

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
500 E 4th AVENUE
October 1, 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; Megan Capper, Power Planning Supervisor; Sue Fahey, Assistant General Manager/Chief Financial Officer; Deborah Hart, Financial Services Manager; Tyler Nice, Electric Operations Manager; Rod Price, Chief Engineering and Operations Officer; Adam Rue, Fiscal Services Supervisor; Matthew Schroettnig, Power Resources Counsel; Nate Schultz, Senior Financial Analyst

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 said she had attended the Climate Rally in Eugene in September, and was struck by the urgency at the Rally. She said she would like to see EWEB go after the more low-hanging fruit as far as decarbonization and environmental sustainability.

President Carlson announced she attended the BRING Home and Garden Tour, and the electric vehicle after-event. She said she was impressed by the sheer number of EVs that existed.

Vice President Mital formally announced that he would not be in the running for a third term as an EWEB Commissioner. He added that he had been actively looking for someone, from the Ward he now represents, that he would feel comfortable supporting as an EWEB Commissioner; Matt McRae had said he would run for the position, and Vice President Mital offered that Mr. McRae's campaign to be an EWEB Commissioner had his full support.

Commissioner Brown announced that he had recently attended the Northeast Neighbors meeting, and those in attendance were glad to hear there was no impending

increase in rates from EWEB. He said he had been approached by residents of Leaburg concerning a previous study on a community sewage lagoon system which EWEB had participated in; the upriver residents had reinitiated that and put together funding sources to perform their own study on a sewage lagoon system, and they wondered if EWEB would participate in it; Commissioner Brown offered that he was asked to pass along the request to the Board and General Manager. Commissioner Brown asked about the higher-than-normal concentrations of moss around the docks at Clear Lake this year; he asked if EWEB could perhaps look into it. Finally, he wondered about the large project he had seen underway at the Leaburg Powerhouse; he wanted to know the amount and term of the investment into said project.

Mr. Lawson said it was more likely the work at the Leaburg Powerhouse was the decommissioning of old equipment or perhaps re-conductor between the substation and the powerhouse.

Public Input

Zachary Vishanofk of Eugene said he did not agree with the EWEB Board policy of not engaging in a back-and-forth dialogue during the public comment period; he likened it to placing a gag order on the Commissioners. Mr. Vishanofk disagreed with EWEB's handling of a local toxic waste site, he said the utility's plan to scrape the worst of the toxic material off the top and to cap the remainder underground, was tantamount to leaving a time capsule of toxic sludge for future generations to deal with. He asked EWEB to revisit its options for dealing with the toxic dump.

Tana Shepard of Eugene, and representing 4J School District, thanked EWEB for their support of the 4J School District. Ms. Shepard said they had to relocate 4J field trips from the Leaburg Fish Hatchery, to the Fish Creek area, giving the kids a wildland experience, rather than that of a facility.

Emily Shelton of Eugene, and representing BRING recycling, said the BRING Home and Garden Tour, and the After-party held at WildCraft Cider Works, in early September, had been a huge success, and she thanked EWEB for their part in the Tour and the After-party. Ms. Shelton also mentioned the BRING Home and Garden Tour was able to bring in \$39,000 for BRING's Community Education Programs.

Commissioner Brown said the toxic waste site mentioned by Mr. Vishanofk was a very complex matter, and he encouraged EWEB staff to reach out to him to offer a more thorough explanation. To Ms. Shepard, he reported that, at the Finn Rock property, the number of recorded salmon running through there was up from 67, to 220, and suggested Finn Rock might make an excellent field trip for the kids in the future. Lastly, he thanked Ms. Shelton for her report on the BRING Home and Garden Show, and said he was proud of EWEB's commitment to that event and all it represents.

Commissioner Helgeson thanked Mr. Vishanofk for his concerns. He commented that he has followed this work and is comfortable with the approach that is being taken. He cautioned the issue at hand left a lot of room for misinformation to spread. To this, he suggested perhaps putting out some information on the toxic waste site and its

mitigation—perhaps on EWEB’s website—which would help the public understand exactly what is happening there, and what EWEB’s role is in it.

**Approval of Consent Calendar
MINUTES**

1. September 3, 2019 Regular Session

CONTRACTS

- 2. Consolidated Supply Co.** - for dry barrel fire hydrants. \$300,000 (over 5 years).
- 3. DeWalch Technologies Inc.** - for locking meter devices. \$1,100,000 (over 5 years).
- 4. The Energy Authority (TEA)** - for a Slice BPA Contract optimizer software access and support. \$1,400,000 (over 5 years).

INTERGOVERNMENTAL AGREEMENTS

- 5. Bonneville Power Administration (BPA)** - for engineering and construction services to transfer Transmission Operator (TOP) services to BPA. \$155,000.

RESOLUTIONS

- 6. Resolution No. 1927** - Use of Reserves for Oregon Public Employees Retirement System (PERS) Side Account.
- 7. Resolution No. 1930** - Appoint Commissioner Brown as Board Liaison for GM Employment Agreement Amendment.
- 8. Resolution No. 1931** - Annual Investment Policy Review and Adoption.

Vice President Mital moved to approve the Consent Calendar, minus Item 3. The motion passed unanimously 5:0

Items removed from the Consent Calendar

Vice President Mital pulled Item 3. He asked if the million dollars EWEB would spend on this Consent Calendar item was originally envisioned in AMI conversion.

Mr. Nice replied that he did not know whether the million dollars was originally envisioned, but EWEB learned about this through the experiences of other utilities.

Vice President Mital asked if the locking mechanism on the AMI meters would outlive the meters themselves.

Mr. Nice said the locking mechanisms were designed to outlive the meters, and they were also reusable.

Vice President Mital moved to approve Consent Calendar Item 3. The motion passed unanimously 5:0.

