

EUGENE WATER & ELECTRIC BOARD
REGULAR BOARD MEETING
EWEB BOARD ROOM
SEPTEMBER 16, 2008
7:00 P.M.

Commissioners present: John Simpson, Ron Farmer, John Brown, Mel Menegat, and Bob Cassidy.

Others present: Randy Berggren, Tom Buckhouse, Mike Logan, Patti Boyle, Debra Smith, Jim Wiley, Steven Mangan, Tom Williams, Will Bondioli, Dick Varner, Jim Origliosso, Jeannine Parisi, Steve Newcomb, Leigh Baker, Jean Meyer, Jay Bozievich, Mel Damewood, and Judy Chase of the EWEB staff; Ruth Atcherson, City of Eugene minutes recorder; Rich Cunningham and Joann Ernst, members of the public.

President Simpson convened the Regular Meeting of the Eugene Water & Electric Board (EWEB) at 7:21 p.m.

AGENDA CHECK

There were no changes to the agenda.

APPROVAL OF CONSENT CALENDAR

Minutes

1. a. July 15, 2008, Board Planning Session
- b. August 5, 2008, Regular Board Meeting

Contracts

2. 2-G Construction – Concrete Removal and Replacement – Construction – Water & Steam Division - \$225,000
3. Leewens Corporation – College Hill Reservoir Roof Overlay, Joint Repairs & Security Fencing – Water Division - \$324,261
4. OBEC Consulting Engineers – College Hill Reservoir, Joint Repairs & and Headhouse Fencing – Water Division - \$17,680
5. Owen Equipment – Hydro Excavator – Shop -- Corporate Services - \$380,909
6. Western Waterproofing Company, Inc. – EWEB Headquarters Building Recaulking and Sealing Project – Facilities – Corporate Services - \$158,207

Resolution

7. Resolution No. 0826 – Strategic Direction Policy No. 18 – Steam Utility Transition Policy.

Commissioner Brown, seconded by Commissioner Menegat, moved to approve the Consent Calendar.

In response to a question from Vice President Farmer, General Manager Randy Berggren explained that the new spreadsheet in regard to Resolution No. 0826 included the fuel costs as well as the capital investment.

President Simpson commented that he considered the resolution to be a “very valuable piece of work.” He expressed his appreciation to Mr. Berggren and staff.

Mr. Berggren noted that the Board had received a letter from Eugene City Manager Jon Ruiz that sought to give feedback regarding the proposed policy. He said Mr. Ruiz was generally supportive.

Vice President Farmer ascertained from staff that the calculations did not include a 25 percent rate hike from Northwest Natural Gas.

Vice President Farmer asked how a customer’s choice to convert to electric sources of heating would affect the costs. Key Account Program Manager Mike Logan responded that changing to electricity would be more favorable for the customer.

Commissioner Brown said he wanted to be sure that it be communicated to the College Hill residents that EWEB had worked to address their concerns at a substantial expense to the utility, per Consent Calendar Items 3 (Leewens Corp. - \$324,261 for the College Hill Reservoir Roof Overlay, Joint Repairs & Security Fencing) and 4 (OBEC Consulting Engineers – \$17,680 - College Hill Reservoir for Joint Repairs and Headhouse Fencing). Mr. Berggren assured him they would be provided the information.

The motion passed unanimously, 5:0.

ITEMS REMOVED FROM THE CONSENT CALENDAR

There were no items removed from the Consent Calendar.

ITEMS FROM BOARD MEMBERS

Commissioner Brown stated that there had been an incident involving an EWEB employee. He had contacted staff about what the individual had done as he considered it exemplary. He explained that the employee had assisted a visually impaired woman whose guide dog had been attacked by a pit bull. He said he would personally like to thank that individual. He noted that the dog that had been attacked would likely not be able to work as a service dog any longer.

Commissioner Brown stated that he continued to be concerned about the diesel fuel tank by Clear Lake. He reported that he had spoken with McKenzie Ranger District employee Mary Allison at the McKenzie Watershed Council and she had indicated there was a high probability that she could expedite the process and get the tank moved away from the water. He underscored that the group was 100 percent behind moving the tank immediately and not leaving it until 2009.

Commissioner Brown, seconded by President Simpson, moved to direct the General Manager to work with staff to continue a dialogue to follow up on the August 5 recommendation of addressing the tank in the most immediate manner possible, including Jason Heuser and Congressman DeFazio.

Mr. Berggren felt EWEB was positioned on this issue through Mr. Heuser and through support from Linn County. He thought Representative DeFazio would be receptive.

The motion passed unanimously, 5:0.

Vice President Farmer related that he had attended the Northwest Energy Coalition (NVEC) meeting earlier in the day via conference call. He noted that former Commissioner Sandra Bishop also participated. He said he would provide the Board with the minutes when they were completed.

