

EUGENE WATER & ELECTRIC BOARD
REGULAR BOARD MEETING
EWEB BOARD ROOM
500 EAST 4TH AVENUE
JANUARY 6, 2009
6:45 P.M.

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

Others present: Randy Berggren, Jim Wiley, Debra Smith, Jim Origliosso, John Yanov, Tom Buckhouse, Sheila Crawford, Cathy Bloom, Dick Helgeson, Bill Welch, Mark Freeman, Gene Austin, Dick Varner, Terry Bequette, Mike Logan, Tom Williams, Mel Damewood, Brad Taylor, Jeannine Parisi, and Krista Hince of the EWEB staff; Ruth Atcherson, City of Eugene minutes recorder.

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

AGENDA CHECK

There were no changes to the agenda.

PUBLIC INPUT

Dorothy Goode thanked the Commissioners and General Manager Randy Berggren for having Water Engineering Manager Mel Damewood call and talk to her. She also wished to thank Mr. Damewood for spending two and a half hours educating her about the water utility system. She shared that she had greater appreciation for the work that EWEB and its commissioners did, for the long-range planning that they engaged in, and for the water management program. She thanked the staff and Commissioners for exploring creative ways to help people who were in dire straits because of the economy. She related that she and Mr. Damewood had discussed ways to communicate to customers. She did not think that people understood all of the intricacies of the figures upon which decisions were based. She did not feel that internet and the newspaper were always the best ways to communicate. She and Mr. Damewood had discussed the possibility of using the television to help get the word out to people. She thought putting the Board meetings on television could be a good idea. She also suggested that if EWEB went forward with the three percent decrease in electric rates the utility should “toot [its] horn.” She reiterated her thanks to the Board.

Samantha Chirillo stated that she was Eugene resident who purchased Green Power. She said she was co-director of Cascadia Eco-System Advocates and she had been through the Climate Master Program. She noted that she was aware that EWEB participated in it. She noted that she was a collaborator on the Citizens State of the City and County Report. She urged the Board to go to sustaineugene.org in order to look at some of their proposals. She said they did not have “exactly a thorough state of the EWEB report” but they did talk about energy in their other report. She wanted to mention that they were in an “emergency situation with climate change.” She averred that they should not take “hydro for granted.” She foresaw instability in hydro and the “waterways ... that were relevant there.” She asserted that EWEB needed to be careful about what it was spending; it had spent “\$85 million on a new palace.” She believed that it would have cost “only” \$500,000 for

ground source heat. She opined that what they needed to invest in was solar energy and ground source heating for businesses and homes across the city. She wanted this to be a priority so that the utility was not so reliant on hydroelectric generation. She thought the utility should use biogas if possible because she believed it was less expensive than solar. She added that she knew that EWEB had changed fuel sources for downtown heating from wood byproducts to natural gas. She did not think they should be reliant on any fossil fuel sources as there were “a whole variety of severe problems with liquid natural gas (LNG)” and pipelines getting put up in Oregon. She cautioned the Board to be careful about where wood used for fuel should be gotten. She said they should not be using forests “for electricity or for liquid fuel;” wood was much more efficiently and sustainably used for a heat source, though they needed to be careful with it. She stated that she was committed to educating the public about the low return on investment with using forest biomass as an electricity source. She encouraged the utility to be careful about what it chose to invest in for new energy sources. She said she would like to see wind power generated much closer to Eugene.

Kathy Ging thanked the new board members for coming on to the Board and the older members for their institutional memory. She called herself an interested citizen who had promoted energy efficiency for over 30 years. She noted that she had served as director for the Energy Roundup 1, 2, and 3. She felt that the policy changes that the governor’s energy team from 34 years earlier had formulated to try to move away from non-renewable energy sources had not been implemented in a widespread manner. She thought utilities such as EWEB were too concentrated on central energy sources such as wind power, geothermal power, and “ocean thermal,” but she wanted to see the utility get more into distributed energy sources. She said since the 1970s approximately 1100 solar water heaters had been installed in the EWEB service district. She had started an informal group called the Lane County Sustainability Group after the city’s Sustainable Business Initiative Group had stopped meeting. She averred that County Commissioner Peter Sorenson was “somewhat shocked” to find out that only 40 solar water heaters had been installed in the area during the prior year. She stated that a meeting was planned to be held at Tsunami Books on February 5 from 4 to 6 p.m. with a “bunch of the solar wizards.” She said there had been some talk of setting up a county bond measure, noting that former commissioner Jerry Rust had suggested that there could be a solar countywide peoples’ utility district involving all of the utilities. She averred that 60 percent of the money spent on energy was going out of state. She opined that this could be channeled into solar energy locally. She added that solar electric car charging stations were being set up in several other countries. She advocated for not providing a rate decrease at this time. She felt that this money should be put into a fund for low income people who could not afford solar water systems.

