Holden Creek Substation. \$840,000. Engineering, Contact Person is Mel Damewood 541-685-7145.

RESOLUTIONS

5. Resolution No. 1530 - Board Policy Revisions, Environmental Policy SD2, Contact Person is Steve Newcomb 541-685-7391.

ITEMS REMOVED FROM CONSENT CALENDAR

Commissioner Brown asked to be recused from Item #2 because of real estate listings through Evans Elder and Brown. Though he is not part of listing, his business name is listed. He stated it may be a conflict.

General Manager Gray says he will look into the matter.

President Mital mentioned if it is necessary he will place it on the next Board's agenda.

Commissioner Helgeson said he had questions about the clarity of the position of work consultant or professional consultant as pertains to the Board. Mr. Gray agreed to return to the Board with information, and he will work on whether it is a bond covenant or an EWEB policy issue. He acknowledged that board members from time to time work as specialty consultants.

Vice President Simpson motioned Item #5 (Resolution #1530) to be pulled from the consent calendar, seconded by Commissioner Manning to approve the remainder of the Consent Calendar. The motion passed (4-1) with Commissioner Brown abstaining.

Vice President Simpson asked to amend Resolution #1530 SD2 document, and to strike the words "will adopt" replacing with the word "implement." There was some discussion about wording, and he wanted to publicly declare EWEB will implement these transportation solutions now rather than in the future, also noting EWEB supports these solutions in commercial applications. He asked Roger Gray, General Manager, regarding what personal vehicles meant. He quoted the General Manager had responded "use of staff owned vehicles and trucks for the purpose of business."

It was then moved by Vice President Simpson, and seconded by Commissioner Brown, to strike the words "will adopt" in the transportation clause and to add the word "commercial" in the same sentence.

After much input to the discussion by board members and including EWEB staff member, Steve Newcomb, in regards to the document language pertaining to transportation, Vice President Simpson amended his motion to strike the word "commercial" and add "personal vehicles used for utilities business."

President Mital then motioned to defer the item regarding Resolution #1530 to the next regular session board meeting on February 2, 2016, to further work on updating the document's language, and to continue to address the amended items brought up in this meeting. Vice President Simpson seconded, and the motion passed unanimously (5-0).

2016 ELECTION OF OFFICERS

EWEB Executive Assistant, Anne Kah, explained the nomination and voting process.

President:

Vice President Simpson nominated himself for President.

Commissioner Mital moved, seconded by Commissioner Brown that Commissioner Simpson fill the role of president.

The vote was (4-0) without Vice President Simpson recused himself.

Outgoing President Mital passed the gavel to newly elected President Simpson

Vice President:

Commissioner Mital nominated Commissioner Helgeson.

Commissioner Manning nominated Commissioner Brown.

Nominations were counted. Commissioner Brown received three. Commissioner Helgeson received two.

President Simpson asked for a motion to assign the position of Vice President to Commissioner Brown. Commissioner Manning moved and President Simpson seconded.

With further discussion, Commissioner Mital stated though Commissioner Brown was clearly qualified, the reason he had nominated Commissioner Helgeson was to honor a procedure of rotation across the Board. Commissioner Helgeson echoed his comments.

Commissioner Brown stated his experience, tenure and abilities would be of assistance to EWEB Board with upcoming issues.

Commissioner Manning pointed out issues coming up whereby Commissioner Brown's history will help, though he believes succession is wrong.

President Simpson asked all in favor of Commissioner Brown becoming the new Vice President. (4-0) with Commissioner Brown asking to be recused.

2016 APPOINTMENT OF BOARD LIAISON ASSIGNMENTS AND COMMITTEES

President Simpson is Vice President of the Lane Council of Governments (LCOG) Board currently representing Lane Council of Government and Commissioner Manning as alternate. Second, McKenzie Watershed Council with EWEB staff representation appointed by Steve Newcomb (Management Services) and with President Simpson and Vice President Brown acting as alternates. Third is the Other Post Employment Benefits (OPEB) committee represented by Commissioner Manning with no alternate. Last is the Northwest Public Power Association (NWPPA) with Commissioner Helgeson as the representative with no alternate.

President Simpson and Commissioner Manning volunteered to continue to serve in the above capacities on the LCOG Board. Vice President Brown moved and Commissioner Mital seconded. The Board voted unanimously (5-0).

