

EUGENE WATER & ELECTRIC BOARD  
REGULAR BOARD MEETING  
EWEB BOARD ROOM  
JANUARY 2, 2007  
7:30 P.M.

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

Others present: Randy Berggren, Dick Varner, Tom Buckhouse, Debra Smith, Jim Origliosso, Jim Wiley, Marty Douglass, Terry Bequette, John Mitchell, and Krista Hince of the EWEB staff; Ruth Atcherson, City of Eugene minutes recorder; and members of the public.

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

#### **AGENDA CHECK**

Vice President Menegat determined that there were no changes to the agenda.

#### **PUBLIC INPUT**

**Dan Brian**, senior minister of the First Christian Church, submitted his testimony in writing. He noted he had also sent an email to the Board. He provided a graph delineating the dramatic increase the church had experienced in its heating bill since its meter had been rebuilt. He underscored that the rate had more than quadrupled. He said the congregation was understandably panicked by the increase. He noted that the church was used for community events and because the rental rates were based on the past utility bills the church was losing approximately \$500 for every event. He acknowledged that the church had to pay for its usage and wondered how the situation should be addressed.

General Manager Randy Berggren stated that staff would take the meter in and have it bench tested to determine that it was working correctly.

Commissioner Simpson asked if EWEB had an existing policy for when this happened for electricity and water customers. Mr. Berggren offered to look to see if there were precedents.

Mr. Berggren noted that there were four more meters that would be replaced among the steam customers in the next couple weeks. He said staff intended to monitor the increase the new meters were causing and then to conduct a comparison with rates to determine if the rates were correct according to the figures the new meters were generating.

## **APPROVAL OF CONSENT CALENDAR**

### **Ratification Of Board Consultants For 2007**

#### **1. Ratification of Board Consultants for 2007**

- 1.1 General Counsel – Calkins & Calkins
- 1.2 Independent Auditor (required by Carmen-Smith Bond Resolution) – Moss & Adams
- 1.3 Independent Engineer (required by Carmen-Smith Bond Resolution) – Black & Veatch
- 1.4 Consulting Engineer (required by Trojan Bond Resolution) – Black & Veatch
- 1.5 Certified Public Accountant (required by Trojan Bond Resolution) – Moss & Adams
- 1.6 Special Counsel – Cable Huston Benedict Haagensen & Lloyd LLP
- 1.7 Bond Counsel – Nixon Peabody
- \*1.8 Financial Consultant – Seattle Northwest
- 1.9 Consulting Actuaries – Clark Consulting

### **Ratification Of Retained Professionals For 2007**

#### **2. Retained Professionals and Attorneys for 2007**

- 2.1 Jim Deason, Attorney at Law – Power Risk Counsel
- \*2.2 Harrang, Long, Gary, and Rudnick – Human Resources Counsel
- 2.3 Mersereau and Shannon – Bond Disclosure Counsel

**\* = Recommends not renewing services with the firm for 2007 at this time.**

### **Business Service Agreements**

3. Alternative Work Concepts – Clerical Services – Office Systems – Corporate Services - \$39,475
4. Brattain International Trucks, Inc. – Two New 10-Yard International Dump Trucks – Shop Facilities – Corporate Services - \$255,966 for both
5. The Ullum Group and Cappelli Miles (Spring) – Communications Services – Public Affairs – General Manager’s Division – 950,000

Mr. Berggren clarified the Consent Calendar. He explained that the two items marked with an asterisk were not recommended for adoption. He suggested either pulling the two or making the motion state that the Consent Calendar was approved with staff recommendations.

Commissioner Farmer pulled Item 5 (The Ullum Group and Cappelli Miles).

Commissioner Lanning suggested pulling 1.8 and 2.2 per Mr. Berggren’s suggestion.

Vice President Menegat preferred to adopt the Consent Calendar with staff recommended changes.