2020 Draft Budgets and Long-Term Financial Plans (LTFF) Update

Ms. Fahey, Ms. Hart, Mr. Rue, and Mr. Schultz offered the Board an update and PowerPoint presentation on 2020 draft budgets and LTFFs.

Commissioner Brown wondered how he was supposed to explain to the development community that \$6 million of System Development Charges (SDC) money was being used for debt coverage. He asked why SDC monies were not earmarked for expanding capacity.

Ms. Hart replied the SDC money used for debt coverage, was from that part of the SDCs that cover reimbursements. She added there are portions of SDCs that cannot be used for debt service, but must be utilized in future building. Ms. Hart said the \$6 million in question was close to the entire reimbursement portion of SDCs.

Vice President Mital asked what type of action the Board could take to eliminate the subsidy on the upriver community.

Ms. Fahey answered EWEB would most likely hire a consultant to help them figure out how best to draw up a segregated Cost of Service Analysis (COSA) for the upriver community. She added that staff could have that work done in time for a rate discussion in 2020.

Vice President Mital wondered how much additional revenue would be brought into the utility through a segregated upriver COSA.

Ms. Fahey said it would be a rate off-set to another class because the cost to serve would be reduced if EWEB had an upriver class.

Mr. Rue offered it would most likely be in the \$100,000 to \$300,000 range, but without performing an estimate, it would be hard to define an exact number.

Vice President Mital asked if this estimate included the additional cost incurred if EWEB decided to perform more tree-trimming in the upriver community.

Ms. Fahey said it did not.

Commissioner Schlossberg wanted clarification on the rationale for waiting until 2023 for a general rate increase, rather than increasing incrementally.

Mr. Rue offered it was prudent to not raise rates incrementally every year based on assumptions. There are unknowns such as market pricing and the timing of EWEB's future projects.

President Carlson wondered why wholesale prices had dropped so quickly, and the relationship of that price decrease with EWEB rate increases.

Mr. Rue said the drop in prices brought EWEB roughly back to where the utility was last year at this time, after a bit of price volatility over the summer months. EWEB has surplus resources that are sold into the market, so the financial plan is impacted more so in the out years. For example, in 2020 EWEB did not have any shortfall because we budget hedged, and had already sold all of the surplus going into the budget year to assure the level of revenue. In the second half of the financial plan we haven't sold any of the power yet as the strategy is to hedge out on a five year basis so as not to get locked in at any one time.

Commissioner Helgeson asked for more information on the upriver community being considered a separate customer class.

Public Hearing on 2020 Draft Budgets and Long-Term Financial Plans (LTFP)

President Carlson opened the Public Hearing at 6:10 p.m.

Zachary Vishanofk of Eugene offered the EWEB Board could move toward a more transparent process if they would record video of their meetings, as certain other local bodies did. He added the public being able to watch EWEB Board meetings from their homes would also save energy (as in the energy expenditures of people physically coming to the meetings). On the toxic waste site he mentioned earlier during public testimony, Mr. Vishanofk suggested EWEB open its communications with the State of Oregon Department of Environmental Quality (DEQ), so that members of the public-- who he assured the Board were very interested—could see those exchanges for themselves. He opined that EWEB could put together packets of printed information which included all the meeting minutes that dealt with the toxic waste site, along with the correspondences between EWEB and Oregon DEQ about the site. Finally, Mr. Vishanofk suggested EWEB should form a subcommittee to deal with the burgeoning field of nanotechnology, which personally, he saw as a potentially toxic technology.

2020 Draft Budgets and Long-Term Financial Plans (LTFP) - Direction

Vice President Mital offered it made sense to him for the upriver community to be considered a different customer class. He was in favor of hiring a consultant as previously discussed for analyses into this matter, so the Board could weigh in on it as soon as possible.

President Carlson thanked staff for their work, and she said she was glad to see there were no immediate rate increases planned.

For the record, Commissioner Helgeson pointed out that this budget conversation is not the first of its kind, and budget discussions had been ongoing from the Board standpoint. He thanked staff for presenting a budget that was consistent with previous Board direction, as it lends credibility to the Board.

Break

President Carlson called for a break at 6:23 p.m. She reconvened the meeting at 6:35 p.m.

President Carlson opened and closed the Public Hearing on 2020 Draft Budgets and LTFFP at 6:35 p.m.

Electric System Infrastructure Overview

Mr. Nice and Mr. Price offered the Board an overview and PowerPoint presentation on EWEB's electric system infrastructure.

Commissioner Schlossberg asked how the Board could be sure they (and the utility) are poised to make decisions when they become necessary, instead, of the usually slow and clunky public-sector approach.

Mr. Price offered the workforce has been using continuous improvement, training staff, engaging in the industry and using flexible modeling. He agreed that EWEB needs to be more flexible and proactive.

Commissioner Schlossberg posited it would be helpful if there were more work sessions, or at least more opportunities for the Board to be kept abreast of industry innovations and changes, so they could make the best, most informed decisions possible.

Commissioner Brown referred to the System Capacity Map from the PowerPoint. The map showed the southwest Eugene area already at capacity, and Commissioner Brown wondered if the map would change if Hynix—which is in that region of the city—were to be demolished.

Mr. Nice said the reason that area of the city is showing at capacity is due partly to the Willow Creek substation, and is not just because that is where the Hynix building is.

Commissioner Brown asked when and where the Leaburg dam would come into the electric system infrastructure overview conversation.

Mr. Price said Leaburg was omitted from this particular presentation because they were concentrating on transmission and distribution.

Vice President Mital offered there were a lot of decisions embedded in the resilient spine portion of this discussion, which he felt should be Board-level decisions. He asked what the cost of increasing capacity in certain areas would be, and how fast could said capacities be increased if signals showed they needed to be.

