

EUGENE WATER & ELECTRIC BOARD  
REGULAR BOARD MEETING  
EWEB BOARD ROOM  
DECEMBER 2, 2008  
7:15 P.M.

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

Others present: Randy Berggren, Patty Boyle, Debra Smith, Jim Wiley, Dick Varner, Jim Origliosso, Jeannine Parisi, Sheila Crawford, Cathy Bloom, Mark Freeman, Todd Simmons, Christina Bennett, Garilyn Johnston, Susan Eicher, Lance Robertson, Marc Anderson, Edward Yan, Lisa McLaughlin, and Krista Hince, EWEB staff; Rich Cunningham, Joann Ernst, Commissioner-elect; and Ruth Atcherson, City of Eugene minutes recorder.

President Simpson convened the Regular Meeting of the Eugene Water & Electric Board (EWEB) at 7:06 p.m.

**AGENDA CHECK**

There were no changes to the agenda.

**PUBLIC INPUT**

There was no one present who wished to speak at this time.

**APPROVAL OF CONSENT CALENDAR**

**Minutes**

- 1 a. November 4, 2008, Work Session
- b. November 4, 2008, Regular Board Meeting

**Contracts**

2. R.W. Beck, Inc. – Advanced Metering Infrastructure Consulting – Corporate Services.

Vice President Farmer, seconded by Commissioner Menegat, moved to approve the Consent Calendar. 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 thanked staff for seeing the first step through toward moving the fuel tank away from being in close proximity to Clear Lake. He was very appreciative of that effort. He remained concerned that Linn County had yet to find a source of funding for maintenance of the facility. He suggested that EWEB may want to consider purchasing it in order to ensure the integrity of EWEB's water source.

Commissioner Brown related that he met with a client and his client had shared with him that he had changed some billing items with EWEB and had been very pleased and satisfied by the treatment he received from a "lady named Jan." He wanted to ensure that her name was mentioned in the public record as his client felt she had gone "above and beyond" and had been "incredibly helpful and resourceful."

Vice President Farmer thanked staff for the work they had done to organize the Run to Stay Warm event. He also wished to thank all of the staff who were walking and running to help less fortunate people. He thought it had been a great way to help the community. He also had been happy to see EWEB staff working to stay healthy.

President Simpson commented that he was very happy to see the EWEB Web site updated. He related that at least 30 or 40 staff people had been involved in the update in one way or another. He called it a "wonderful piece of work" that would "carry our utility long into the future."

President Simpson also noted that Kurt Corey, Public Works Director for the City of Eugene, had sent a memorandum that emphasized the importance of coordinating utility work and road repair projects. He had been pleased to see the memorandum as it represented stronger relations between EWEB and the city. He said making sure that EWEB maintained strong collaboration with city staff on these types of things would lead to more efficiency in operation. He wanted to thank city staff for recognizing the relationship, adding that EWEB staff played a strong role in maintaining it.

Vice President Farmer related that there had been a very nice article in the *Register Guard* about volunteer efforts. He had sent an email to the people who had been pictured thanking them for their work. He felt that sometimes Commissioners forget to say thank you to the employees for their good works.

## **CORRESPONDENCE**

General Manager Randy Berggren passed around copies of the new front page of the Web site. He said he was very pleased with the new site and the increased operability it offered.

Mr. Berggren also reported that the contract with the Bonneville Power Administration (BPA) had been signed. He related that they had engaged in some “last minute wrangling” with the BPA around how they had classified some of EWEB’s resources. He said they ultimately had to create a parallel letter of dispute for the classification of the Weyerhaeuser resource to ensure there was no confusion about how that would be classified. He commented that the contract took until the last half an hour to resolve, but EWEB now had a 20-year contract for the Slice/Block product. He reiterated his praise for Power Resources Division Director Dick Helgeson, who had been instrumental in bringing the contract to fruition. He added that two potential Slice contract signers had backed out because they had not been allocated the percentage of the Slice product that they wanted. He explained that they were smaller utilities, but the net effect was that EWEB almost “got to” a 50 percent Slice/50 percent Block split.