For the McKenzie Watershed Council, EWEB staff appointed by Steve Newcomb will continue service, as well as President Simpson and Vice President Brown continuing to represent as alternates. President Simpson moved and Vice President Brown seconded. The vote was unanimous (5-0).

Commissioner Manning will continue his post with OPEB with an alternate assigned by the Board as needed. Vice President Brown moved to approve, seconded by Commissioner Mital. Voting was unanimous (5-0).

President Simpson motioned and Commissioner Manning seconded for Commissioner Helgeson to continue on the NWPPA Board with no alternate. Voting was unanimous (5-0).

RIVERFRONT PROPERTY

With the aid of overhead visuals Mr. Gray displayed a map pointing out the parking area issue with the terminology “land areas” as opposed to “lots”, stating that management recommendation is to utilize the area as a default parking area unless the City develops a better plan.

Vice President Brown opened discussion with a question about the \$10/sq. foot parking cost (as noted on page 2, Section 3 of Mr. Gray’s memo under EWEB Riverfront Deal Points), and asked if future changes would be covered in the agreement.

Mr. Gray responded the City will have to come up with an adequate proposal to meet parking needs for the property to maintain commercial value.

Commissioner Mital asked if the future Board will be able to weigh in on offers, and Mr. Gray concurred.

Commissioner Helgeson said he would like to see further examples of details that need to be worked out. He said he trusted staff's ability and supported the recommendation, but if conditions change the proposal would be subject for Board review.

Mr. Gray agreed that if amendments were made then Board approval would be necessary.

President Simpson stated his appreciation of Mr. Gray bringing this to the Board in a timely manner and Vice President Brown moved to approve Resolution #1602 as submitted by staff. Commissioner Mital seconded. The motion passed unanimously (5-0).

President Simpson called for a minute break at 6:41 p.m. and reconvened at 6:54 p.m.

SYSTEM DEVELOPMENT CHARGES METHODOLOGY

Sue Fahey, Finance Manager, summarized the System Development Charges (SDC's) Methodology with the aid of overhead visuals. She then asked for Board direction of staff "to prepare an SDC fee schedule that distinguishes between development at the base level and development at higher elevation."

Deborah Hart, Lead Financial Analyst, reviewed EWEB SDC's rate schedule, which began in 1997. The last review was in 2010 when new fees were implemented and subsequent updates for inflation were established, and coincides with the Water Master Plan, which was developed in 2004.

Galardi Rothstein Group consultant, Deb Galardi, said the Methodology follows Oregon Revised Statute for SDC development. The Fees had three components: reimbursement fee, improvement fee, and combined fee. She further explained two fee options from the report:

- System-wide.
- Two-tiered option **a)** base and **b)** upper-area elevations.

The current fee is \$27.54 for a typical residential development. The System-wide option reduced the fee slightly to \$24.09. The two-tiered approach lowered the base fee and increase in upper-elevation service areas. She mentioned that some changes are included within the system design and water usage characteristics (based on current data). She further stated the Master Plan was not about capacity and expansion as much as improving factors such as resiliency and optimization. A large amount of capital improvements in the Master Plan still need to be recovered through customer rates. She pointed out some of the reasons EWEB is seeing a slight decrease in the System-wide approach. When she explained other Cities' SDC charges, she noted Corvallis and Springfield had tiered fees.

Ms. Hart summarized by saying that management recommendation suggests to begin to adopt the new Master Plan with the Water SDC Methodology in place. She said the public notification for the Methodology review went out on January 4, 2016. There will then be a 60-day Methodology review. Per Board direction it will be posted on the EWEB website for interested parties to review with a proposed public hearing for April 5, 2016.

When Vice President Brown recognized homebuilders in the audience, he asked about public participation. Mel Damewood, Engineering Manager, said he was in contact with the Homebuilders Association.

Vice President Brown then noted comparisons in the chart and asked about the City of Springfield, which had a five-tiered system in place.

Mr. Damewood said we are taking “baby steps” at this point. Suggested we take a look at the idea in the next Methodology review in five years.

Vice President Brown and Commissioner Mital addressed water pumping issues and gave examples.

Mr. Damewood responded regarding water base levels.

Commissioner Helgeson thanked staff for the presentation noting his desire to address SDC rates in less than the mandatory five-year review period. He observed certain housing trends, e.g., decreased lot sizes and micro housing, and stated it might require a different assessment approach.

