

EUGENE WATER & ELECTRIC BOARD
REGULAR BOARD MEETING
EWEB BOARD ROOM
JULY 5, 2006
7:30 P.M.

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

Others present: Randy Berggren, Tom Buckhouse, Jim Wiley, Deborah Brewer, Marty Douglass, Debra Smith, Lance Robertson, Patti Boyle, Mark Oberle, Dick Helgeson, Jean Meyers, Jim Origliosso, 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

Vice President Menegat, seconded by Commissioner Simpson, moved to keep Public Input to five minutes per person, at a total of 30 minutes, and should there be more people who wish to speak, time should be set aside at the end of the meeting.

Commissioner Lanning suggested that should this happen, the time allotted for Agenda Item 7 should be curtailed so that the meeting should not run long. President Bishop was amenable to this as the item was not time sensitive.

The motion passed unanimously, 5:0.

PUBLIC INPUT

Peggy Renkert, 589 Covey Lane, related that an EWEB utility tower had fallen on her house in May during a wind storm. She expressed "extreme frustration" with EWEB staff. She had sent a chronology of the events that had happened to the Board. She alleged that staff had stalled. She felt that staff's philosophy was that if they stalled long enough she would "go away." She related that she and the Allstate Insurance claims adjustors had requested to see pieces of the tower that had fallen on her home but the pieces had been destroyed. It had taken her five weeks to get this information. She wondered why they had been destroyed. She suspected someone was trying to hide something. She said she had asked for an open and participatory process in evaluation of possible alternatives for resisting that tower and had received nothing. She had met with General Manager Randy Berggren and City Manager Dennis Taylor in Mr. Taylor's office on June 29 and had been dissatisfied with the meeting. She urged the Board to "do the right thing" and take action to expedite the process and to immediately provide the information she had requested. While she acknowledged that the power line was there before the area was developed, she believed that area residents' lives were endangered by the proximity of the towers. She felt that had she and her family been home when the tower fell they would have been seriously injured or killed in the incident.

Clement Bosch, 469 Covey Lane, President of the Quail Run Homeowners Association, stated that two concrete towers had fallen. He said lives and property were at stake. He related that staff had said the operation of the downed transmission lines must be restored by the end of fall and towers constructed of steel would replace the concrete towers. While he believed the steel was a step in the right direction, he also believed the towers should be relocated. He had been told that the current towers were intended to have a lifetime of 100 years, but they had only lasted 30 years. He pointed out that the other concrete towers were still at that location and three of them could fall on Quail Run homes. He felt it was fortunate that no one was hurt or killed in the tower failure; however, the damage exceeded \$100,000.

Kerry Lancy, 3626 Oxbow Way, explained that she was Ms. Renkert's daughter. She related that she had a weekly family day with her mother and normally on the evening the tower fell they would have gathered in the room that had been crushed. She was thankful her mother had attended a charity event that had prevented their normal gathering. She said the tower fell causing ceiling pieces and roof beams to fall in the living room area. She underscored that EWEB had a responsibility to protect the health of residents and that the citizens were the owners of EWEB.

Donna Nixon, 475 Covey Lane, related that she had been attending a homeless benefit for ShelterCare with Ms. Renkert on the date of the incident. She stated that the living room had been devastated. She had helped Ms. Renkert move things to the garage because it was raining through the hole in the roof. They covered the remainder with tarps. She asked that the replacement pole be placed somewhere else.

Andrew Gottsman, 473 Covey Lane, chair of the Architecture Committee for the Quail Run Homeowners Association, shared pictures of the damage. He reported that EWEB workers were responsive and polite. He said the first crane brought in to remove the pieces had not been large enough. He stressed that the tower had snapped at the base. This caused much worry about the remaining towers. He urged the Board to take quick action.

Matt Svoboda, 492 Covey Lane, echoed the statements of those that preceded him. He said his family lived close to the next tower and if it fell it would fall through his roof. He felt their lives were threatened, as the tower had been rendered unstable after the accident. He declared the cost of moving the towers to be negligible in comparison to human lives.

Michael Carmickle, 1708 Grove Avenue, spoke in support of the International Brotherhood of Electrical Workers (IBEW). He averred that the high wages linemen were paid were the result of the sacrifices those workers made. He stated that Unions made work what it is today. He credited the sacrifices that workers made for the advent of the minimum wage, overtime laws, minimum pay, and breaks among other things. He declared that there were no worker benefits in existence that could be attributed to the generous hearts of employers or politicians. He urged EWEB to recognize its workers contributions to the community.