PUBLIC INPUT

Rick Grosscup, an EWEB ratepayer, Co-Chair of the Friendly Area Neighborhood Association, thanked President Simpson for his service. He commended his work, saying he had done a wonderful job as far as their neighborhood was concerned. He reported that the association had established a Reservoir Watch, so that area residents would keep an eye on the reservoir. He thanked EWEB for all of the landscaping. He felt that not only had EWEB made the reservoir a more secure area but the utility had also made it look a lot better. He believed that the association had good communication with EWEB, for which they were appreciative. He said when they had come before the Board previously it had been requested of the neighborhood association to try to get money to help build a ramp in order to provide access to the reservoir. He stated that they had done some work and intended to apply for a local grant. He wanted to work with staff on the design, noting that the neighbors had a specific design in mind. He explained that the design needed to be completed prior to turning in the grant, which was due by the end of the year.

President Simpson thanked Mr. Grosscup for his kind words. He said it had been a pleasure representing the neighborhood in this issue and he hoped they would continue to utilize him as a resource.

CORRESPONDENCE

Mr. Berggren reported the following items of correspondence:

- Board packets included a report on the Hayden Bridge outage of September 15. He noted that President Simpson suggested that EWEB issue a press release and staff had done so. He underscored that they had taken quick action to remedy the situation.

Vice President Farmer said he had learned that the main pump had failed. He requested further information as it came to light.

Mr. Berggren continued his report:

- The Board would be receiving a summary of the United Way Day of Caring activities that EWEB employees had engaged in. The Employee Volunteer Program and the work employees had done on the Pearl Buck Center was referenced as well.
- The dedication ceremony for the Klondike 3 wind project was scheduled for October 6 in The Dalles.

Mr. Robertson stated that it would be a four and a half hour trip from Eugene and staff proposed to drive up on the previous evening and return after the ceremony.

- A copy of the proposed letter to Senator Wyden signed by President Simpson in regard to a couple of bills in congress had been included in Board packets. He noted that the bills were to amend a decision made by the Internal Revenue System regarding affordability of health care plans and Health Reimbursement Arrangement (HRA) plans.
- Public Affairs Manager Marty Douglass included a memorandum regarding the upriver meeting.
- Staff Biologist Lisa McLaughlin provided a memorandum regarding the fish sorter – a \$10 million installation that would be funded by the Bonneville Power Administration (BPA).
- Included in Board packets were copies of the letter from the City Manager's Office and the Chair of the Sustainability Commission thanking EWEB for looking into photovoltaics at the Roosevelt site.
- The October 15 date was officially approved by the Federal Energy Regulation Commission (FERC) and letters of thanks would be sent to the legislative delegation for their work on EWEB's behalf.

President Simpson said the *Register Guard* had recently published a letter to the editor he had written that clarified the wetlands on the Roosevelt Boulevard property.

BOARD AGENDAS

Mr. Berggren highlighted the *Eugene Water & Electric Board Agenda Report* dated *September 16, 2008*. He ascertained from the Board that there was majority support for including a work session item on the Seneca Mill cogeneration project.

In response to a question from Commissioner Brown, Mr. Berggren recommended that the Board ask questions of Power Resources Division Director Dick Helgeson or Power Management and Planning Manager Dick Varner.

Mr. Berggren related that Commissioner Cassidy had asked him about taking a different approach to the evaluation of the General Manager given that there would be three new commissioners seated at the beginning of 2009.

Vice President Farmer and Commissioners Brown and Menegat indicated they would be willing to discuss an acceleration of the process. President Simpson said he could support holding such a discussion as well.

Mr. Berggren reminded the Board of the September 23 meeting upriver regarding watershed principles.

President Simpson requested an update on the Citizen Advisory Team work on the Riverfront Master Planning process. Mr. Berggren said he would provide a backgrounder on it. Community and Local Government Outreach Coordinator Jeannine Parisi thought staff could provide a status update for the Commissioners.

Commissioner Brown underscored the importance of notifying the Commissioners of the date the Request for Proposals (RFP) would go out so that they would not inadvertently engage in any *ex-parte* contacts.

President Simpson asked if the joint meeting with the Eugene City Council had been confirmed. Ms. Parisi replied that she was still waiting for the two staffs to get together, after which President Simpson and Mayor Piercy would meet to formulate the agenda.

WATER FIVE-YEAR CAPITAL IMPROVEMENT PLAN

Water Engineering Manager Mel Damewood stated that the amended Capital Improvement Plan (CIP) reflected what had been presented to the Board on August 5. He noted that staff had brought forth at the September 2 meeting proposals that sought to mitigate the Hynix Semiconductor, Inc. plant closure, which reduced revenue by \$800,000 annually. He said the proposed CIP assumed a 20 percent rate hike in the spring and concluded by recommending approval of the plan.

Vice President Farmer asked if everyone was thinking about a strategy around educating the public about the increase. He averred that there would be a backlash. Mr. Berggren agreed that it would behoove EWEB to be proactive.

