

EUGENE WATER & ELECTRIC BOARD
REGULAR BOARD MEETING
EWEB BOARD ROOM
AUGUST 7, 2007
5:30 P.M.

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

Others present: Randy Berggren, Dick Varner, Tom Buckhouse, Marty Douglass, Jim Wiley, Terry Bequette, Lance Robertson, Rob Roy, Mel Damewood, Mark Oberle, Marc Anderson, Brad Taylor, Jason Heuser, Karl Morgenstern, Mike Logan, Nancy Toth, and Krista Hince of the EWEB staff; Ruth Atcherson, City of Eugene minutes recorder.

President Menegat convened the Regular Meeting of the Eugene Water & Electric Board (EWEB). He noted that Commissioner Ron Farmer was excused.

AGENDA CHECK

President Menegat ascertained from his colleagues that there were no changes to the agenda.

PUBLIC INPUT

There were no members of the public present who wished to speak at this time.

APPROVAL OF CONSENT CALENDAR

Minutes

1. June 5, 2007, Regular Board Meeting.

Business Service Agreements

2. Fluid Market Strategies, Inc. – “Change-A-Light” Program – Energy Management Services – Power Resources Division – \$106,190
3. Performance Management Group (PMG) – Consulting Services for Customer Service Operation Plan – Corporate Services Division - \$20,000
4. U.S. Army Corps of Engineers – McKenzie Cross-Section Measurements – Environmental Management – Employee, Customer & Community Services Division - \$35,456.32
5. West Yost & Associates – Laurel Hill 850-foot Reservoir Design and Construction Oversight – Water Division – \$47,100
6. **Wildish Standard Paving Company** – Walterville Power Canal Fish Return Channel Inlet Structure – Electric Division – \$160,889

Intergovernmental Agreement

7. Lane County – Lane County Inmate Work Crew – Electric Generation, Electric Division - \$100,000
8. Lane County – Regional Information Systems – Corporate Services Division - \$675,000

Board Request for Donation

9. EWEB’s Sponsorship of \$2,500 in the Northwest Energy Coalition 26th Anniversary Gala

Conservation Acquisition Agreement

10. Bonneville Power Administration – Conservation Acquisition Agreement – for purchase of up to 4.25 average megawatts of installed conservation from EWEB for a total price of \$5,525,000 over the term of the agreement through September 30, 2009. – Energy Management Services.

Commissioner Lanning, seconded by Vice President Simpson, moved to approve the Consent Calendar as presented.

In response to a question from Commissioner Brown, Energy Management Programs Supervisor Rob Roy explained that the money for Fluid Market Strategies, Inc. provided a “buy down” for fluorescent lamps to be made available to customers which would provide a conservation savings of up to 1.7 million kilowatt hours.

The motion passed unanimously, 4:0.

ITEMS REMOVED FROM THE CONSENT CALENDAR

There were no items removed from the Consent Calendar.

ITEMS FROM BOARD MEMBERS

Commissioner Brown asked if there had been any “global discussion” of where the second water source should be and whether it should include reclaimed water. General Manager Randy Berggren replied that it had not been exactly covered in previous discussions.

Vice President Simpson reminded his colleagues that he would be gone for both Board Meetings in October.

CORRESPONDENCE

Mr. Berggren reported the following:

- A memorandum outlining the *2007 GM Goals – Goal IIC Recommendations* dated *July 27, 2007*, was included in Board packets.
- At Commissioner Farmer’s request a memorandum on the value assumptions of the

- riverfront property had been provided to the Board.
- Copies of a letter of congratulations sent to Frank Nearing for his recent award from the Lane Council of Governments (LCOG) were provided to the Board.

- A memorandum regarding the *Carmen Smith Extension Request of the Federal Energy Regulatory Commission (FERC)* dated July 23, 2007, from Gale Banry and Suzanne Pearce was included in the Board packets.

BOARD AGENDAS

Mr. Berggren highlighted the *Eugene Water & Electric Board Agenda Report* dated August 7, 2007. He reiterated that there would be no second meeting held in August; the next meeting of the EWEB Board was scheduled for September 4.

BOAT LANDING STATUS

Electric Division Director Jim Wiley stated that the Federal Energy Regulatory Commission (FERC) had made construction of a boat landing one of its requirements. He reported that the project had faced problems, chiefly that construction would occur in a flood plain and riparian area, and that it would create highway safety issues. He provided slides of the potential sites for the boat landing, which included Ike's Landing and a site at Indian Creek. He related that the two primary stakeholders were the river guides and the local residents. He noted that two other sites had been brought up but the public to date had not reviewed them.

Public Affairs Manager Marty Douglass reported that the first public meeting on the boat ramp had been held on June 7, though there had been discussion of a potential boat landing in the area for approximately four years. He said the discussion had focused on the two aforementioned sites and staff had solicited a vote of the people in attendance. This had resulted in a 16:4 vote for the Ike's Landing site. He said other alternatives had been brought up in that discussion, including a Goodpasture site downstream from Goodpasture Bridge. He noted that it had not received much discussion.

