

EUGENE WATER & ELECTRIC BOARD  
WORK SESSION  
EWEB BOARD ROOM  
500 EAST 4<sup>TH</sup> AVENUE  
JANUARY 6, 2009  
5:45 P.M.

Commissioners present: Ron Farmer, John Brown, Bob Cassidy, Rich Cunningham, and Joann Ernst.

Others present: Randy Berggren, Jim Wiley, Ken Beeson, Debra Smith, Jim Origliosso, John Yanov, Tom Buckhouse, Sheila Crawford, Cathy Bloom, Dick Helgeson, Jeannine Parisi, Lance Robertson, Bill Welch, Mark Freeman, Gene Austin, Dick Varner, and Krista Hince of the EWEB staff; Ruth Atcherson, City of Eugene minutes recorder.

Vice President Farmer convened the Work Session of the Eugene Water & Electric Board (EWEB) at 5:35 p.m. He welcomed the new commissioners to the Board. He noted that there had been changes in the financial reporting requirements because of new election laws. He said the next deadline was January 14 and it would only apply to himself and Commissioner Brown. He encouraged Commissioners Cassidy, Ernst, and Cunningham to go to the Web site and make sure they had read the election laws and understood the financial reporting and deadlines. He stated that they could download the forms from there.

## **HEADQUARTERS REMODEL ASSESSMENT**

General Manager Randy Berggren stated that the discussion had arisen from discussions at the Board on whether the utility should invest in remodeling the current headquarters site or build new at the Roosevelt site. He explained that if the Board chose to remodel they would need to provide the funds for it in the 2010 budget, in order to do that there would have to be some planning in 2009. He related that they had done a small amount of work with PIVOT Architecture to come up with very rough preliminary cost estimates. He noted that the last time they had gone through this process the utility had built a Quonset hut for operations in 1952 and it had taken another 30 years to build the headquarters building. He averred that it would be good for staff to have a sense of when the headquarters would move to the new site.

Project Manager Ken Beeson, highlighted the *EWEB Headquarters Planning Review January 6, 2009* accompanied with power points, hard copies of which were provided to everyone present. He said he was looking for some understanding of what was being proposed as a framework for the approach to the options and he hoped to gain some Board input and support for the work. He stated his intent to continue to work with Mark Oberle and the Master Planning process.

Mr. Beeson reviewed the preliminary cost estimates for maintaining the existing headquarters building and for relocating all EWEB functions to the Roosevelt Boulevard site. He said they were not looking to conduct a 30 percent design process and would be relying on previous reports. He stated that staff intended to review the alternatives and to clearly define what they were considering and quantify the costs for the options. He noted that one byproduct of a potential move would be that the fiber network operating center would have to be relocated.

Mr. Berggren noted that when the Board had discussed relocating all of the EWEB functions previously the Board at that time was clear that if the move was made they would want to maintain a substantial presence in the downtown area for customer service. He said they would discuss this further with the current Board. He commented that it would be reasonable to observe that the costs for remaining at the current location or moving to the Roosevelt Boulevard location over the course of 25 or 30 years could be close in comparison.

Mr. Beeson related that PIVOT Architecture and Balzhizer & Hubbard Engineers had done a lot of work on the facilities and he said he was looking to engage them as consultants in the process. He said he would likely also employ Lease Crutcher Lewis for some of the estimate. He had put a placeholder for \$70,000, but he thought it could be less than this, and this amount was already covered in the 2009 budget. He foresaw providing interim reports to the Board. He said there would be an opportunity for board participation as well.

Vice President Farmer explained, for the new Commissioners, that Work Sessions were for information and discussion purposes and that the Board did not make motions or take actions during them. He said this did not mean that the General Manager would not seek, on occasion, a strong sense of the Board's leanings in a Work Session.

