

EUGENE WATER & ELECTRIC BOARD
REGULAR BOARD MEETING
EWEB BOARD ROOM – 500 EAST 4TH AVENUE
FEBRUARY 3, 2009
7:30 P.M.

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

Others present: Randy Berggren, Debra Smith, Sheila Crawford, Dick Helgeson, Gene Austin, Lance Robertson, Jim Origliosso, Patty Boyle, Jay Bozievich, Jeannine Parisi, Mel Damewood, and Krista Hince of the EWEB staff; Ruth Atcherson, City of Eugene minutes recorder.

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

AGENDA CHECK

There were no changes to the agenda.

PUBLIC INPUT

Dana Siebert, 32543 Mt. Baldy Lane, explained that while he did not receive service from EWEB, the Spring Boulevard Water Upgrade Project would affect his property. He commended the community process and thanked EWEB Board and staff for engaging in it. He related that he had entered into it with skepticism as it had seemed to him that it was a given that there would be a reservoir in view of his property. He said there had been a very healthy debate at the public sessions about park impact, quality of service, and to a lesser degree financial impact. He had concluded from the work that Jay Bozievich, Senior Water Engineer, had done that the alternate pump station would be a good, reliable solution. He believed it was almost as good as the tank issue and would have some significant cost benefits. He had sensed that the fire issue would be “fairly even” between the two and the gaps were probably something that neither solution could address because of the nature of the urban forest and the close proximity of residents to the park.

Rita Castillo noted that she served on the Springfield Budget Committee but was not speaking for it. She asked the Board to consider applying the rebates to the lower income population only, instead of to everyone. She said she volunteered for Pro Bone-O, a non-profit that helped low-income people with their pets, and with the St. Alice Church homeless shelter, which ran once a year for a week. She declared that people were hurting and really needed the help.

Ray Stafford spoke regarding the Shasta 1150 Water System Upgrade. He expressed his preference for the water tank option. He had submitted his testimony in a letter to the commissioners. He believed that a gravity-operated tank system would be more reliable in a power outage. He shared his several concerns with the pump alternative, which included that it would require a back-up generator on site in a residential neighborhood along with diesel fuel that could add a fire or sabotage hazard. He was also concerned about the risk of diesel fuel spills and the exhaust that running a generator would cause. He stated that use of a pump station would require EWEB to dig up the street

in an existing neighborhood in order to install water line connections and would require above ground electrical lines. He thought the reason for adoption of the “complex pump solution” was to avoid impacts on what was being characterized as a wilderness area. He disagreed with that characterization as he felt it was an urban park.

Peggy Robinson, 350 Pearl Street, commended the Board for its decision to use its \$4.4 million surplus for programs for lower-income families. She said the programs they had were a “gigantic help” and they were bigger than programs of any other local utility. She believed that all of the surplus should be devoted to these programs. She disagreed with the decision to provide a \$30 credit to all of the ratepayers. She related that she had not “come across anybody” who thought this was a good idea. She noted that the *Register Guard* editorial had recommended that the money could be placed into reserves to help low-income people in the future. She said she worked as a St. Vincent DePaul as a volunteer intake worker and she had observed “person after person” who had their utilities shut off or were about to have their utilities shut off. She said whatever help EWEB could provide was absolutely necessary as the winter was cold and almost everyone used electricity for heating.

Terry McDonald, 3063 Whitbeck Boulevard, Director of St. Vincent DePaul, called the half of the surplus dedicated to low-income people a “really good choice,” but the half to be given back to ratepayers presented the question of what sort of impact it would have. He said it would be nice to find a way to have the money multiply out in a different way. He suggested that a portion of the money could have been used for business energy tax credits to create some photovoltaic (PV) centers in town that would increase the amount of local sustainable energy coming into the grid. He averred that while it would not create a great deal of energy it would be a way to push sustainability into the system. He said likewise it would be nice to see a way for affordable housing to add more energy efficient features. He noted that EWEB had been very helpful in putting up the Aurora Building at 11th Avenue and Oak Street; the ground-source heating and air conditioning system had been a great move. He stated that St. Vincent DePaul was building a project on West 11th Avenue and Hayes Street but would not be able to build it with ground-source heating and air conditioning because the “numbers would not work out.” He said finding a way to increase the installation of extra energy efficient systems would go a long way to help ratepayers and especially low-income ratepayers. He said he would prefer to see the money spent on more creative things, but if this was not the tack the Board would take he thought they should at least place the money in a rainy day fund.

