

EUGENE WATER & ELECTRIC BOARD/EUGENE CITY COUNCIL
SPECIAL JOINT MEETING
500 EAST 4TH AVENUE—EUGENE, OREGON
NOVEMBER 15, 2006
12:15 P.M.

EWEB Commissioners present: Sandra Bishop, President; Mel Menegat, Vice President; John Simpson, Ron Farmer, Commissioners. Commissioner Patrick Lanning was excused.

Eugene City Council Members present: Mayor Kitty Piercy, Jennifer Solomon, Andrea Ortiz, Betty Taylor, David Kelly, Bonny Bettman, Gary Papé, George Poling, and Chris Pryor.

Others present: Randy Berggren, Debra Smith, Deborrah Brewer, Marty Douglass, Ken Beeson, Dick Varner, Jim Origliosso, and Krista Hince of the EWEB staff; City Manager Dennis Taylor, Assistant City Manager Jim Carlson, Planning Director Susan Muir, Council Coordinator Lynda Rose, Kimberly Young, minutes recorder for the City of Eugene; and member of the public.

Prior to assembling in the Training Center in the Eugene Water & Electric Board (EWEB), Councilors, Commissioners, EWEB staff, City staff, representatives of the press, and members of the public were conducted on a tour of the EWEB buildings that housed the electric and water utility operations, EWEB yards, and steam plant by EWEB staff member Ken Beeson.

WELCOME

Her Honor Mayor Kitty Piercy called the meeting of the Eugene City Council to order.

President Sandra Bishop called the meeting of the Eugene Water & Electric Board (EWEB) of Commissioners to order. She introduced the other EWEB Commissioners and EWEB Commissioner-elect John Brown, noting the absence of Commissioner Patrick Lanning.

OVERVIEW OF PRESENTATION

EWEB General Manager Randy Berggren introduced the topic of discussion. He said the EWEB Commissioners had been through a very deliberative process to reach the conclusion that EWEB needed to move and upgrade its operational facilities from the current site. The Commissioners also believed that the current site had the opportunity to be used for a higher and better use than it was currently in. Mr. Berggren said the issues remaining to be addressed by the Commissioners were largely related to the economic feasibility of making the move, and the future of the current site was an issue because EWEB would need the revenues the sale of the site generated to accomplish the move. The Board would have to decide if the revenues realized from the property were sufficient in the February-March 2007 time period. Mr. Berggren said that EWEB was also facing the issue of cost escalation and staff was working with its contractors to bring costs in line with the original estimates, but there was no assurance that could occur.

OVERVIEW OF ROOSEVELT PROJECT SCHEDULE

Ken Beeson, EWEB's Resource Project Manager, provided an overview of the Roosevelt Project using an aerial photograph of the site and a site plan. He emphasized the principles of performance, sustainability, and economy, and anticipated that the building designed for the site would be LEED (Leadership in Energy and Environmental Design) certified. He overviewed the tentative project schedule, suggesting that the two-year construction period could begin in 2007 if all went well, realizing savings. Mr. Beeson said staff was working to finalize the project design and in March-April 2007 would have final project estimates to include in a bond measure for consideration by the Board and ultimately, the City Council. He said the Uniform Revenue Bond Act (URBA) process would be required if EWEB was to move forward in 2007.

Mayor Piercy expressed pride in EWEB and the work it did on behalf of the community. She encouraged more joint meetings between the Commissioners and the Councilors. President Bishop concurred.

President Bishop noted upcoming Board meetings at which the project would be discussed.

EUGENE CITY COUNCIL DISCUSSION

Mayor Piercy called on the Council for comments and questions.

Mr. Kelly recognized the challenge that EWEB faced in master planning for the site under the constraints of the Downtown Plan, but emphasized the importance of the site to the plan. He hoped that the City and EWEB could work together to make the master planning process short and useful. He suggested that EWEB consider working with the City cooperatively on a Request for Information (RFI) or Request for Proposals (RFP) to gauge the degree of interest from the development community and gather ideas to inform the master plan.

Mr. Kelly urged the EWEB Commissioners to consider the potential of providing wireless service to the community. He believed that EWEB was a logical provider for such a service, which he considered a strong economic development tool.

Mr. Papé hoped the Commissioners and Council could meet more often in the future. He endorsed a suggestion from resident Bob Cassidy that the Board and Council form a committee composed of two members of each body.

Responding to a concern expressed by Mr. Papé about the potential EWEB might truck fish rather than install at fish ladder at Trail Bridge Reservoir, Mr. Berggren said that all at EWEB recognized the importance of a fish ladder. EWEB had committed to the regulatory agencies to look aggressively at options for a fish ladder. EWEB was in the process of bringing on an independent engineer to work with its consulting engineers to develop effective fish ladder alternatives that would be acceptable to the Federal Energy Regulatory Commission (FERC) from a safety

perspective. He hoped to have those recommendations by January 1, 2007. However, EWEB had to submit a placeholder in its final license application, which was due by November 30, and the trap and haul alternative was included as a placeholder with the intent of further examination.