Commissioner Cassidy was inclined at this point was to move the headquarters to the Roosevelt Boulevard site. He said the focus on cost was not a big concern to him. He wanted to talk about what was needed. He averred that the consideration of whether the city was interested in the headquarters building for use as a new City Hall should be included. He did not think the administration building had room for the level of expansion he foresaw. He expressed concern that if they did move out to the Roosevelt site the headquarters would take up the parking area. He suggested that they look into whether Lane Transit District (LTD) had the capacity to provide service there.

Mr. Berggren noted for the record that staff had a design that anticipated the potential move of EWEB's headquarters that included an alternate site for parking.

In response to a question from Commissioner Ernst, Mr. Beeson stated that there was some design work done in 2005 on a potential remodeling project for the headquarters building. He said they would use the work from 2005 as a base to make cost estimates.

Commissioner Ernst said her inclination would be to move it to the Roosevelt site. She also was concerned that giving up what they had might outweigh wanting to move to the site because EWEB had a strong position in the downtown area. She thought the community liked to have it in that location.

Mr. Beeson stated that they would get more details about what assumptions lay behind the cost areas. He cited, as an example that they would look at what would be required for alterations to the current building should they choose to stay there. He said some results could be whether or not they would want to minimize putting in new walls or taking them out and whether or not they

wanted to buy new systems furniture or take the building to a Leadership in Energy and Environmental Design (LEED) Silver standard. He noted there was also work involved in changing the furnace system with the phasing out of the Steam Utility.

Commissioner Ernst asked if the work would start immediately if the decision was made to move the headquarters to the Roosevelt site. Mr. Beeson replied that the change would entail quite a bit of design work first, though they had a precise idea of where the building would be located. Mr. Berggren added that it would likely be 2012 or 2013 before construction could begin, should the Board choose to move.

Commissioner Brown said he support the move subject to financial feasibility. He noted that the estimate projected a cost of \$472 per square foot for the building, not including the cost of the land. He questioned that number given that the Slocum Center had recently cost \$212 per square foot and that they had just bid a building on Chad Drive for \$220 per square foot "all in." He observed that \$15 million to renovate the existing headquarters building came to \$197 per square foot. He indicated that if the numbers could be substantiated he could support the project, but he needed more information. He understood that there would be savings in having all of EWEB's functions located in the same place. He also reckoned that they would not have to do too much work to sell the existing building, except for on the fourth floor.

Mr. Beeson stated that staff had tried to be "cautiously conservative" in the initial estimates and may have estimated high as a result.

In response to a question from Commissioner Cunningham, Mr. Beeson indicated that the present building was 100,000 square feet and that the actual office area consisted of 85,000 to 90,000 square feet.

Commissioner Cunningham agreed with Commissioner Cassidy that the General Manager should consider contacting the City Manager to gauge the city's interest in utilizing the headquarters for a City Hall location. He also felt that the community could be upset by a \$42 million expenditure during these economic conditions. When he ran for Commissioner he had heard from voters who were upset because they had not been able to vote for the first bond measure. He suggested that they consider putting it to the community as a referendum.

Commissioner Ernst thought that if the community understood that there would still be a downtown presence they would be more supportive of such a measure.

Commissioner Cassidy averred that there were a lot of alternatives to the present structures for having a downtown presence.

Commissioner Cunningham acknowledged that there was a lot of work that needed to be done to the office structure.

Commissioner Ernst asked if access to the fiber optic network would be affected if it were

moved to the Roosevelt site. Mr. Beeson replied that it would not necessarily be affected. He explained that the fiber optic system had been built in the late 1990s and included approximately 70 miles of fiber on EWEB's transmission system. He said it connected all of EWEB's substations and a lot of the utility's facilities. He said EWEB had also entered into some agreements with other agencies, such as the school districts. He related that the system had been set up so that it had a centralized network-operating center in the headquarters building. He stated that one alternative would be construction of a new building to house the center and the other alternative would be to redesign how the system ran and to place the center at the Roosevelt site.

Mr. Berggren added that any work in that regard would consider that they would maintain existing relationships.