Ruth Duemler, 1745 Fircrest Drive, asked the Board to reverse its decision to provide a \$30 rebate to all ratepayers. She recalled a time when she was in the low-income bracket. She appreciated EWEB’s aid for weatherization efforts. She had read that Oregon would receive \$62.4 million for weatherization and \$12.1 million for the low income assistance in the economic stimulus package. She hoped that EWEB would build on the types of projects that Mr. McDonald had brought up.

Jerry Smith, 5041 Saxon Lane, stated that he volunteered for the First Christian Church and he took calls for people looking for assistance. He related that they received at least ten calls per week from people who were desperate for help in their utility bills. He noted that he used to get “wonderful help” from Charles Dalton before he retired. He found that he was hearing not only from low-income people but also from people who were being laid off from their jobs. He observed that people who owned their own homes seemed to do a little better than people who were renting who were prone to losing their housing when they could not pay a utility bill. He thought the surplus could provide customer assistance in that. He commended the Board, adding that he had never seen such interest in being green, saving money, and doing assessments of and providing incentives for weatherization. He appreciated the Commissioners and what they were doing.

Paul and Catherine Duchin, 2575 Highland Oaks Drive, thanked the Board for listening. Mr. Duchin noted that he had sent a packet of information outlining their chronology of events. He reviewed their problems with water seepage in the lower level of their house that they attributed to a leaking EWEB facility. The Duchins had filed a claim with EWEB for \$38,000 in the fall, which had been denied. Mr. Duchin stated that they had taken the case to a lawyer. The Duchins asked the Board to direct the managers to settle the claim. They indicated that if they could not find resolution they would take their issue to the media.

Vice President Brown thanked everyone for coming. He shared concerns expressed regarding the rebate to customers, but he wished to stress that when customers were overcharged for services or goods it was a common practice to refund it. He said the Board had tried to find a balance between rebating an amount to all ratepayers and providing an economic relief package. He reiterated his thanks for their kind comments.

Commissioner Cunningham stated that \$2.3 million over the past year had increased the energy share. He underscored that someone might not qualify for energy assistance based on their past three months income, but because of the unemployment credit a person could walk into EWEB and show his or her verification of unemployment and they would receive a \$200 credit. He said he looked at ratepayers like they were shareholders and when there was a revenue surplus he believed that some of it should be designated for everyone.

President Farmer commented that it would be a mistake to belabor all of the Board’s votes. He underscored that every commissioner had tried to help the less fortunate in the community when they made their vote. He felt that what had been lost in the discussion was where the money had come from. He reiterated that the money had come as a result of overcharging customers. He explained the 85 percent water assumption in the budget and that a better hydro year resulted in excess revenue. He likened it to the kicker at the state level, which was given to all taxpayers as a refund for excess tax revenues. He said rather than give everyone their money back the Board had chosen to place \$2.3 million to the programs that would help low-income people. He stated that though he had opposed the rebate, he wanted to speak in support of the Board’s decision and the integrity of the Commissioners who had made that decision.

Commissioner Cunningham asked that the claim submitted by the Duchins be included in the record.

Approval of Consent Calendar

Minutes

1. a. January 6, 2009, Special Board Meeting
- b. January 6, 2009, Work Session

Contracts

2. Landslide Technology – Inclinator Installation, Analysis and Report for Leaburg Canal Forebay Slide -- Electric Division - \$28,700
3. Long View Associates – Carmen Smith Implementation Planning – Electric Division \$79,000
4. Troux Services – IT Governance and Architecture – Transformation Platform Deployment – Information Services – Corporate Services Division - \$40,020

Intergovernmental Agreement

5. Lane Community College – EWEB Education Grant – Public Affairs – Employee, Customer & Community Services Division - \$18,948.50
6. U.S. Geological Survey (USGS) – McKenzie Environmental Flow Study – Environmental Management – Employee, Customer & Community Services Division - \$55,100

Vice President Brown, seconded by Vice President Brown, 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

Vice President Brown stated that he had received an inquiry from a frustrated customer. He had talked to Employee, Customer & Community Services Division Director Debra Smith and she said that staff intended to make the response.