President Simpson asked if this was overall revenue neutral. Ms. Galardi and Ms. Hart stated that the two options were revenue neutral, with the cost based on the new Master Plan and the portion for review. President Simpson also asked if there were zero per cent or low cost loans available and staff said economic development loans were possible. He asked if the Fire Department was SDC absorbed. Ms. Hart responded. He asked if there are SDC overages and if they are reviewed by their auditors. Ms. Hart explained the SDC rate collection and reserve.

Mr. Damewood said SDC's are tied to the Capital Improvement Plan to show constituents their relation to growth and what they are paying for. He also stated other resources paid for maintenance and, e.g., main replacements.

Commissioner Helgeson mentioned capital investments happen in “chunks” whereby SDC's are collected over time, and asked what is applied to the carrying costs. Ms. Galardi addressed carrying costs and gave reimbursement examples.

Commissioner Mital asked if there was a mechanism available to lessen impact cost of infrastructure. Mr. Damewood said coming up with a five-tier system right away would be the solution. Ms. Fahey replied asset records are a little “all over the board” so it would be difficult

to come up with more than a two-tiered system at this time. Commissioner Mital then asked if we accelerated the five-year review to a three-year review period, would that get us to a five-tier system. President Simpson asked to explain the gradualization process. Mr. Damewood did so and said maybe in the next review they could visit beyond a two-tier system. Commissioner Helgeson added further comments.

President Simpson said the Board was being asked to direct management with regard to the SDC fee schedule. Commissioner Helgeson motioned to support the staff recommendation preparing the SDC schedule between development and at the base level and development at higher elevation. Seconded by Vice President Brown. The motion passed unanimously (5-0).

DRAFT SCOPE OF WORK FOR ELECTRIC RETAIL PRICING REFORM ADVISORY GROUP

Lance Robertson, Public Affairs Manager, requested Board feedback on the draft plan for committee creation prior to final approval February 2, 2016. About a six month short term approach had been laid out, and he said this was a starting point whereby his staff were here to help the Board make the decision to move forward. He inquired to the Board if his team had provided the right scope, and had asked the right questions, and wants to know what outcomes the Board would like to see.

Erin Erben, Power Planning Manager and Interim Information Services Manager, mentioned two strategic planning sessions planned and asked the Board if they wanted to discuss the Citizen Advisory group then.

President Simpson thanked the team and mentioned, for the record, that in the opening paragraphs of Mr. Robertson's memo it states that the Board "approved a motion to create a citizen advisory group," yet the Board had not taken action to form a group but to order "backgrounder" on the possibility.

Commissioner Helgeson said he had missed the important aspect of this resonating in a community setting. He stated that he is more interested in alternate points of views as it moves forward. Vice President Brown agreed with Commissioner Helgeson, and wanted to see that things are done right in reference to time commitments as there was not a sense of urgency. More discussion involving staff feedback was requested from Commissioner Mital. He would also like to move forward involving additional members of the public. Commissioner Manning asked who would make up the citizen advisory group, and Mr. Robertson stated the Board would do that with his team assisting with a supply of applications. He further discussed ideas on how to make the selection.

President Simpson thanked the staff for a rapid delivery of the report, and stated concerns about potential bias in selecting a committee and about timing and existing schedules of Board members. He mentioned a possible idea was to go with an advisory committee as it may be "too big of a bite" for this Board to take on at this time.

Commissioner Mital suggested it might be wise to move forward as is, and in time to either start including in the board packets for Feb. 2, or delay the process. Ms. Erben asked for guidance as to what the Board wants as feedback to produce a good outcome on this process. Commissioner Manning offered the solution to keep the application process simple and define terms so people understand language of the process. More discussion followed with Commissioner Helgeson suggesting to wait until there was time to do a quality job. Vice President Brown commented that he too feels it is not a sense of urgency and there was still need to do public outreach. He was fine with slowing down and moving forward. President Simpson echoed his concerns, stating he would like to defer starting it at this time.

Continuing the discussion, Commissioner Mital suggested a few ideas regarding guiding values questions that need to be clarified, and asked what would a base charge cover. Ms. Erben responded.

President Simpson recommended tabling the discussion and bringing it back to the Board for the April meeting. It will also allow staff to decide when a best time would be for rate structuring to come before the Board. He then moved to table the discussion to April and to allow an hour discussion during the retreat in March, which Vice President Brown seconded and all approved (5-0).

