

EUGENE WATER & ELECTRIC BOARD  
REGULAR BOARD MEETING  
EWEB BOARD ROOM  
500 EAST 4<sup>TH</sup> AVENUE  
MAY 19, 2009  
7:30 P.M.

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

Others present: Randy Berggren, Jeannine Parisi, Jim Wiley, Ken Beeson, Jim Origliosso, Dick Helgeson, Debra Smith, Lance Robertson, Cathy Bloom, Tom Buckhouse, Mark Oberle, Jay Bozievich, Kate Bergman, Tammy DenOuden, and Krista Hince of the EWEB staff; Ruth Atcherson, City of Eugene minutes recorder.

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

#### **AGENDA CHECK**

General Manager Randy Berggren noted that Item 7 from the Consent Calendar, an item related to the Public Power Council having to do with the Lands Energy Bonneville Power Administration (BPA) Customer Interface, had been pulled because more work was needed to complete it.

Commissioner Cassidy suggested that further public input be allowed should any individuals show up at 7:30 to speak. He did not believe the *Register Guard* had printed the earlier start time.

Mr. Berggren stated that the notice had been submitted to the newspaper, but it had not been printed.

#### **PUBLIC INPUT**

**Janet Calvert**, a EWEB ratepayer, indicated that she was speaking on behalf of the League of Women Voters Education Fund. She thanked EWEB for its support for the first part of the water study that the League was conducting. She noted that Board packets included a memorandum outlining the study thus far. She said they had been looking into the laws and regulations concerning water in the first year of the study, as well as both water resources and water quality. She related that the League had found, in its study, that the separation of the two caused confusion and concern because the agencies that regulated water did not know much about the other approach. She stated that the League planned to look at some of the major issues that were confronting Oregon in regard to water in the next year of the study. She said this would include interviews with agencies and other people with concerns about water and a planned trip to eastern Oregon in order to understand the perspective of people in that area. She noted that she had been told that it took 250 gallons of water to produce the wheat in one sandwich. She said the League had two main thrusts: education and volunteer service, and advocacy. She related that the membership had not studied water issues since the 1970s. Volunteer researchers were gathering information, which would then be brought back to

the membership for discussion, from which they would draw conclusions and take a position on water issues.

## **APPROVAL OF CONSENT CALENDAR**

### **MINUTES**

- 1 a. January 6, 2009, Regular Board Meeting**
- b. February 17, 2009, Regular Board Meeting**
- c. March 17, 2009, Work Session**
- d. April 21, 2009, Regular Board Meeting**

### **CONTRACTS**

- 2. Black & Veatch – Willamette River Water Treatment Conceptual Design -- Water Division.**
- 3. CH2M Hill – Hayden Bridge Solids Handling Evaluation – Water Division.**
- 4. CH2M Hill – Carmen-Smith Dam Failure Flood Model & Analysis – Water Division.**
- 5. Delta-T – EWEB’s Energy Star Outreach Services Energy Management Services – Power Resources Division.**
- 6. OBEC Consulting Engineers – College Hill Reservoir No. 2 Roofing Project – North Side Roof Overlay and Roof Joint Repairs – Water Division.**
- 7. Public Power Council – Lands Energy BPA Slice Customer Interface – Power Resources Division. *[Pulled by General Manager Randy Berggren]***
- 8. Rhodia, Inc. – Aluminum Sulfate to the Hayden Bridge Water Filtration Plant for Water Treatment -- Water Division.**
- 9. Wells Fargo Bank N.A. – Custodial and Trustee Services – Financial Services Corporate Services Division.**

### **CUSTOMER SERVICE POLICIES**

- 10. Customer Service Policy Change – Conduit Ownership/Repair – Electric Division.**

Commissioner Cunningham pulled Item 2.

Commissioner Cassidy, seconded by Commissioner Ernst, moved to approve the Consent Calendar with the exception of Items 2 and 7. The motion passed unanimously, 4:0. (President Farmer had not yet joined the meeting.)

