

**EUGENE WATER & ELECTRIC BOARD
EXECUTIVE SESSION
EWEB BOARD ROOM
500 EAST FOURTH AVENUE
August 2, 2016
4:45 P.M.**

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

President Simpson called the executive session to order at 4:45 p.m.

EXECUTIVE SESSION:

Pursuant to ORS 192.660(2)(e)

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

Others Present: General Manager Frank Lawson, Karl Morgenstern, Tim O'Dell, Sue Fahey and Anne Kah. Eric DeFreest of Luvaas Cobb participated telephonically

President Simpson adjourned the Executive Session at 5:30 p.m.

Assistant Secretary

President

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
500 EAST 4TH AVENUE
August 2, 2016
5:30 P.M.**

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

Absent: None

Guests: Matt Barton, Information Services Manager; Erin Erben, Chief Customer Officer; Sue Fahey, Chief Financial Officer; Mark Freeman, Customer Service Manager; Sarah Gorsegner, Purchasing and Warehouse Manager; Catherine Gray, Energy Resource Analyst; Frank Lawson, General Manager; Dan Morehouse, Energy Management Program Supervisor; Jeannine Parisi, Government and Community Affairs Coordinator

President Simpson convened the August 2, 2016, Regular Session at 5:40 p.m.

Agenda Check

There were no changes to the agenda.

Items from Board Members and General Manager

- Commissioner Brown expressed disappointment that nothing had yet been done about the transient camps on the McKenzie.
- Commissioner Mital discussed lowering SF6 emissions.
- President Simpson reported that plans were underway for a tour of the WIX, and Downtown Fiber Project. He added that there was an upcoming tandem meeting with the EWEB Board and Eugene City Council sometime in January or February.
- Vice President Helgeson stated that he was intrigued that the City of Eugene was considering a return to written public meeting minutes; he added that he was satisfied with the minutes as they were presently.
- Commissioner Manning said he was sorry he could not stay for the entirety of the EWEB appreciation picnic, and he hoped everyone in attendance had a great time.
- Mr. Lawson reported to the Board that Eugene City Council made some changes and they will now allow negotiations for the outright purchase of the riverfront property. He added that yesterday, EWEB had gotten rid of about \$27 million in debt on the electric side of the utility. He thanked the Willamette River Keepers for their assistance in Willamette River cleanup.

Public Input

There was no public input.

EWEB Education Grants, Bethel School District 2015-2016

Ms. Parisi offered the Board a report on how the grants are impacting the Bethel School District and Lane Community College (LCC). She stated that overall, the experiences of the aforementioned institutions have been very positive, and that they were very thankful for the opportunities provided to the students through the EWEB Education Grants.

BOARD ACTION ITEMS

Approval of Consent Calendar

Minutes

1. a July 19, 2016 Regular Session

Contracts

2. The Jerry Brown Company, Inc. as the primary supplier and Tyree Oil, Inc. as the secondary supplier - for purchasing transportation fuel through the Regional Fuel Supply Cooperative contract with Greater Oregon Fleet Cooperative. \$2,875,000 (EWEB over 5 years). Generation and Fleet Services, Mike McCann, 541-685-7379

3. Vertical Bridge - for the lease of building and antenna space at Vertical Bridge Blanton Heights Tower Site. \$810,000 (over 10 years, \$113,000 EWEB net). Engineering, Mel Damewood, 541-685-7145

4. Vertical Bridge – for the lease of building and antenna space at Vertical Bridge Mt. Hagan Tower Site. \$320,000 (over 10 years, \$51,000 EWEB net). Engineering, Mel Damewood, 541-685-7145

Resolutions

5. Resolution No. 1620 - Board Policy GP17, Board Use of Email Policy, Contact Person is Matt Barton, 541-685-7109

6. Resolution No. 1622 – Supplemental Bond Resolution Authorizing and Approving the Issuance, Sale and Delivery of Electric Utility System Revenue Refunding Bonds, Contact Person is Sue Fahey, 541-685-7688

7. Resolution No. 1624 – Amending and Restating the Electric Utility System Revenue Bond Resolution Adopted June 16, 1986, Contact Person is Sue Fahey, 541-685-7688

Vice President Helgeson moved to approve the Consent Calendar. The motion passed unanimously 5-0.

Items Removed from Consent Calendar

There were no items removed from the Consent Calendar.