Vice President Brown said he had met with Eugene Mayor Kitty Piercy, representatives of the Mayor's office in Springfield, and representatives of Lane Community College (LCC) and Lane Transit District (LTD) to discuss economic recovery programs. He related that Mayor Piercy had just returned from Washington, D.C. and had given him a copy of the document that identified \$115 billion for energy-related measures and \$50 billion in increasing efficiencies out of the \$700 billion stimulus package. He said Mayor Piercy had requested that he take the message back to the Board about engaging in a collaborative effort to get projects "ready to go" because the money was coming

and it was “coming quick.” He noted that Mr. Berggren had a document that identified some of the programs. He thought that the level of funding that was coming into the community was exciting as it provided the possibility of creating many jobs and accomplishing a lot of work. He said they were looking for a contact person at EWEB.

Commissioner Ernst requested a copy of the document. Ms. Smith indicated she would provide copies to the Commissioners.

Commissioner Ernst hoped that the stimulus money could be utilized to bring more solar water heaters on line. She asked for information on the meeting planned for February 11.

General Manager Randy Berggren stated that this was a meeting organized by Eugene City Manager Jon Ruiz to look for opportunities to coordinate efforts in the United Front for stimulus programs. He said Mike Logan, who was the Project Manager for the Steam Transition Plan, had stepped in as the EWEB contact point. He related that staff was already brainstorming on various projects that could be of interest and “shovel ready.” He noted that Mr. Logan had been the former supervisor of the Conservation Department and had the skill set to bring a potential readiness to the conversations.

Commissioner Cassidy asked if the amount of money set aside for the community engagement strategy for the Riverfront Master Planning Citizen Advisory Team (CAT) was realistic. Mr. Berggren responded that this was the process proposal that had been brought to the Board two years earlier. He said they had selected the citizen members with the expectation they would have professional support. He called the riverfront property one of the most unique pieces of property in the city and he thought there was a great diversity of opinions about what should be done with it.

Commissioner Cassidy had qualms about going forward with an expenditure of \$100,000 more for public involvement. Mr. Berggren stressed that it was up to the Board; if the Commissioners thought it was too much they could move to change the process. At this point he believed it was a good investment.

Vice President Brown observed that just because they put a number on the cost did not mean it had to be that number. He noted that they planned to bring a landscape architect from Canada and were getting input from the Leland Group. He hoped that the Board would be able to see what each component of the process would cost. Mr. Berggren said he would provide the information.

Commissioner Cunningham asked what was meant by a “robust community strategy.” President Farmer suggested that staff bring some numbers before the Board and that this discussion should be an agenda item.

Ms. Smith affirmed that it would be an agenda item. She stressed that staff was very aggressively negotiating the costs on a line-by-line level of detail. She considered the negotiations to be “intense” and underscored that the cost would not be \$1 million.

President Farmer recalled that when the Board passed the economic relief package that Vice President Brown wanted EWEB to challenge the other government agencies to step up and do something themselves. He indicated he would do so in the form of a communication to them.

Ms. Smith commented that because the source of money was from the electric division it was only available for electric bills. She averred that having partners who could participate with EWEB would be very helpful.

Commissioner Ernst asked to have a work session from the energy management services on all of the programs that they had, how they were implemented, and who was able to qualify for them. President Farmer asked Mr. Berggren to comment on this. He observed that sometimes it was good for the whole Board to hear about a program and sometimes it was better for a commissioner to get their questions answered by staff in a one-on-one situation. Mr. Berggren responded that they could do it either way. He said if the majority of the Board requested a work session on the item he would provide an extensive backgrounder first.

Commissioner Ernst indicated her preference to have this information provided publicly.