CARMEN-SMITH PROJECT FINANCIAL ANALYSIS AND SETTLEMENT AGREEMENT REVISIONS

Mike McCann, Generation Manager, aided with a slide presentation, said staff requests the Board approve recommendation for a request to the Federal Energy Regulatory Commission (FERC) for an additional stay of at least one year in order to complete negotiations and revisions to the SA and license application.

Patty Boyle, Principal Project Manager, discussed inputs. Current economic analysis looks at total cost of the project including acquisition of the license back to 2001, and includes expected future cost. Discount rate is updated from 5.5% to 7.5%. She expected that total cost to break even when the settlement agreements had been updated. Mr. McCann said the talks assumed the environmental goals were constant, but the costs to achieve them needed to come down. He further stated discussions had been fruitful and feels they have been making significant headway with the idea of driving down costs. Ms. Boyle discussed the current licensing application process. The agencies recognize the licensing will be significantly delayed, so have asked for early implementation to interim measures to be implemented in 2016.

Commissioner Mital asked about annual extensions. Mr. McCann said they were hoping to reach an agreement with the other parties, then spend time on the settlement agreement as a license application amendment. He wants to go back and ask for a one-year delay beyond the approved six months to finish negotiations and revise the settlement. In that case, the license will probably not be issued until at least 2021 because of the environmental analysis involved

with the application. Questions to consider are: surrender license, sell the license, withdraw the license, or challenge the Court. He stated he would like to go back and revise Exhibit D to go with the proposed changes. He said he was not asking for a vote at this time but what direction the Board would like them to go in.

After much discussion, President Simpson asked for a motion stating that the staff did not ask for action, but instead for approval of a request to the FERC for additional negotiation time for up to a year. Vice President Brown moved to approve the management recommendations as stated and Commissioner Manning seconded. The vote was approved unanimously (5-0).

CORRESPONDENCE AND BOARD AGENDAS

Mr. Gray reiterated the City of Eugene's State of the Union Address on Wednesday, January 6th, at 5:30 p.m., at the Hult Center. He also suggested putting the tabled Item #11 to May as April's agenda is full.

For Correspondence, Mr. Gray highlighted his memo – Draft 2016 Organizational (Key Performance Indicators) KPI's for feedback, and said if something was missing in the outline, he will bring it back.

BOARD WRAP-UP

Commissioner Mital said in reference to the Board decision about six weeks ago providing funds to the McKenzie River Trust in support for the purchase of the Roseburg property. His concern was the FERC did not receive the decision positively, and Commissioner Helgeson commented he was in support of the decision but echoed his concern. Vice President Brown mentioned his support of the decision. Commissioner Manning stated his reason for support was due to the potential of environmental impact. Commissioner Mital responded with a suggestion regarding how the money was spent.

President Simpson adjourned the Regular Session at 8:37 p.m.

Assistant Secretary

President

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a new contract with **Mason Bruce & Girard, Inc.** for GIS-based web application development services.

Board Meeting Date: February 2, 2016
Project Name/Contract#: MWERS Web Application/RFP 050-2015
Primary Contact: Steve Newcomb Ext. 7391
Purchasing Contact: Tracy Davis Ext. 7468

Contract Amount:

Original Contract Amount: \$ 300,000
Additional \$ Previously Approved: \$ N/A
Invoices over last approval: \$ N/A
Percentage over last approval: N/A %
Amount this Request: \$ 300,000
Resulting Cumulative Total: \$ 300,000

Contracting Method:

Method of Solicitation: Formal Request for Proposals
If applicable, basis for exemption: N/A
Term of Agreement: February 2016 – January 2021
Option to Renew? No
Approval for purchases "as needed" for the life of the contract No

Action Requested:

Contract Award
 Contract Renewal
 Contract Increase
 Other

Funding Source:

Budget
 Reserves
 New Revenue
 Bonding
 Other

Form of Contract:

Single Purchase
 Services
 Personal Services
 Construction
 IGA
 Price Agreement
 Other

NARRATIVE:

The Board is being asked to approve a new contract with **Mason Bruce & Girard, Inc.** of Portland, Oregon for the purchase of GIS-based web application development services.

EWEB requires an efficient and effective emergency response system for hazardous material spills upstream of EWEB's new alternate drinking water source. The current emergency response system includes the McKenzie Watershed, but is now required to include the Middle Fork and Coast Fork Willamette watersheds in order to protect the alternate source.