In response to a question from Vice President Farmer, Mr. Berggren explained that one of the attorneys for the BPA had wanted EWEB to have an obligation to bring the Weyerhaeuser cogeneration facility to serve EWEB’s load. He related that EWEB had remained adamant that this was not an obligation that it did not have nor that it should ever have. He noted that EWEB had only been provided three days to review the contract and had come to find that both the Weyerhaeuser cogeneration facility and the Stone Creek facility had been included as well as some inaccuracies related to dates of commitment to load and certain classifications under the 1980 Regional Act.

Mr. Berggren reported the following items of correspondence:

- Board packets included a summary of the second annual Run to Stay Warm from Tom Williams and Shelly York, and the summary indicated a substantial increase in participation from the previous year.

President Simpson ascertained that the event had contributed \$10,000 to the customer care program.

Mr. Berggren continued his report on correspondence:

- Board packets included the memorandum from Mr. Corey, of the city’s Public Works Department that President Simpson had referred to;
- Copies of an email from a customer submitting testimony in regard to the rate action had been included in Board packets;
- A memorandum from Susan Eicher was included that served as a follow-up on the discussion of the percentage of capital budget spent in response to Vice President Farmer’s questions.

## **BOARD AGENDAS**

Mr. Berggren highlighted the *Eugene Water & Electric Board Agenda Report* dated December 2, 2008.

Vice President Farmer suggested that a discussion be placed on the future agendas on how the two different sets of employees, represented and non-represented, should be managed. Mr. Berggren responded that it could be a part of the next Strategic Planning Session.

President Simpson ascertained that there was general support for placing that item on the roster of future agendas, with no certain time for it.

Mr. Berggren noted that the December 16 meeting would include time for appreciation of President Simpson and Commissioner Menegat, who were both leaving the Board after years of service.

Mr. Berggren confirmed, in response to a question from Vice President Farmer, that staff would be providing a backgrounder with an update on the steam plant transition.

## **2009 BUDGET**

Fiscal Services Supervisor Patty Boyle briefly highlighted the budget with power points. She underscored that there were no new issues since the previous presentation. She conveyed staff's projection for the electric utility for a drop in retail sales, largely a result of the loss of Hynix and the decrease in rate revenue associated with it. She did not anticipate a rate action in 2009 for EWEB costs, though a rate action could be requested as a result of BPA cost changes. She noted that the steam utility revenue included the 16.8 percent rate increase. She said all ongoing costs were included in the steam utility budget, but the transition costs were included in the electric utility budget.

Senior Financial Analyst Garilyn Johnston reviewed the budget for the water utility. She also had no new information to provide since the previous budget presentation. She reiterated that the rate increase for capital was due to aging infrastructure and six percent of the rate increase was to counteract the loss of Hynix. The rest of the increase sought to build reserve funds.

President Simpson recalled that Vice President Farmer had suggested that when reserve funds reached their targets, the rate increase that had been enacted to increase reserves should be reexamined and considered for removal. He encouraged the Board to consider this into the future.

Commissioner Brown asked if the comparative rates study had been updated in regard to potential increases that the comparator communities could be enacting. Ms. Boyle replied that staff had not completed that work. She said an initial look as of October 2008 had been completed and staff planned to present the completed information in the first part of 2009.

## **SECOND PUBLIC HEARING ON 2009 BUDGET**

President Simpson reviewed the rules for testimony in the public hearing. He opened the public hearing.

**Rob Robinett** said it was the first time he had testified before the Board. He supported the rate increase to upgrade the infrastructure but opposed the segments of the increase that sought to improve reserve levels and to counteract the effects of the closure of Hynix. He remarked that economic times forced businesses into “extreme belt-tightening.” He had been appalled by the proposed 20 percent increase. He thought the utility should set an example in finding ways to cut expenses. He felt that hiring 14 new employees in the face of massive layoffs elsewhere did not look good, noting that he personally had to lay off five people just before the holidays. He suggested eliminating some of the new Full Time Equivalent (FTE) employees in order to make up for the loss of Hynix.

President Simpson closed the public hearing.

## **2009 BUDGET – RESOLUTION NO. 0844**

Commissioner Menegat, seconded by Commissioner Cassidy, moved to approve Resolution No. 0844, a resolution to approve the 2009 Budget. The motion passed unanimously, 5:0.