President Farmer recommended that the Board start with a backgrounder and then they could determine if three of the five commissioners wished to hold a work session on the topic.

Commissioner Ernst remarked that EWEB spent a lot of money on energy management programs, including the Lane Community College (LCC) program. She thought it would be nice to have presentation from a program representative in order to understand the background of the program and where it was “at now.”

Mr. Berggren indicated that he would provide a backgrounder on the program.

CORRESPONDENCE

Mr. Berggren called attention to the following items of correspondence:

- Mark Oberle included his *Monthly Riverfront Master Plan Project Update* in the Board packets.
- Dick Varner, Power Management and Planning Manager, provided a memorandum regarding the status of the Harvest Wind Project to the Board.
- Board packets also included a follow-up memorandum from Compliance Auditor, Gene Austin, in answer to the Board’s questions regarding the North American Electric Reliability Corporation (NERC) reliability standards.

- The Board was provided a “fairly extensive” backgrounder on the Duchin claim, the majority of which was confidential attorney/client privilege.
- EWEB signed a settlement agreement with Aegis Insurance Company on the California litigations and would receive \$2 million to cover the payments made to California.

Commissioner Cunningham requested a copy of the previous year’s audit report. Assistant Secretary Krista Hince noted that the reports were online and offered to send him the link.

BOARD AGENDAS

Mr. Berggren reviewed the *Board Agenda Report* dated *February 3, 2009*. He related that the item scheduled for March 5 regarding the donation of the Goodpasture boat landing would be deferred given that there was no boat landing yet. He noted that McKenzie River Trust had requested to take point on the Hunsaker property, which was on the agenda for February 17, but he had heard earlier in the day that Hunsaker was holding to the asking price which was above what the property was allegedly worth. As a result, he said, the item would be pulled from the agenda.

STATE OF THE UTILITY ADDRESS

President Farmer gave the State of Utility Address:

“During his inaugural address two weeks ago, our new president challenged us to embody a “spirit of service” during these hard economic times. “Starting today, we must pick ourselves up, dust ourselves off and begin again the work of remaking America,” President Obama said.

“The Eugene Water & Electric Board enters 2009 with a unique opportunity to play a key role in helping our own community survive the current economic downturn and position us for the eventual return to prosperity.

“On the day Barack Obama assumed the presidency, Commissioners created a \$4.4 million fund to provide bill-payment assistance, rebates and other economic relief to customers who are struggling during the severe recession. While I believed the package should have been even more targeted than it already is, I am proud that EWEB has taken the initiative to respond to this crisis. Responding boldly to the community’s needs and challenges is the essence of what it means to be a citizen-owned utility, and we urge the City of Eugene, the Metropolitan Wastewater Commission and other utilities to follow EWEB’s lead by taking similar actions.

“We would not be able to do this without the careful planning and foresight of the Board and EWEB staff. After the West Coast energy crisis of 2001 drained EWEB’s cash reserves and required us to borrow more than \$30 million, EWEB embarked on a sound strategy to restore the utility to financial health. We took actions that enabled us

to replenish depleted reserve funds, pay off the short-term borrowing and guard against future volatile fluctuations in how much water is available for hydropower generation.

“In 2008, EWEB met all of its reserve-building targets and now has redirected some of its surplus hydroelectric power generation revenues to finance the economic relief package approved by the Board on Jan. 20.

“I’d like to spend my remaining time reviewing our accomplishments in 2008 and looking forward to what lies ahead in 2009. As you will see, many of them also either helped our community financially, or will benefit the community far into the future.

“Securing an adequate water supply, creating a master plan for the riverfront property and working to transition EWEB out of the steam business were three 2008 goals that continue in 2009. We may find that these same goals are adopted for 2010, for they are complex, require significant customer engagement, and will take years to complete in some cases.

“Ensuring that we retain all of our water rights is extremely important, for Eugene and the southern Willamette Valley. This is perhaps the most valuable asset owned by the citizens of Eugene. We need to have enough water available for our own use, or should EWEB decide to become a supplier to nearby cities and towns.