President Carlson asked for clarification on the capacities of the west and northwest area of Eugene. She wondered, since Eugene's population was expected to grow, specifically in those areas of town, was that potential growth being taken into consideration.

Mr. Nice offered that, in the Capital Plan, some expansion capabilities were being modeled, but they would not pull the trigger on those projects until the need for them was substantiated.

President Carlson posited that it would be nice to know what the expansion/growth costs for the regions of Eugene that are most likely to grow and expand would be.

Mr. Price said they did have that information, and they would get it to the Board offline.

Regional Electric Resource Adequacy

Mr. McCann, Mr. Schroettig, and Ms. Capper offered the Board a report and PowerPoint presentation on regional electric resource adequacy.

Commissioner Schlossberg asked how a western regional power plan might be put together to meet the needs/requirements of all the different States involved.

Ms. Capper said balancing all the different options under that kind of regional plan would be key. Part of the resource adequacy effort is coming together and getting a commitment and then looking at the different options and balancing those.

Mr. McCann pointed out that we are all part of the Western Interconnection and can transmit power to and from Oregon and California as well as down from British Columbia. It is a matter of connecting all of those various pieces together and working with each state's policies. He went on to say there was excess solar energy from California available on the energy market daily, and some of that surplus solar is being brought into Oregon already.

Commissioner Helgeson said he would be interested in learning more about how the resource inadequacies mentioned in the presentation might affect EWEB, and its scheduling operations.

Commissioner Brown wondered if extreme measures—like fish mitigation—had to be implemented, who would be making those decisions.

Ms. Capper replied that Bonneville Power Administration (BPA), being the regional supplier, would have to talk to a judge about the implementation of such measures. She added that there would be many very complex steps to complete before it came to BPA and a judge.

Mr. Lawson added, looking back on the energy crisis of 2001, there were many extreme measures taken, and those measures came in many different forms, some voluntary, some mandatory.

Vice President Mital asked if Advanced Metering (AMI) would allow EWEB to ration power if they felt it necessary.

Mr. McCann answered no. We could ask for voluntary curtailments and work with our industrial customers.

Mr. Lawson added that EWEB *could* ration power through an involuntary pricing scheme to drive customer behavior.

President Carlson offered it was her understanding that to send price signals or curtail power as discussed above, EWEB's internal computer system(s) would have to be upgraded. She wondered if said upgrade was in the works.

Mr. Lawson said technology and policy and process around emergency pricing and curtailment schemes would be necessary. This is a form of emergency preparedness and we need to work with the Board on policies to address these issues before they happen.

Commissioner Helgeson asked if EWEB had the ability to model what this discussion would look like on their own electric system.

Ms. Capper said that would all be explored with the Integrated Electric Resource Plan (IERP).

Strategic Planning – Internal Assessment

Mr. Lawson offered the Board a report and Power Point presentation on the internal assessment of Strategic Planning.

Correspondence & Board Agendas

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

Vice President Mital asked for Board majority consensus on moving ahead with hiring a consultant to assist EWEB in its Cost of Service Analysis (COSA) for the Upriver Service Territory.

Commissioner Brown was in support of hiring a consultant to assist EWEB in its COSA for the Upriver Service Territory.

President Carlson was in support of hiring a consultant to assist EWEB in its COSA for the Upriver Service Territory.

Commissioner Schlossberg offered that, while EWEB was already looking at the Upriver Service Territory, it was also worth thinking about the different customer classes—and how many different customer classes—there may be.

Mr. Lawson said there were indeed several different customer classes, but the Upriver Service Territory was distinct because of its physical distance away from not only the majority of EWEB's Service Territories, but from the utility itself. He mentioned that he too supported the Upriver COSA.

Commissioner Helgeson asked if the budget as it stood currently, was sufficient to cover the cost of an Upriver COSA.

Mr. Lawson assured the Board that the cost of the Upriver COSA could be absorbed by the current budget.

Commissioner Helgeson reminded the Board there were reasons beside cost of service that EWEB was upriver, including the commitments made by the utility to serve that community when EWEB built its facilities within it.

Board Wrap-Up

Commissioner Brown wished to clarify that when he mentioned algae and moss in clear lake that he did not see them himself, but rather he received the information secondhand.

Commissioner Schlossberg expressed interest in having Board Work Sessions, in order to better digest the amount of material EWEB Commissioners are regularly asked to look at.

Commissioner Helgeson was in support of Board Work Sessions

President Carlson announced that she had attended the EWEB Health and Wellness Safety Meeting, specifically, the Emergency Preparedness portion of the event. She felt like there was a lot of content in that portion of the Meeting that it would be beneficial to the Board to know about.

Mr. Lawson announced an emergency preparedness event coming up on October 11, 2019, at which EWEB staff, administrators, and possibly Board Members would be meeting with executives and County Administrators from Lane County.

Adjourn

President Carlson adjourned the Regular Session at 8:30 p.m.

Assistant Secretary

President

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a 5-Year Master Services Agreement with Cascade Pacific Resource Conservation & Development for fiscal management of the Pure Water Partners (PWP) Program.

Board Meeting Date: 11/5/2019

Project Name/Contract #: Pure Water Partners Program Fiscal Management/Contract # 19-138-S

Primary Contact: Rod Price Ext. 7122

Contract Amount

Original Contract Amount: \$70,000 for fiscal management of \$630,000 expected spend in the (PWP) program

Additional \$ Previously Approved: \$0

Invoices over last approval: \$0

Percentage over last approval: 0%

Amount this Request: \$70,000

Resulting Cumulative Total: \$70,000 for fiscal management of \$630,000 expected spend in the (PWP) program

Contracting Method:

Method of Solicitation: Direct Negotiation/Sole Source No.357-1

If applicable, basis for exemption: EWEB Rule 3-0275(1)

Term of Agreement: 5-Years

Option to Renew? No

Approval for purchases "as needed" for the life of the Contract Yes No

Proposals/Bids Received (Range): \$140,000 per year

Selection Basis: Direct Negotiation

Narrative:

Operational Requirement and Alignment with Strategic Plan

Fiscal management of the Pure Water Partners program allows for efficient use of EWEB funds for protection of riparian and floodplain forests and provides the programmatic infrastructure that directs partner funds for restoration of degraded areas. This investment aligns with EWEB's 10-Year Strategic Plan by fostering customer confidence (phase I) through the protection of drinking water source(s) and allowing EWEB to maintain excellent water quality. The Pure Water Partners (PWP) program is a key part of EWEB's Drinking Water Source Protection 10-Year Strategic Plan (2018-2028) that was discussed with the Board in January 2018.