Vice President Farmer had similar questions about the numbers as Commissioner Brown. He said another option to consider would be sale/lease-back agreements where EWEB would sell the headquarters to a third party investor and then release it for a period of time. He underscored that he was not saying that this was how they should proceed, but he thought it bore looking into as having an existing tenant would make the building more saleable.

Vice President Farmer stated that the number that had "jumped out at" him had been the \$15 million figure estimated to be needed to upgrade the headquarters building. He recalled that the last time this had been presented to the Board the estimate had been \$7 million. He called this a dramatic change. He added that it would be good to get an idea of what it would cost to operate a new building versus what it would cost to continue to operate a 35-year-old building.

Mr. Beeson agreed that some kind of comparison of operating costs would benefit the discussion.

Vice President Farmer called the steam issue in the headquarters building "the gorilla in the room." Mr. Beeson responded that his assumption was that the steam plant would continue to be phased out and EWEB would be installing some kind of cost-effective boiler system. He noted that this was embedded in the cost estimate.

Vice President Farmer recalled that when the Board talked about the split move or moving everything they had discussed leaving customer service downtown. He did not feel it needed to be a big business; it could be a pay station. He underscored that if one looked at Eugene, the headquarters was not located in the center – it was located toward the eastern corner. He pointed out that if one lived in the far western, northern, or southern portions of Eugene one had to drive a long way to get to EWEB's customer service. He did not foresee investing a lot of money in a customer service location in the downtown area, nor did he foresee keeping very many Full Time Equivalent (FTE) employees working there.

Commissioner Ernst averred that the conversation was completely different at this point because the Roosevelt site was already under construction and this affected the logic of keeping the organization split.

Commissioner Brown remarked that the School District 4J had a facility at 200 North Monroe Street. He suggested that staff look into whether there was the capacity there to accommodate the fiber optic network.

Mr. Beeson asked what level of interest the Board had in being involved in the meetings. He predicted that they would have a couple of three- to four-hour long sessions.

Vice President Farmer explained, for the benefit of the new Commissioners, that the Board had two members sit on the Building Advisory Team that had been involved in the Roosevelt Boulevard planning process. He related that they had not wanted to have staff spend many hours working on something and then have the Board feel it did not make sense. He said it had been logical to have Commissioners attend the meetings. He encouraged Commissioner Brown to be part of the exploration of whether to renovate or move, given his prior involvement and his experience with these types of planning processes. He added his preference to have a second Commissioner involved as well.

Commissioner Cassidy said he would be interested in attending, though he preferred serving as an alternate.

Commissioner Ernst supported having two Commissioners attend the meetings to serve as a Board resource on the process.

Commissioner Brown agreed to attend meetings.

Vice President Farmer asked Commissioners Brown and Cassidy to sit in on those meetings.

Mr. Berggren acknowledged the suggestion that staff talk to the City to see if there was interest in putting City Hall on the site. He said he had met with the City Manager Jon Ruiz, and had discussed this among other things. He related that the city was trying to “plug an \$8 million hole” at present. He stated that Mr. Ruiz had talked about where he could levy additional Contribution in Lieu of Taxes (CILT) on EWEB and in response to a query about the EWEB site had indicated that the City was willing to purchase it if EWEB would sell it for a dollar. Mr. Berggren did not see this as a realistic outcome. He was willing, however, to return and have a more focused conversation but he believed it would be more political and less technical.

Commissioner Brown remarked that if it were conveyed properly the voters would back it up. He hoped EWEB could continue to ask the question. He said it would certainly dictate how the committee would work in designing the Riverfront Master Plan.

Commissioner Cassidy said he was more interested in hearing from the City Council and Mayor. He thought it was a significant enough aspect in relation to development of the whole area.

Vice President Farmer observed that this could be premature. He recommended that they let Mr. Beeson continue his preliminary work first.

Commissioner Brown reminded the Board that the city had the first right of refusal if EWEB determined it would sell the site.

Vice President Farmer adjourned the work session at 6:34 p.m.

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Assistant Secretary

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President