

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

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

Others present: Randy Berggren, Dick Varner, Tom Buckhouse, Debra Smith, Jim Maloney, Jim Origliosso, Jason Heuser, Dick Helgeson, Deborrah Brewer, Ken Beeson, Jim Wiley, Mat Northway, Tom Williams, Brenda Sirois, Roseanna McArthur, Jay Bozievich, and Krista Hince of the EWEB staff; Kimberly Young, City of Eugene minutes recorder, and members of the public.

Because President Bishop had to leave the meeting early, Vice President Menegat convened the Regular Meeting of the Eugene Water & Electric Board (EWEB).

AGENDA CHECK

Vice President Menegat determined there were no changes to the agenda

PUBLIC INPUT

There was no one wishing to offer public input.

APPROVAL OF CONSENT CALENDAR

Minutes

1. Minutes of the July 5, 2006, Work Session, and the August 17, 2006, Budget Work Session.

Business Service Agreements

2. Aramark Uniform Services - Uniform Rental & Laundry Services - Facilities Services - Corporate Services Division - \$116,990
3. Braittain International Trucks, Inc.- International Parts and Service - Shop Facilities - Corporate Services Division - \$750,000
4. Morris P. Kielty General Contractor, Inc. - Crew & Administration Modular Buildings Reconstruction & Renovation - Facilities Section - Corporate Services Division - \$272,418
5. RW Beck, Inc. - Carmen Smith/Smith Ridge Communications - Electric Division - \$52,900
6. SBIW - Smith Creek Turbine Replacements - Electric Division - \$682,730
7. TEREX Utilities West - Parts, Service, Rental - Shop Facilities - Corporate Services Division - \$750,000

Commissioner Simpson, seconded by Commissioner Farmer, moved to approve the items on the Consent Calendar. The motion passed unanimously.

ITEMS FROM BOARD MEMBERS

Commissioner Simpson reported that he had attended a recent Friendly Area Neighbors (FAN) meeting to discuss EWEB's five-year capital plans for the water and electric utilities and the College Hill Reservoir. He said staff had helped craft responses to the questions that had been asked. He noted he was scheduled to attend the Northwest Energy Coalition's conference on December 1-2.

Commissioner Farmer reported that he met with the Highlanders Neighborhood Association to discuss issues related to Quail Run. He thought the issues were satisfactorily resolved, and said he offered to work with them on their concerns in an interactive dialogue.

President Bishop said that a Building Advisory Team meeting occurred on November 1 and the work group had a good exchange of ideas.

President Bishop noted her recent attendance at a water conference in Portland and said the contents were interesting and she would share what she had learned with staff.

President Bishop noted the upcoming American Water Symposium on December 14 in Salem and encouraged other Commissioners to attend.

Commissioner Lanning asked Commissioners to contact him with the names of any worthy local elected officials or public volunteers they were interested in nominating for recognition by the Lane Council of Governments at its annual recognition dinner in January 2007.

CORRESPONDENCE

General Manager Randy Berggren announced the upcoming EWEB holiday party, scheduled for 6:30 p.m. on December 1 at Valley River Center.

Mr. Berggren called attention to the correspondence received by the Commissioners, included in the meeting packet.

BOARD AGENDAS

Mr. Berggren previewed upcoming Board agendas.

FLEET POLICY DISCUSSION

Corporate Division Director Roseanna McArthur joined the Commissioners and invited questions about the organization's Fleet Policy.

President Bishop was embarrassed that EWEB lacked a fleet policy but the City of Eugene had one. She did not know exactly what it said, but she thought EWEB needed a similar policy. She speculated that the City's policy was designed to move that organization toward alternative fuels and hybrid vehicles. She asked staff to look at the policies of other utilities and cities and to develop a policy for EWEB. President Bishop's goal was to reduce EWEB's carbon emissions.

Ms. McArthur briefly noted EWEB's moves toward greater fuel efficiency and hybrid vehicles as well as its establishment of a vehicle replacement program. She emphasized the age of EWEB's vehicles, which hampered the organization's ability to move toward biofuels. As the fleet was replaced, the organization would move toward greater use of biofuels.

Mr. Berggren indicated that staff would prepare a background memorandum of past and current practices to inform a broader Board discussion of the subject.

Commissioner Farmer questioned why the Board would have a Board policy for what was essentially an operational issue. He referred the Commissioners to their legacy and mission statement, which spoke to the issues of sustainability and the environment, which presumably guided staff.

Commissioner Simpson expressed interest in hearing progress reports on how EWEB was meeting its fleet goals.

Ms. McArthur emphasized that staff's choices did reflect the Board's legacy. She expressed willingness to draft a policy that reflected the legacy.

Speaking to Commissioner Farmer's comments, President Bishop said she did not want to micro-manage the organization, but she thought that people were unaware of what EWEB was doing and she perceived a Board policy as a way of making a public statement.

Commissioner Farmer expressed support for a comprehensive biennial report on what EWEB was doing to inform the public.

President Bishop left the meeting for the evening.

THIRD QUARTER 2006 BUDGET AND FINANCIAL PERFORMANCE.

Assistant Treasurer Cathy Bloom provided a PowerPoint presentation entitled *Third Quarter Financial Statements*, which included current information about the electric and water utilities work cash, cash reserves, net operating revenues, total sales, net revenues, and the capital budgets. She highlighted the transfer of \$7.2 million in pension reserves at the end of the month, the upcoming auditors' visit, and the payoff of 1996 bonds on December 1.

