

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
500 E 4th AVENUE
June 4, 2019
5:30 P.M.**

Commissioners may pose questions to staff prior to the scheduled board meeting. To view Commissioners' pre-meeting questions and staff responses, visit <http://www.eweb.org/about-us/board-of-commissioners/2019-board-agendas-and-minutes>.

Commissioners Present: Sonya Carlson, President; Steve Mital, Vice President; John Brown, Dick Helgeson, Mindy Schlossberg, Commissioners

Others Present: Frank Lawson, General Manager; Matt Barton, Chief Information Officer; Wally McCullough, Water Engineering Supervisor; Tyler Nice, Electric Operations Manager; Jeannine Parisi, Customer Relationship Manager; Rod Price, Chief Engineering & Operations Officer; Adam Rue, Fiscal Services Supervisor

President Carlson called the Regular Session to order at 5:30 p.m.

Agenda Check

There were no changes or additions to the agenda.

Items from Commissioners and General Manager

Commissioner Schlossberg announced she had met with Mayor Vinis about the Eugene City Council's relationship with EWEB concerning climate change. She said they had agreed to meet (along with City Council leadership) every other month, eventually tapering off to once a quarter to discuss climate change and its local effects.

Commissioner Schlossberg said she had attended the resiliency in the water system event at Howard Elementary, and it was very enlightening. She also announced she had a one-on-one with Rod Price. Finally, Commissioner Schlossberg offered that she had attended EWEB's rafting trip, and she thanked Anne Kah for arranging the rafting trip.

President Carlson said she too had attended the water event at Howard Elementary, and found it not only informative, but enjoyable. She announced she had recently toured the Hayden Bridge and McKenzie River treatment facilities. President Carlson announced her one-on-one meeting with Matt Barton concerning EWEB's IT systems. She said that she had toured the Steam Plant recently, and she had given a presentation to Our Revolution on Saturday, June 1, before attending the EWEB Solar Car Challenge at Cal Young Middle School.

Commissioner Helgeson offered that he had attended the Northwest Public Power Association's (NWPPA) annual meeting in Sacramento, CA at the end of May, at which the focus was the various elements of change occurring in the public power industry, and what those changes meant for the future of public power. He said he was aware of a petition drive in the South Hills neighborhood to bring EWEB a proposal/request that the utility consider an increase in their budget for proactive tree trimming.

Vice President Mital thanked Anne Kah for organizing the river float trip. He offered that, during that trip, he was able to talk at length with John DeWenter, Chair of the Springfield Utility Board (SUB), and Tana Shepard, Education Coordinator for 4J School District. Vice President Mital said he was working with Ms. Parisi to bring back to the Board, an updated proposal for EWEB's Education Grants.

Commissioner Brown said that he had spoken to the North East Neighbors Group about a week ago. He said it seemed there were not as many participants in the Solar Challenge this year versus previous years. Commissioner Brown said he hoped that EWEB would be proactive, rather than reactive about structures being allowed to fall into the McKenzie River. He said that, two years ago, a lot of old tires got washed into the river from a former dump site, and that was threatening the river's health.

Mr. Lawson recognized Mel Damewood, who had put in 31 years at EWEB, and was retiring. He said there would be a hearing on cap and trade taking place on Wednesday, June 5, 2019. Finally, Mr. Lawson said that staff would look into the tree trimming piece, especially within rights-of-way.

Public Comment

Roger Ebbage of Eugene, and representing LCC, thanked EWEB for their support of the Energy Management, and Water Conservation Technician programs. He reported the \$25,000 in scholarship funds granted by EWEB in 2018, was being taken advantage of by four students in the aforementioned programs. Mr. Ebbage said that each student would receive \$5,000 through electronic transfer. Finally, he said that EWEB had set the bar for donations to the programs, and recently, the Bonneville Environmental Foundation (BEF) confirmed they would match the \$25,000 donated by EWEB.