Mr. Douglass stated that he had sent a letter to all of the meeting participants and to the owner of the *McKenzie Reflections* discussing what had transpired at the meeting. He noted that the owner of the *McKenzie Reflections* printed a story about the progress of the project. He anticipated that there would be another public meeting later in August or early in September. He related that the letter to FERC was ready for agency review and there would be a 30-day comment period.

Mr. Douglass stated that they had started to look at funding sources. He said staff had contacted several public and private sources of funding but had not "come up with anything yet." He related that several funding sources had expressed a reluctance to fund a project that was mandated by FERC. He said other feedback had included that EWEB's timing was off in relation to some of the agencies' funding cycles. He added that there was some ambiguity around EWEB's status in relation to the City of Eugene and staff had heard from some that EWEB could potentially apply for funding through the City.

Civil/Mechanical Senior Engineer Marc Anderson showed slides of the Ike's Landing, Indian Creek, and Goodpasture sites. He explained that the Oregon Department of Transportation (ODOT) took issue with both the Ike's Landing and Indian Creek site. He said both sites would require fill to be placed in the water and this was a drawback, as EWEB would be building into the floodway, which would build up current and pressure in flood conditions. He noted that ODOT would require a center turn lane with a deceleration lane for both sites, estimated at \$250,000 to \$300,000 for the Ike's Landing site. Ultimately, the Goodpasture site was the preferred site from ODOT's perspective as it would not require much work to the highway and the boat landing would be removed from the roadway.

Regarding permits, Mr. Anderson explained that Ike's Landing would require a no rise certification, in other words certification that such construction would not increase the rise of the river in flood conditions. He noted that ODOT had been required to go to great lengths to widen the highway at the hatchery site, including a revision to the Federal Emergency Management Agency (FEMA) plan, a lengthy and expensive process. He said EWEB had hired OBEC Consulting Engineers to assess the area and the preliminary report would be available by the end of the month. He averred that at this point placing fill into the river at the Ike's Landing site did not seem like a viable option.

Mr. Anderson said a permit from the Army Corps of Engineers (ACOE) would take more than a year. He stressed that once the permits were attained there was a limited amount of time to undertake construction because of having to work around endangered species. He projected that the boat landing would be built in the summer of 2010.

Mr. Berggren stated that the draft letter to FERC indicated that EWEB needed to further evaluate the potential boat landing sites. He underscored that both of the sites the public meeting attendees had indicated support for were problematic. He said though the Goodpasture site was the best choice from some perspectives it would be costly given that the land was privately owned; it was not known at this point whether the owners would be willing sellers.

President Menegat said his concern lay in that if the project was too expensive it might not be worth pursuing.

Commissioner Brown averred that EWEB had taken away access to the river. He felt EWEB owed it to the community to provide another access for recreational opportunities and it also owed it to the ratepayers to be fiscally responsible. He believed that the Goodpasture site was the optimal location for a boat ramp. He acknowledged that the neighbors were opposed to such a project. He felt the obstacles were too great for the Ike's Landing and Indian Creek sites. He recalled that ODOT paid "millions" to widen the road in that area.

Vice President Simpson echoes Commissioner Brown's comments. He stressed that he had no interest in constructing anything in the river. He felt the Goodpasture site represented the least cost,

least impact, and “best use.”

Commissioner Lanning concurred. He said having the information from OBEC would help inform the decision.

Mr. Berggren recommended that staff take the information back to the public and find out their reaction. He was confident that the Goodpasture site would be in the mix and that it would be political.

Commissioner Brown asked for the opportunity to be present at the next public meeting on the boat ramp. He requested as much advance notice be provided to the interested parties as possible.

Additionally, Commissioner Brown wanted to know whether EWEB would be held liable in the event of a fatality at the boat landing.

In response to a question from Vice President Simpson, Mr. Douglass stated that the next public meeting would likely be held at the Vida Community Center. He commented that EWEB was “taking great pains” to be as transparent as possible.

WATER SUPPLY PLANNING

Water Resource and Systems Planner Brad Taylor provided a report on water supply planning with power points, copies of which were provided to the Board. He said staff supported the need for increased redundancy in the water system in addition to a need to increase capacity. He stated that this would involve collaboration with the Springfield Utility Board (SUB). He stressed the importance of attaining the highest level of reliability possible. He recalled the system failure experienced by the Cottage Grove water treatment plant and how it had impacted that community.

Mr. Taylor reviewed the accomplishments of the water division in 2006 and the objectives for 2007. He stressed the importance of evaluating joint water supply development opportunities. He noted that existing source capacities were 72 million gallons per day (mgd) for EWEB and 27 mgd for SUB and identified source locations on a map. He projected that the maximum day demand for the year 2050 would increase to 102 mgd for EWEB and 54 mgd for SUB.

Commissioner Brown asked what assumption had been made regarding the Eugene Urban Growth Boundary (UGB). Mr. Taylor replied that current water supply planning was based on the assumption that the UGB would not expand in the next 15 years, after which the assumption was that some outward growth would likely occur.