Tom Scott stated that he had been doing solar installations since the 1970s. He discussed his store, The Green Store, which had products designed to help reduce the carbon footprint and for which he was doing designs and installs for solar equipment. He felt it was time to help people grow in the field of solar energy. He related that EWEB had started a finance program back in the 1970s that loaned \$2500 interest free to install \$2500 systems. He said the cost had increased to \$4,000 and EWEB increased its loan amounts to \$4,000. He explained that the loan amount had remained static

but the cost of such an installation was now \$8,000. He strongly recommended that EWEB increase the amount of its loan to match the increased cost. He noted that he was doing more work in the Emerald Peoples Utility District (EPUD), something he attributed to the higher loan amount available through that utility.

Sandra Bishop understood that there was a possibility of a rate decrease and this could be a good thing for the new commissioners. She shared that she had been disturbed to see that EWEB was considering changing the board policy that based the budget on an 85 percent hydro assumption. She believed that changing this assumption based on a few good years would be foolish. She asked that the Board not “muddy up” the potential rate increase by changing the policy. She believed that having one or two normal hydro yeas was just one of the extremes that they were experiencing as a result of climate change.

Commissioner Brown thanked everyone for coming out and giving testimony. He wished they had more evenings where they had more people providing testimony. He expressed appreciation to those who testified and asked them to get the word out to other people to come share their views.

APPROVAL OF CONSENT CALENDAR

Ratification Of Board Consultants For 2009

1. Ratification of Board Consultants for 2009
 - 1.1 Independent Auditor – Moss & Adams
 - 1.2 Independent Engineer – Black & Veatch
 - 1.3 Independent Actuaries – Kenny Consulting
 - 1.4 Financial Consultant – JP Morgan

Ratification Of Retained Professionals For 2009

2. Retained Professionals and Attorneys for 2009
 - 2.1 General Counsel – Calkins & Calkins
 - 2.2 Special Counsel – Cable Huston Benedict Haagensen & Lloyd LLP
 - 2.3 Bond Counsel – Holland & Knight
 - 2.4 Power Risk Counsel – Jim Deason, Attorney At Law
 - 2.5 Human Resources Counsel – Harrang, Long, Gary, and Rudnick
 - 2.6 Bond Disclosure Counsel – Mersereau and Shannon

Minutes

3.
 - a. December 2, 2008, Work Session
 - b. December 2, 2008, Regular Board Meeting

Intergovernmental Agreement

4. Lane Council of Governments (LCOG) – 2009 Water Quality Assistance Activities – Environmental Management – Employee, Customer and Community Services Division.

Contracts

5. SelecTemp – Energy Management Services Personnel – Low Income – Power Resource Division - \$40,000
6. TriAxis Engineering, Inc. – Engineering Design Services – Electric Division - \$79,600
7. Western Waterproofing Co., Inc. – EWEB Headquarters Building Re-caulking & Sealing – Facility Services – Corporate Services Division - \$47,804

Resolutions

8. Resolution No. 0901 – Harvest Wind
9. Resolution No. 0903 – Western Generation Agency Board Members for 2009

Commissioner Cunningham pulled Items 2 and 5.

Commissioner Ernst pulled Item 7.

Commissioner Cunningham, seconded by Commissioner Cassidy, moved to approve the Consent Calendar with the exceptions of Items 2, 5, and 7. The motion passed unanimously, 5:0.

ITEMS REMOVED FROM THE CONSENT CALENDAR

Commissioner Cunningham stated that he had spoken with Mr. Origliosso regarding Item 2 (Retained Professionals) and in reviewing the contracts he had learned they were five-year contracts in different areas and the next year would be the last year for a lot of them. He wanted to suggest having staff put together a proposal on hiring inhouse counsel. He thought this could reduce the hourly rate paid to “high priced law firms.”

General Manager Randy Berggren said staff could develop and explore the concept.

Vice President Farmer stated that they typically asked for a majority Commissioner Agreement to have a discussion on an item and then the General Manager moves forward to have it addressed. He said if there were not at least three Commissioners who wanted to pursue it then they did not. He added that unless he thought something was a “total waste of time” he tended to support holding a discussion on such an item whether he agreed with it or not.

Commissioner Cassidy indicated his support for having a discussion on the five-year contracts.

Mr. Berggren noted that the contracts were business service agreements and the services were provided on an as-needed basis.

Commissioner Brown noted that the annual expenditure on the JP Morgan financial advisory had been \$142,000 in the previous year and that the quality of the performance had been based on key personnel. He asked if EWEB had a contract with JP Morgan or did EWEB have a contract with the key individual. Treasurer Jim Origliosso replied that EWEB had a key person provision that allowed EWEB to move away from the contract should the person move on to another company.

Vice President Farmer called for a vote on Item 2, Ratification of Retained Professionals for 2009.

The motion passed unanimously, 5:0.

Vice President Farmer asked Commissioner Cunningham to share his concerns about Item 5 (Selec Temp).