Guy Strand of Eugene offered that William Sullivan had given a talk on the consequences of the Cascadia Subduction Zone earthquake, and in that talk, Mr. Sullivan said that he expected the dams upriver from the Eugene area (which are half a century old at least) to fail, and Eugene and surrounding areas would be under 20'-30' of water. Mr. Strand relayed that after such an earthquake hit, people would have roughly a half hour to get to high ground. He opined that everyone living in the area should be made aware of this drastic flooding possibility.

Barbara Wade of Eugene spoke in opposition to the implementation and spread of 5G cellular data networks. She said that she was electrosensitive, and since opting out of EWEB's AMI implementation, her health had improved slightly. Ms. Wade said she was

concerned because while she could “turn off” her smart meter, she could not do the same with 5G wireless. Finally, she asked: What stand will EWEB take on 5G?

Tana Shepard of Eugene, and representing the 4J School District, thanked EWEB for the invite to the river float trip. She reported on the solar challenge, saying there was media attention for the event, and thanking President Carlson and Commissioner Brown for their attendance. Ms. Shepard offered that 4J was looking at supporting Computer Technology (CT) with the grant received from EWEB.

Commissioner Brown thanked those who offered public comment. He asked Mr. Lawson if EWEB’s smart meters had been turned on.

Mr. Lawson replied that depends on if the ratepayer has opted in or out of AMI, and also where a particular ratepayer fell on the AMI implementation schedule.

President Carlson asserted that EWEB was not responsible for the installation of any 5G equipment, and consistent with local, state, and federal laws, earlier in 2019, the EWEB Board adopted Resolution 1909, which directed the General Manager to continue supporting the joint use of EWEB facilities, as long as certain criteria were met, such as: electrical system, worker safety, proper permitting, and ensuring guidelines. She said EWEB supported approaches designed to limit the FCC’s impingement on local authority. President Carlson offered, after extensive personal research, that the likelihood of total dam failure due to an earthquake was very low. She said there was a state earthquake notification system (Shake Alert) which EWEB had joined in an effort to offer as much advance warning as possible in the event of an earthquake.

Vice President Mital asserted that there is a high likelihood of misinformation surrounding the previously discussed dam failures and subsequent inundation. He asked staff to reach out to Mr. Sullivan to make sure he has as many resources as possible concerning dam failures as a result of an earthquake.

Mr. Lawson offered that the inundation maps referenced above show a worst-case scenario surrounding dam failures. He said that staff would indeed reach out to Mr. Sullivan.

Approval of Consent Calendar MINUTES

1. a. **April 23, 2019 Upriver Special Meeting**
b. **May 7, 2019 Regular Session**

CONTRACTS

2. **Eco Services Operations Corp.** - for aluminum sulfate to be used at Hayden Bridge Water Filtration Plant. \$540,000 (over five years, \$108,000 estimated annual average).

3. Halvorson Contracting - for the Roosevelt Operations Center Consolidation and Interior Remodel Construction Services. \$700,000 (resulting cumulative total \$2,770,000).

4. Trane US Inc. - for scheduled maintenance of various brands of chillers at HQ and ROC. \$231,000 (over five years).

RESOLUTIONS

5. Resolution No. 1908 - Authorizing the General Manager to enter into a Purchase and Sale Agreement and Termination of a Power Purchase Agreement for Foote Creek Wind I.

6. Reserve Fund Status and Transfers/Use of Reserves.

a. Resolution No. 1912, Reserve Transfers

b. Resolution No. 1913, Revisions to Financial Policies

Commissioner Brown moved to accept the Consent Calendar as presented. The motion passed unanimously 5:0.

Items Removed from the Consent Calendar

None.

Business Growth and Retention Rate (BGR) Credit

Ms. Parisi and Mr. Rue offered the Board a report and PowerPoint presentation on the Business Growth and Retention Rate Credit.

Commissioner Helgeson wondered if the Board would be able to see what the participation has been so far in supporting an annual refresh of the BGR Credit.

Ms. Parisi said it was staff's intent to include applications plus rewards in quarterly reporting.

Commissioner Helgeson asked if there was a sense of the range of potential subsidies for those in the customer base who might look at the BGR Credit program as a subsidy program.