“Over the next three to five years, EWEB will be getting out of the steam business. We now have less than 80 steam customers, and our staff has developed a sound transition plan that strongly considers the impacts on these customers. We must do this with care, and as much as possible, with the interests and concerns of our remaining steam customers in mind.

“Our riverfront property also is a valuable asset, and we have enlisted the help of the community to develop a master plan that will guide future use and redevelopment of the property. A master plan that maximizes the value of the property while considering the community’s other interests is a worthy goal.

“All three of these efforts continue at top goals for our utility.

“In 2008, we also reached a major agreement with 16 environmental groups, natural resource agencies and Indian tribes over the environmental, cultural and other enhancements needed for relicensing of our Carmen-Smith Hydroelectric Project. Relicensing will not be inexpensive – the current cost estimate is around \$135 million. But Carmen-Smith is our largest and least expensive source of electricity, and one that we can depend on for the next 50 years. It makes sense to retain this facility and keep it in ownership by the citizens of Eugene.

I'd like to call out just a few of the many other projects and initiatives that were undertaken in 2008:

- We broke ground on our new Roosevelt Operations Center. This facility will meet EWEB's operational needs for the next 50 years, and is designed so that the headquarters can be relocated there if desired. This \$85 million project also is providing a needed boost in today's local economy. It is putting local people to work and is supporting the local businesses where we are purchasing materials.
- We signed a new, 20-year contract with the Bonneville Power Administration that will ensure that the citizens of Eugene enjoy an adequate supply of low-cost and carbon-free hydropower. Not all of our customers realize how low cost this power is. This BPA power is the primary reason why EWEB's power rates compare very favorably with other utilities and other regions of the country.
- We increased our reinvestment in the community's water system by enacting a 17 percent water rate increase. Another rate increase this year is providing needed revenues to upgrade EWEB's aging water system and ensure that citizens have a water supply that is healthy, safe, low cost and high quality.
- We successfully sited a boat landing on the McKenzie River, working with residents, state agencies and others – something Lane County was unable to do over several years of effort, I might add.
- We developed a strategic staffing plan that aims to smoothly meet the challenges resulting from an increase in retirements and a shortage of skilled workers in many of our trades positions.
- Using interest-based bargaining, EWEB and the IBEW successfully negotiated a five-year labor contract, ensuring long-term stability and competitive wages and benefits for about a third of our work force.

"I'd like to congratulate EWEB's staff for successfully tackling these and other projects, issues and challenges in 2008. We have a highly skilled and competent work force, and I want every employee to know that his or her work is appreciated and recognized.

"This year promises to be just as challenging. As mentioned, ensuring our water rights and continuing with our steam transition and riverfront planning are essential.

"The Board also added a new goal for our General Manager: Look for ways to be more efficient. We need to demonstrate that we have our customers' interests in mind when we make sound decisions about how to spend their money. While EWEB is healthy financially, the community is not. We must demonstrate that we are sensitive to our

customers' desire to look for ways to provide electric and water services efficiently and at an affordable cost.

“This year we also will step up our commitment to sustainability and renewable resources. We’ve already been recognized for our past efforts. Eugene landed in the top 10 in two recent “green city” rankings, largely because we provide so much clean, carbon-free energy to our customers. It is estimated that thanks to EWEB’s power, Eugene’s “carbon footprint” for electricity is less than 100 pounds per megawatt-hour of consumption. In Portland – considered one of the “greenest” cities in the United States, each megawatt-hour of electricity produces more than 1,000 pounds of carbon dioxide.

“Mayor Kitty Piercy also has recognized EWEB for its efforts in making the 2008 Olympic Trials the “greenest” trials ever.

“In 2009, we will step up efforts to encourage our customers to sign up for Greenpower, which uses revenues to expand our portfolio of renewable energy. Karl Morgenstern is leading a team that will take a comprehensive approach to how our utility’s operations can be more sustainable. And by the way, Karl continues to be a leader, innovator – and doer – in making sure our McKenzie River drinking water supply stays clean and safe.

