

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

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

Others present: Randy Berggren, Debra Smith, Jim Wiley, Jim Origliosso, Jeannine Parisi, Sheila Crawford, Mark Freeman, Todd Simmons, Christina Bennett, Lance Robertson, Mel Damewood, Terry Bequette, Ken Beeson, Dick Helgeson, Tom Williams, Will Bondioli, Laurie Muggy, Mike Logan, Rod Price, and Krista Hince of the EWEB staff; Rich Cunningham, Joann Ernst, Commissioner-elects; Ruth Atcherson, City of Eugene minutes recorder.

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

**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. October 7, 2008, Work Session
- b. October 7, 2008, Regular Board Meeting
- c. November 18, 2008, Work Session
- d. November 18, 2008, Regular Board Meeting

Contracts

2. Lane County Human Services Commissioner – Limited Income Energy Assistance Program – Employee, Customer & Community Services Division - \$900,000
3. TransUnion – Customer Service Credit Reporting Services – Employee, Customer & Community Services Division – 270,000

President Simpson pulled the minutes.

Commissioner Cassidy pulled Item 3.

Vice President Farmer, seconded by Commissioner Cassidy, moved to approve Item 2 of the Consent Calendar. The motion passed unanimously, 5:0.

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

President Simpson stated that he had no issues with the minutes from November 18.

President Simpson, seconded by Vice President Farmer, moved to approve the minutes from the Work Session and Regular Meeting held on November 18. The motion passed unanimously, 5:0.

Commissioner Cassidy explained that his concern regarding Item 3, a contract with TransUnion, had to do with the expense. Customer Services Manager Mark Freeman responded that EWEB utilized TransUnion for credit reporting services. Employee, Customer & Community Services Division Director Debra Smith noted that the cost of the contract was within the authorized amount. Mr. Freeman said he would provide additional information regarding the contract to Commissioner Cassidy.

Vice President Farmer, seconded by Commissioner Menegat, moved to approve Item 3, a contract with TransUnion, from the Consent Calendar. The motion passed unanimously, 5:0.

President Simpson had previously submitted corrections to the minutes of the Regular Meeting of October 7 electronically but he wished to offer the following revised language for the Work Session held on October 7:

- Page 2, paragraph 6: Replace the second sentence with “***Mr. Newcomb stated that the carbon footprint analysis boundary for the Steam Plant had to include the customers who would be replacing steam heat with other heating systems.***”
- Page 2, paragraph 7: “~~Employees breathing generated~~ Vice President Farmer asked how much CO<sup>2</sup> ***was generated by EWEB employees’ respiration.***”

Vice President Farmer, seconded by Commissioner Brown, moved to approve the minutes from the Work Session and the Regular Meeting held on October 7, 2008, as amended. The motion passed unanimously, 5:0.

## **ITEMS FROM COMMISSIONERS**

Commissioner Brown commended the EWEB staff for all the work that had been done to prevent power outages. He said it had been “wonderful” not to have to deal with them during the recent weather events. He related that Director of the McKenzie Watershed Council (MWC) Jeff Ziller had made a presentation about the recent violation of the law a McKenzie area resident had committed by placing fill in the river to route the water differently by his property. He added that there were currently five people building too close to the river.

Vice President Farmer said he wanted to make the General Manager evaluation process part of the governance process. He felt that the community needed to know that the Board was making an effort to be good public servants. To that end, he wanted to institute an effort at the staff level to get people to pull together and increase efficiency. He suggested that staff should think about this. He thought there could be ways to reward employees for their innovation in that regard.

Commissioner Cassidy thanked Roosevelt Project Manager Ken Beeson for his letter to the editor that explained the planned heating system at the Roosevelt Boulevard facility that was in response to another letter that was based on erroneous information.

President Simpson related that a customer had called him about a potential landslide up near Leaburg. Electric Division Director Jim Wiley indicated that he was aware of the situation and that they are monitoring the site. President Simpson added his intention to maintain his presence at Board meetings, though he would no longer be a Commissioner. He noted that it would be beneficial to have Wifi services available in the building and asked that the Board discuss this possibility at a future meeting.

Commissioner Menegat commented that he would need to know more about what it would take to do so before he could support installing Wifi in the meeting rooms.

## **CORRESPONDENCE**

General Manager Randy Berggren reviewed the following items of correspondence:

- A backgrounder was provided to the Board regarding Commissioner-elect Rich Cunningham's request to increase the Low-Income Energy Assistance Plan (LIEAP) fund.
- Mr. Berggren also mentioned the memo from Property Manager Mark Oberle about the Riverfront Master Plan Project. He said they will be distributing monthly updates from here on out.