Ms. Bettman said that the Downtown Plan contained strong language in regard to the EWEB site because of the concerns of the Councilors and Planning Commissioners who worked on the document. The City considered the site a major community asset and the council did not want to be in a position where it had no influence over what happened on the site. She was concerned to read that EWEB was moving forward to pursue an amendment to the Eugene-Springfield Metropolitan General Area Plan (Metro Plan) and a zone change for the property. She understood wanting to maximize the value of the property, but maintained that if that was the case, EWEB was, contrary to its statements, in the business of land use planning. Ms. Bettman said the City as required by the Downtown Plan must approve the master plan. She did not think that was optional. Ms. Bettman hoped to hear more discussion about that. She suggested that EWEB might want to think about contracting for someone to do the master plan similar to its work on the Roosevelt property.

President Bishop clarified that when EWEB used the term “master planning” in its documents, it was referring to something less specific and more generic than Ms. Bettman was discussing. The Board had not realized it was a legal or technical term for the City. She thanked Ms. Bettman for raising the issue, and assured her that EWEB had not reached the master planning stage. Mr. Berggren concurred, saying there was no intent to go around the City. He was not sure that EWEB staff had the technical understanding of the terminology involved. When the Board discussed the site and the potential of selling it, it had agreed it would be useful to issue an RFI and contract with a developer to help EWEB and the City determine what the master plan could be. Mr. Berggren said that at the present time, the issue that was most cloudy for the Board was the degree of interest the City had in the property. He said if the City was to purchase the property, it made little sense for EWEB to do the master planning needed. However, it was EWEB’s intent to do what needed to be done and to work cooperatively with the City.

Mr. Kelly emphasized the City’s interest in the property but though it was difficult to know the degree of that interest without knowing the price of the property. He thought further discussion was warranted, but suggested the discussion would be very different if there was a \$20 million carrying cost as opposed to a \$1 million carrying cost until resale.

Ms. Bettman said the carrying costs were a concern for her as well. A Metro Plan amendment and zone change would result in a “windfall” for EWEB in regard to the value of the property. She questioned if the City would acquire the property before those changes occurred and if any of the benefit would accrue to the City.

Mr. Berggren agreed more discussion was needed.

Mr. Papé agreed on the need for more discussion but believed that the Council needed more information about the timing of the sale and the price. Mr. Berggren noted EWEB's hope to have more information by March 2007, but he was unsure the information would be available by then.

Responding to a question from Mr. Papé about the location of the administration building, Mr. Beeson said that space had been reserved for the building between the operations building and employee parking. Responding to a follow-up question from Ms. Taylor regarding the possibility EWEB's administrative functions would be moved, Mr. Berggren said that EWEB made provision for that if it became appropriate at sometime in the future.

Mr. Papé noted the City's interest in purchasing, at minimum, property along the river on the existing site.

Ms. Taylor determined from Assistant City Manager Jim Carlson that the Riverfront Research District contained approximately \$90,000 and it was all tied up in the proposed east side parking structure.

Ms. Taylor wanted to buy the EWEB property because the community would then be involved, through their Council representatives, in what was done with the property.

President Bishop spoke to the issue of where the benefit would accrue from a designation and zone change, saying that the Board had discussed whether to take those steps or simply move the industrial use off the site and dispose of the property. She suggested that the Council and Board keep in mind the fact that EWEB's customers and the Council's constituents were the same people, and the two bodies needed to work closely together to determine how to benefit them. EWEB needed to realize the money from the sale of the property is to pay down the bonds and make the Roosevelt project work. If EWEB could not do that, it called into question whether EWEB had the ability to move. She suggested the two bodies had the same vision and goals but the Board needed to focus on the needs of the utility.

Mayor Piercy believed that the two bodies needed to consider how best to use the land for the betterment of the community while recognizing the responsibility the Board had to the ratepayers. She wanted a meaningful discussion that put all the issues in perspective.

Ms. Bettman said that if EWEB wanted to know if the City was interested in buying the property, bring us an offer and communicate that to the City, as well as its interest in any subsidies, which she was not assuming at this point. Mr. Berggren clarified that to this point, the Board had not discussed price, only the process.

Commissioner Farmer said the bottom line for EWEB was money. EWEB was talking about breaking ground in June 2007, but unless EWEB could sell the site for a figure that reflected the type of development envisioned in the Downtown Plan, the numbers would not work and that would not

occur. The default position for EWEB was that it remained on the current site and redeveloped it, which neither body would be happy about.

President Bishop questioned what was meant by Ms. Bettman's reference to a "windfall" for EWEB in relationship to the zone change proposal. She had never thought of a legitimate request for a zone change made within the planning parameters as a windfall. She said that she had never conceived of asking the City for a subsidy, either.

Mr. Kelly said that the EWEB parcel was a really exciting parcel of land with a lot of potential. He believed that in spite of the fact the two entities were political bodies, EWEB and the City could rise to the challenges of a tight time line. He said if getting together was a priority it would get scheduled. He thought that both EWEB and the City could rely on the community's good will as an asset, and encouraged the staff of the two agencies to get together to discuss different scenarios and potential questions surrounding the future of the property. He suggested that a City subsidy could come in the form of expedited permit processes, for example, or favorable financing terms. He called on the two bodies to get creative.

President Bishop thanked the City Councilors and EWEB Commissioners for their participation in the discussion and thanked staff for its contribution.

ADJOURN

The joint meeting of EWEB and the Eugene City Council adjourned at 1:34 p.m.

Assistant Secretary

President