In response to a question from Commissioner Cunningham, Power Resources Division Director Dick Helgeson responded that the \$40,000 contract covered and paid for an individual returning to EWEB post-retirement to fill a gap in the low-income conservation program operations. He further clarified that \$40,000 would be an outside estimate with the loading charges that SelecTemp included in its rate and assumed that the individual would work full-time for six months. He was not certain the person would work for that long, however.

Commissioner Cunningham asked if it would be cheaper not to go through SelecTemp and to just rehire the employee temporarily. Mr. Berggren responded that there were advantages to using SelecTemp that had to do with disability insurance that EWEB would not have to pay and other kinds of risks EWEB would not have to take. He noted that SelecTemp had a 23 percent fringe cost. He said in the case where there was an earlier than expected retirement and they needed some time to bridge until a new employee could be hired, this was one short-term solution. Mr. Helgeson added that the cost for the employee through SelecTemp was actually somewhat less than hiring the employee back. He also explained that the employee had to manage the Public Employees Retirement System (PERS) benefits which also made it somewhat advantageous to hire them through SelecTemp. He said EWEB could potentially incur a liability should the employee cross a line that would affect the retirement benefits.

Commissioner Cunningham noted that there was a typographical error on the contract. Mr. Helgeson stated that it would be corrected.

Commissioner Ernst said she wanted to applaud staff for developing the strategic staffing plan for addressing the burgeoning retirements of the "baby boomers." She averred that when she saw a contract like this wherein a person who was retiring was coming back her feeling was that if a person was retiring it was because they wanted to retire and did not want to work at that position.

She felt it was unfair to them to ask them back and it was unfair to the community given that there were “a lot of people out there” that needed employment. She had nothing against utilizing SelecTemp but she felt the bubble of retirements was opening the world for young people. She likened it to being difficult to “turn over the car keys” when a teenager got his or her drivers license and was ready to drive, but she thought the time had come to do so. She said she would be in support of a contract like this to fill a temporary position but she wanted it to go to a person that needed a job and not a person that was retiring from EWEB.

Mr. Berggren related that the Board and staff had revisited the use of retirees to temporarily fill positions recently. He explained that there was a shortage of people with the institutional knowledge that EWEB itself had. He said this was one of the places in which they were trying to do what Commissioner Ernst was saying; they were trying to hire someone and create a new career or profession, but EWEB still needed the institutional knowledge and the value that retiree would bring in terms of the ability to be productive and deliver product to the customer without losing the opportunity of creating relief in the low-income area. He added that they see retirees as a unique resource and they understood in the long view that the people had retired. He also noted that for some people retirement was not a choice they were making out of a strong desire to retire, but rather it was a choice made because if they did not retire they could potentially lose ground in their retirement benefits.

Mr. Helgeson underscored that the rehiring of the employee through a SelecTemp contract would not preclude hiring someone new. He said they were moving forward with recruitment to fill the positions that people had retired from, but because EWEB was in the middle of the winter season which was when the load peaked for processing applications for low-income weatherization they had wanted to bring in someone who had expertise in this area.

Vice President Farmer commented that this was not a “black and white” issue; there were legitimate points on both sides of the argument. He noted that this was the fourth time this issue had come up in the six and a half years he had served on the Board. He called for a motion.

Commissioner Cunningham, seconded by Commissioner Cassidy, moved to approve Consent Calendar Item 5, a contract with SelecTemp for Energy Management Services personnel. The motion passed, 4:1; Commissioner Ernst voting in opposition.

Regarding Consent Calendar Item 7 (Western Waterproofing Co., Inc.), Commissioner Ernst asked if the contractor would take partial responsibility for it. Mr. Berggren replied that the original work had been done 22 to 24 years ago. He said there had been litigation and binding arbitration toward the end of the project around a number of issues related to performance. He stated that they had consulted general counsel about it and he indicated that there were statutes of limitation that would make it difficult to collect some of the costs.

Commissioner Brown, seconded by Commissioner Cassidy, moved to approve Consent Calendar Item 7, a contract with Western Waterproofing Company, Incorporated to do re-caulking and sealing work on the headquarters facility. The motion passed unanimously, 5:0.

Vice President Farmer reopened the floor for Public Comment to allow further testimony from people who believed the time to testify had been 7:30 p.m.

PUBLIC INPUT (continued)

Zachary Vishanoff related that he had been watching the master planning process that could potentially lead to a mixed use development on the riverfront site. He said he had participated in public hearings when the hospital had indicated an interest in the headquarters site. He felt that the hearings had brought together a diversity of views. He thought the fact that the hospital had not chosen the site was due in part to that testimony. He was concerned that the nature of the memorandum of understanding (MOU) allowed for four public forums. He hoped the Board would consider “enhancing” the information gathering by “keeping the tradition” of having public hearings. He averred that public forums took important issues and did not allow them to be aired with the same level of detail.