Mr. Taylor stated that EWEB had water rights that had yet to be developed, but the water right held on the Willamette River since the early 20th century was no longer valid.

In response to a question from Commissioner Brown, Mr. Taylor clarified that when speaking of SUB's water rights and sources it did not always include the Rainbow Water District. He noted that Rainbow Water District was part of the Intergovernmental Agreement (IGA) that EWEB signed with SUB in 2006 regarding an emergency water supply.

Mr. Taylor underscored that the aim was to gain system redundancy by 2026. He said all of the joint options involved either the Middle Fork Willamette River and/or groundwater; if there were system inter-ties that would be where the water would come from. He stated that in an emergency EWEB would want to develop system linkages between the systems that would be able to utilize another source and ground it into the EWEB system.

Continuing, Mr. Taylor said the current assumption was that the cost of joint ownership of facilities would be split "50/50." He underscored that this was subject to "a large discussion" and EWEB would have to weigh cost versus benefit as would SUB.

Mr. Taylor provided an overview of a "Decision Flow Chart." He reiterated staff's recommendation to continue to pursue the lowest cost strategies to provide redundancy to the water system. He said it was staff's opinion that it would be good to "start some dialogue" with customers about the water supply plan.

In response to a question from Commissioner Brown, Mr. Taylor explained that the well fields that EWEB had drilled had caused a significant draw down in the aquifer that SUB's wells were tapped into and SUB had the water rights in that case. He said the pumping test also had demonstrated that there were connection issues with long-term pumping impacts on the Willamette and McKenzie Rivers as well as some small tributaries leading into those rivers. He underscored that all of those things were important to the Oregon Water Resources Department. He related that EWEB had been told that it could not access water from the Willamette River and that it would not be able to tap into the wellfield unless EWEB came up with some way to mitigate the impacts to the Willamette and tributaries.

Commissioner Brown had concerns about the implications on water quality the sand and gravel companies' practice of filling sand and gravel pits with asphalt and building materials would have. Mr. Taylor agreed that the quality of groundwater was an important long-term concern. He averred that any time an investment was made in a municipal groundwater system an investment should be made in a groundwater protection plan. He said it was fundamental to understand the gradient for the quarry locations. He noted that the second source was intended to be an emergency water supply and the quality would not need to be as high as the quality from the primary source. He stressed the importance of having water treatment facilities in place that could take out contaminants.

Commissioner Lanning asked if staff thought the Willamette River water would be treatable to drinking water standards and whether it would reach the level of source water quality that the public would want. Mr. Taylor affirmed that it could. He said it would be treatable to meet the standards

and to meet the need for redundancy in the water system, though not to provide to customers on a day to day basis. Regarding public perception, he added his feeling that the public would look more favorably on it as a source if they understood that it would only be used in an emergency situation and that it could save the utility up to \$50 million.

Vice President Simpson complimented Mr. Taylor's presentation. He favored curtailment in times of emergency rather than full system capacity. He supported maintaining the McKenzie River as the only source for drinking water unless it was an emergency. He commented that the lowest cost option was not always the best option. He asked Mr. Taylor to elaborate as to why cost was a driver. He also wanted to know why EWEB had not considered placing confluence test wells north of the two test wells that had been drilled. He wondered if there would be a need to bring water through the Hayden Bridge Filtration Plant if EWEB connected in a joint venture with SUB. Mr. Taylor explained that the least cost scenario assumed that EWEB would meet the objectives with all of its strategies without compromising the goal.

Vice President Simpson asked if placing a second intake 30 miles upstream would mitigate the concerns regarding having a single source. Mr. Taylor replied that EWEB could not go very far up the McKenzie River from the Hayden Bridge facility from the planning perspective. He noted that a large diameter pipe would be required to bring the water in at a cost of \$450 per linear foot. He felt it would be difficult to quantify the benefit.

Commissioner Lanning supported the staff proposal.

Commissioner Brown expressed his support for the staff proposal. He said the public needed to be informed about the plan and the reasons for the plan. He stressed the importance of the quality of EWEB's drinking water.

Vice President Simpson concurred.

Mr. Berggren said this was consistent with conversations the Board had in 1997 and 1998 regarding the exploration of the confluence wells. He stressed that the goal had always been to develop water redundancy for emergency purposes only.

President Menegat supported moving forward to explore joint ownership of water resources with SUB but he wanted to know what benefit it would have for SUB. Mr. Taylor replied that SUB would have to develop a source anyway. He said SUB would benefit by saving money. He averred that the opportunity to utilize the Hayden Bridge facility was attractive as well. He predicted that it would be a hard discussion but that SUB staff supported pursuing redundancy.

Mr. Taylor stated that the new sources would be designed with current treatment plant technology.

In response to a question from Vice President Simpson, Mr. Taylor assured him that EWEB

Regular Board Meeting
August 7, 2007
Page 9

was continuing to work with redundancy with the power sources for the raw water intake and the filtration plant so that a large power outage would not have a profound effect on the water supply.

ADJOURNMENT

President Menegat adjourned the Regular Board Meeting at 7:55 p.m.

Assistant Secretary

President