The PWP program activities support water source protection by property owners in the watershed including: 1) landowner outreach, conducting riparian health assessments, developing management plans, committing landowners under long term agreements for property access, ecological enhancement activities, and monitoring; 2) making payments to landowners under PWP agreements for protection of healthy riparian forests; and 3) providing matching funds for EWEB approved grants that support PWP activities.

Contracted Goods or Services

The 5-Year Master Services Agreement with Cascade Pacific RC&D contracts for fiscal management of the Pure Water Partners program and watershed conservation fund that leverages and tracks funding from multiple sources for watershed protection work. CPRCD is experienced with and provides complex accounting/tracking systems, coordination with multiple funding agencies, and managing contracts with watershed councils and soil & water conservation districts for watershed conservation activities.

Prior Contract Activities

EWEB has contracted with CPRCD eleven times over the last 6 years with PO's ranging from \$2,300 to \$180,000

for activities related to EWEB's Healthy Farms Clean Water program (annual local food connection event sponsorship at LCC and Berggren Demonstration Farm management), Healthy Forests Clean Water program (support for facilitation of McKenzie Stewardship Group with USFS), and Pure Water Partners program (PWP pilot project fiscal management of Oregon Watershed Enhancement Board (OWEB) grants and developing the watershed conservation fund and governance structure). CPRCD has performed well in each of these contracts meeting project requirements, reporting, fiscal management, budget, and deadlines.

Purchasing Process

This contract was directly negotiated with CPRCD based on the unique relationships and tools they coordinate to support source protection activities in the McKenzie Watershed that aligns with EWEB's strategic initiatives. In October 2017, EWEB and CPRCD applied for and were granted funds to develop a tool to track and report the financial commitments and conservation activities for EWEB and other partners to the Pure Water Partners program. The contract is a Master Services Agreement that allows work to be performed under the contract on a task order basis, CPRCD will perform no work until EWEB directs CPRCD to complete the task and both parties have agreed to the work and cost. It is anticipated that the work to be complete over the next 5 years will be budgeted at approximately \$140,000 per year including the funds distributed by CPRCD as well as the fiscal management services funds to be retained by CPRCD. Contract terms and conditions allow EWEB to access all fiscal records of CPRCD pertinent to contract activities and requires an annual third party financial audit that includes an assessment of EWEB funds management activities.

Competitive Fair Price (If less than 3 responses received)

CPRCD provides fiscal management services for the Pure Water Partners program and receives 10% of funds (approximately \$14,000 per year) passing through the watershed conservation fund for PWP payments to landowners or partner programmatic activities. CPRCD has a federally determined indirect rate of 11.3% by the U.S. Forest Service, making our negotiated rate reasonable considering their actual costs.

ACTION REQUESTED:

Management requests the Board approve a 5-Year Master Services Agreement with Cascade Pacific Resource Conservation & Development for fiscal management services of the Pure Water Partners Program, the contract value for CPRCD is approximately \$70,000. PWP activities to be administered under this contract will be covered 50% from the Source Water Protection Program of the Water Division budget (\$16.7 million in 2019) and 50% from the Generation portion of the Electric Energy Division budget (\$18.3 million in 2019). Variances will be managed within the budget process and Board policy.

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a Personal Services Agreement with MacKay Sposito, Inc. for engineering, design, and related services for recreation design services at the Carmen-Smith Project.

Board Meeting Date: November 3, 2019

Project Name/Contract #: Carmen-Smith Recreation Design Services / #19-093

Primary Contact: Susan Ackerman Ext. 7185

Contract Amount:

Original Contract Amount: \$ 650,000

Additional \$ Previously Approved: \$ 0

Invoices over last approval: \$ 0

Percentage over last approval: 0 %

Amount this Request: \$ 650,000

Resulting Cumulative Total: \$ 650,000

Contracting Method:

Method of Solicitation: Formal RFP process

If applicable, basis for exemption: n/a

Term of Agreement: Up to five years

Option to Renew? Yes

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

Proposals/Bids Received (Range): 4 (cost not applicable; QBS process)

Selection Basis: Qualification Based Selection (QBS)

Narrative:

Operational Requirement and Alignment with Strategic Plan

The Board is being asked to approve a new Personal Services Agreement with MacKay Sposito, Inc. of Vancouver, WA for the purchase of engineering and related services for recreation design, to be constructed at the Carmen-Smith Hydroelectric Project. This contract will implement major parts of the Recreation and Aesthetics Management Plan (RAMP) portion of the operating license for the Carmen-Smith Project issued by the FERC in May 2019.

Contracted Goods or Services

Design services required to support RAMP implementation include redesign and construction of the Trail Bridge and Lake's End Campgrounds, design and construction of day use areas, information kiosks, fishing docks and restrooms at Trail Bridge, Carmen Diversion and Smith Reservoir.

The total fee estimate for the base engineering, development of procurement specifications for major equipment, and bid/construction phase services is \$650,000. This estimate may vary depending on the scope and final implementation of the RAMP requirements as agreed upon by the Recreation and Aesthetics Working Group made up of representatives from the Forest Service, Oregon State Parks and several other regulatory agencies.

