

EUGENE WATER & ELECTRIC BOARD
REGULAR BOARD MEETING
EWEB BOARD ROOM
JUNE 20, 2006
7:30 P.M.

Commissioners present: Sandra Bishop, Mel Menegat, John Simpson, Patrick Lanning, and Ron Farmer.

Others present: Randy Berggren, Mel Damewood, Ken Beeson, Tom Buckhouse, Jim Wiley, Deborah Brewer, Marty Douglass, Debra Smith, Lance Robertson, and Krista Hince of the EWEB staff; Ruth Atcherson, City of Eugene minutes recorder.

President Bishop convened the Regular Meeting of the Eugene Water & Electric Board (EWEB).

AGENDA CHECK

There were no changes to the agenda.

PUBLIC INPUT

Charles Biggs, 540 Antelope Way, shared his appreciation for the structural study of the College Hill Reservoir. He was glad to see that it was reasonably safe from natural catastrophe. He hoped EWEB would maintain the public space there. He expressed appreciation for the public process EWEB had undertaken with the reservoir neighbors and encouraged the Board to keep the public informed as much as possible.

Larry Deckman, 2406 Lawrence Street, echoed Mr. Biggs' remarks. He said the Board had listened well to the community and expressed his appreciation to the Commissioners and staff for conducting the engineering study. He thought the Board's "win-win" attitude about the community was shining through in this issue.

Jerry Oltion, 750 Brookside Drive, thanked the Board on behalf of the Eugene Astronomical Society for conducting the study of the College Hill Reservoir. He related that the society had been showing passersby looks through a telescope and people had been enjoying the views of our celestial bodies. He noted that one man had been moved to tears. He called the College Hill Reservoir a community resource and he hoped the reservoir could remain open to the public.

Greg Giesy, no address given, provided his testimony in writing. He referred to the 28 proposals for options for actions to be taken to secure the reservoir. He said they had been refined to 13 proposals and that options 21 and 28 were circled to indicate that an Americans with Disabilities Act (ADA) path was not required. He noted that options 16, 20 and 22 had been added back by EWEB staff.

Jean Silen, 650 West 12th Avenue, said she had been on top of the College Hill Reservoir to stargaze with the Eugene Astronomical Society. She was glad there as a place so close by to enjoy that activity. She related that there were great opportunities to teach young people about the stars and educators took advantage of this. She added that the society helped to keep things safe at the reservoir site.

Jean Marie Moore, 99 West 10th Avenue, stated that she had been appointed by the Lane Independent Living Alliance (LILA) to represent them on this issue. She conveyed their wish for EWEB to do everything it could to keep the reservoir open to the public. She said some of the ADA-related solutions originally thought to be necessary were not required. She felt there were good alternatives to explore that would allow stargazing and for everyone to enjoy the reservoir. She stated that LILA had a voice and an interest in the reservoir.

Commissioner Simpson thanked the Friendly Area Neighbors and the members of the Eugene Astronomical Society for their testimony on the College Hill Reservoir at the present meeting. He had been encouraged by the results of the OBEC analysis of the reservoir structure and he hoped everything could be done to keep the historic facility open to the public. He felt there was a unique opportunity to find a solution that would meet both the needs of the general public to protect the water source and to keep the reservoir intact and open to everyone. He was confident a solution would be reached.

APPROVAL OF CONSENT CALENDAR

Minutes

1. January 17, 2006, Work Session Minutes, and the May 16, 2006, Regular Board Meeting Minutes.

Business Service Agreements

2. DHI, Inc – McKenzie Watershed Model Development – Environmental Management— Corporate Services Division - \$133,644
3. Eugene Water & Electric Board (EWEB) – Public Agency Network (PAN) -- Electric Division - \$137,000
4. SelecTemp – Temporary Services – Electric Engineering – Electric Division - \$145,000
5. Titan Sales Group – Two Hydro-Excavator Trucks – Water Division - \$467,263.78

Grant

6. McKenzie Watershed Council – Watershed Protection – Environmental Management – Corporate Services Division - \$120,000 for five years (or \$24,000 per year)

Water Service Connection – Willamette Water Company

7. EWEB requests Board approval for the connection of a water service by the Willamette Water Company. All required conditions for approval by the City of Eugene and the Lane County Boundary Commission have been met.