Contract objectives are to re-platform, update, and enhance the current McKenzie Watershed Emergency Response System (MWERS) from a PC-based application, to a web application that is accessible and functional across a range of browsers and operating systems, including mobile devices, easy to use for non-GIS operators, and scalable to expanded geographies.

In November 2015, staff issued a Formal Request for Proposals (RFP). The RFP was reviewed by 17 companies; EWEB received proposals from Mason Bruce & Girard, Inc. of Portland, OR and Innovate! Inc. of Washington, DC. The responses were evaluated based on the following evaluation criteria: firm's experience; key individuals' experience; project approach; capacity and implementation; post-production support/maintenance and enhancement; and cost.

Staff has negotiated a contract with **Mason Bruce & Girard, Inc.** of Portland, Oregon. They have been selected to provide these services. Staff has issued a notice of Intent to Award the contract to **Mason Bruce & Girard, Inc.**, pending Board approval.

ACTION REQUESTED:

Management requests the Board approve a new contract with **Mason Bruce & Girard, Inc.** for GIS-based web application development services. Funds for this work were budgeted for 2016 and will be budgeted annually.

SIGNATURES:

Project Coordinator: _____

LT Manager: _____

Purchasing Manager: _____

General Manager: _____

Board Approval Date: _____

Secretary/Assistant Secretary verification: _____

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve an award to **Precise Kit Promotions, Inc.** for **emergency water supply containers.**

Board Meeting Date: February 2, 2016
Project Name/Contract#: Emergency Water Supply Containers 057-2015
Primary Contact: Mel Damewood Ext. 7145
Purchasing Contact: Collin Logan Ext. 7426

Action Requested:

Contract Award
 Contract Renewal
 Contract Increase
 Other

Contract Amount:

Original Contract Amount: \$ 186,000 over 5 years
Additional \$ Previously Approved: \$ N/A
Invoices over last approval: \$ N/A
Percentage over last approval: N/A %
Amount this Request: \$ 186,000
Resulting Cumulative Total: \$ 186,000 over 5 years

Funding Source:

Budget
 Reserves
 New Revenue
 Bonding
 Other – reimbursement

Contracting Method:

Method of Solicitation: Invitation to Bid
If applicable, basis for exemption: _____
Term of Agreement: February 2, 2016-February 1, 2017
Option to Renew? Yes

Form of Contract:

Single Purchase
 Services
 Personal Services
 Construction
 IGA
 Price Agreement
 Other

Approval for purchases “as needed” for the life of the contract Yes

Narrative:

The Board is being asked to approve the award of a formally solicited contract with **Precise Kits Promotions, Inc.** of Ramsey, NJ for the purchase of emergency water supply containers on an as-needed basis.

EWEB offers emergency water supply containers at a reduced cost to our customers periodically in response to State recommendations from Chapter 8 of the Oregon Resilience Plan. The Red Cross has administered this program in the past but can no longer do so. EWEB will continue to sell these “emergency water supply containers” to its customers at a reduced rate. Also, several other local utilities have expressed an interest in purchasing containers but do not have the volume leverage EWEB enjoys. EWEB will purchase and provide containers to these utilities and will be reimbursed.

In December 2015, EWEB issued a solicitation to establish a price agreement for the purchase of emergency water supply containers. The solicitation was reviewed by three companies. Two responses were received – one of them being a “no-bid”. Precise Kits Promotions, Inc. emerged as the sole responsive and responsible bidder.

If approved, staff will purchase emergency water supply containers at the established prices on an as-needed basis. The contract is for one (1) year with the option to renew for four (4) additional one (1) year periods.

ACTION REQUESTED:

Management requests the Board approve an award to **Precise Kits Promotions, Inc.** for **emergency water supply containers.** The 2016 budget includes \$50,000 for this purchase.

SIGNATURES:

Project Coordinator: _____

LT Manager: _____

Purchasing Manager: _____

General Manager: _____

Board Approval Date: _____

Secretary/Assistant Secretary:
verification _____

ACTION REQUESTED:

Management requests the Board approve the **purchase of filter media from Xylem Water Solutions USA, Inc. for the Hayden Bridge Water Treatment Facility**. This purchase is exempt from competitive bidding per EWEB Rule 6-0230. Funds for the filter improvements and filter media purchase were budgeted for 2016.