Charles Dalton said he had sent a letter to EWEB the day after the election. He believed that EWEB suffered from institutional racism, noting that he had been the only African-American manager that had worked there. He stressed that he was not being malicious and he believed that EWEB was a good organization. He averred that the management team did not believe that the Board had given a mandate to increase diversity among the management. He suggested that the Board make it a part of the General Manager’s goals that he or she was supposed to have a workforce/management team that resembled the people that they served. He felt that once “these very talented people who work here” believed that it was part of their job to do so they would find a way to make it happen. He reiterated his feeling that no managers in particular had been intentionally discriminatory toward protected classes of any kind. He said if there was no motivation and no reward for hiring a diverse workforce, people would hire the person that they felt most comfortable with i.e. the one that reminded a person most of the people they were raised with. He underscored that he was seeking a solution and was not interested in creating negativity. He provided a written text of what he would suggest would work as a resolution.

Commissioner Cassidy suggested that the Board follow up on Mr. Dalton’s testimony during the agenda report segment of the meeting.

ITEMS FROM BOARD MEMBERS

Commissioner Brown announced that the McKenzie Watershed Council (MWC) was meeting on January 8 and would be addressing a variety of topics, one of which was a discussion on chemical use around waterways. He noted that he had good feedback so far from staff and Commissioners, but he would welcome more. He also asked Mr. Berggren to elaborate on the mandate sent to EWEB by the River Road Water District during the correspondence segment of the meeting. He concluded by wishing both of the new Commissioners welcome.

Commissioner Cassidy recalled that they had approved a contract with TransUnion for \$270,000 at the previous meeting. He said part of the contract was for \$235,000 for the next five years. He indicated he would like to have this placed on an agenda for discussion.

Vice President Farmer asked for clarification on whether Commissioner Cassidy wanted to discuss the specific contract or needed better understanding of what the logistics of it were. Commissioner Cassidy responded that he wanted to discuss the specific contract but he thought it would lead to a larger discussion of contracts.

Vice President Farmer said he would support the request. He believed there were some areas they could address through their governance work, such as the requirement for board approval for a contract over \$25,000 or for an increase of more than 25 percent of the contract number. He saw a weakness in that because there was no dollar limitation on the 25 percent rule; 25 percent of one contract could be \$100 and 25 percent of another could be \$5 million. He wanted to discuss whether there should be a *de minimus* dollar amount.

Mr. Berggren remarked that staff had some ideas as to how the process could be changed.

Commissioner Cassidy said he wanted to talk about that specific contract because it was confusing to him where the 25 percent fell.

Mr. Berggren stated that the Commissioners could remedy this right away by making a motion to make it apply to the low side and constrain the contract to \$235,000.

Commissioner Cassidy, seconded by Vice President Farmer, moved to adopt the recommendation Mr. Berggren had made.

Commissioner Cassidy said the \$235,000 was for the next five-year contract and the \$35,000 was for a past contract.

The motion passed unanimously, 5:0.

CORRESPONDENCE

General Manager Randy Berggren stated that they had received a letter from the River Road Water District chair person expressing the view that the billing to the area included the losses that was left over beyond whatever revenue the district billed with their meters. He related that the chair wanted to prorate the losses between customers so that EWEB customers shared those losses. He said EWEB was open to discussing this but the water district chair did not have the authority to tell EWEB that this was what they would unilaterally do as contracts required mutual consent.

In response to a question from Commissioner Brown, Mr. Berggren explained that there could be customer leaks or system leaks and the chair's contention was that EWEB deducted its customers' total consumption from the water district's total consumption and the district was possibly covering some of EWEB's customer leaks. He felt this was something that should be discussed and negotiated.

Water and Steam Division Director Tom Buckhouse explained that a letter was being sent to the River Road Water District on the following day that would reiterate what Mr. Berggren had said. He said another component of the equation was unused water such as would occur when a fire hydrant was flushed and the water ran unmetered. He stated that a lot of area that was built to EWEB specifications had been added to their system. He noted that there were areas of infill in their system that had been annexed so that EWEB was serving from River Road Water District mains. He underscored that neither one of the two utilities could unilaterally change the terms of their agreement. He said staff would be working with them to come up with a new service agreement.

Vice President Farmer asked how many dollars this involved. Mr. Buckhouse was not certain at this point, but indicated he could get that information.

Mr. Berggren related two items of correspondence:

- Commissioners were provided a copy of the letter of thanks for the donation of a 2,000 gallon diesel tank by Lane Fire District #1 to Linn County that was sent by EWEB and signed by Mr. Berggren;
- Copies of customer comments included a customer's appreciation for the crew's efforts to repair a transformer in her neighborhood.

BOARD AGENDAS

Mr. Berggren reviewed the **Board Agenda Report** dated *January 6, 2009*. He acknowledged the item the Board had just added to the governance discussion regarding contracts.

Commissioner Cassidy expressed an interest in following up on the suggestion to increase the loan amount for solar water heaters and also to follow up on Mr. Dalton's recommendation to address hiring practices.