Jean Schauerman, 1489 McKinley Street, also wished to speak on behalf of the IBEW. She said she was a retired EWEB employee. She was saddened to see that the workers had to go out on strike to be heard. She encouraged the Board to go to binding arbitration and let a neutral person decide. She averred that it did no one any good to have a strike. She underscored that these workers were out at all times of the day and night and in all kinds of weather to keep the power going. She said the reason EWEB could say it had the best power and water was because of its workers. She asked the Board to support them.

Judith Culp, 597 Covey Walk, related that the concrete power pole had fallen over her yard and the cables had lain across her back yard. She had been watching the storm when the pole had fallen only feet from where she stood. The event had terrified her. She added that the workers who removed the debris and restored power were wonderful.

President Bishop observed that there were two issues at the Quail Run area: the damage that happened and the request that the transmission lines be moved. She suggested the Board address the policy issues and the claim. She noted that the staff engineer had included a memorandum in Board packets outlining the incident.

Commissioner Simpson said he had not had the opportunity to read the memorandum in detail as it had been distributed at the meeting. He felt the Board was faced with an important decision and said the testimony from area residents meant a great deal.

President Bishop expressed appreciation to Ms. Renkert for the time and commitment she had put into preparing materials. She requested that staff provide more information to her and in a more timely manner. She said if there was a reason the information was not being given out, staff should share that reason with Ms. Renkert. She acknowledged how upsetting having a tower fall on one's house would be, but she wished to emphasize that EWEB facilities were safe structures. She said the storm that had caused the damage had been of some magnitude and it was difficult to predict such weather events. She stressed that EWEB had a proper protocol for safety inspections.

Additionally, President Bishop expressed appreciation for the testimony from Union supporters. She looked forward to the resumption of bargaining.

APPROVAL OF CONSENT CALENDAR

Minutes

1. Minutes from the October 24, 2005, Budget Work Session, the June 6, 2006, Work Session and Regular Board Meeting.

Business Service Agreements

2. Berry Architects – A & E Services for remodel of Modular Buildings – Facilities Corporate Services Division - \$28,500
3. Energized Substation Maintenance, Inc. – Substation Cleaning and Painting – Electric Division - \$375,000
4. KEMA Inc. – Consulting Services for EMCS Replacement – Information Services – Corporate Services Division - \$78,500

5. OBEC Consulting Engineers – Walterville Fish Return Channel Review – Water Division – \$22,100
6. Schnitzer Steel – Sale of Mixed Scrap Aluminum Wire – Warehouse – Customer and Financial Services \$158,000
7. Water Treatment Chemicals – Water Treatment Chemicals – Hayden Bridge Filtration Plant Water Division - \$400,000

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

ITEMS FROM BOARD MEMBERS

Commissioner Simpson reported that he had attended the Lane Council of Governments (LCOG) meeting held on June 22 in Commissioner Lanning's place.

Commissioner Simpson wished to note that Ken Lay of Enron fame had passed away.

Additionally, Commissioner Simpson related that he had received public comments related to the Union strike and two-thirds of them had been in the Union's favor.

Commissioner Lanning thanked Commissioner Simpson for attending the LCOG meeting in his stead. He announced that the annual planning meeting for LCOG was scheduled for July 26. He asked Commissioners to let him know if there were any issues they wanted LCOG to focus on in the coming year.

Commissioner Lanning had also received feedback regarding the strike and had experienced a similar ratio to the one Commissioner Simpson reported.

President Bishop related that she would be out of the country, leaving on July 19, and would return on August 18.

CORRESPONDENCE

General Manager Randy Berggren reported the following correspondence:

- Copies of a letter from the IBEW had been included in member packets.
- Board members had been given follow-up correspondence from Water Resource and Systems Planner Brad Taylor regarding long-term water supply.
- Senior Rates/Financial Analyst Patty Boyle submitted the rate analysis of miscellaneous fees requested by the Board.

BOARD AGENDAS

Mr. Berggren reviewed the *Board Agenda Report* dated July 5, 2006. He noted that the July 18 meeting would be held in Vida, Oregon.

FUTURE GENERAL MANAGER REPLACEMENT PROCESS

Human Resource Manager Jean Meyer reported that she had contacted the American Public Power Association (APPA) twice in order to gather data for General Manager hiring and salary and had not heard back from them. She had reviewed the City of Eugene City Manager hiring process. She recommended that a working group be formed to define the interim general manager process. She said three power entities were looking for a general manager at present and thought they could be used as resources. She also had been researching search firms and it seemed the same three names kept coming up: Waters Oldani out of Washington, Carl Mycoff out of Colorado, and Dave Little out of Colorado. There was also a recommendation for Linda Paul out of New Jersey and Mary Wilson out of Illinois, but they had less of a reputation than the other three. She provided a power point presentation entitled *Future General Manager Replacement Process*. She estimated the process to take just under a year.