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

Commissioner Cunningham asked for more information from staff. Water & Steam Division Director Tom Buckhouse explained that the contract was for work that was related to looking for a second water source. He said this represented one of the options EWEB had. He explained that EWEB was limited in its own technical abilities to do the work and was looking outside of the

organization for help.

Commissioner Cunningham asked if EWEB had employees who could do the work. Mr. Buckhouse replied that the utility did have employees who could do a substantial amount of this work had they not been already engaged in the work involved in the Hayden Bridge facility expansion.

Vice President Brown commented that it would be good to have a community discussion about the possibility of exercising the water right on the Willamette River. He asked what the work was comprised of. Mr. Buckhouse explained that the work should result in some options as to where the source could be located and how it might be designed. Mr. Berggren noted that they were also trying to bring the potential cost more into focus, in addition to determining whether it was feasible.

Commissioner Cassidy, seconded by Vice President Brown, moved to approve Consent Calendar Item 2, a contract with Black & Veatch to work on a conceptual design for a Willamette River Water Treatment Plant. The motion passed unanimously, 4:0.

## **ITEMS FROM BOARD MEMBERS**

Commissioner Cassidy averred that EWEB would lose 40 percent of the power entitlement it had from the BPA in a few years. General Manager Randy Berggren clarified that the amount that EWEB would lose was much less than that.

Commissioner Cassidy said when he spoke with people about the need to get alternative energy sources they sometimes asked him why the BPA was cutting the contract. Mr. Berggren responded that the BPA was doing something it had promised it would do for some years, in that it was allocating the Federal Base System (FBS) to all of its customers. He related that as part of that, the BPA was establishing a first tier consisting of its “vintage resources” and a second tier consisting of new resource costs. He stated that the methodology had been developed over the past three years by which the BPA determined what the allocation of the “vintage resources” would be to the utilities it served.

Mr. Berggren stated that EWEB currently received 70 percent of its power supply from the BPA and the anticipated 30 megawatt reduction was roughly equivalent to 10 percent of EWEB’s supply.

Power Resource Division Director Dick Helgeson further clarified that EWEB would lose approximately 30 megawatts firm and 50 megawatts on an expected basis when the new contract with the BPA went into effect in 2011. He explained that the difference lay in the non-secondary power that would come along with the reduced Slice share. He said, given that EWEB had approximately a 300 megawatt load, the reduction would be around 7 percent. He noted that

presently EWEB was long and the BPA was furnishing power over and above what they would normally have to commit to because EWEB had “locked that in” under the current contract.

Commissioner Cassidy asked how much of the decrement would be voluntary. Mr. Helgeson replied that none of it was voluntary; EWEB had cut a “good deal” with the BPA in 2001 and EWEB’s present take from the BPA was larger than what EWEB would normally be entitled to under the Power Act. He said because the market had gone up in the meantime, they would not offer this type of deal again.

Commissioner Ernst reported that she had met with John Sorenson and Anders Rydaker regarding their idea for a district energy system. She said she intended to continue to urge her colleagues to support a feasibility study of this. She believed that the technology was exciting.

Commissioner Cassidy asked when the study would be completed. Commissioner Ernst responded that she had sent the Commissioners a general outline of the study. She thought the feasibility study would indicate the costs and “what it would look like” to replace the steam system with the type of system that Mr. Sorenson was promoting. She averred that the technology was there and the feasibility study would add information that could be used “down the line.” She wanted to bring something forward at the next Board meeting.

Commissioner Cunningham remarked that everything the Board had received from staff indicated that the project would not be viable for Eugene. Commissioner Ernst replied that they were not asking for financial support from EWEB; they were only asking for the Commissioners to endorse the feasibility study. She said they were getting funding from the BPA and other sources.

Commissioner Cunningham observed that staff had indicated that this would in no way work to replace the steam system. He had reviewed an email from Mr. Rydaker that had been submitted to staff on the previous day in which Mr. Rydaker admitted it could not replace it.