This estimate is based upon an approximately 10% share of the total estimated budget for the project. For comparison Ice Cap Campground design cost was approximately 14% of the total cost of the project.

Billing rate negotiations have been completed. McKay Sposito's billing rates are consistent with other engineering firms in the northwest rates.

Prior Contract Activities

None

Purchasing Process

In August 2019, in accordance with Oregon public procurement rules, EWEB initiated a Request for Proposals (RFP) using the Qualifications Based Selection (QBS) process for engineering services. Proposals were received from MacKay Sposito, Greenworks, Cardno, and OBEC Consulting Engineers. All firms were qualified and all but Greenworks were shortlisted for interviews. Criteria scored included Project understanding, Corporate Qualifications, Project Approach, Project Team Qualifications, and Project Management Strategy. After interviews were conducted, MacKay Sposito’s core competency in campground recreational design, was a strong competitive edge for the firm, and they presented a significant amount of past projects similar to EWEB’s. MacKay Sposito was selected as the most qualified consultant, consistent with QBS criteria.

The proposed contract structure is that of a Master Services Agreement and subsequent, individually negotiated task orders. Identified major work tasks (Task Orders) will include:

1. Project Management
2. Meeting Support
3. Preliminary Design
4. Trail Bridge Reservoir Recreation Area Design.
5. Smith Reservoir Recreation Area Design
6. Carmen Reservoir Recreation Area Design
7. Specifications for Carmen Smith Signs and Visitor Kiosk
8. Permitting Support
9. Bidding Support
10. Construction Administrative Services

Bidder/Proposer Information

MacKay Sposito
 Greenworks
 Cardno
 OBEC Consulting Engineers

Bidder/Proposer Location

Vancouver, WA
 Portland, OR
 Portland, OR
 Eugene, OR

Competitive Fair Price (if less than 3 responses received)

Not applicable

ACTION REQUESTED:

Management requests the Board approve a Personal Services Agreement with **MacKay Sposito, Inc.** for engineering, design, and related services for recreation design services at Carmen-Smith Project. The budget for License Deployment Activities in 2019 is \$12 million. Construction of all recreation improvements including these services are planned for completion between 2020 and 2023 and are estimated to cost \$6.5 million.

EWEB Board Consent Calendar Request

For Contract Increases

The Board is being asked to approve additional funds for engineering services with Schnabel Engineering LLC.

Board Meeting Date: 11/5/2019

Project Name/Contract #: Investigation of Sinkholes at Carmen Diversion Reservoir/18-2701Q

Primary Contact: Susan Ackerman Ext. 7185

Contract Amount:

Original Contract Amount: \$169,616

Term of Agreement: **9/1/2018 – 12/31/2020**

Additional \$ Previously Approved: \$ 92,466

Invoices over last approval: \$0

Percentage over last approval: 0%

Amount this Request: \$81,204

Resulting Cumulative Total: \$343,286

Contracting Method:

Method of Solicitation: Direct Negotiation

If applicable, basis for exemption: Sole Source - Emergency Declaration on 8/17/2018

Option to Renew? No

Approval for purchases "*as needed*" for the life of the Contract Yes No

Proposals/Bids Received (Range): N/A – Direct Negotiation

Selection Basis: Direct Negotiation

Narrative:

Operational Requirement and Alignment with Strategic Plan

EWEB lowered the operating level of Carmen Diversion Reservoir in October 2018 in response to indications of progressive sinkhole development on the bottom of the reservoir and has been operating the facility at a reduced level since that time. This project involves geotechnical investigations and engineering analyses to determine a sinkhole repair approach that will ensure long term safe operation of the reservoir.

Additional Work Needed

This consent item requests Board approval of a contract amendment that procures additional engineering services as necessary to reconcile the original scope of engineering services with the ultimate scope of work required by the FERC. Schnabel prepared a Drilling Program Plan (DPP) in October 2018 that was subsequently updated by four revisions in response to FERC review comments.

Contracted Goods or Services

Following FERC approval of the DPP in August 2019, EWEB negotiated a contract amendment with Schnabel for additional engineering services required in the final version of the DPP. The services include field oversight by a geotechnical engineer for additional boreholes/test pits and subsequent documentation of field work results in a geotechnical report. The services also include additional laboratory and field testing of subsurface soils as well as installation of additional piezometers for long term monitoring of subsurface water levels.

Purchasing Process

EWEB direct negotiated this contract amendment following final FERC approval of the DPP.

Prior Contract Activities

In July 2018, the FERC directed EWEB to work with our Independent Consultant (our current IC for the Carmen-Smith Project is Schnabel Engineering) to develop a subsurface investigation plan for the Carmen Diversion

sinkholes. To expedite progress in response to this FERC direction, EWEB issued an emergency declaration in August 2018 that facilitated the original contract with Schnabel for \$169,616. Following FERC direction for the IC to conduct stability analyses of the Carmen Diversion spillway structure and review EWEB's wet weather operations plan for Carmen Diversion, the contract value was increased to \$262,082 in December 2018.

ACTION REQUESTED:

Management requests the Board approve an increase to the contract for \$81,204. This unplanned, emergent work is being covered by underspending on other EWEB projects and contingency funds. Variances will be managed within the budget process and Board policy.

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve an increase in funding for an Intergovernmental Agreement (IGA) with the Oregon Department of Environmental Quality (DEQ) for the regulatory oversight of the Manufactured Gas Plant (MGP) Investigation and Remediation.