Resolution Authorizing Acquisition of Property for the Thurston Substation Expansion Project (Select Resolution No. 1625 or No. 1626)

Mr. Lawson reported to the Board the two Resolutions, No. 1625 and No. 1626 at issue for the expansion of the Thurston Substation.

Commissioner Mital moved to adopt Resolution No. 1625.

Commissioner Mital pointed out that Cedar Creek ran through the area, and presented even more opportunity for good resource stewardship on the utility's part.

President Simpson asked Mr. Lawson what returns EWEB would be able to see from the Thurston Substation Expansion.

Mr. Lawson answered that there was revenue potential in selling some of the residentially zoned areas in the land parcel. He also stated there were opportunities for grants to work with other entities.

President Simpson inquired if the dollar amounts discussed during Executive Session should be released to the public.

Mr. Lawson opined that they should not at this time.

Vice President Helgeson wanted to know the timing of the project.

Mr. Lawson answered that it would probably happen prior to 2019.

Ms. Fahey stated that when faced with a decision such as this, a gathering of EWEB Managers will meet to discuss the financial impact from a source protection standpoint, but they had yet to have that discussion.

Vice President Helgeson expressed concern with this project in the face of ongoing financial constraints. He added that when the Board voted, he would be voting against the motion.

Commissioner Brown advocated for Resolution 1625.

Commissioner Mital asserted that he hoped EWEB would be more aggressive with land use cost recovery in the future.

President Simpson spoke in support of Resolution 1625.

Vice President Helgeson stated that, having heard the testimony and support of his colleagues, he had reconsidered his position, and was now in favor of Resolution 1625.

Commissioner Brown wondered if EWEB was obliged to give any of the land to Willamalane, or if they could sell it to them.

Mr. Lawson recognized that the Board was in favor of Resolution 1625, but they were also interested in maximizing their returns on the non-utility uses of the land.

The motion previously put forward by Commissioner Mital to adopt Resolution 1625 passed 4-0, with Commissioner Brown abstaining.

Commissioner Mital asked about EWEB's relationship with the two Vertical Bridge contracts.

Mr. Lawson answered that the benchmarks EWEB had when compared to other regions of the state were reasonable.

Mr. Mital spoke in favor of the contract with The Jerry Brown Co.

2017 Customer Generation Rates

Ms. Gray, Ms. Erben, and Mr. Morehouse offered the Board a presentation on 2017 Customer Generation Rates. Ms. Gray stated that they were asking the Board to approve Resolution 1621.

Commissioner Mital asked if the technology had advanced far enough that Renewable Energy Credits (REC) could be verified on small systems.

Mr. Morehouse answered that they could only meter what comes back to EWEB, and that there was no meter on the solar generation.

President Simpson asked if the meters on residential sites are the same as other meters.

Mr. Morehouse replied that they were different.

Commissioner Helgeson was curious as to how many customers have solar generation and in which parts of the year, how many kilowatt hours (kWh) EWEB was purchasing for said customers, and what the accrued annual dollar amounts were.

Mr. Morehouse answered that currently EWEB had 38 solar generation systems installed, with 2100 kWh generated presently, and a to-date generation total of 17 million kWh. He added that the energy purchase from these 38 customers was approximately \$300,000 per year.

President Simpson inquired if there were any EWEB customers that were net-zero customers vis-à-vis the solar generation project.

Mr. Morehouse said there were not.

Public Hearing on 2017 Customer Generation Rates

There was no public comment.

2017 Generation Rates, Resolution No. 1621

President Simpson reported that management recommended the Board move to approve Resolution No. 1621, and to update EWEB's electric policies and procedures effective January 1, 2017.

Commissioner Manning moved to adopt Resolution No. 1621. The motion passed unanimously 5-0.

Break

President Simpson called for a five-minute break.

President Simpson reconvened the meeting at 6:43 p.m.

GENERAL BUSINESS ITEMS

2016 Second Quarter Operating Dashboard/Goals Review

Mr. Lawson offered the Board a report reviewing the 2016 second quarter operating goals and dashboard. He reported that EWEB's bond rating had went up.

President Simpson asked if Mr. Lawson could speak to EWEB's tree-trimming compliance to in-house objectives.

Mr. Lawson replied that EWEB always maintains a steadfast tree-trimming program.

President Simpson asked if EWEB was in full Public Utilities Commission (PUC) compliance.

Mr. Lawson answered that they were, although the PUC had found several non-compliance issues that EWEB is working to ameliorate.

Information Services Update

Mr. Barton offered the Board a presentation updating them on EWEB Information Services.