Commissioner Cassidy believed it would be a “tough sell.” He wanted EWEB to formulate a specific plan. Mr. Berggren responded that staff would develop a public relations strategy that would seek to make it clear that there was a trade-off between addressing the revenue shortfalls and letting the reliability of the infrastructure continue to degrade.

Employee, Customer, and Community Services Division Director Debra Smith stated that a draft plan would be provided to the Board after two weeks.

Commissioner Brown underscored that water was an affordable commodity. He opined that EWEB had “dodged a bullet” in the water treatment plant failure.

Fiscal Services Supervisor Patty Boyle stated that as soon as the budget was published staff would put together a public presentation package for Commissioners.

Commissioner Cassidy, seconded by Commissioner Menegat, moved to approve the Five-Year Capital Improvement Plan for the Water Division. The motion passed unanimously, 5:0.

FIVE YEAR STAFFING PLAN

Human Resources Manager Jean Meyers reviewed the *Workforce Planning Process and 2009-2011 Strategic Staffing Plan*. She indicated that the presentation planned for October 21 was planned to include the projected costs of strategic staffing. She reported that the projected number of people who could retire in the next five years was 135, and of those 24 percent worked in the skilled trades. She highlighted the *Standard Occupational Code and Title*, located on page 12, and the *Projected Critical Skill Loss 2009-2011*, located on page 15. She stressed the importance of retention and attraction of new employees.

Ms. Meyers averred that the organization was moving forward to a future where the workforce would need a different skill set and would likely have less customer contact. She noted that the first project planning phase for the Automatic Metering Infrastructure (AMI) was slated to occur in 2009. She said EWEB was not hiring regular Full Time Equivalent (FTE) employees at present for meter reading in anticipation of the possibility that this job would change entirely. She also noted that it was not known whether the Roosevelt Boulevard project would increase EWEB’s need for employees.

Ms. Meyers acknowledged that the Board had been cautious in the past regarding a “retire/rehire” policy because it did not want to appear to be giving an advantage to a public employee. She stated that if one looked at the American Public Power Association (APPA) surveys it was apparent that 46 percent of the utilities had strategies in place to rehire retirees on a full-time basis and 81 percent had this strategy for part-time hiring. She noted that the Public Employees Retirement System (PERS) of 1039 hours per year limited EWEB. She underscored that this was not the only strategy for knowledge loss; EWEB would need to get better at communicating knowledge and procedures to new employees.

Additionally, Ms. Meyers suggested that the Board consider changing the governance policy, Strategic Direction (SD) 11. She said the strategic part of it was good. She explained that the current policy indicated that EWEB paid at the 55th to 60th percentile in wages. She felt this should not be in

a governance policy. She stated that the Board might want to consider, within the executive limitations, giving the General Manager the adaptability to customize compensation or total rewards. She thought this change would be formally proposed to the Board at its meeting on November 4.

President Simpson was impressed by the report.

Vice President Farmer had read the report. He was interested to see what tactics the Human Resources Division would formulate to reward best performance. He thought this was an interesting challenge when working with a union, which sought to keep things equal. He cautioned against generalizing about people by generation; every person was an individual and would not want the same thing. He suggested that the Board set some measurements of success to demonstrate that the strategies were working. He wished to emphasize the importance of ensuring that the Board was governing and not trying to run operations, however.

Ms. Smith stated that Human Resources staff was working on more robust measures of success for the priorities for the Board and the identified strategies for senior management.

Commissioner Brown understood there to be 271 positions and asked how many employees there were. Ms. Meyer replied that EWEB had 590 employees. Commissioner Brown asked how work was classified. Ms. Meyer cited, as an example that seven people in the Fleet Operations were in the category of equipment mechanic.

Ms. Smith stated that they were in a transition. She reiterated that staff hoped to bring SD11 for Board consideration on November 4 as it contained financial controls that were not needed in a strategic direction policy. She underscored that the Board had financial controls in place that dictated that a budget amendment would be required to come before the Board if the payroll budget had been exceeded. She wanted to explore moving away from the market position.

Ms. Smith commended Ms. Meyer for her work, noting that she planned to retire on September 30. She called the *Five-Year Staffing Plan* a “huge achievement” and Ms. Meyer’s best piece of work.

Vice President Farmer remarked that the only person the Board hired was the General Manager. He related that the Board had done some limited work regarding Mr. Berggren’s eventual retirement and the need to recruit a candidate to assume the position of General Manager, but as of January he would be the only Commissioner who had worked on it. He said they would have a lack of institutional knowledge about it.

Ms. Smith said there was some money in the 2009 budget for this work. President Simpson added that he had some experience in this regard and would be willing to serve on an advisory group.

Commissioner Brown observed that the General Manager had tentatively planned to retire in 2011.

President Simpson thanked Ms. Meyers for her dedication to the organization and her professional, reliable, and consistent contributions. He wished her well in her future endeavors.

Ms. Meyer thanked the Commissioners.

ADJOURNMENT

President Simpson adjourned the Regular Board Meeting at 9 p.m.

Assistant Secretary

President