Commissioner Simpson, seconded by Commissioner Lanning, moved to adopt the Consent Calendar with the exception of Item 5 (The Ullum Group and Cappelli Miles) and with the

understanding that Items 1.8 (Seattle Northwest, Financial Consultant and 2.2 (Harrang, Long, Gary and Rudnick, Human Resources Counsel) were not recommended.

Commissioner Farmer said he did not have enough information regarding the recommendations for consultants. Mr. Berggren explained that the financial consultant EWEB had worked with had left Seattle Northwest and staff had recommended that EWEB go out for a request for proposal (RFP) to see what was available in regard to those services. As for the legal consultant, Mr. Berggren noted that there had been some unhappiness with the utility's legal position pertaining to bargaining, but in fact past practice had been to go out for an RFP every five years and it had been ten years since EWEB had last done so in this regard.

The motion passed unanimously, 5:0.

#### **ITEMS FROM BOARD MEMBERS**

Commissioner Simpson noted that he had received a Christmas card in his packet that was dated 20 days earlier. He suggested that mailboxes be set up for Commissioners to pick up mail as it arrived.

Commissioner Brown apologized in advance as he was likely to leave the meeting early due to his recent orthopedic surgery.

Vice President Menegat said he might have a conflict of interest regarding the steam rates for the First Christian Church as he was a member of that congregation.

Commissioner Lanning welcomed Commissioner Brown to the Board.

#### **CORRESPONDENCE**

General Manager Randy Berggren reported that EWEB had received a favorable determination from the Lane County Court on December 22, 2006, relative to the validity of its contract with the California Department of Water Resources and the California Energy Resources Scheduling Division.

#### **BOARD AGENDAS**

Mr. Berggren reviewed the *Eugene Water & Electric Board Agenda Report* dated January 2, 2007. He had noted Commissioner Simpson's desire to have a discussion on mailboxes and asked if there was majority Board support for doing so.

Commissioner Lanning wondered if the possibility of having correspondence for the Board be available through the General Manager's secretary as had been discussed.

Commissioner Simpson said having mailboxes would allow the Commissioners to take responsibility for their mail.

Commissioner Brown asked what the current protocol was. Commissioner Farmer replied that Board packets were hand-delivered by courier.

Vice President Menegat indicated that he was comfortable with the current practice.

Commissioner Lanning suggested moving Agenda Item 11 to the meeting of January 16 as it was likely that Commissioner Brown would not be able to stay for the meeting until that point in the agenda. The Board was amenable to that change.

#### **ELECTION OF OFFICERS FOR 2007**

Commissioner Lanning, seconded by Commissioner Farmer, moved to elect Vice President Menegat to the position of Board President. The motion passed 4:0:1; Vice President Menegat abstained.

Commissioner Farmer, seconded by Commissioner Lanning, moved to elect Commissioner Simpson to the position of Board Vice President. The motion passed unanimously, 5:0.

#### **APPOINTMENT OF COMMISSIONERS TO BOARD LIAISON ASSIGNMENTS AND COMMITTEES**

Vice President Simpson nominated the following Commissioners to serve in the following liaison and committee assignments:

- Commissioner Lanning – **Lane Council of Governments**; President Menegat serving as alternate;
- President Menegat – **Western Generation Agency Board of Directors**;
- Commissioner Farmer – **EWEB representative to the Northwest Energy Coalition**; Vice President Simpson serving as alternate;
- Vice President Simpson – Liaison for the **McKenzie Watershed Council**; Commissioner Brown serving as alternate;
- Commissioner Lanning – **Liaison to the special water districts**;
- President Menegat and Commissioner Simpson – Continuing to serve as the General Manager **Performance Evaluation Committee**;
- Commissioner Brown – **Liaison for municipal water right issues**; Commissioner Farmer serving as alternate;
- Commissioner Brown and President Menegat – **Liaisons to the Building Advisory Team**;

- Commissioners Lanning and Farmer – Continuing to serve on the **temporary Committee for Recruitment of the General Manager.**

Commissioner Farmer provided the second.