Commissioner Manning urged EWEB to take action as far as replacing their workforce in the future in the way of internships and apprenticeship programs.

President Simpson asked if the Riverside and ROC facilities had the capacity to back one another up in case one of the sites went down.

Mr. Barton said they did, and they were simulating a site loss in November.

President Simpson wondered if the spare space in the ROC facility could be rented out to other agencies.

Mr. Barton responded that there was a potential for that in the future, and there were currently inter-governmental discussions taking place to that effect.

President Simpson wanted to know if there were mobile apps for EWEB staff.

Mr. Barton answered that there were no such apps.

Commissioner Brown said that although it had improved, the amount of spam that gets through to EWEB emails is still far too high.

Mr. Barton agreed, and added that they did not have root access to the current firewall, but a more controllable spam filter would most likely be implemented in the future.

Correspondence and Board Agendas

Mr. Lawson asked the Board if they had any questions on the correspondence or board agenda(s).

Commissioner Mital expressed support for local banking relationships.

Commissioner Brown asked what was contained within the Hydrogen Feasibility Program; he added that it would be acceptable to follow up with Mr. Lawson at a future time.

Mr. Lawson agreed to follow up with Commissioner Brown in the future regarding his question.

Vice President Helgeson asked why the Employment Benefit Procurement contract did not require Board approval.

Ms. Gorseigner replied that it is written in the Procurement Rules which contracts are to be approved by the Board. She added the procurements under EWEB Procurement Rules, and State Procurement Rules are ones that would normally be brought before the Board.

Mr. Lawson asked leave to look into the issue outside of the meeting.

Board Wrap Up

Commissioner Manning thanked all of those who presented to the Board, and he thanked the Board itself for their thoughtful questions throughout the meeting.

Vice President Helgeson stated that he would be out of town for most of the remainder of the month of August, although he would be able to attend the next Board meeting.

President Simpson said he was happy with the meeting, and he was very pleased to see such an emphasis on education.

Commissioner Mital thanked Ms. Fahey and her colleagues for their excellent work in Finance.

Commissioner Brown asked about EWEB's not being able to sell any real estate over a certain dollar amount until all current bonds are paid off; he wondered if that would cause any problems in the future.

Ms. Fahey stated that any property sold must be considered a "useful" property to the utility while bonds are outstanding.

Mr. Lawson shared that he enjoyed himself last Saturday afternoon at the retiree picnic in Leaburg.

President Simpson adjourned the Regular Session at 7:40 p.m.

Assistant Secretary

President

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a contract with **C-2 Utility Contractors** for **Boring Services to Support the Water and Electric Utilities**.

Board Meeting Date: September 6, 2016
Project Name/Contract#: ITB 033-2016 Boring Services
Primary Contact: Mel Damewood Ext. x7145
Purchasing Contact: Collin Logan Ext. x7426

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: \$ 1,400,000 over 5 years
Additional \$ Previously Approved: \$n/a
Invoices over last approval: \$n/a
Percentage over last approval: _____ %
Amount this Request: \$ 1,400,000
Resulting Cumulative Total: \$1,400,000 over 5 years

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

Contracting Method:
Method of Solicitation: Formal Invitation to Bid
If applicable, basis for exemption: n/a
Term of Agreement: 1-year
Option to Renew? Yes, annually for up to 5-years total
Approval for purchases "*as needed*" for the life of the contract Yes
Proposals/Bids Received (Range): 3 (\$1,380,075-\$2,492,475)
Selection Basis: Lowest responsive bidder

Narrative:

The Board is being asked to approve a new contract with **C-2 Utility Contractors** of Coburg, Oregon for the purchase of Boring Services on an as-needed basis.

EWEB requires Boring Services for use in EWEB's water and electric distribution system to minimize impacts to roadways and to provide construction services for customers where local jurisdictions restrict activity in the roadways. In situations where EWEB is allowed to excavate in the roadway, the restoration costs are increasingly volatile and add substantial costs to project budgets.

Services will include installing high density polyethylene sleeves using directional drilling and associated services such as sheeting, shoring, and bracing; providing utility locates, traffic control and erosion control at the work site; excavation and backfilling; and construction site management.

Staff issued a formal Invitation to Bid in July 2016. Eight companies reviewed the project, and three responses were received. C-2 Utility Contractors was determined to be the lowest responsive and responsible bidder. Responses were received by Professional Underground of Eugene, OR and Robinson Brothers Construction of Vancouver, WA.