Commissioner Lanning supported moving forward with a subcommittee. He agreed with the suggestion that information from the Boards of the utilities looking for general managers be used.

Commissioner Farmer volunteered to serve on the working group. He thought it made sense to have two people listening when they contacted other Boards and that the information garnered from these interactions be quickly reduced to a written report in order to preserve it.

Commissioner Farmer said he would provide the names and phone numbers of the instructors of several of the classes on the topic of general manager succession to staff. Ms. Meyers responded that she would appreciate that.

Commissioner Farmer thought it would make sense to talk to the Springfield Utility Board (SUB) given that it had recently hired a new general manager.

Continuing, Commissioner Farmer recommended having a back-up plan, such as moving on to a "number two person," in case an agreement could not be reached with the first choice candidate so that EWEB would not have to go through the whole process again. He preferred to identify a list of potential candidates early on in the process. He felt the most important thing the Board could do would be to prioritize the items of importance in a candidate. He thought a work session to determine this prioritization was crucial.

President Bishop appreciated Ms. Meyer's work. She said her main goal was to see how much they could accomplish before the Board was at the point of needing to hire a new general manager. She added that one thing EWEB should find out from the other Boards that were hiring a new general manager was whether the Board should be more interested in promoting from within or in hiring from the outside.

Ms. Meyer noted that SUB was the only utility she knew that had promoted a general manager from within.

Commissioner Farmer reiterated that the Board should thoroughly think through the process before it initiated the search for a new candidate.

President Bishop thought there was great value in taking full advantage of the organization. She felt promoting from within to be a viable option.

Vice President Menegat said EWEB needed to get a system in place for the search and needed to be prepared in case an internal candidate was not interested.

Commissioner Lanning said he was interested in serving on the work group but had to conclude other work first. He said he could start in September.

Commissioner Simpson offered to serve on the working group until Commissioner Lanning was available.

Ms. Meyer said she would send out a schedule of meetings to the Board.

Assistant to the General Manager Debra Smith noted that it would require a resolution to form a work group. She added that this could be included in a Consent Calendar.

President Bishop called for a five-minute break.

RIVERFRONT SITE PLANNING PROJECT

Real Property Manager Mark Oberle provided a power point presentation on the *Riverfront Site Planning Project*. He said the City had a very elaborate idea of how the planning process should go but EWEB had planned to conduct a more minimalist approach with a very high level conceptual plan containing only enough detail to designate zoning and lot line adjustments.

Commissioner Farmer asked if any of the work would be required in order to sell the property. Mr. Oberle replied that it was not required to sell it, but it was required in order to amend the Metropolitan Plan (Metro Plan). He said the land could be sold with its current zoning, but it would garner a lower selling price as it would with a zone change.

Mr. Oberle said that after talking with the City it appeared that EWEB's minimalist approach would not be adequate, that EWEB would have to be more elaborate in its planning.

In response to a question from President Bishop, Mr. Oberle stated that when staff had met with the City representatives they had made it clear that in order to meet land use code criteria in the Downtown Plan and in the Eugene City Code specific design elements would be required.

President Bishop remarked that she had heard from City Councilors that these things were not to be interpreted literally.

Commissioner Farmer asked if a Metro Plan amendment would involve more than the City. Mr. Oberle was unsure. He said this did not speak of moving boundaries in any way so he did not think it would go beyond the City of Eugene.

Mr. Oberle reviewed the risks in the planning process. He said staff was proposing to start with a two-step approach: a conceptual plan intended to lay out the direction staff and the Board thought this should go and then once the conceptual plan was agreed upon a partner developer would be brought in.

Commissioner Simpson asked when the decision had been made to retain the building at 4th Avenue and High Street. Mr. Oberle replied that the decision had not been made. Commissioner Simpson averred that he did not want it to be assumed that the building would be retained without a discussion at the Board level.

Commissioner Farmer asked if the conceptual master plan was what staff had in mind before the City indicated it wanted a greater level of detail. Mr. Oberle responded that it essentially was.

Commissioner Farmer commented that when the master plan became more detailed, it seemed that this would be the point at which the request for a seller had gone out or that EWEB would have a seller in mind. He observed that the other side of the coin from not going through a planning process and zone change and selling the land for less money was that the more work done on the conceptual master plan process could potentially reduce the number of people who were willing to bid on the property as it would limit what they could or could not do on the property.