SIGNATURES:

Project Coordinator: _____

LT Manager: _____

Purchasing Manager: _____

General Manager: _____

Board Approval Date: _____

Secretary/Assistant Secretary verification: _____

**RESOLUTION NO. 1601
FEBRUARY 2016**

**EUGENE WATER & ELECTRIC BOARD
Board Appointments, Board Committees, Advisory Committees and
Outside Liaisons**

WHEREAS, Board Policy GP12 provides for the use of committees, outside appointments and liaisons to staff work as a means of gathering and disseminating information, representing the Board and providing preliminary input to Board decisions; and

WHEREAS, Board Policy GP12 further states that all committees, outside appointments and liaisons be created by resolution and that all appointments to said committees, outside appointments and liaisons be made via resolution; and

WHEREAS, the Board met on January 5, 2016 and discussed potential appointments to current and existing committees, outside organizations and internal project teams; and

WHEREAS, the majority of the current and existing committees, outside appointments and liaisons were first established by resolution on October 3, 2006.

NOW, THEREFORE, BE IT RESOLVED that the Eugene Water & Electric Board appoints the stipulated individuals to those committees, appointments and liaisons for the year 2016 or as otherwise indicated.

Lane Council of Governments (LCOG) - Provides coordination among Lane County governmental agencies. Term of organization is ongoing, term of appointment is annual, and John Simpson is primary appointee with James Manning as alternate.

McKenzie Watershed Council - Fosters better stewardship of the McKenzie Watershed resources through voluntary partnerships and collaboration. Term of organization is ongoing. Term of appointment is annual and designated EWEB staff primary appointee with John Brown and John Simpson as alternate for staff support.

Other Post Employment Benefits (OPEB) - A Commissioner is not a voting member of the Section 115 Trust that has been set up to oversee EWEB contributions to the trust, the investment of funds, and measurement of the unfunded liabilities of the retiree medical plan. Term of appointment is ongoing and James Manning is the appointee.

Northwest Public Power Association (NWPPA) - NWPPA is an organization in the Western U.S. and Canada. They provide training and education, public information, communication, federal legislative coordination, surveys, data and networking opportunities and products and services for the utility industry. Dick Helgeson is appointee.

Changes in these assignments may be made at the direction of the Board.

Dated this 2nd day of February 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 February 2, 2016 Regular Board Meeting.

Assistant Secretary



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital
FROM: Sue Fahey, Finance Manager; Susan Eicher, General Accounting & Treasury Supervisor
DATE: January 22, 2016
SUBJECT: Sale of Stock
OBJECTIVE: Approval of Resolution No. 1603

Issue

Management wishes to liquidate stock received as partial settlement of amounts owed to EWEB from bankruptcy proceedings of a power trading counterparty.

Background

The ownership of this stock dates back to the post-energy crisis bankruptcy of a power trading counterparty, Enron Power Marketing. In 2002, EWEB filed a claim with the Enron Bankruptcy Estate to recover as much as possible of the approximately \$400 thousand owed to EWEB. While the entire amount was not recovered; in 2006, EWEB did receive partial payment of approximately \$100 thousand in cash and 92 shares of stock in Portland General Electric (PGE), which Enron owned at the time of their bankruptcy. At that time, the process and expense to sell was deemed to be a greater than the stock value. The stock is currently worth \$4,800. Management now wishes to sell the stock and close the account.

Requested Board Action

Management requests approval of Resolution No. 1603 authorizing the sale of PGE stock and closing the account with American Stock & Trust Company.

**RESOLUTION NO. 1603
FEBRUARY 2016**

**EUGENE WATER & ELECTRIC BOARD
AUTHORIZING STOCK SALE AND CLOSURE OF ACCOUNT**

WHEREAS, The Eugene Water & Electric Board (EWEB) received shares of stock as a partial settlement of amounts owed by a counterparty to whom EWEB sold power,

WHEREAS, The Eugene Water & Electric Board (EWEB) desires to sell said stock and close the account wherein it is held,

WHEREAS, the holder of the account, American Stock Transfer & Trust Company requires a resolution of the Board of Commissioners to authorize a representative of EWEB to sell the stock, and close the account,

NOW, THEREFORE, BE IT RESOLVED, that the Eugene Water & Electric Board authorizes the Assistant Treasurer to give instructions to American Stock & Trust Company to sell stock and close the account holding the stock.

DATED this 2nd day of February, 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 true and exact copy of the Resolution adopted by the Board in its February 2nd, 2016 Regular Board Meeting.