## **LEABURG LAKE BOAT LANDING**

Senior Engineer Marc Anderson reviewed the memorandum entitled *Permit for Goodpasture Boat Landing* dated *November 25, 2008*. He explained that the Army Corps of Engineers (ACOE) agreed with EWEB’s assessment of the environmental impact of the proposed boat landing but the National Marine Fisheries Service (NMFS) did not. He reported that Lane County permit issues had been resolved and no appeals to the Land Use Board of Appeals (LUBA) were anticipated. He noted that permits for the bathroom and other facilities had not been submitted at this point. He said the Oregon Department of Transportation (ODOT) had requested additional information regarding the highway approach.

Mr. Anderson related that some changes in the layout had been put into play – Lane County indicated it would require a special use permit for the existing recreational vehicle pad and because of this it was now planned to remove the pad. He said staff had determined there was not a need to put in a well, so plans for it had been taken out. He stated that with the deletion of the caretaker pad he would recommend installation of an automatic gate, a \$25,000 to \$30,000 cost. He added that the bathroom had been moved upstream away from the neighbor’s house in response to concerns expressed by the neighbor, but the Marine Board wanted it moved as close to the boat landing as possible so that people with disabilities could access the restroom easily from the boat ramp. He predicted that construction of ramp would be completed by the end of summer, 2009.

Vice President Farmer asked what the net effect of the changes would be to the cost. Mr. Anderson replied that he believed it would be a wash.

Commissioner Brown averred that he did not want to be accused of pulling a “bait and switch.” He asked if the concerned residents of the area around the proposed boat landing had been made aware of the changes. He noted that the neighbor “might have an opinion about” placing an outhouse next to his kitchen window. He wanted to ensure that EWEB maintained its good dialogue. He asked if the neighbors had been informed of the changes. Mr. Anderson replied that they had not been told at this point.

Commissioner Brown wanted to do it right. He felt that after the public hearings the people with concerns had left with the impression that EWEB would continue to communicate. He understood the need to place the restroom close to the boat landing but he thought it was “only fair” to engage in a communication process with the neighbor who would be impacted by placement of the bathroom by his house. He also was concerned about the potential stacking that a gate could cause to boat-trailer pulling vehicular traffic.

Mr. Anderson understood that the plans initially had moved the bathroom for the neighbor’s benefit, but the Marine Board had required it to be moved back because of the Americans with Disabilities Act (ADA) compliance and was immovable about this. Thus, he said, it did not seem there was great utility for asking the neighbor’s opinion. He added that the neighbor was “more than adamant” about the installation of an automatic gate. He had thought installing such a gate might help “ease the pain” of the new bathroom location. He assured Commissioner Brown that even with the gate closed a vehicle/boat combination could clear the highway and there would be a metal detector that would open the gate should someone want to leave after it was locked.

Mr. Berggren suggested that staff take a sum of the changes and impacts and communicate them to the area residents.

Vice President Farmer asked if any of the changes would affect the chances of an appeal being filed. Mr. Anderson replied that they would not. He said the permit was for a boat landing and unless EWEB tried to build something else there would be no challenge to it.

Vice President Farmer took issue with the proposed gate. He pointed out that other boat landings did not have them. He did not want to set a precedent.

President Simpson was also not interested in building an automatic gate. He stressed that it was a public facility paid for by the public. He also wondered why EWEB was avoiding the land use issue regarding the RV pad. Mr. Anderson responded that after going through what could be characterized as a “fairly emotional process” for the boat landing, the prospect of applying for a special use permit could “rip the bandage off the scab” and derail the project. He noted that not applying for such a permit at this time did not preclude doing so in the future.

Mr. Berggren recalled that there was a lot of testimony given in regard to the issue of security. He said having a caretaker was a response to it, but staff had not anticipated that having someone in a mobile home on the property would involve a whole other permit process. He stated that the option of an automatic gate was responsive to the public's concern that there not be parties or other illicit activity at the boat landing in the middle of the night and the gate could accomplish this without a permit. He underscored that the Board had the last word on it and if they wanted to go through an additional public process then this would be what they would do.

Vice President Farmer asked if removal of the RV pad and plans for the well had any impact on the discussions with NMFS. Ms. McLaughlin replied that it did not.

Commissioner Cassidy echoed Commissioner Brown's comments about continuing public input on it as the changes were being made. He wondered if the gate could be installed at a later date if problems should arise.