Ms. Parisi cited \$50-\$100,000 per year; she said her estimates were most likely a bit generous.

Commissioner Brown suggested moving forward with the meeting, since they were ahead of schedule, and the Board wanted to make sure anyone who wished to speak at the Public Hearing for the BGR Credit was given a chance to do so when specified on the agenda.

President Carlson agreed. She stated that the Public Hearing on the BGR Credit, and the subsequent Board action on the matter, would be postponed until the time stated for those items on the agenda.

Capital Improvement Plan (CIP) Assumptions and Priorities

Mr. Price, Mr. McCullough, Mr. Nice, and Mr. Barton offered the Board a report and PowerPoint presentation on CIP assumptions and priorities.

Commissioner Schlossberg said she appreciated the simplified nature of the report and presentation, and the graphics therein.

Commissioner Brown asked how the CIP related to SAIDI (System Average Interruption Duration Index) and SAIFI (System Average Interruption Frequency Index).

Mr. Price said EWEB had been fairly steady over the last five years on both the water and electric sides of the Utility. He offered that it was hard to go back and get good data. He said that moving forward, asset management studies and risk based assessments will start tying reliability to projects. Staff will be doing this type of modeling which will answer some of these questions.

Commissioner Brown wondered if staff used a straight-line, or accelerated depreciation model.

Mr. Price answered straight-line.

Commissioner Helgeson wondered what it would look like if EWEB set aside \$250-\$300,000 of the Electric Capital Budget for the purpose of undergrounding utilities in the future.

Commissioner Brown said he was in agreement with Commissioner Helgeson as per undergrounding, but he felt EWEB ratepayers should not be forced to pay for other EWEB ratepayers in other locations to get undergrounding, as that would not be keeping with EWEB's goal of equity across the area.

Commissioner Helgeson said he understood Commissioner Brown's point, but he wondered about undergrounding utility infrastructure along the main thoroughfares of Eugene, as those improvements would be to the benefit of most, if not all, EWEB ratepayers.

Commissioner Schlossberg said she believed the undergrounding of utility infrastructure was definitely a strategic consideration, and she agreed with Commissioner Helgeson as per his sentiment on the undergrounding of utility infrastructure on the main thoroughfares in EWEB's service area.

Mr. Lawson said undergrounding was a strategic-level decision, and if the Board discretionarily wanted to apply something to another driver, it would take away from safety and reliability, since those values were used to move utility projects from queue to actual work.

Vice President Mital said he was reluctant to increase allocations for undergrounding, as it could cause a rate increase. He clarified that he would be okay with some monies being set aside for undergrounding work, but it was not a priority for him at this time. Vice President Mital disagreed that strategic decision making as per the CIP was Board-driven, instead, he felt it was staff-driven. Vice President Mital said he does not remember the Board weighing in on the acceleration of the Capital Plan in order to keep depreciation at bay.

Mr. Lawson offered there was a recognition by staff that strategic drivers usually come from a higher purpose, we consider that a combination of staff and Board working together. He further explained the Strategic Plan calls out the multiplier of 1.5-2 for depreciation and the Financial Policies specify age of system and rate of return.

President Carlson wondered how staff came up with the figure of 1.5x-2x of annual depreciation to invest in the CIP.

Mr. Lawson offered staff had looked at infrastructure a few years ago, and had compared the depreciated cost to the replacement cost, that is replacing the same asset at today's value which resulted in the 1.5x-2x multiplier. There is some variability from year-to-year and asset-to-asset.

President Carlson said she did not feel like the Board had thoroughly gone through the list of possible projects to test policies and plans, and staff interpretation of same. She offered she would like to see these projects brought before the Board as part of strategic planning in order to see where priorities might fall.

Business Growth and Retention Rate (BGR) Credit – Public Hearing

President Carlson opened the Public Hearing at 7:03 p.m.; seeing no one who wished to speak, she then closed the Public Hearing.

Business Growth and Retention Rate (BGR) Credit – Action

Vice President Mital moved to approve the BGR Credit. The motion passed unanimously 5:0.