Assistant Secretary



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Brown, Helgeson, Manning, and Mital
FROM: Mike McCann, Generation and Fleet Services Manager
DATE: January 22, 2016
SUBJECT: Resolution No. 1604; Revisions to Board Policy SD13,
Carmen-Smith Hydroelectric Project Relicensing
OBJECTIVE: Board Action

Issue

As part of the regular cycle of policy revisions, the Carmen-Smith Hydroelectric Project Relicensing Policy was reviewed and updated. The Carmen-Smith Relicensing Policy (SD13) has not been reviewed and updated since 2006. The attached resolution (Resolution No. 1604) for Board action recommends adoption of a revised SD13.

Background

The Carmen-Smith Hydroelectric Project Relicensing Policy was originally adopted in January 2006, to guide staff in the pursuit of a new operating license for the Carmen-Smith Project. In the years subsequent to the adoption of SD13, staff has submitted draft and final license applications for the Carmen-Smith Project to the Federal Energy Regulatory Commission (FERC), and modified the final license application with a settlement agreement negotiated and signed by EWEB and sixteen other parties. Staff continue to work with the FERC and the settlement parties in the pursuit of the new operating license for Carmen-Smith. SD13 remains the guiding Board policy in conducting that work.

Discussion

In the ten years since SD13 was originally adopted, a number of factors identified in the policy have become outdated or modified. In general, the policy is due for review and updating. The goal statement remains unchanged. The goal is still to “obtain a new operating license for the Carmen-Smith Hydroelectric Project, thus allowing the Project to continue operating in an environmentally, socially and economically sustainable manner.” The objectives, likewise, primarily remain unchanged. The addition of the term “cost-effective” in relation to capital additions and operational modification in the last objective reflects the current effort to reduce project costs while maintaining environmental benefits and operational flexibility. In the success criteria, reference to the 2006 Integrated Electric Resource Strategy has been removed, but the criterion to minimize and reduce the environmental impacts from the project remains. Finally, the list of non-governmental organizations has been modified to reflect the NGOs that are party to the 2008 Settlement Agreement.

The revised policy will continue to guide staff efforts to obtain a new operating license for Carmen-Smith as EWEB enters the next phase of license negotiation with the FERC and the settlement parties.

Recommendation

Adopt Board Resolution No 1604, which approves revisions to Board Policy SD13, the Carmen-Smith Hydroelectric Project Relicensing Policy.

Requested Board Action

Review and pass Board Resolution No. 1604.

Policy Number: SD13
Policy Type: Strategic Direction
Policy Title: Carmen-Smith Hydroelectric Project Relicensing
Effective Date: February 3, 2016

The Eugene Water & Electric Board (EWEB) owns and operates the Carmen-Smith Hydroelectric Project (Project) on the McKenzie River, in Linn and Lane counties, Oregon, approximately 113 km (70 mi.) east of the Eugene-Springfield Metropolitan Area. The Project provides power to Eugene and area residents (over ~~91,000~~ 83,000 customers) and represents almost half of EWEB's total generation capacity. The Project is strongly associated with the history of Eugene, Oregon, and the growth of the environmental movement in Oregon. Historically, the Project was designed and built in response to debate over the appropriate balance between power development and recreation and scenic values. The success of the Project in striking that balance and maintaining it over a 45-year period of time is remarkable.

To retain the benefit of the Project as a source of power, EWEB is applying for a new operating license for the Project. The new license will allow continued operation of the Project for a 30 to 50 year period.

Goal

To obtain a new operating license for the Carmen-Smith Hydroelectric Project, thus allowing the Project to continue operating in an environmentally, socially and economically sustainable manner.

Objectives

To accomplish this goal through relicensing, EWEB has identified the following objectives:

- Submit a license application and obtain a license that is consistent with EWEB's Statement of Legacy (Policy #SD1) and the organization's Environmental Policy (Policy #SD2).
- Comply with all federal, state, and local laws, rules and regulations, with FERC as the lead agency defining the licensing products and schedules.
- Use a collaborative, transparent approach that includes the sharing of information and the solicitation of public and regulatory agency participation.
- Identify, propose, and implement cost-effective measures that reduce negative impacts of the Project on the environment and the community, based on scientific study, engineering analysis and investigation.
- Consider cost-effective capital additions and operational modifications that will maximize generation capability of the Project in terms of capacity, efficiency and production.