Commissioner Menegat thought the whole discussion could be premature in the face of the unknown requirements that ODOT could make that could have greater cost implications. He stressed that the decision before the Board was whether or not to decommission Ike's Landing.

Mr. Berggren clarified that the motion would shut down Ike's Landing only after the new boat landing was completed. He said this was the commitment EWEB had with the Federal Energy Regulation Commission (FERC). He added that it was possible to add the gate later. He advised everyone from "falling forward into some conclusions" about what the ODOT requests for information meant.

Commissioner Menegat remarked that he would close Ike's Landing already if it was up to him because of safety concerns. He was willing to support the action as proposed, which was to close it when the new boat landing was opened. He added that he shared Commissioner Brown's concerns that EWEB remain responsive to area residents' input. He wanted to continue to involve the same stakeholders in the process.

Commissioner Brown did not have strong concerns about whether or not the RV pad remained or not, but he felt the neighbor's wishes should be considered to the greatest extent possible. He noted that the neighbor had requested a wall, and EWEB agreed to a six-foot fence and the removal of some trees. He said there had also been a possibility of a caretaker, a gate, and/or security camera. He did not care about any of that as much as he cared about the placement of the bathroom. He questioned why NMFS, and not the Lane County Planning Department, was interpreting ADA requirements. He commented that if someone placed an outhouse next to his kitchen window by the river, he would "have something to say about it."

Mr. Anderson said he would prefer to provide a memorandum outlining all of the information regarding the restroom. He agreed that they could fight the Marine Board, given that it was not providing any money, but FERC did require EWEB to work with all of the agencies and take their input to heart. He explained that if they decided not to take an agency's input EWEB would have to go to FERC and tell them why. He was concerned that the process would become "gummed up" if EWEB took this course of action.

Mr. Berggren suggested that this might be a question for EWEB legal counsel, Win Calkins.

Commissioner Brown acknowledged the concerns for providing a restroom in close proximity for disabled persons getting out of a boat but he also understood the need to be fair to the person who lived next door.

Commissioner Cassidy concurred. He requested further information about the costs of the improvements.

Vice President Farmer indicated his support for the action item, which was to decommission Ike's Landing when the other boat landing came on line. As for the design changes, he did not have much preference one way or another except that he did not want to begin to lock up boat landings. He felt the rest of the changes were "almost an operational staff decision." He went on to say that they needed to communicate with the people up the river about what EWEB was doing. He said they had taken steps to meet the needs of the people in the area of the boat landing and some of the people had communicated with the Board in ways that were "inappropriate" based on their frustration with the process. Nonetheless, he wanted to be fair though he did not believe they needed to do everything the neighbors wanted.

President Simpson agreed that they should keep the lines of communication open with the neighbors. He underscored that this was in keeping with EWEB's philosophy of open governance and the inclusion of social, economic, and environmental aspects of every decision. He added that while he did not really want to install a gate at the boat landing, he could "live with" that decision if it needed to be made. He opposed, however, the placement of a bathroom in close proximity to the neighbor's kitchen. He supported looking into other possibilities for where the restroom could be located. He added that he concurred with Commissioner Menegat; he did not want to see the boat landing turn into a \$7 million project.

Vice President Farmer, seconded by Commissioner Menegat, moved to decommission Ike's Landing once the new boat landing was in operation and to return Ike's Landing to its natural state prior to the boat landing. The motion passed unanimously, 5:0.

Mr. Berggren surmised that the Board direction was to leave the RV pad out, to plan on installing facilities for the possibility of future installation of a gate, to engage in some “push back” regarding the location of the restroom, and to create a piece of communication for the community that included those things and an opportunity for the members of that community to provide specific testimony on this communication.

Commissioner Brown suggested that before they pushed back to the agency, EWEB should share its site plan and solicit community feedback. He said if there was not strong objection EWEB would not need to address the Marine Board about it.

Vice President Farmer thought EWEB could phrase it that the design process was reaching its conclusion and EWEB wanted community feedback.

## **SECOND PUBLIC HEARING ON 2009 BUDGET [REVISITED]**

President Simpson reopened the public hearing to allow another member of the public to provide testimony.