President Menegat said it was necessary for the Board to authorize the parties that represented EWEB at the Western Generation Agency (WGA). He added that this item would appear on the Consent Calendar for the next meeting.

In response to a question from Vice President Simpson, Mr. Berggren affirmed that Cathy Bloom and Ken Beeson would continue to be staff representatives to the WGA.

The motion passed unanimously, 5:0.

Commissioner Brown left the meeting.

## **BYLAWS REVIEW**

Mr. Berggren stated that EWEB was required under the Bylaws to review them within 90 days of the time new Commissioners were sworn in.

In response to a question from Vice President Simpson, Mr. Berggren said he had sent an inquiry to EWEB General Counsel Win Calkins regarding when Board terms ended and began but had yet to receive a response. He believed the terms ended at midnight on December 31.

Vice President Simpson asked what the Board would do if there were only two Commissioners seated at that time. Mr. Berggren replied that he would follow up with Mr. Calkins. He noted that any modifications to the Bylaws could be undertaken within the 90-day deadline.

Vice President Simpson had three recommended changes to the Bylaws.

Mr. Berggren noted that the first two changes would need additional research. The Board agreed to further discuss the Bylaws at another meeting when more information was available.

Vice President Simpson said the third change was a recommendation to strike the words “*who shall serve without pay*” from Article IV Section 1.

President Menegat asked for information regarding whether the City Charter or the Board charter had any limitations regarding this clause.

Mr. Berggren asked what the intent of striking the clause would be and whether it was a portent of a future political endeavor. Vice President Simpson responded that by striking that phrase

the Board could open the door for potential future remuneration. He agreed that the Board was still bound by higher covenants, but felt this action would eliminate redundancy while opening the Bylaws to the possibility.

Commissioner Farmer predicted that regardless what legal counsel might say about the potential deletion, as soon as the public became aware of this change they would say “these people want to pay themselves.”

Vice President Simpson reiterated that the Board would have to work with the City Council to make changes to the city code. He felt if the Board should do so it would need to “clear [its] own hurdles first.”

Commissioner Farmer agreed that it would be good to discuss this issue. Board members agreed to pursue further discussion of the Bylaws and this potential change to them.

#### **CONTRACT AWARD FOR WESCO**

Electric Division Director Jim Wiley highlighted the proposed contract with Wesco for underground cable.

Vice President Simpson asked how the product had proven to have greater longevity. Mr. Wiley replied that the cable had been in use for 38 years and EWEB had utilized the cable since the early 1990s. Thus far EWEB had not experienced any cable failures with this product.

Vice President Simpson, seconded by Commissioner Lanning, moved to approve the five-year renewable contract with Wesco for \$3,598,500 for Okonite EPR insulated conductor cable.

#### **2007 GENERAL MANAGER GOALS AND STRATEGIC PLAN**

This item was postponed until January 16.

#### **ITEMS REMOVED FROM THE CONSENT CALENDAR**

Commissioner Farmer questioned how the \$950,000 for the Ullum Group and Cappelli Miles (Spring) for advertising and communications services would be spent. External Communications Coordinator John Mitchell explained that the two companies worked in partnership.

Commissioner Farmer recalled that EWEB had hired the Ullum Group for a specific project, but now it seemed that EWEB had committed to use them for a variety of projects. He was comfortable with the expertise in staff regarding media interaction. He hoped that staff could do much of this work rather than spending nearly \$1 million on outside agencies.

Mr. Berggren said the intent was to utilize the Ullum Group for strategic review. Mr. Mitchell clarified that most of the money in the contract was for “media buy,” i.e. advertising on television and radio and in publications. He noted that the typical percentage that would go to the agencies themselves was five percent.

Commissioner Farmer said this was not clear from how the contract had been presented to the Board.

Commissioner Farmer, seconded by Commissioner Lanning, moved to approve Item 5 on the Consent Calendar, the contract with the Ullum Group and Cappelli Miles (Spring). The motion passed unanimously, 4:0.

The meeting adjourned at 8:25 p.m.

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Assistant Secretary

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President