Board Meeting Date: 11/5/2019

Project Name/Contract #: DEQ Oversight for MGP Investigation and Remediation (IGA No. WMCVC-WR-98-13)

Primary Contact: Lisa McLaughlin Ext. 7450

Contract Amount:

Original Contract Amount: \$43,000 (contract initiated in 1998)

Additional \$ Previously Approved: \$138,000

Invoices over last approval: \$55,000

Percentage over last approval: 30%

Amount this Request: \$100,000 (\$55,000 for past work and \$45,000 for anticipated future work)

Resulting Cumulative Total: \$281,000

Contracting Method:

Method of Solicitation: Intergovernmental Agreement

If applicable, basis for exemption: EWEB Rule 6-0110(1)(A) for contracts between EWEB and other government contracting agencies

Term of Agreement: Until Work is Complete

Option to Renew? N/A

Approval for purchases "as needed" for the life of the Contract Yes No

Proposals/Bids Received (Range): N/A

Selection Basis: Direct Negotiation

Narrative:

Operational Requirement and Alignment with Strategic Plan

Since 1997, EWEB has been working cooperatively with the Cascade Natural Gas Corporation and PacifiCorp, the entities responsible for the legacy contamination at the Former Manufactured Gas Plant (MGP), to investigate and remediate the site under the direction and oversight of the Oregon Department of Environmental Quality (DEQ). When the clean-up work concludes in 2019, EWEB's environmental liability will be addressed and EWEB will be able to put the property to productive re-use. The costs associated with the DEQ's regulatory oversight will be borne by the three parties, consistent with our long-standing cost sharing agreement.

Contracted Goods or Services

The DEQ is the regulatory agency that is tasked with the oversight of the remedial activities at the MGP site. EWEB entered a Consent Judgment with DEQ in August 2019 that requires EWEB and the other responsible parties (Cascade Natural Gas and PacifiCorp) to conduct remedial actions at the MGP site. The Consent Judgment contains a provision that the responsible parties will pay costs associated with DEQ's oversight of the remedial action and long-term operation and maintenance at the MGP site. Oversight conducted by DEQ includes site inspections and guidance as to the adequacy of the remedial work in the uplands and along the riverbank. The DEQ also will review the closure reports that will be submitted after the completion of construction and at the appropriate time, when our obligations and commitments under the Consent Judgment have been met, they will issue the No Further Action (NFA) determination. After the culmination of clean-up activities in 2019, the DEQ will review EWEB's closure reports and the required annual and 5-yr reports.

Prior Contract Activities

To date, EWEB's Project team has worked extensively with the DEQ on the development and review of submittals

related to the Remedial Investigation, the Feasibility Study, the selection of the approved remedy for the site and most recently, the Remedial Design for both the excavation of contaminated material (and the capping) of the uplands, and the stabilization of the riverbank. The DEQ is currently providing regulatory oversight over EWEB's construction activities designed to implement the DEQ-approved remedy for the MGP clean-up. Since the inception of the project, DEQ oversight fees have totaled \$236,000 with \$16,600 invoiced in 2019. EWEB's net cost to date is under \$40,000 due to the cost sharing arrangement with the Cascade Natural Gas Corporation and PacifiCorp.

Purchasing Process

The original contract was negotiated in 1998, it was presented to the Board for increases in April 2005 (approved amount \$63,000), July 2007 (approved amount \$106,000), and December 2011 (approved amount \$181,000). In June 2016, Purchasing staff created a change order increasing the purchase order \$50,000 for ongoing services. This amount was not presented to the Board as staff applied an exemption for Board Approval for contracts where the purchase is a required sole-source/single seller for governmentally required taxes, fees, permits and payments (EWEB Public Contracting rule 2-0150 (5)(b)). Where this rule has not been consistently applied, and for transparency for a project of community interest, management presents this contract now for Board Approval.

Under the terms of the Consent Judgment, EWEB is obligated to contract with the DEQ for these services, no other service provider is eligible to provide these services.

ACTION REQUESTED:

Management requests the Board approve an increase in the funding for the existing IGA with the DEQ for the oversight of the MGP Investigation and Remediation. Approximately \$60,000 was planned for these goods or services in the Environmental Management (Section 146) budget for 2019. The total 2019 budget for the Energy Division is \$18.3 million. Variances will be managed within the budget process consistent with Board policy.



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Carlson, Mital, Helgeson, Schlossberg and Brown
FROM: Deborah Hart, Financial Services Manager and Trojan Operating Committee
Member; Debbie Blanquie, Accounting Analyst II
DATE: October 18, 2019
SUBJECT: Trojan Annual Operating Budget
OBJECTIVE: Board Approval of Resolution No. 1932

Issue

EWEB is required to approve the annual Trojan Nuclear Plant (Trojan) budget for the upcoming budget year and amended annual budget for the current year at least 45 days before the new budget year, which begins on January 1, 2020. In accordance with the Three-Party Net Billing Agreement, Bonneville Power Administration (BPA) pays all EWEB costs related to the Trojan nuclear plant.

Background

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

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

Trojan is now classified as an Independent Spent Fuel Storage Installation (ISFISI) site. The spent fuel has been transferred to a long-term storage facility at the Trojan site and will remain there until such time as it can be relocated to a federal waste repository. Remaining costs primarily relate to the spent fuel storage and site relicensing activities.

Discussion

Each fall PGE prepares and proposes the Trojan operating budget for the upcoming year, and a revised budget for the current year. These budgets are submitted to the co-owners for review and approval. The EWEB budget for Trojan includes 30% of the expenses budgeted by PGE plus EWEB's direct expenses, including administrative labor and legal expenses. While BPA is reviewing the proposed 2020 Trojan budget, they are not a voting member even though they will pay 100% of EWEB's share of the costs under the net billing agreement. Ninety-nine percent of the proposed budget is for spent fuel storage. PGE's approval of the proposed budget for Trojan is expected prior to the end of this year.