Commissioner Simpson, seconded by Commissioner Farmer, moved to approve the Consent Calendar. The motion passed unanimously, 5:0.

ITEMS FROM BOARD MEMBERS

Commissioner Simpson stated that the General Manager Compensation Contract Replacement Committee meetings were canceled in May and June, largely due to higher priorities relative to labor issues. He said the committee would meet in July.

Additionally, Commissioner Simpson related that he would be attending the Executive Board meeting for the Lane Council of Governments (LCOG) in Commissioner Lanning's place to be held in Florence.

Commissioner Farmer reported that he had attended the American Public Power Association (APPA) conference held the previous week. He had taken "a lot of different classes" but the two that stood out in his mind as most helpful were the classes on analyzing cost of service studies and on succession planning for the position of general manager.

President Bishop reminded the Board that the Eugene City Club would feature a talk given by George Kloepfel of LCOG on the Region 2050 Study.

Commissioner Farmer added that he would like further input as to why EWEB was charging approximately half of what the Springfield Utility Board (SUB) was charging for miscellaneous fees and charges, per a memorandum from Patty Boyle.

CORRESPONDENCE

General Manager Randy Berggren stated that the only correspondence he intended to highlight was the aforementioned memorandum from Ms. Boyle on the Miscellaneous Fees. He said staff would follow up on it and provide the information requested by Commissioner Farmer.

President Bishop shared a letter from Three Phases Energy Services regarding Tradable Renewable Certificates (TRCs) and a letter from the Oregon Watershed Enhancement Board (OWEB) asking EWEB to cosponsor a conference in October. Regarding the latter, she asked the Board and General Manager to consider whether this should be placed on a future agenda.

BOARD AGENDAS

Mr. Berggren reviewed the *Board Agenda Report* dated June 20, 2006. He said he would look for time, possibly on June 26, for an Executive Session on the progress of Union negotiations.

Commissioner Farmer noted that President Bishop had requested that a discussion of tiered rates be placed on the agenda and that she only had eight meetings left in her service as Commissioner. Mr. Berggren replied that he was committed to placing this item on the agenda prior to the expiration of President Bishop's term.

President Bishop adjourned the Eugene Water & Electric Board of Commissioners and convened the Contract Review Board at 8:04 p.m.

EWEB CONTRACT REVIEW BOARD – ROOSEVELT BUILDING PROJECT – CM/GC

Energy Resource Projects Manager Ken Beeson gave a PowerPoint presentation on the *EWEB Roosevelt Building Project: Construction Manager/General Contractor (CM/GC)*. He explained that the qualifications that the selection of the CM/GC would be based on were experience and price. He stressed that the action on this item would allow EWEB to proceed with the Request for Proposal (RFP) process which would exempt the Roosevelt Boulevard building project from competitive bidding as the Board would sign an agreement with the CM/GC during the design phase.

Commissioner Simpson asked when the negotiation process would begin for the Guaranteed Maximum Price (GMP). Mr. Beeson estimated that it would begin in January at the earliest.

Commissioner Simpson asked at what point the CM/GC would be released because an acceptable GMP could not be reached until that happens. Mr. Beeson responded that this was why there would be a two-part agreement and with successful negotiation with a CM/GC the agreement would add construction services.

President Bishop understood the Resolution to indicate that the Roosevelt Boulevard project would be exempt from competitive bidding, but she perceived it to mean that this would not ask for an exemption from competitive bidding for the project. She wished to clarify that the Board would not, by an affirmative vote for the Resolution, require a general exemption for all competitive bids for the project. Mr. Berggren replied that once the design was finished and the GMP was determined there would not be a competitive bidding process for the construction. Mr. Beeson clarified that staff anticipated that the CM/GC would competitively bid out the subcontractors.

Commissioner Farmer noted that this was specifically referenced in the background.

President Bishop asked if it would be possible to compel the CM/GC to do so. Mr. Beeson responded that the contract language could stipulate that the CM/GC would solicit competitive bids from subcontractors according to the applicable Oregon laws.

In response to a question from President Bishop, Mr. Beeson clarified that the design was planned to be a two-part process and was projected to take 16 months. The first part of the process was design and development and the second part was comprised of putting together the construction document. He expected that at the end of the design and development portion the anticipated costs of the project would be clear.