Success Criteria

Ultimately, the success of the relicensing effort will be based on receiving a new FERC license that meets the stated objectives, represents an appropriate balance of river uses, and includes:

- Long term economic viability
Goal: The Project remains economically beneficial under the terms of the new license.
- Operational flexibility
Goal: EWEB receives a license that allows for flexibility in Project operation to meet changing environmental, social, and economic requirements.
- No significant uncertainties
Goal: The new license limits the amount of uncertainty regarding the financial stability of the Project while meeting the needs of our customers, minimizing environmental impacts and providing a reliable source of power.
- Minimize environmental impacts
~~Goal: Consistent with the Long Term Resource Policy Objectives contained in EWEB's 2006 Integrated Electric Resource Strategy, The~~ new license results in a reduction of the environmental impacts from the project: and is compliant with all regulatory requirements.
- Maintain credibility with stakeholders
Goal: EWEB's relicensing application development process is open and transparent so that the utility's owners, customers, the general public, resource agencies and other stakeholders feel they have been given adequate opportunity to express their ideas and viewpoints.

Roles & Responsibilities

Board's Role:

- Obtain a new license that allows continued operation of the Project in a manner that balances the many facets of EWEB's Statement of Legacy and Environmental Policy.
- Represent the interests of and advocate on behalf of EWEB's owners and customers.
- Provide direction to staff if the proposed or final license requirements appear to conflict with the Board's stated objectives.

Staff's Role:

- Develop a license application that is based upon scientific study, engineering analysis and investigation.

- Evaluate the license application against the established success criteria each time there is a submittal or significant amendment during the relicensing process.
- Develop alternatives and provide recommendations that achieve the optimal balance between environmental enhancement and mitigation, social or non-generating interests, and economic sustainability of the Project.
- Maintain flexible, positive working relationships with the regulatory agencies and non-governmental organizations that have an interest in the future operation of the Project while advocating the Board's policy direction.
- Implement a process for resolving conflicts that may arise between interested parties.
- Provide the Board with proactive and periodic updates on the status of the relicensing process.

Glossary of Terms

- **Operational Flexibility:** This definition includes limited operation and maintenance flexibility that will allow for changes that take place over the life of the license to respond to changes in power generation, environmental, social, and economic needs. Environmental needs would include changes such as listing or de-listing of endangered species, and/or changes in recreational uses. Operating and maintenance flexibility would maintain the economic and environmental viability of the project.
- **Environmental:** In this context, the term environmental is used as defined by FERC and includes various species and life stages of fish, aquatic resources, wildlife, botanical, and historical and cultural values, recreational uses, socioeconomics, wetlands and riparian vegetations, water quality, geology and soils, aesthetics, and land uses. This broad definition is inclusive of economic and social considerations that are often viewed separately from environmental consideration when discussing sustainability.
- **Mitigation:** The term mitigation means the reduction or elimination of the negative impacts on other river uses when new facilities or operational changes are implemented at the project.
- **Enhancement:** The term enhancement means the reduction or elimination of negative ongoing impacts on other river uses caused by the project without new facilities or operational changes at the project. The difference in the terms mitigation and enhancement is small, but has significance in FERC relicensing. Mitigation is seen as almost mandatory while enhancement is more flexible.
- **Non-Generation Interests:** Non-generation interests would include all environmental or other interests not related to generation.

- Non-Governmental Organizations: Non-governmental organizations refer to organizations that have an interest in the project, but are private or non-profit in nature. This would include organizations such as the Trout Unlimited, American Whitewater, Oregon Wild and Cascadia Wildlands, McKenzie Watershed Council, McKenzie River Guides, American White Water Boating, American Rivers, etc.

Source: Staff, Board Approved 01/17/2006, Revised February 2, 2016 Resolution No. 1604.

**RESOLUTION NO. 1604
FEBRUARY 2016**

**EUGENE WATER & ELECTRIC BOARD
RESOLUTION APPROVING BOARD POLICY SD13 REVISIONS**

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

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

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

WHEREAS, the Board of Commissioners has reviewed a modification to Board Policy SD13, Carmen-Smith Hydroelectric Project Relicensing Policy and has determined that the modification is appropriate and necessary.

NOW, THEREFORE, BE IT RESOLVED by the Eugene Water & Electric Board that the Board of Commissioners hereby grants approval to the modification of SD13 which will be reflected in updated Board Policies.

DATED this 2nd day of February 2016.

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

Acting 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 amended Resolution adopted by the Board at its February 2, 2016 Regular Board Meeting.

Assistant Secretary