## **BOARD AGENDAS**

Mr. Berggren highlighted the *Eugene Water & Electric Board Agenda Report* dated *December 16, 2008*.

## **APPRECIATION AND CAKE**

Mr. Berggren and Board Assistant Secretary Krista Hince presented President Simpson and Commissioner Menegat with commemorative plaques, a gratuitous gift, and a cake.

Mr. Berggren commended the two Commissioners for their dedication. He said they had both been incredible in terms of the support of staff and their curiosity. He underscored staff's appreciation for their representation of EWEB's ratepayers.

Vice President Farmer echoed Mr. Berggren's comments, adding that he appreciated their willingness to listen to people with different views.

Commissioner Brown said they had both been good to work with. He complimented Commissioner Menegat for his taciturn nature saying that he did not speak a lot but when he did, what he said was always important.

President Simpson conveyed his gratitude for staff. He averred that there would be no way for the Board to be as engaged as it was without staff's trust and the governance work that they had put time into developing.

Commissioner Menegat thanked the previous Board for appointing him and his constituents for electing him and giving him the opportunity to serve. He had been impressed by the dedication and knowledge of EWEB's staff.

## **STEAM PLANT TRANSITION PLAN**

Key Accounts Program Manager Mike Logan summarized the *Steam Utility Transition Plan – Requested Board Action* with power points. He said staff was pleased with the progress they had made on the plan. He reported that they had been working on three fronts, the first of which was the contract with PeaceHealth University District. He asked Environmental Manager Steve Newcomb to elaborate.

Mr. Newcomb related that he had heard from the facilities manager for PeaceHealth University District earlier in the day and he had indicated that he would present the contract and that he anticipated they would agree to sign it. He noted that it was a three-year contract.

Mr. Logan said discussions with the Oregon Department of Energy (ODOE) had resulted in an approach to assess the steam utility using a Research, Design & Development (RD&D) process as a funding mechanism. He related that upon receipt of the funding application they would hire a consultant through a Request for Qualifications (RFQ) to gather all the relevant data on all of the steam customers. He stated that they would look toward folding all of the steam customers into the ODOE's Small-Scale Energy Loan Program (SELP). He considered this development encouraging.

Key Accounts Manager Tom Williams said staff had contacted approximately half of the Steam Utility customers and planned to talk with all of them.

Mr. Logan stated that the ODOE was waiting for the funding application and had pledged \$100,000 toward the study to determine what the costs would ultimately be.

Vice President Farmer asked what was meant by Board equity. Mr. Logan replied that EWEB was eligible for \$15 million in SELP loan funds if it met the efficiency requirements, but EWEB was required to put \$3 million of its money toward the \$15 million. He clarified that the funds would work as loan funds and would be paid back.

President Simpson asked if the money could be used to help buy hardware. Mr. Logan replied that EWEB could structure the project as it needed to and could use it to purchase components as well as for an engineering study.

Vice President Farmer asked what the estimate of the total cost of the project. Mr. Logan recalled that it was approximately \$16.5 million.

Mr. Logan stated that the resolution would allow staff to continue on the present path. He said EWEB's Legislative Lobbyist Jason Heuser and Community and Local Government Outreach Coordinator Jeannine Parisi were working on several other fronts. He related that there was some possibility of accessing the economic stimulus funding.

Commissioner Cassidy reiterated his concern regarding the length of time that the Steam Utility would continue to operate, given that the contract with PeaceHealth would end after three years. He felt that after the contract ended EWEB would lose money. He averred that the longer customers waited to get off of the system, the more EWEB might have to help them. He wondered why they could not match the transition plan with the PeaceHealth University District contract. Mr. Logan responded that costs were being recovered through steam rates. He said staff shared the concern regarding the customers' ability to obtain what they needed to make the transition and this was why they were trying to work with each of them.

Mr. Williams predicted that the ODOE funding would help more people become ready to transition to another power resource. He noted that some of the customers they had spoken with initially had indicated that they would love to transition away from being a steam customer but could not afford to do so and the funding would change that.

In response to a question from Commissioner Cassidy, Mr. Logan added that there was some risk that if the transition happened too rapidly the utility could lose staff.

Commissioner Brown asked if staff had discussed asbestos abatement with the Department of Environmental Quality (DEQ) or the City. He noted that it could take 12 to 18 months to rid a structure of asbestos. Mr. Logan replied that this would be determined during the assessment phase. He stated that when the qualified consultant reviewed the transition he or she would be able to assess that issue as well.

Commissioner Brown asked if the City Hall building would qualify for the funding. Mr. Logan affirmed that it would. Commissioner Brown thanked him for the work he was doing.