EWEB CONTRACT REVIEW BOARD – PUBLIC HEARING – ROOSEVELT BUILDING PROJECT

President Bishop opened the public hearing.

George Staples, 2855 Echo Lane, said he had been a customer of EWEB for many years. He had concern about the amount of money that would be spent on public art for this building project. He felt that given that EWEB wanted to keep its rates down, the utility should take opportunities to reduce its expenditures and the art expense was such an opportunity. He questioned the idea of spending \$500,000 on art as he did not believe that an operations facility needed this amount of artwork. He opined that it was an unnecessary expenditure.

Tim Zwetler, 1098 Barstow, stated that he worked for Delta Sand & Gravel & Construction Company. He asserted that selecting a general contractor through a bidding process, and preferably a non-union general contractor (he alleged that union contractors tended to freeze out people in the local community who were non-union contractors), would save money in the long run. He suggested that selecting a non-union contractor would allow local subcontractors a chance to bid on their specialty work. He averred that it would give local long-time customers of EWEB, such as Delta Sand & Gravel & Construction Co. a chance to bid on work that would not be available otherwise. He felt that CM/GC work coordination tended to word the bidding packages to subcontractors in such a way that it made it almost impossible to comply with the bids. He asserted that this had happened to Delta Sand & Gravel & Construction Co. He alleged that the CM/GC tended to “shade” the language so that they could hire “their own people.” He added that if it were possible to avoid paying prevailing wages, it would “save millions of dollars right off the top.”

Allen Halick, of Vancouver, Washington, explained that he was living in Eugene and working as the project manager for the new courthouse. He had worked on projects that had used the hard bid process and the CM/GC experience. He said the CM/GC experience was a partnership-based experience that was “open book.” He stated that every element of the courthouse had been bid with Government Service Administration (GSA) review. He noted that a non-union contractor had been selected and had performed well on the job. He attributed the success of the courthouse project to active GSA leadership in it. He pointed out that the GSA had predicted that the courthouse project could not be completed in 24 months, but in fact it was on schedule and on budget. He attributed this to the utilization of the CM/GC model of construction. He underscored that much of the money spent had stayed in the City of Eugene; \$67 million of \$73 million had remained in the State of Oregon and over \$1 million had stayed in Eugene for *per diems* and over 200 employees and eight subcontractors from the local area had been employed.

President Bishop closed the public hearing.

EWEB CONTRACT REVIEW BOARD – ROOSEVELT BUILDING PROJECT – CM/GC

Vice President Menegat, seconded by Commissioner Farmer, moved to adopt Resolution No. 0618, a Resolution granting exemption of the Roosevelt Boulevard Building Project from competitive bidding requirements according to Oregon Revised Statutes (ORS) 279C.300; allowing use of a Request for Proposal process for selection of a Construction Manager/General Contractor for completion of the project; and approving findings thereto.

Commissioner Farmer reported that he had heard from the seven largest contractors in the Eugene area and they had largely lobbied for their interests. He said the prevailing opinion had been to support the undertaking of the CM/GC process and exempt the project from competitive bids. He commented that he had heard again and again that the savings would be realized through the design process. He stated that Mr. Beeson's role would be crucial in this project. He felt that due to the size of the project it would be a joint venture between local workers and workers from outside the area.

Commissioner Simpson remarked that he was a strong believer in collaborative relationships. He expressed a great deal of faith in Mr. Beeson's ability to guide this process.

President Bishop wanted to stress that she was not supporting a lack of competitive bidding among the subcontractors. She wished to have language in the contract that would stipulate this.

Commissioner Farmer commented that he had heard the devil would be in the details. He did not think going forward in this process would mean much unless the RFP and contract were written with all of the elements the Board wanted. He wanted the Board to be proactive in its review of the process.

President Bishop was willing to support the motion if the Board had the opportunity to review the RFP before it went out.

Commissioner Farmer noted that as the Contract Review Board, the Board would have to review the contract.

Mr. Berggren hoped the Board would rely on the experts on staff to guide the process so that the RFP could be completed in a timely way.

Mr. Beeson stated that he would share a draft of the RFP.

The motion passed unanimously, 5:0.

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ITEMS REMOVED FROM THE CONSENT CALENDAR

There were no items removed from the Consent Calendar.

President Bishop adjourned the meeting at 8:46 p.m.

Assistant Secretary

President