The Trojan co-owners took legal action to require the federal government to pay the costs of maintaining the spent fuel storage due to the federal government's failure to take responsibility for spent fuel storage at a central repository. The courts ruled in favor of payment by the federal government in July 2013. The ensuing settlement agreement with the Department of Energy (DOE) obligated the DOE to cover costs incurred through 2015. That agreement was extended through 2019. PGE expects another extension by the end of 2019.

Requested Board Action

Management is requesting approval of Resolution No. 1932 for the Revised 2019 and Proposed 2020 Trojan Annual Operating Budgets.

Attachment 1 – 2019 Revised Trojan budget

Attachment 2 – 2020 Proposed Trojan budget

EUGENE WATER & ELECTRIC BOARD
TROJAN NUCLEAR PLANT
2019 ANNUAL OPERATING BUDGET - REVISED
(In Thousands of Dollars)

	<u>2019 Revised</u>	<u>2019 Approved</u>	<u>Increase/ (Decrease)</u>
EWEB's share of operation costs	\$46	\$46	\$0
EWEB's share of decommissioning costs	1,873	1,884	(11)
EWEB's share of capital additions	0	0	0
TOTAL EWEB SHARE OF PGE COSTS	<u>1,919</u>	<u>1,930</u>	<u>(11)</u>
EWEB's direct costs	15	31	(16)
TOTAL ANNUAL OPERATING COSTS	<u>1,934</u>	<u>1,961</u>	<u>(27)</u>
LESS:			
Prior year general fund carry-over	(306)	(307)	1
General fund interest income	(8)	(8)	0
PLUS:			
Year-end general fund balance	309	300	9
TOTAL REQUIREMENT	<u>1,929</u>	<u>1,946</u>	<u>(17)</u>
TOTAL AMOUNT TO BE NET BILLED	<u><u>1,929</u></u>	<u><u>1,946</u></u>	<u><u>(17)</u></u>
ANNUAL FINANCING			
Beginning general fund balance	306	307	(1)
Net billings	1,929	1,946	(17)
Investment earnings on general fund	8	8	0
TOTAL FUNDS AVAILABLE	<u>2,243</u>	<u>2,261</u>	<u>(18)</u>
TOTAL ANNUAL OPERATING COSTS	<u>1,934</u>	<u>1,961</u>	<u>(27)</u>
ENDING GENERAL FUND BALANCE	<u><u>\$309</u></u>	<u><u>\$300</u></u>	<u><u>\$9</u></u>

**EUGENE WATER & ELECTRIC BOARD
TROJAN NUCLEAR PLANT
2019 ANNUAL OPERATING BUDGET - REVISED
(In Thousands of Dollars)**

DECOMMISSIONING COSTS

	<u>2019 Revised</u>	<u>2019 Approved</u>	<u>Increase/ (Decrease)</u>
USDOE Litigation Costs	\$0	\$0	\$0
ISFSI	<u>\$6,245</u>	<u>\$6,280</u>	<u>(\$35)</u>
DECOMMISSIONING COSTS	<u>6,245</u>	<u>6,280</u>	<u>(35)</u>
EWEB'S SHARE OF DECOMMISSIONING COSTS	<u>\$1,873</u>	<u>\$1,884</u>	<u>(\$11)</u>

CAPITAL ADDITIONS

	<u>2019 Revised</u>	<u>2019 Approved</u>	<u>Increase/ (Decrease)</u>
Capital Jobs	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
EWEB'S SHARE OF CAPITAL ADDITIONS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**EUGENE WATER & ELECTRIC BOARD
TROJAN NUCLEAR PLANT
2019 ANNUAL OPERATING BUDGET - REVISED**

EWEB DIRECT COSTS

	<u>2019 Revised</u>	<u>2019 Approved</u>	<u>Increase/ (Decrease)</u>
Labor	\$5,000	\$10,000	(\$5,000)
Overhead	500	1,000	(500)
LABOR & OVERHEAD	<u>5,500</u>	<u>11,000</u>	<u>(5,500)</u>
Legal	10,000	20,000	(10,000)
EWEB DIRECT COSTS	<u><u>\$15,500</u></u>	<u><u>\$31,000</u></u>	<u><u>(\$15,500)</u></u>

EUGENE WATER & ELECTRIC BOARD
TROJAN NUCLEAR PLANT
2020 ANNUAL OPERATING BUDGET- PROPOSED
(In Thousands of Dollars)

	<u>2020 Budget</u>	<u>2019 Revised</u>	<u>Increase/ (Decrease)</u>
EWEB's share of operation costs	\$22	\$46	(\$24)
EWEB's share of decommissioning costs	2,001	1,873	128
EWEB's share of capital additions	0	0	0
TOTAL EWEB SHARE OF PGE COSTS	<u>2,023</u>	<u>1,919</u>	<u>104</u>
EWEB's direct costs	16	15	1
TOTAL OTHER COSTS	<u>16</u>	<u>15</u>	<u>1</u>
TOTAL ANNUAL OPERATING COSTS	<u>2,039</u>	<u>1,934</u>	<u>105</u>
LESS:			
Prior year general fund carry-over	(309)	(306)	(3)
General fund interest income	(5)	(8)	3
PLUS:			
Year end general fund balance	300	309	(9)
TOTAL REQUIREMENT	<u>2,025</u>	<u>1,929</u>	<u>96</u>
TOTAL AMOUNT TO BE NET BILLED	<u><u>2,025</u></u>	<u><u>1,929</u></u>	<u><u>96</u></u>
ANNUAL FINANCING			
Beginning general fund balance	309	306	3
Net billings	2,025	1,929	96
Interest earnings on gen fund invest	5	8	(3)
TOTAL FUNDS AVAILABLE	<u>2,339</u>	<u>2,243</u>	<u>96</u>
TOTAL ANNUAL OPERATING COSTS	<u>2,039</u>	<u>1,934</u>	<u>105</u>
ENDING GENERAL FUND BALANCE	<u><u>\$300</u></u>	<u><u>\$309</u></u>	<u><u>(\$9)</u></u>