“My goal as president is to make sure that EWEB is a leader in the many things we do and consider a key to our mission, vision and values. Whether it is advancing our commitment to sustainability or providing bill-payment assistance to a customer who has lost his job, EWEB is about action, success and excellence. The challenges of the economy will surely test us. But our financial health means that we are in a unique position to help amidst what President Obama called the “gathering clouds and raging storm.”

UTILITY OWNERSHIP OF THE ROOSEVELT OPERATIONS CENTER RESOLUTION NO. 0905

Treasurer Jim Origliosso explained that the electric utility and water utility sometimes struck new people as an anomaly. He said they ran the two as separate lines of business, primarily due to commitments made to bond holders and the covenants that EWEB had made with them. He stated that the utilities had separate revenue streams and separate rate schedules based on the costs of the two lines of business. He related that in doing so issues sometimes arose regarding shared facilities and services. He said the allocation of ownership of the new facility was intended to be an accounting device, though it had to be made on a reasonable basis. He underscored that at issue was how to allocate the Roosevelt Boulevard site. He noted that the headquarters building had been allocated so that the electric utility had served as the banker, with bonds issued to it, and the water utility paid its share of the debt service in a lease arrangement. His understanding of the agreement was that it did not address the issue of which books the property value would fall on “at the end of the day.” He said as they moved forward they had determined that 86 percent of the building

belonged to the electric utility and 14 percent of it belonged to the water utility and that would be how they would allocate the benefits of its sale. He acknowledged that there was a sentiment on the part of some Commissioners that when the Roosevelt Boulevard site was paid for the water utility should own a portion of it. He stated that the resolution before the Board would provide a capital lease to the water utility and delineated the relationship with the electric utility serving as the bondholder.

In response to a question from President Farmer, Mr. Origliosso explained that in the event the riverfront property was sold the proceeds that would go to the water utility would be applied as capital credit in the Roosevelt facility. He noted that they would take that into account in the lease payment.

Vice President Brown predicted that the water utility's *pro rata* share would be completed before the electric utility was done paying the bond. Mr. Origliosso responded that this was so, but it was noteworthy that the water utility did not currently pay rent because it had prepaid back in the energy crisis period. He said this would be in the audit report, adding that the water utility did not have an obligation to make that payment included in its rate base.

In response to a follow-up question from Vice President Brown, Mr. Origliosso stressed that the Board could determine how the methodology would be developed. Mr. Berggren remarked that it would be a trade-off between precision and time to evaluate accuracy. He said there was no interest on anyone's part to short the water utility. Mr. Origliosso stated that staff would bring the formula to the Board along with the judgments that had gone into it.

In response to a question from President Farmer, Mr. Origliosso assured him that staff did not believe that a capital lease would create any negative variances on the benchmarks.

President Farmer asked what challenges EWEB would face in combining the two utilities. Mr. Origliosso replied that it would fall primarily in the realm of the covenants with creditors. He explained that EWEB would have to refund all of the bonds for one utility or the other.

President Farmer asked how a merger could occur. Mr. Origliosso responded that one utility would have to buy out the other. In response to a follow-up question from President Farmer, Mr. Origliosso explained that while there was no great penalty in paying off the bonds it was hard to see what the benefit of such a merger would be.

Commissioner Cunningham, seconded by Vice President Brown, moved to approve Resolution No. 0905, a resolution to determine the Roosevelt Operations Center lease structure. The motion passed unanimously, 5:0.

BOARD GOVERNANCE

Mr. Berggren said he had added this item to the agenda after the last governance retreat. His sense of the discussion was that there was some unanimous “throw in,” but with some reluctance.

Commissioner Cassidy related his discomfort at the end of the retreat. He had not seen the value of it, given that it would cost \$75,000. He opined that it had been a “big exercise in vocabulary.” He was a little reluctant to go into the kind of change to the system that would be involved.

Vice President Brown commented that he probably would have voted for it on that day. He said he came out of the retreat with some enthusiasm. He also felt that if something was not really broken it should not be fixed. Nonetheless, he said, if one did not change and evolve one would lose. He believed that EWEB was probably the “best utility in the State” and it had gotten there for a reason. He averred that in the context of a \$6 or \$7 million business, \$75,000 was not too much. He underscored that the reason the Board was there was to reflect the constituents’ values.