This is a new contract for EWEB, based on projected use the total contract amount will be approximately \$1,400,000 over the five-year period. The actual total dollar amount, however, is unknown and may be more or less than that estimated volume. Purchases will be based on an as-needed basis at established unit rates and not on any specific annual quantity. The annual cost will be within the amount budgeted for that specific year.

If approved, staff will purchase as-needed Boring Services at the agreed-upon prices. The contract is for one-year with the option to renew for four additional one-year periods.

ACTION REQUESTED:

Management requests the Board approve a contract price agreement with **C-2 Utility Contractors** for **Boring Services to support the water and electric utilities**. Funds for this work are budgeted for 2016 and will be budgeted annually.

SIGNATURES:

Contract Administrator: _____

Chief Engineering & Operations Officer: _____

Purchasing Manager: _____

General Manager: _____

Board Approval Date: _____

Secretary/Assistant Secretary verification: _____

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a new price agreement with **WESCO Distribution** for the periodic purchase of Transformer and Secondary Connectors (as needed to replenish stock).

Board Meeting Date: 9/6/16
Project Name/Contract#: ITB 034-2016
Primary Contact: Mel Damewood Ext. 7145
Purchasing Contact: Ramie Alkire Ext. 7413

Action Requested:

Contract Award
 Contract Renewal
 Contract Increase
 Other

Contract Amount:

Original Contract Amount: \$ 275,000 (over 5 years)
Additional \$ Previously Approved: \$ n/a
Invoices over last approval: \$ n/a
Percentage over last approval: n/a %
Amount this Request: \$ 275,000
Resulting Cumulative Total: \$ 275,000 (over 5 years)

Funding Source:

Budget
 Reserves
 New Revenue
 Bonding
 Other

Contracting Method:

Method of Solicitation: Formal Bid
If applicable, basis for exemption: n/a
Term of Agreement: September 6, 2016 – September 5, 2021
Option to Renew? No

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

Proposals/Bids Received (Range): 5 (\$234,460 - \$306,955)

Selection Basis: Lowest responsive bidder. (low bid did not include pricing for 24% of items)

Narrative:

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

In July 2016, EWEB issued a formal invitation to bid to establish a price agreement for the purchase of Transformer and Secondary Connectors. The solicitation was reviewed by 22 companies. Five (5) responses were received; WESCO Distribution was determined to be the lowest responsive and responsible bidder.

Responses were received by General Pacific of Portland, Oregon (who submitted two bids), Anixter of Portland, Oregon (who submitted two bids), and WESCO Distribution, of Portland, Oregon.

Historical procurement data suggests that the total contract amount will be approximately \$275,000 over the total five-year period. The actual total dollar amount, however, is unknown and may be more or less than that estimated volume. Purchases will be based on need and not on any specific annual quantity. The annual cost will be within the amount budgeted for that specific year.

If approved, staff will purchase required Transformer and Secondary Connectors at the established prices over the life of the contract. The contract is for five years.

ACTION REQUESTED:

Management requests the Board approve a new price agreement with **WESCO Distribution** for the purchase of **Transformer and Secondary Connectors**. Funds for this purchase were budgeted for 2016 and will be budgeted annually.

SIGNATURES:

Project Coordinator: _____

Manager: _____

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, CFO; Susan Eicher, Accounting and Treasury Supervisor
DATE: August 26, 2016
SUBJECT: Supplemental Retirement Plan Committee
OBJECTIVE: Approval of Resolution No. 1619

Issue

EWEB maintains a Supplemental Retirement Plan (SRP) that requires the appointment of a committee to make certain decisions.

Background

The EWEB SRP was created in 1968 and closed to new participants in 1988. The plan currently has 41 participants or beneficiaries, with an average age of 89 years, to whom payments are made. In 2015 EWEB paid \$233 thousand in supplemental retirement benefits. The plan is closed and there have been no recent changes in the design or terms of the plan.

Discussion

EWEB funds the plan on a “pay as you go” basis, and staff monitor and administer the plan. A contracted payroll service prepares monthly checks and tax documentation for plan participants. The terms of the plan include a cost of living adjustment (COLA) based upon the rate used by the Oregon PERS plan. Recent PERS changes require the plan to adjust the rate of the COLA. To do this requires the action of the plan committee. All members of the committee have left employment at EWEB since the last time an action required committee approval. Committee members are appointed by the Board of Commissioners.

Recommendation

Management requests that the Board approve the appointment of Susan Eicher, Assistant Treasurer; Diane Krause, Payroll Administrator; and Karen DeChellis, Benefits Consultant to the Supplemental Retirement Committee.