Commissioner Ernst acknowledged that it was not currently a feasible replacement for the system, but she thought that it could become a feasible technology to be brought to the area at some future point in time.

Commissioner Cunningham asked if this would entail a cost in staff time. Mr. Berggren replied that anything that the BPA paid for was passed through to its customers. He noted that staff had provided Mr. Sorenson and Mr. Rydaker its assessment of the project and had invited them to show where EWEB’s assumptions had gone “astray.” He reiterated his position, which was that he did not see that this kind of system would be feasible for the city in the long term without dramatic changes in characteristics in both the community and the technology and its cost.

In response to a question from Commissioner Cunningham, Mr. Helgeson said the capital investment for such a project would be two to three times the cost of the current modes of system

replacement. He added that there was some question as to whether or not, after the capital was retired, the rates would be any different from the current rates.

Commissioner Ernst related that it would be a private non-profit company that would run the system. She discussed some of the information that was available on the Web site [districtenergy.org](http://districtenergy.org).

Commissioner Cunningham had contacted the BPA and was uncertain whether the BPA was really willing to support the study. Commissioner Ernst understood that the BPA would support the feasibility study if the EWEB Commissioners supported it.

Vice President Brown ascertained that there was majority Board support for placing the item on a future agenda for discussion.

Mr. Berggren stated that staff would not support a recommendation for the study.

Vice President Brown determined from Commissioner Ernst that it would be a 15-minute agenda item.

Commissioner Cunningham asked for information on what real estate EWEB owned. Mr. Berggren indicated that he would provide a written overview to him.

Vice President Brown reported that he had attended the safety event. He applauded EWEB's "stellar" safety record. He noted that he had sat with Mr. Buckhouse and talked with a young apprentice that was sitting next to him. He had been impressed by what the young man was getting out of the apprenticeship program. He felt he had gained a better understanding of how good the program was.

Employee, Customer, & Community Services Division Director Debra Smith stated that the young man's name was Trevor. She related that he had intended to come to the meeting, but was working. She said he would come to the June 2 meeting to talk about the program. She explained that the first rotation would be at EWEB for 8 weeks and then the second rotation of interns would be there for 12 weeks. She stated that the latter were made of young people who were graduating right now and who were required to be enrolled in a community college or trade program. She noted that the combined program was called the Go WEST Internship Program.

Vice President Brown related that a customer had contacted him earlier in the day and he had given it to Ms. Smith to address.

## CORRESPONDENCE

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

- Board members were provided a memorandum from Gene Austin, Compliance Auditor, that sought to provide some “basic background” regarding North American Electric Reliability Corporation (NERC) compliance; attached to it was a letter from the BPA formerly declining the role of transmission operator, which made EWEB the transmission operator by default – this would cause EWEB to have to hire consultants to make the compliance deadlines.
- A customer complaint with staff was still being investigated;
- Board packets included a letter from Joanna Ewing that conveyed her general disagreement with the choice to provide rebates to customers;
- Copies of the letter of appreciation submitted by the League of Women Voters were included in Board packets.

## BOARD AGENDAS

Mr. Berggren provided the *Board Agenda Report* dated *May 19, 2009*. He reminded the Board that the conference call with the Snohomish Public Utility District in regard to their experience with the Carver board governance was scheduled for May 26 at 12:15 p.m.

In response to a question from Vice President Brown, Mr. Helgeson explained that the issue with the Harvest Wind project was whether there would be a tax owner to take out some share of the equity. He stated that there were still options and avenues to find such an entity. He said the Commissioners would soon receive a comprehensive overview of the situation.

In response to a question from Commissioner Ernst, Mr. Helgeson stated that the utility’s share was 20 megawatts (MW), from a project that was projected to produce 80 to 100 MW. He said because of uncertainty on whether or not a tax owner would come forward, EWEB had determined that a commitment to 25 MW could put the utility outside of the range of what they could reasonably look to finance. He stated that Mr. Varner would come before the Board with the 20 MW project and, at this point, it appeared that costs would be lower than originally anticipated.