**EUGENE WATER & ELECTRIC BOARD
TROJAN NUCLEAR PLANT
2020 ANNUAL OPERATING BUDGET- PROPOSED
(In Thousands of Dollars)**

DECOMMISSIONING COSTS

	<u>2020 Budget</u>	<u>2019 Revised</u>	<u>Increase/ (Decrease)</u>
USDOE Litigation Costs	\$0	\$0	\$0
ISFSI	<u>\$6,669</u>	<u>\$6,245</u>	<u>\$424</u>
DECOMMISSIONING COSTS	<u>6,669</u>	<u>6,245</u>	<u>424</u>
EWEB'S SHARE OF DECOMMISSIONING COSTS	<u>\$2,001</u>	<u>\$1,873</u>	<u>\$127</u>

CAPITAL ADDITIONS

	<u>2020 Budget</u>	<u>2019 Revised</u>	<u>Increase/ (Decrease)</u>
Capital Jobs	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
EWEB'S SHARE OF CAPITAL ADDITIONS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**EUGENE WATER & ELECTRIC BOARD
TROJAN NUCLEAR PLANT
2020 ANNUAL OPERATING BUDGET- PROPOSED
(In Thousands of Dollars)**

OPERATIONS & OTHER COSTS

	<u>2020 Budget</u>	<u>2019 Revised</u>	<u>Increase/ (Decrease)</u>
Administrative & General	\$0	\$0	\$0
Property Insurance	9	9	(0)
Injuries and Damages	2	2	0
Employee Benefits	45	17	28
Misc. General Expenses	<u>142</u>	<u>130</u>	<u>12</u>
<i>OPERATIONS</i>	<u>199</u>	<u>158</u>	<u>40</u>
Payroll Taxes	6	5	1
Misc Prepaid Items	(121)	0	(121)
Other Interest Expense/Rental Revenue	<u>(10)</u>	<u>(10)</u>	<u>0</u>
<i>OTHER</i>	<u>(125)</u>	<u>(5)</u>	<u>(120)</u>
TOTAL OPERATIONS & OTHER	<u><u>74</u></u>	<u><u>153</u></u>	<u><u>(79)</u></u>
EWEB'S SHARE OF O & M COSTS	<u><u>22</u></u>	<u><u>46</u></u>	<u><u>(24)</u></u>

**RESOLUTION NO. 1932
NOVEMBER 2019**

**EUGENE WATER & ELECTRIC BOARD
2019 REVISED AND 2020 TROJAN BUDGETS**

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

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

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

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

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

NOW, THEREFORE, BE IT RESOLVED that the Eugene Water & Electric Board has reviewed and approves the 2019 revised and 2020 proposed Trojan budgets.

DATED this 5th day of November 2019.

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

President

I, ANNE M. KAH, the duly appointed, qualified, and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the Resolution adopted by the Board at its November 5, 2019 Board Meeting.

Assistant Secretary



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Carlson, Mital, Helgeson, Schlossberg and Brown
FROM: Sue Fahey, Assistant General Manager/CFO;
Deborah Hart, Financial Services Manager/Assistant Treasurer
DATE: October 24, 2019
SUBJECT: Supplemental Retirement Plan Committee Updates
OBJECTIVE: Approval of Resolution No. 1937

Issue

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

Background

The SRP was created in 1968 and closed to new participants in 1988. The objective of the plan is to provide a benefit on retirement which, together with the benefit from PERS, will provide 1.67% of the highest 36-month average salary for each year of service. Independent actuaries determine EWEB's contributions. The plan currently has 22 participants or beneficiaries to whom payments are made. Through September 2019, EWEB has paid \$100,000 in supplemental retirement benefits to plan participants. In 2018, EWEB paid \$145,000 in benefits, down from \$171,000 and \$233,000 in 2017 and 2016, respectively. There have been no recent changes in the design or terms of the plan, and none are anticipated in the future. EWEB funds the plan on a "pay as you go" basis, and the SRP committee monitors and administers the plan. A contracted payroll service prepares monthly checks and tax documentation for plan participants. The plan requires committee members to be appointed by the Board of Commissioners.

Discussion

The SRP requires a committee with a minimum of three members. One member of the committee is no longer an EWEB employee, and a new member must be appointed.

Recommendation

Management requests that the Board approve the appointment of Bridget Otto, Human Resources Supervisor to the Supplemental Retirement Committee.

Requested Board Action

Approval of Resolution No. 1937

**RESOLUTION NO. 1937
NOVEMBER 2019**

**EUGENE WATER & ELECTRIC BOARD
APPOINTMENT OF SUPPLEMENTAL RETIREMENT PLAN
COMMITTEE - REPLACEMENT MEMBERS**

WHEREAS, the Eugene Water & Electric Board maintains 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 is provided by Board contributions, deposited to the existing trust account as needed to meet obligations to retirees, together with earnings on plan assets;

WHEREAS, the Supplemental Retirement Plan provides for annual appointment and reappointment by the Board 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, a member of the Retirement Committee has left EWEB employment, creating a vacancy on the Retirement Committee;

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 Bridget Otto (EWEB Human Resources Supervisor), as EWEB personnel without rights in or to the Supplemental Retirement Plan funds, to be appointed to the Retirement Committee,

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

With appreciation of her service, the Board formally removes Laura Fowler (EWEB Human Resources Benefits Consultant), 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 Deborah Hart (EWEB Assistant Treasurer), Bridget Otto (Human Resources Supervisor), and Jeremy Whittlesey (Payroll Administrator).

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.

DATED this 5th day of November 2019.

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

President

I, ANNE M. KAH, the duly appointed, qualified, and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the Resolution adopted by the Board at its November 5, 2019 Board Meeting.

Assistant Secretary