Requested Board Action

Approval of Resolution No. 1619

RESOLUTION No.1619
September 2016

EUGENE WATER & ELECTRIC BOARD
SUPPLEMENTAL RETIREMENT PLAN

WHEREAS, the Eugene Water & Electric Board has maintained a Supplemental Retirement Plan in effect since January 1, 1968, which was last amended and restated in July 1988, with an objective to provide a benefit on retirement which supplements Oregon PERS benefits;

WHEREAS, the Supplemental Retirement Plan is a single-employer plan providing retirement, death and disability benefits to a closed group of EWEB retirees and their beneficiaries;

WHEREAS, a Trust was created in accordance with the Pension Trust Agreement effective May 16, 1975, for the benefit of funding the Supplemental Retirement Plan;

WHEREAS, funding of the plan since on or about the year 2000 has been provided by Board contributions, deposited to the existing trust account as needed by actuarial determinations to meet obligations to retirees, together with earnings on plan assets;

WHEREAS, the Supplemental Retirement Plan provides for the Board appointment and reappointment of a Retirement Committee of three to seven members charged with the general administration of the Plan, subject to the consent and approval of the Board of Commissioners;

WHEREAS, administrative adjustment of benefits authorized by the Supplemental Retirement Plan to comply with Oregon law requires intermittent action of the Retirement Committee;

WHEREAS, the prior members of the Retirement Committee have left EWEB employment since the time of last required action of the Retirement Committee and have not been removed from service by formal action under the Supplemental Retirement Plan documents;

WHEREAS, the Board of Commissioners shall appoint new members to fill any vacancies on the Retirement Committee which may occur for any reason;

WHEREAS, management recommends Susan Eicher (EWEB Assistant Treasurer), Karen Dechellis (EWEB Human Resources Benefits Consultant), and Diane Krause (EWEB Payroll Administrator), as EWEB personnel without rights in or to the Supplemental Retirement Plan funds, be appointed to the Retirement Committee;

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

With appreciation of prior service, the Board formally removes all prior Retirement Committee members from service as of this date. The Board continues the Supplemental Retirement Plan without amendment, and hereby appoints the Retirement Committee to be prospectively comprised of Susan Eicher, Karen Dechellis, and Diane Krause.

The Retirement Committee shall continue to administer the Supplemental Retirement Plan in accordance with its terms, and remain as trustee fulfilling applicable duties under the 1975 Pension Trust Agreement. The trust account may be maintained at a zero or minimal balance within the discretion of the Retirement Committee. Based upon the closed membership in the Supplemental Retirement Plan and the anticipated budget requirements to cover benefit payments in the future, the Board does not require the Supplemental Retirement Plan to be pre-funded. The Board will continue to fund the Supplemental Retirement Plan liabilities as a budgetary item on a prospective basis.

Dated this 6th day of September 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 September 6, 2016 Board Meeting.

Assistant Secretary



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Helgeson, Manning, Mital and Brown
FROM: Sue Fahey, CFO; Susan Eicher, Accounting and Treasury Supervisor
DATE: August 26, 2016
SUBJECT: Appointment of Western Generation Agency Board Member
OBJECTIVE: Approval of Resolution No. 1623

Issue

This memo provides a recommendation for the replacement of a Western Generation Agency (WGA) board member.

Background

The intergovernmental agreement between EWEB and Clatskanie People's Utility District that created WGA, requires that EWEB appoint three members to the WGA board of directors. One appointed director is no longer employed at EWEB, creating a vacancy. Management recommends appointing Catherine Gray, Energy Resource Analyst II, to the WGA board.

Requested Board Action

Management recommends approval of Resolution No. 1623, appointing Catherine Gray to the WGA board.

**RESOLUTION NO. 1623
SEPTEMBER 2016**

**EUGENE WATER & ELECTRIC BOARD
WESTERN GENERATION AGENCY
EWEB BOARD APPOINTMENT**

WHEREAS, the Eugene Water & Electric Board Governance Policy (GP) 12 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, EWEB 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 by resolution; and

WHEREAS; one Western Generation Agency (WGA) Board member has left employment at EWEB, creating a Board vacancy;

NOW THEREFORE BE IT RESOLVED that the Eugene Water & Electric Board appoints Catherine Gray, Energy Resource Analyst II, to the Board of the Western Generation Agency.

Dated this 6th day of September 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 September 6, 2016 Board Meeting.

Assistant Secretary