Vice President Farmer explained, for the new Commissioners' benefit, that historically the General Manager brought items to the agenda that were important for the Board to address or to know about from an educational standpoint. He said if a Commissioner wanted an agenda item, he or she would bring it forward and then the Board would ascertain whether there was majority support to bring it to the agenda. He related that if the Board majority wanted a discussion on an item it was then up to Mr. Berggren to ensure that it was placed on the agenda. He suggested that the Board request backgrounders on those items first and then the Board could know specifically what should be placed on the agenda in terms of action or discussion. As an example he noted that he knew very little about the levels of diversity at EWEB and would want to know more prior to holding a board discussion on it.

Vice President Farmer ascertained there was majority support to explore the solar incentive program with a backgrounder.

Commissioner Cassidy said he wanted to hold a discussion of the Board regarding the issue that Mr. Dalton had raised.

Mr. Berggren stated that he would provide some basic information relative to diversity actions planned for 2009. He was willing to include a diversity goal in the goals for the General Manager.

ELECTION OF OFFICERS FOR 2009

Commissioner Cassidy, seconded by Commissioner Brown, nominated Vice President Farmer to serve as President of the Eugene Water & Electric Board for 2009.

Commissioner Cunningham, seconded by Commissioner Ernst, moved to close the nominations.

The motion passed unanimously, 5:0.

Commissioner Cunningham, seconded by now President Farmer, nominated Commissioner Brown to serve as Vice President of the Eugene Water & Electric Board. The motion passed unanimously, 5:0.

Commissioner Cassidy said he would like to nominate Vice President Brown to the position of President-elect so that the succession to President would be automatic in 2010.

Mr. Berggren noted that the Board was required to review Bylaws within 90 days of the swearing in of new Commissioners and this would present the opportunity to address this type of change.

APPOINTMENT OF COMMISSIONERS TO BOARD LIAISON ASSIGNMENTS AND COMMITTEES

President Farmer explained that some Commissioners served as liaisons to a particular group for a long time, but in more recent years Commissioners had served two to three years on a given committee and then rotated out. He did not feel strongly one way or another but he did see value in having fresh perspectives for a committee. He reviewed the liaison positions and the Board discussed what liaison preferences they had or who they thought would serve best in a given position. The following appointments were made:

- **Representative to the Lane Council of Governments:** Commissioner Cunningham with President Farmer serving as alternate.
- **Representative to the Northwest Energy Coalition:** Commissioner Ernst.
- **Representative to the McKenzie Watershed Management Council:** Vice President Brown with Commissioner Ernst serving as alternate.
- **General Manager Performance Evaluation & Compensation Committee:** President and Vice President, in this case President Farmer and Vice President Brown.
- **Board representatives to the Building Advisory Team,** now the team studying the existing site: Vice President Brown and Commissioner Cassidy.
- **Temporary Committee for Recruitment of a New General Manager:** President Farmer, Commissioner Cassidy, with Commissioner Ernst serving as an alternate.
- **Board representative to the Other Post Employment Benefits Trust board:** Vice President Brown.
- **Representative to the Northwest Public Power Association:** President Farmer.

It was noted that the Western Generation Agency Board of Directors representatives had been changed so that they were only EWEB employees in 2009.

Assistant Secretary Krista Hince stated that the appointments would be brought back to the Board in the form of a resolution on the Consent Calendar at the next meeting.

ECONOMIC RELIEF PACKAGE

Mr. Berggren stated that this was intended to be a high level concept proposal at this point. He said it had grown out of comments from the Board and the community about looking for ways to incentivize efficiency within the company and looking at customer statistics. He highlighted the

fiscal challenges the utility had faced in 2004 post the energy crisis, which had resulted in the depletion of all of EWEB's reserves and the need to borrow \$30 million to keep going as a result of the price manipulation that had occurred. He said the Board took an action aimed at establishing finances and restoring the reserve positions and this action included adoption of a more conservative assumption for hydro generation in a year. He related that the plan had been to be fully funded to the established targets by 2009, but the reality had been that EWEB was fully funded by 2007. He said some of the reserve levels had begun to move because some of them were driven by adequate prices, which had gone up with climate change and Renewable Portfolio Standards (RPS). He averred that EWEB had leaned heavily on the community with a rate action to get its "financial feet back" and the Board at that time had discussed the option of lowering the rates or redirecting that money when that happened. He related that subsequent to this discussion the current economic crisis had hit. EWEB was now using its cash position to fund some renewable energy i.e. the Harvest Wind project. He felt that one thing they could consider at this point was the possibility of enacting a rate reduction. He stated that with adequate funding in reserves and the conservative numbers used for the budget assumption, staff felt it possible should the Board direct it to redirect some of the revenues until the post-2011 Bonneville Power Administration (BPA) contract was enacted. He underscored that this was an effort to pump something back into the community after the community had been "fairly good to" EWEB.