Vice President Farmer asked staff to consider possible “red flags.” He related that he had been approached by a couple of customers who said they could not wait for EWEB to get the money together and they expressed concern that they would be penalized if they moved forward in the present. He suggested staff consider whether there could be retroactivity in the plan. He also wanted more information regarding the potential of issuing bonds, whether it would have to be approved by the Legislature and what risk they could create in the down economy. He was worried about the stability of the funding source. He said the most important thing to consider was that the program would be issuing loans and loans were issued based on ability to pay. He was worried given that many businesses in the community were currently experiencing a negative cash flow.

Mr. Williams noted that the City of Eugene’s Facilities Division Manager, Glen Svendsen, was present. He said EWEB staff had been actively working with the city and the city was further along in terms of being ready to convert to another heating source. He thought that with the new RD&D program the whole project would be eligible for tax credits. He related that the city had discussed using one of its projects to push through and confirm that all of the “pieces of the puzzle” were in place.

Commissioner Brown remarked that almost every site in the downtown area had contaminated groundwater. He wondered if it would be possible to use that for a geothermal heat pump. Mr. Logan responded that staff would look into it.

Commissioner Brown, seconded by Commissioner Menegat, moved to adopt Resolution No. 0845 authorizing the General Manager to move forward with implementation of the Steam Utility Transition Plan, and modify/refine the plan accordingly as EWEB continued to work with customers and the Oregon Department of Energy.

Commissioner Menegat declared a potential conflict of interest. He explained that he was treasurer for a non-profit organization that was a steam customer. He did not believe it would affect his ability to make an impartial decision.

Commissioner Brown declared a potential conflict of interest, as he managed several buildings that could be affected by the steam transition plan. He stressed that he would not have a financial gain because of the resolution.

Vice President Farmer disclosed that he served on the Sacred Heart Foundation Board but he did not believe that constituted a conflict of interest.

The motion passed unanimously, 5:0.

## **HVB AE POWER SYSTEMS, INC. – 115 KV SF6 CIRCUIT BREAKERS**

Systems Engineering Supervisor Rod Price said he was present to ask for approval for the

contract for 29 circuit breakers. He explained that the idea for the breaker replacement program had originated with the operations and engineering line level employees. He said while management had approved it there was a great deal of buy-in for the success of the program. He stated that this would help to address issues related to reliability and the aging infrastructure. He pointed out that existing breakers were as much as 55 years old and EWEB had been experiencing more problems with them. He underscored that this was a good time in the marketplace to lock in this type of contract.

President Simpson asked if the circuit breakers would be warehoused and installed as the need arose. Mr. Price replied that they had a five-year plan that spread out the installation of the 29 breakers.

Commissioner Cassidy, seconded by Commissioner Menegat, moved to approve the contract with HVB AE Power Systems for the purchase of 29 115 Kv SF6 circuit breakers.

President Simpson agreed that this was a good point in the buying cycle to make such a contract.

Vice President Farmer ascertained from Mr. Price that the pricing was locked for the first four years of the contract and asked if it would be negotiated after that point. Mr. Price responded that as long as the cost stayed within five percent of the present cost they could automatically renew the contract, but if it rose higher than that they would renegotiate.

The motion passed unanimously, 5:0.

## **GENERAL MANAGER'S PERFORMANCE EVALUATION**

President Simpson thanked everyone for being flexible and accommodating the escalated schedule for the performance evaluation.

Human Resources Generalist Laurie Muggy summarized the General Manager's performance evaluation. She noted that the aggregate report had been provided to the Board and President Simpson had met with Mr. Berggren in the previous week to provide him with his performance evaluation feedback. She said performance was evaluated based on key performance factors in the following categories: leadership, management, relationships, and Board interaction. Mr. Berggren's combined weighted average for those performance factors was 3.96 out of a possible 5. She stated that Mr. Berggren's performance was also evaluated based on four individual performance goals that involved tasks and deliverables associated with the following areas: EWEB's water rights and supply, the headquarters master plan process, Carmen Smith settlement negotiations, and long-range planning for the Steam Utility. The combined weighted average for those performance goals was 3.85 out of 5.

President Simpson stated that the performance factor rating that Ms. Muggy discussed was given a 40 percent weight and the overall weighted goals rating was given a 60 percent weight.

Adding those two together gave a total performance score of 3.89. He said this put Mr. Berggren in the middle of the “exceeds expectations” category. He related that typically the Board had the latitude to provide for a salary increase in the 5.6 to 8.5 percent range, but Mr. Berggren had requested at this time not to have a merit increase given the economic conditions present. He stated that the Board had accepted that proposal, but wished to underscore that this did not mean the Board did not appreciate and believe in Mr. Berggren’s ability to do a very good job. He stressed that all of the Commissioners had given strong accolades for his job in coordinating the very complex management of EWEB. He thanked Mr. Berggren on behalf of the Board for suggesting that he not receive the increase at this time.