Dorothy Goode, an EWEB customer, wished to speak in regard to the water rate increase. She had read about it in the *Register Guard* and on the same day there had been an article regarding the increasing pace of job loss. She had been angered by the proposal of a 20 percent water increase. She stressed that the recession had hit Lane County hard and unemployment levels had reached 7.5 percent. She said economists were warning that conditions were likely to worsen. She acknowledged that the increase would amount to \$4 per month for an average residential customer, but she asked the Board where the people would get that \$4. She averred that the money would be taken from money that would be spent on food, gasoline, and medicine. She wanted to know why the increase was being enacted in the context of the present economic conditions. She wondered how aging the aging infrastructure really was and asked the Board to revisit the proposal for the rate increase and forestall it.

Commissioner Brown thanked both of the people who testified. He observed that the testimony exemplified the need to get the word out as to why the increase was being included in the budget. He stressed that there was a need for the basic essential services that EWEB provided. He assured the members of the public that there was a substantial demonstrated need for the increase. He said they would work to get word out to the community about what the money was needed for, adding that he knew that as individuals the community would do what it could to conserve. He believed that those who had more would share. He felt they were doing the best job they could do.

Commissioner Cassidy averred that the concern Ms. Goode had raised regarding the cost impact was a real concern. He stressed that the Board had been dealing with how to address the burgeoning financial needs for some time and had not dreamed up the rate increase to coincide with the economic crash. He noted that he worked for several charitable organizations that helped low income and homeless people and he was aware of how challenging the times were for people. He stated that the Board knew there were concerns about the 100-year-old system that delivered the water to people's homes and they also knew that the water utility did not have adequate reserves. He noted that the lack of adequate reserves had made the impact of the closure of Hynix more profound.

Vice President Farmer thanked the two people who testified for their comments, adding that they were well taken. He shared the concerns expressed about the financial difficulties that many people faced but it was also imperative that people be able to turn on their taps and get water. He stressed that the money from the rate increase was not an open-ended check; it would be spent on needed projects. He reiterated that the rate increase, though only recently publicized in the paper, had been under consideration and revision by staff and the Board for nearly 18 months and the recession had only recently "come crashing down around us."

President Simpson thanked Ms. Goode. He felt she was speaking for vast numbers of people who were unable to give their testimony or were unaware that they could provide testimony at the present and previously held hearings. He observed that a private company could always just raise its prices when it needed to, but a public entity could not just make a price increase to accommodate a dramatic increase in fuel prices, as an example. He related that at the work session he had strongly recommended to the Board that the portion of the increase that was designed to build reserve funds be rescinded once the reserve targets were met.

President Simpson stated that the water utility cost a lot of money to run. He wanted to point out that the water that was available for everyone to drink was one of the lowest-cost commodities available. He underscored that people did not have to drive to the river and haul their own water; EWEB made the water potable and delivered it to everyone's home. He said EWEB was currently provided the second to the lowest costing water in the region.

President Simpson said the water delivery system had been built as the city had been built and some of the main arteries were a century old. He related that EWEB was already experiencing large area service outages due to water main breaks, which also incurred street damage and caused traffic problems. While \$4 was a hit for a low-income person, it also saddened him to see people spending \$1.29 for a bottle of water when they could get almost 2,000 gallons of good water from the tap for the same amount of money. He asked Ms. Goode how she would recommend this information be provided to the public.

Ms. Goode agreed that more communication was needed.

Mr. Berggren stated that there were very detailed plans on how and where the money would be spent and offered to share them with her.

Ms. Goode thanked the Board and staff for the work they did. She noted that her doctor had told her that EWEB water was the best in the nation.

President Simpson closed the hearing portion of the meeting.

### **DRAFT RED-LINED GENERAL MANAGER EMPLOYMENT CONTRACT**

Human Resources Manager Christina Bennett stated that the red-lined version was the same document that had been presented previously with the changes to section B(1) regarding the salary setting practices that the Board had passed at the last meeting. She asked if there were any additional changes, noting that she would incorporate any further changes and would then send it out for a legal review. She said it would be finalized at the meeting scheduled for December 16.

In response to a question from President Simpson, Mr. Berggren affirmed that he had reviewed the changes and did not have concerns.

### **ADJOURNMENT**

President Simpson adjourned the Regular Board Meeting at 8:50 p.m.

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Assistant Secretary

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President