Vice President Brown said he was 100 percent for this but he did not want to create a dependency. He predicted that the next year would be more difficult than the present year and more people would need help from the Low-Income Energy Assistance Program (LIEAP). He noted that EWEB would be "strapping" people who were already hurting in the downtown area when the Steam Utility was phased out. He added that he was somewhat concerned that the system could be abused by a person who was being supported, such as a college student, and appeared to have no income.

Employee, Customer & Community Services Division Director Debra Smith stated that in a household of students all would have to show proof of the ability to earn as well as proof of income. She said if a person was not taking a job because they were on the "family payroll" it would become apparent. She also clarified that \$100,000 of the assistance money was set aside for true crises. She said there was flexibility in the program to reach out and help people to avoid shutoffs.

Commissioner Ernst asked if EWEB received help from the Federal Energy Assistance Program. Ms. Smith replied that EWEB absolutely did. She explained that much of EWEB's program was administered through St. Vincent DePaul, but the processing of LIEAP vouchers, the managing of transactions, and the tracking of customer accounts required EWEB service representative time. She noted that the Board had approved a budget for 2009 that included an additional \$100,000 for low-income assistance, which increased the number of homes served by 500.

She said if the proposal was accepted they would be looking at an increase of twice that. She stated that there was a big volume increase in the transactional work that employees had to manage to get the money applied and this was why one of the provisions in the proposal intended to provide immediate credit for LIEAP funds. She explained that in the past the customer would get a voucher from the County, but it could take 60 days before EWEB received payment so they were considering taking some cash and providing immediate provisional credit and then when the payment arrived EWEB would reimburse itself. She said this exposed EWEB in a minimal way.

Vice President Brown asked if anyone had considered asking the City of Eugene to roll back the stormwater and wastewater fees. Mr. Berggren replied that this was not a bad idea but it was a political challenge. He thought that if the Board felt it was important they could work on a political strategy.

Commissioner Ernst asked what percent of the cost was attributable to administration. Ms. Smith replied that for LIEAP it was the time it took to conduct the transaction and post it and she was not certain of what that number would be. She said on the administrative side, a contract had been entered into with St. Vincent DePaul for the \$300,000 donation that enabled EWEB to keep administrative costs at 5 percent. Mr. Freeman added that overall the costs were 24 percent. Ms. Smith clarified that part of what was buried in the cost structure was program delivery. She cited the example of a caseworker who would go to a house and determine how energy could be saved; it could be considered administration but it was also part of the service that was being delivered. She stressed that the program was weighted on helping people to be better consumers of the products that they sold.

Commissioner Cunningham related that he had spoken with St. Vincent DePaul workers and learned that they opened the phone lines for people to call in to get assistance for the next month and by noon on the 1st it was all closed down. He asked what the money would do: would it extend that time to 5 p.m.? Ms. Smith replied that she did not know the answer to that. She confirmed that it was even worse than that with people setting their alarms for 1 a.m. in order to be the first to call to leave a message to ensure they could get assistance. She said two energy advocates from Lane County were taking appointments in the lobby until December 29th. She stated that October was when the federal funds were requalified and there were a number of people who knew this, which made the volume in October and November somewhat heavier. She pointed out the two county advocates, who were in the Board Room, and explained that they worked in the EWEB administration building, a service provided to customers so that they did not have to run from one place to another to get this relief.

In response to a question from Commissioner Cunningham, Ms. Smith affirmed that people from anywhere in the city could come and talk to the advocates in the lobby. She added that the only place where there were restrictions was in the Campbell Senior Center, which was limited to senior citizens only.

President Farmer asked if they stopped taking people when they ran out of appointments or when they ran out of money. Ms. Smith replied that both affected intakes. She said there were a certain number of appointments set aside in the lobby service that were for crises. She underscored that they were encouraging people to ask for help before they became behind, but there were still people who got into trouble and then the goal was to keep them from getting into a shutoff situation. She surmised that the reason there were appointments available at the end of the year was that the weather had been bad and travel was difficult. She said EWEB does not shut off its services at the end of the year.

Commissioner Cunningham asked what it would take to move the proposal forward. Mr. Berggren replied that if the Board expressed a general interest in moving forward and there were no exclusions, staff would move forward with it.

President Farmer thanked staff for their ingenuity, as evidenced in the proposal, and the initiative to formulate a type of economic stimulus. He related that there were a couple of things that gave him pause. He observed that this had started as a response to local economic conditions and how EWEB could help people pay their bill. From this, he said, it had “morphed” into a \$5 million package. He thought it had moved pretty far afield into the realm of rate decreases and the allocation of extra money into conservation. He felt like he had very little data to “hang [his] hat on” regarding what the economic need was. He was not certain what they were covering and what they were leaving uncovered. He noted that Mr. Berggren had indicated in the backgrounder that shutoffs had increased but it had not included the number of shutoffs that had occurred. He said if he was spending ratepayers’ money he needed to be able to tell them why he was doing so. He wanted more information on which to base a decision upon. He also wanted to take more of a rifle shot approach in order to help the people who needed it. He underscored that he did not need help with his bill; a three percent rebate to him would not stimulate the local economy. He remarked that a person with a \$300 bill would receive a \$9 rate cut and this did not seem likely to make the difference in whether that person could pay their bill. He said even if they argued that there was a 10 percent rate of unemployment, a hypothetical number, it would mean that 90 percent of the population was working and would not need to be rescued. He preferred to help the people who needed it. He stated that if the point was that there were a lot of extra reserves and EWEB did not need them, then he thought they would be better off paying down the debts they were taking on.