Mr. Oberle agreed that EWEB needed to be careful not to put much more in the plan than was already embodied in the downtown plan and the City code. He thought the conceptual plan should be used to help shape what was coming out of the code. He said EWEB would want to participate in the conceptual plan because it was going to have neighbors and it should want to help shape what that would look like.

Commissioner Farmer felt one challenge EWEB faced was that the existing criterion was not necessarily compatible with its goals.

Mr. Oberle thought the City would show some flexibility with setbacks on this site because it would be a redevelopment site and was not a "Greenfield."

Mr. Oberle felt the planning would be an iterative process with staff bringing drafts to the Board for consideration and also gaining public input on the plan. He said it was key to get the City very early on in the process to either commit to an interest in the property or that they were not interested in it given that the City had first right of refusal.

In response to a question from Commissioner Farmer, Mr. Oberle stated that short of a conceptual plan that gave the City some level of comfort about what would happen on the property, he did not think the City would relinquish claim to it.

President Bishop thought that the Board should work more directly with the City Council if possible. She recommended that EWEB bring the City in on the planning earlier rather than later.

Mr. Oberle concurred. He said it would make sense, once the process was agreed to, to go out to the community with the Board's Speakers Bureau and to talk to different interest groups about the process and where they can weigh in. He observed that the sooner EWEB gained allies as opposed to opponents, the better off EWEB would be.

Commissioner Farmer expressed frustration at not knowing how to manage whether or not the City would want the property. He thought if the City really wanted the property it should undertake this planning process.

Commissioner Farmer also encouraged staff to engage the public sooner than later. He observed that nothing was accomplished in this City without a public process.

Vice President Menegat asked what the final conceptual master plan would look like. Mr. Oberle replied that EWEB employed a couple of graphic artists and they would generate the drawings for it.

Vice President Menegat recalled that when Arlie and Company had shown an interest in the property, the company had drawn a "nice picture" of its proposal for high density condominiums and commercial property. He remembered that "everyone signed off on it." He added that he felt EWEB needed to move to a point at which it discussed the value of the property.

Mr. Oberle said one thing that needed to be considered was whether EWEB would sell the property as is or demolish the buildings prior to selling it and related questions.

Commissioner Farmer reiterated his concern regarding whether the City wanted the property. He felt that if the City did want the property and was not willing to pay fair market price, it could put the whole Roosevelt Building Project in jeopardy.

Mr. Oberle reminded the Board that if the process became onerous EWEB would likely sit on the property.

President Bishop did not believe it would jeopardize the project so much as it would prolong the duration of EWEB's debt and affect rates.

Mr. Oberle stated that the process would start when EWEB declared the property to be surplus. The City would have 30 days to indicate an interest in it followed by five years to act upon this interest.

President Bishop asked what the first step would be. Mr. Oberle replied that staff hoped to have a first draft of the plan to present to the Board in October.

Commissioner Farmer asked if this planning process had been used in other places. Mr. Oberle responded that he had asked that question and had not been given a specific response.

Commissioner Farmer observed that the goals did not include bringing EWEB a financial benefit through the sale. Mr. Oberle pointed out that there was a stated goal of maximizing the value of the property in addition to protecting the riparian zones and minimizing the impact to it.

Commissioner Farmer was a little leery of the sales process. He asked that staff look into whether this type of land use planning for a utility had been done in another community.

Vice President Menegat asked if the goals and objectives adopted by an earlier Board had been based on a plan to vacate the site. Mr. Oberle replied that the last process had been focused on what the site would look like if EWEB chose to stay on it and this was not exactly the same question as the one before the Board.

Vice President Menegat commented that the riparian edge had been degraded with the bicycle path and riprap. He did not see it as being a primary or major criterion that EWEB was dealing with at present, rather it seemed the focus was to gain the best value from the property. He was looking to the last plan and he was not satisfied with the goals that were listed.

Mr. Berggren suggested that this item be brought before the Board again at a future meeting. Mr. Oberle added that maybe those goals and objectives were not as necessary as they used to be and also they might not be part of the results of this process.

In closing, President Bishop thanked staff for all of their work and stated that she looked forward to resolving the labor issues and getting everyone back to work.

Regular Board Meeting
July 5, 2006
Page 10

ITEMS REMOVED FROM THE CONSENT CALENDAR

There were no items removed from the Consent Calendar.

President Bishop adjourned the meeting at 9:39 p.m.

Assistant Secretary

President