Strategic Plan (SP) Opportunities

Mr. Lawson offered the Board a report and PowerPoint presentation on strategic plan opportunities.

Commissioner Brown spoke in favor of “rebranding” how EWEB spent its money with the City of Eugene, in a way to highlight the Community aspect of Mr. Lawson’s

presentation. He said EWEB was the single largest financial contributor to Eugene—to the tune of \$1.4-\$1.5 million per month—which was, in his mind, contributing to the community, although the City places those monies into its General Fund.

President Carlson said that by and large, she agreed with the SP as outlined, including the potential addition of: Safety, Reliability, and Affordability. She suggested leaving the Community piece off of the SP until the next strategic planning session, in which the Board could really dissect all the different components of Community. President Carlson also expressed the need for more review, and more surveying to help dial in the community piece.

Commissioner Schlossberg offered that more discussion was warranted to parse out what the “heart” of the utility was. She asked how the Board could ensure safety and reliability, while simultaneously positively affecting the community.

President Carlson asked Commissioner Schlossberg if she liked her idea of further review and surveying.

Commissioner Schlossberg said she did.

President Carlson suggested a consultant to help the Board with the community aspect of the SP.

Vice President Mital offered he was satisfied with the SP as is. He also offered that he liked the prioritization laid out in the Values changes, although he admitted the community piece was a bit more difficult to grasp and implement than the others. Vice President Mital said the thing he was most interested in was EWEB continuing to be seen as a publicly-owned institution.

Commissioner Brown spoke in favor of revisiting the community piece in a future Board discussion on the SP.

Commissioner Schlossberg said she was okay with the SP, but it would be helpful if the Environmental Responsibility and Community aspects of the SP were further clarified.

Mr. Lawson offered that everything EWEB did as a publicly owned utility, was for the benefit of the community.

Vice President Mital posited that the long-term environmental stewardship of the McKenzie River should be placed under the Responsibility subhead of EWEB’s values as listed in Mr. Lawson’s PowerPoint presentation.

President Carlson said if there was another Board discussion on the SP at the next Board meeting, she would like to get with Mr. Lawson in an attempt to capture what—if

any—items were left off of the SP draft. She said perhaps the Board could vote on specific language of the SP at the August Board meeting.

Mr. Lawson offered it would be useful for staff to provide the Board an update on where the Utility was concerning the strategic phases as well as some of the decisions that were guided by the value statements in the strategic plan. He said he did not know if that would be feasible at the July meeting, but perhaps it was doable at the August meeting.

President Carlson wondered if Board approval was required for the Responsibility and Community aspects of the Utility's values.

Mr. Lawson said no approval was necessary.

Commissioner Helgeson asked if staff's former proposals were being set aside in favor of leaving the values as is.

Mr. Lawson said he would like to get feedback on said proposals, but there was no hurry.

Commissioner Brown spoke in support of EWEB's educational grants being broadened to include the children in area private schools as well as those in public schools.

President Carlson said she would actually like to see this discussion inserted under the Community facet of the SP.

Commissioner Brown exited the meeting at 7:45 p.m.

Correspondence & Board Agendas

Mr. Lawson offered the Board a report of Correspondence and Board Agendas.

Commissioner Helgeson asked if it would be inappropriate if he withheld his feedback on the Eugene/Springfield Natural Hazard Mitigation Plan Update.

Mr. Lawson said it would not be inappropriate; he added that the Plan would eventually come back to the Board for approval.

Vice President Mital requested an update on the "resilient spine" for water and electric resiliency.

Mr. Lawson indicated that information will be included in the upcoming Capital discussions.

Board Wrap-Up

Vice President Mital said that he had been fairly underwhelmed by EWEB's triple bottom line (TBL) assessments.

Commissioner Helgeson agreed with Vice President Mital

Mr. Lawson agreed, and said staff would get back to the Board concerning future TBL assessments. He also offered he himself would clarify as much as possible the TBL assessments in his one-on-one conversations with the Commissioners.

Adjourn

President Carlson adjourned the Regular Session at 8:00 p.m.

Assistant Secretary

President