Mr. Berggren clarified that staff did not mean to say that EWEB had a lot of extra money in reserves. He stressed that this money would come from rate revenues and a rate reduction and in taking more risk in the water capital expenditures.

President Farmer reiterated his preference to help people who need it more while trying to keep the debt they were building up at a reasonable level. He noted his agreement with former-Commissioner Sandra Bishop, who testified in opposition to changing the hydro assumption.

Commissioner Brown trusted that what was being said was valid and if they had the opportunity to give the ratepayers a reduction they should and if a ratepayer did not need the reduction EWEB could suggest who they could give it to. He supported going ahead with the economic relief package. He was willing to take the risk, adding that he trusted the management to make good decisions for the utility. He wanted to help the community, which was in need. He also would not support changing the 85 percent assumption.

President Farmer said he did not support the conservation portion, not because he did not support conservation, but because they had gone through a due diligence process around conservation within the past six months and had put together a strong program. He recalled that they had decided where the need was and that was with businesses. He wanted to maintain a need-based approach.

Ms. Smith stated that this was what they were intending; they were looking at a heavy investment in low-income assistance for residential customers that were in trouble, a rate reduction that would benefit people who were potentially on the bubble, and the conservation piece sought to focus on the customers that the conservation “revamp” was designed to target.

Mr. Berggren noted, in response to concern about the economic relief going to people who still had jobs, that there were a lot of working poor in the community.

President Farmer said his fear lay in that the top ten commercial conservation projects that had been done in the area had benefited companies that had not needed the help. He was concerned that they were talking about helping the rich some more.

EWEB Treasurer Jim Origliosso underscored that they had not pitched it that way in the proposal. He said 2008 had been another good year in terms of water and staff would be bringing forward a decision about what to do with the excess funds. He related that what they had tried to do was formulate something that would affect everyone, which was to change the assumption and reduce the rates. He stated that if the Board preferred to keep the 85 percent assumption in place, there was another option to provide one-time money available through 2008 financial performance that could be used to engineer a program.

Mr. Berggren said he was responsible for the proposal. He recalled the legacy commitment the Board had made to reconsider the rate action when things improved. He stressed that he also preferred being conservative about the budget assumptions and he would not say there was not a risk in changing the hydro assumption from 85 percent to 90 percent. He felt that there were reserves that were established to cover the risk for time definite periods and if there was ever the time to think about utilizing them, it was now. He averred that they should honor the community in the way that the community had honored EWEB from 2000 through 2007. He underscored that the legacy was the genesis of this proposal, but staff would not spend time and energy on the proposal if there was not Board interest in it.

Mr. Origliosso added that there were policies that required the Board to consider more conservative assumptions should the reserve funds fall below a certain level.

In response to a question from President Farmer, Mr. Origliosso predicted that a rate change would cost the utility approximately \$15 million over the next five years. Mr. Berggren added that it was important to remember that the BPA would likely propose a rate action in the fall.

Commissioner Ernst had been glad to see the proposal in the packet. She felt it was something that needed to be addressed. She had hoped that they could formulate a plan that would address the people who for whatever reason had fallen into a crisis. Mr. Berggren replied that they had tried to do so.

Commissioner Ernst thought it was a good plan, but could use some “tweaking.” She also did not favor changing the hydro assumption.

Commissioner Cassidy indicated that he was willing to take the risk. He believed EWEB had a surplus that was adequate to handle the risk. In regard to helping individuals, he guessed that this was a long-term situation and would be worse in the next year than it was now. He liked the concepts of conservation they were trying to work into the proposal. He did not believe that EWEB had impacted rental housing in its conservation efforts. He suggested that they devise a program to see how much could be saved with conservation methods and an agreement that the renter would pay a little more if the conservation measures were put into the rental.

Mr. Helgeson responded that what EWEB did in its program was in essence what Commissioner Cassidy described. He said the issue they were trying to address in the proposal was that at present there was an income cutoff level that was stringent and was not graduated above a level related to the poverty line based on need. He explained that they wanted to create a prorated buffer zone in which more people could qualify.

Commissioner Cassidy added his opposition to a three percent rate cut.

Mr. Berggren reiterated that the proposal was high level at this point.

Commissioner Cunningham related his own circumstances. He said a lot of the utilities in the northeast were giving moratoriums on shutoffs. He stated that if staff had come up with a proposal of that kind he would have supported it. He related that he had seen a lot of \$200,000 houses that were in the process of being foreclosed upon in which people had the choice of paying their mortgage or paying their utility bills. He called it a sorry situation. He thought the conservation measures could provide jobs and he supported the three percent rate decrease. He wanted to move forward with the proposal.