Commissioner Menegat stated that significant things had happened in this year, such as the resolution of the Carmen-Smith settlement negotiations.

Commissioner Brown commended the General Manager on the job he had done but he also wanted to highlight all of the work done by staff to support the work. He said a leader was only as good as his team.

Vice President Farmer declared that there were three or four “really big boulders of action” that had occurred in the past year that would set the future of the utility for the next 20 years. He said the most important thing to recognize was that these things were done and they were “done right.” He commended Mr. Berggren for saying he did not want a salary increase. He felt this was meant to set the spirit out into the community that the utility was trying to do everything it could to be a public servant and to help constituents in a tough economic time.

President Simpson echoed Vice President Farmer’s sentiments regarding the essential projects that had been completed in the past year. He said it was difficult to provide an annual evaluation on something that wrapped up four to six years of prior work. He cited some of the praise for Mr. Berggren he had written in the evaluation. He thanked Mr. Berggren for his work, adding that it was a pleasure knowing him.

Commissioner Cassidy concurred with all of the comments

## **GENERAL MANAGER’S EMPLOYMENT AGREEMENT**

Human Resources Manager Christina Bennett stated that the contract language had been finalized and had been reviewed by legal counsel and had been found to be in order. No changes had been made to it.

Commissioner Menegat, seconded by Commissioner Cassidy, moved to approve the General Manager’s Employment Agreement. The motion passed unanimously, 5:0.

## **COLLECTIVE BARGAINING AGREEMENT**

President Simpson stated that the Board was being asked to approve the collective bargaining agreement with the International Brotherhood of Electrical Workers (IBEW). He called the agreement “exciting news.”

Human Resources Manager Christina Bennett related that staff had reviewed the agreement with the Board in an Executive Session at a prior meeting. She stated that the IBEW had voted to ratify the contract and conveyed her recommendation that the Board ratify it as well.

Commissioner Menegat, seconded by Commissioner Cassidy, moved to ratify the collective bargaining agreement between Eugene Water & Electric Board and the International Brotherhood of Electrical Workers.

President Simpson stated his support for the agreement, calling it a very “forward-looking stable agreement.” He was pleased to approve it. He expressed appreciation for the diligent work of staff for bringing the collaborative negotiation forward.

Mr. Berggren added his appreciation for the IBEW, which originated the idea of getting some training in the collaborative bargaining process. He felt the process had been successful and had been “eye-opening and educational.” He spoke glowingly of the IBEW and the process they had engaged in.

Commissioner Cassidy hoped there would be good public relations coverage for EWEB regarding the negotiations.

The motion passed, 5:0.

## **CAPITAL PROJECT BUDGET AMENDMENT NO. 8**

Treasurer Jim Origliosso stated that he was bringing forth a request for Budget Amendment No. 8, for two major capital projects. He said due to a number of different factors staff had not caught the budget issues earlier. He related that this had caused staff to reassess the system and make changes to how they monitored these types of items so that they would be caught earlier in the budget cycle.

Water Engineering Manager Mel Damewood provided some supplemental information regarding the impacts of the budget amendment to the capital plan. He related that they had just received an engineering report that had been very positive; transmission lines that were 30 to 50 years old looked very good and had very little corrosion. He believed that there were projects that could potentially be deferred in the capital plan that would offset the budget amendment.

President Simpson asked if the projects were missing or had they been incorrectly valued. Mr. Damewood responded that the Roosevelt Boulevard project had not been budgeted for. He related that there had been two main breaks that had cost approximately \$50,000 apiece and the

Roosevelt lines had been reevaluated and staff decided it was prudent to replace the line at that time. He explained that though it had been intuitive that the project would cost more than \$500,000; staff had pushed through to get the job done and bringing the amendment before the Board had been overlooked. He said they had set out to replace 11,500 feet of water mains in 2008 and until the present week EWEB was within 100 feet of completing that task. He gave kudos to the crews for being diligent.

Vice President Farmer wanted to move forward with this, but he also wished to ensure that such reporting was not overlooked in the future.

Vice President Farmer, seconded by Commissioner Cassidy, moved to approve Budget Amendment No. 8, for water main relocations and treatment plant additions. The motion passed unanimously, 5:0.

#### **ADJOURNMENT**

President Simpson adjourned the Regular Board Meeting at 8:45 p.m.

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Assistant Secretary

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President