Ms. Bloom solicited questions.

Responding to a question from Commissioner Farmer regarding what it would take to raise the bond rating, Mr. Berggren believed that fully funded reserves and a good water year might convince the bond agencies to raise EWEB's bond rating. Mr. Varner believed EWEB was two to three years away from a higher bond rate.

THIRD QUARTER MANAGER GOAL STATUS

Mr. Berggren called attention to the materials related to the agenda item in the meeting packet. He reviewed progress on the operational performance measures (OPMs) and noted those tracking worse than the set target as well as those tracking better than the targets. He then reviewed progress on the non-OPM items.

Commissioner Simpson observed that the Board had seen poorly performing OPMs several times in a row and questioned whether the targets were wrong. Mr. Berggren did not think the targets were wrong but they were high and he thought that progress should be considered in that context. Commissioner Simpson suggested the possibility of modifying the targets to be more realistic. Mr. Berggren conceded that might be a possibility. He emphasized the value of the OPMs in helping EWEB be flexible and open while also helping to identify trends and long-term issues for an immediate response. He cited safety as an issue that was improved by the use of the OPMs. Mr. Berggren said the power of focusing on measurements was to help facilitate the utility's ability to manage variations in operations over the long-term.

2007 MANAGER GOAL DEVELOPMENT

Mr. Berggren called attention to four focus areas laid out in a memorandum entitled *General Manager's Goals for 2007* that he considered opportunity areas deserving of more discussion. They included the Carmen Smith relicensing, City of Eugene relationship, long-term water funding strategy, and long-term water supply plan. He anticipated the commission would brainstorm ideas now and staff would return on November 21 for more discussion. Assistant to the General Manager Debra Smith said that once initiative areas had been identified, staff could work on action steps relative to the manager's goals for the Board's review.

Ms. Smith reviewed the goals, identifying which were carried over and which were new.

Commissioner Simpson thought the framework laid out by staff was a good start and it captured the Board's prior conversations.

Commissioner Farmer said he wanted a small number of simple goals. He perceived the ones identified by the General Manager as belonging to the entire organization that could be delegated by the manager to other employees. He believed it was crucial for the organization to focus on Carmen

Smith, but pointed out the issue had a lot of leadership and it would happen. He wanted the Manager to focus his time on the fish ladder issue, as he perceived it the most crucial issue for 2007 from many perspectives. That would be his goal for the manager for 2007. Regarding the City of Eugene relationship, he said that could be a public relations staff initiative or a Board initiative. He suggested the manager focus on making sure the organization had the right relationships to resolve the property issue.

Another area of concern for Commissioner Farmer was labor relations as he suspected an initiative could be the result of the recent labor dispute.

Regarding the issue of customer service, Commissioner Farmer believed a perception had developed in the community that EWEB was not as user friendly as it should be. That might be unfair, but it should be addressed.

In regard to the long-term water-funding plan, Commissioner Farmer perceived that as a staff responsibility. He thought there was good leadership for the long-term water supply plan and did not know what goals he would establish in that area for the manager.

Commissioner Farmer requested a matrix be prepared for Mr. Berggren similar to that reviewed by Ms. Smith. Other Commissioners had no objection.

Commissioner Simpson thought the relationship with the City of Eugene could not be handed off to public relations staff, as it was a high level political connection that required one-on-one relationships. Staff would be needed, but there was a certain level of political activity staff could not be expected to do. He wanted Mr. Berggren to keep working with City Manager Dennis Taylor and wanted the Council to be kept informed of what EWEB was doing. Mr. Berggren perceived his role in that area as being that of a strategic catalyst. He agreed that the Board's relationship with the Council was the most important relationship. Commissioner Simpson indicated he had some ideas for a two-part initiative in this goal area he would share with Mr. Berggren.

Other Commissioners supported Commissioner Farmer's suggestion for a matrix focused on Mr. Berggren.

Vice President Menegat believed that Mr. Berggren was doing all he could in regard to the organization's relationship with the City of Eugene and he did not want to see that listed as a goal for the manager as Mr. Berggren was limited in what he could do given the fact two elected bodies were involved.

Saying "not all goals are created equal," Commissioner Farmer suggested that the Board and Mr. Berggren consider which were the most important with the goal of prioritizing them.

BSA FOR WARD-HENSHAW CONSTRUCTION CO, INC.

Water & Steam Division Director Tom Buckhouse requested Board approval of a contract with Ward-Henshaw for repairs to the City View Reservoir.

Responding to a question from Commissioner Farmer, Mr. Buckhouse said that the project would take several months to complete. Staff had worked with the City of Eugene and the neighbors on the plan, and would use nearby reservoirs to meet the demand currently satisfied by the City View Reservoir.

Commissioner Simpson asked about refurbishment for the other reservoirs. Mr. Buckhouse indicated that all nine were in the capital plan and the project in question would help staff in determining the scheduling for the remaining reservoirs. Mr. Berggren added that staff also needed to resolve some capital funding issues. Responding to a follow-up question from Commissioner Farmer, Mr. Buckhouse said that the reservoir had no fence.

Commissioner Simpson, seconded by Commissioner Farmer, moved to approve the award of a contract with Ward-Henshaw Construction for the repair of the City View 975 Reservoir. The motion passed unanimously, 4:0.

ITEMS REMOVED FROM THE CONSENT CALENDAR

There were no items removed from the Consent Calendar.

Vice President Menegat adjourned the meeting at 8:48 p.m.

Assistant Secretary

President