President Farmer said in the total scheme of things, whether the business was a \$40,000 business or a \$300 million business did not matter to him given the magnitude of what they were talking about. He related that when he had come onto the Board it had almost been dysfunctional. He opined that while the process was not broken, it was “bent.” He did not think the Board was a strategy board. He did not think the Board spent time looking at what the long-term strategy that they needed to follow in this community. He said he would almost prefer to have mostly work sessions than some of the things they spent time on. He felt that this type of process provided an opportunity to raise the bar.

Commissioner Cunningham said he had written an email after thinking about the session. He related that Mr. Berggren had suggested that they not make the final decision but rather take it to the next step. He had researched governance models and found John Carver cited in numerous sites. He noted that there was very little criticism of Mr. Carver there. He wondered why the Board needed to change what had been worked on over the past four to six years.

President Farmer observed that former-Commissioner Patrick Lanning was a big proponent of governance. He did not think Mr. Lanning would instruct the Board not to change what had happened, rather he would advise the Board not to give up on good governance.

Ms. Smith surmised that Mr. Lanning would recommend moving forward with the Carver model. She noted that Mr. Lanning had brought Carver into the governance work.

Commissioner Cunningham was not ready to vote on it. He supported moving forward for another day of work, though he would be amenable to whatever the Board majority would decide.

Mr. Berggren reiterated that he was a proponent. He did not believe that the system was broken, but he did not think it had been tested. He looked to the system to make power out of the diversity on the Board and not to create struggles in a policy conversation. He felt that the organization could do better and asked the Board when they might be ready to decide on this.

Commissioner Ernst favored standardization of the relationship between the Board and General Manager. She felt that there was something lost in the communication between the customers and the Board. She thought the work would provide a great guideline for new Commissioners down the line. She noted that Mr. Berggren was very open to allowing the Board to work with the staff. She wanted to make sure future general managers would also allow this.

President Farmer remarked that this could be part of the hiring process.

Commissioner Ernst said she was in favor of going forward up to the current stopping point.

Commissioner Cassidy did not think the new board was ready to set new policies at this point.

Vice President Brown shared his biggest concern that was that the General Manager would not be working for EWEB in a few years and that some of the critical management personnel were also retiring. He averred that the Board needed to do the work to make that transfer of brainpower in a structured and rational way. He supported moving ahead to the next level of governance work.

Commissioner Cassidy asked Mr. Berggren what was not working for him in relationship to the Board. Mr. Berggren replied that he had worked for 20 years with Boards and it had taken him a decade to learn his role and another decade to learn to practice it. He believed that there was a potential risk in changing the leadership of the organization and it needed stability. He wanted to transfer his sense of experience to the Board. He felt that the Board could put a system in place wherein the Board knew where its power lay and what they could and could not do was relatively clear.

Commissioner Cassidy said he would like to see something more practical. He suggested that the Board take one policy and go through the process to see what it was like. He did not want to engage in a three-day session.

Commissioner Cunningham commended the education the staff had provided the Board, in the face of a 60 percent turnover. He averred that the effort staff had put into this proved what a good organization EWEB was. He supported moving the governance to the next level.

President Farmer likened the governance work to his experience raising his daughter. He related that he and his wife had butted heads around raising their child and her model was the Carver

model, wherein you gave the child some ground rules but you provided them some flexibility to operate within them. He said there would be stop points ahead, and then things would change from a policy mode to the “nitty gritty” in a hurry. He noted that this had given him huge concerns at the time.

Commissioner Cunningham asked what the next step would be. Mr. Berggren responded that they would try to start to try to define the ends in order to see what that would look like. He supported engaging in the work for at least one more day. He said he would look into the options and how flexible they could be in that approach.

Vice President Brown preferred to engage in the governance work sooner rather than later.

President Farmer ascertained that there was Board support for this.

Mr. Berggren noted that he would be speaking before the City Club on February 27.

ADJOURN

President Farmer adjourned the Regular Board Meeting at 9:30 p.m.

Assistant Secretary

President