Commissioner Ernst thought conservation was “huge” and could be a very important factor. She averred that if people put in more conservation measures then their bill would not be as high.

Vice President Brown commented that staff had done an admirable job in bringing a program of economic relief given the time constraints and the severity of the situation. He fully supported the proposal. He believed the series of proposals to be “sound and solid.” He added that he was not afraid to reduce rates for the present. He likened criticizing the proposal and saying it was not perfect to saying you have to stop the bleeding but you do not like the way the stitches were looking.

Mr. Berggren summarized the Board feedback. He said they would get more data for them to consider and flesh out the proposal and create more context for it.

President Farmer called for a five-minute break at 9:08 p.m.

2009 GENERAL MANAGER’S GOALS

Mr. Berggren highlighted the *2009 General Manager Goals – Draft Proposal* as outlined in the memorandum dated *December 29, 2008*. He noted that the Carmen-Smith negotiations had been completed and the goal in that regard had been taken off the list, though it could return as the focus of a goal in 2010. He had added a goal related to an assessment of the wisdom of reconsolidation of EWEB’s functions at the Roosevelt Boulevard property or having the administration portion remain at the current location. He acknowledged the Mr. Dalton’s testimony suggesting that the Board could get some leverage out of giving the General Manager a goal regarding diversity. He noted that he had provided the Board with the *Eugene Water & Electric Board 2009 Diversity Initiative*. He said the Board could build a goal around that initiative, should it choose to do so. He stated that the goals would be finalized, pending Board input, and then brought back for action at the meeting scheduled for January 20.

Commissioner Cunningham remarked that when he had moved here ten years earlier it seemed that everyone talked about diversity. He said where he came from they did not talk about diversity, they practiced it. He felt that they should realize that probably 95 percent of the time an organization such as EWEB was practicing diversity. He questioned whether it was necessary to set a goal for the other 5 percent of the time. He did not think it needed to be in the goals, adding that he was satisfied with the goals as presented.

Vice President Brown did not know if a goal regarding diversity was needed because he did not have enough information. He would support it if it was needed but he did not want to support diversity as a goal if it was only to serve to make them “feel good.”

In response to a question from Vice President Brown, Mr. Berggren stated that the Automatic Meter Reading (AMR) was work they were going to do and was a project that would be initiated in 2009.

Mr. Berggren provided a historical perspective on diversity efforts at EWEB. He said they had tried initiatives, had privilege training – two-thirds of the managers and supervisors had gone through the curriculum before the program had been discontinued, and study circles had been recently started to raise awareness about discrimination. He stated that the utility was a collection of industries that consisted primarily of white male employees. He said it was difficult to engage women in the non-traditional trades. He noted that the total diversity in the community was 13 percent and EWEB was currently at 10 percent. He would not disagree with Mr. Dalton's assessment that EWEB had not been successful in achieving greater diversity. He observed that the community had not been successful in achieving greater diversity. He said they could not bring people here and make them feel welcome in the community and this was why EWEB was part of the MOU and consortium of entities that continued to work on issues of diversity and worked to synchronize strategies. He believed it would be an appropriate goal, but noted that staff would continue to work on the issue anyway.

Vice President Brown approved of the goals that the General Manager had set forth. He indicated he would support it if Mr. Berggren wanted to add a goal regarding diversity.

Commissioner Cassidy said the fact that there was a goal regarding diversity in the plan would be passed onto future General Managers. He believed there was a need for a focus on it.

Commissioner Ernst suggested that AMR be part of a goal. She said she supported the goals that were before the Board.

President Farmer was not ready to set a goal around diversity because he needed more background information. He stressed that this did not mean that he would not support EWEB having a goal. He believed that goals should be things that could tip the agency in one direction or another. At this point he did not see diversity rising to a level at which it could do that. He said the goal he would like to see considered had to do with the discussion they had around an effort to make the utility more efficient in the light of the economic downturn. He thought the results of this would have to percolate up from the bottom.

Mr. Berggren observed that he potentially had three more goals should the Board decide to set goals regarding AMR, diversity, and efficiency, which would make seven. He felt this was too many.

President Farmer averred that AMR should be a EWEB goal and not necessarily a General Manager goal.

Commissioner Cunningham asked what constituted efficiency in relation to a goal. Mr. Berggren replied that staff would have to think about this in order to figure out what that would be. He said he could carry five goals and he had four.

Commissioner Cassidy suggested that they discuss diversity as a concept during its conversation on governance. Mr. Berggren agreed that they could review the background information and give staff feedback.

Mr. Berggren said he would draft the five goals and bring it back on January 20.

President Farmer encouraged the Board to be more proactively engaged. He suggested that each commissioner come up with four things they wanted to have addressed.

ADJOURN

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

Assistant Secretary

President