Commissioner Cunningham was concerned that the conference call with the Snohomish Public Utility District (PUD) would not provide good information for the Board given that the PUD Board was made up of full-time commissioners with paid staff and was not a good comparator for EWEB’s governance work. Mr. Berggren clarified that Snohomish commissioners no longer had paid staff. He averred that in the context of utility operations the PUD was representative of the kinds of issues EWEB faced, though it was ten times bigger than EWEB.

Commissioner Cunningham asked if it was possible to contact the Carvers to find out if there

was a publicly elected board consisting of volunteers. Debra Smith, Director of the Employee, Customer, & Community Division, stated that the Carvers would not provide references because they did not want to hold themselves responsible for how a utility used their program.

Commissioner Cunningham expressed some frustration with the Carvers' approach. He felt they presented it as "their way or the highway."

### **EMPLOYEE VOLUNTEER PROGRAM**

Corporate Services Management Assistant Tammy DenOuden introduced to the Board her co-presenter, Kate Bergman, Distribution Engineering Technician. She thanked everyone for inviting them to represent the Employee Volunteer Program (EVP). She remarked that she was always amazed at the level of participation that the volunteers contributed in spite of how busy everyone's lives were. She believed that this was because they shared the same values. She said Ms. Bergman shared the role of facilitator at the EVP meetings.

Ms. Bergman also thanked the Board. She averred that philanthropy was not "just about money." She said the EVP's move to action was about what they valued: generosity, open-hearted service to the community, their environment, and embracing the vision and values of EWEB. She listed those values: stewardship, teamwork, excellence, keeping the public in the public utility, and loving their work. She stated that the participants in the EVP included employees, their families, and retirees. She stressed that the program was employee-driven.

President Farmer joined the meeting by telephone at 6:12 p.m.

Ms. DenOuden provided a slide presentation of the projects they had participated in, which included installation of a playground at the Pearl Buck Center, work for Food for Lane County, a benefit for accident victim, Jakobi Mulgrave, and clean-up of the bicycle path between EWEB and the Autzen Footbridge.

Ms. Bergman related that the volunteers also solicited the donations of materials for their projects and then used EWEB equipment and person-power to pull the projects together. She quoted Herman Melville: "We can not live for ourselves alone; our lives are connected by a thousand invisible threads. Along these sympathetic fibers, our actions run as causes and return to us as results." She believed that this kind of hope was palpable; people wanted to feel and experience that the results of their actions were the uplifting of others. She likened their volunteer work to "barn raising."

Ms. DenOuden noted the members of the EVP team who were in the audience. They were given a round of applause.

Commissioner Cassidy said the EVP was "really putting the public back into the public

utility.” He wished there was a way to publicize this good work.

Ms. DenOuden noted that the EVP did not have plans to notify the public because they could only “handle so many projects.” She suggested that the EVP discuss publicity at its next meeting as an agenda item.

Ms. Bergman stated that the EVP had people asking them for help, but often they would go after an agency, such as asking United Way for a recommendation for a project.

Commissioner Ernst said she enjoyed the video presentation and would pass on word of the program’s good work.

Commissioner Cunningham commended the work of the EVP.

Vice President Brown thanked the EVP members for their work on the Pearl Buck Center playground. He averred that they had affected the Pearl Buck clients’ lives tremendously. He had also been impressed by the work done for the HIV Alliance. He noted that the annual river clean-up activities were scheduled for June 20 for the Willamette River and July 11 for the McKenzie River. He said the EVP members had participated in those clean-ups in 2008 and anticipated that they would participate again in 2009.

#### **APPRECIATION FOR EMPLOYEE VOLUNTEER PROGRAM – BREAK and CAKE**

Vice President Brown briefly adjourned the meeting so that everyone could enjoy a piece of cake in honor of the Board and the Employee Volunteer Program.

#### **SUPPLEMENTAL FINANCING RESOLUTION ON HARVEST WIND – RESOLUTION No. 0917**

Assistant Treasurer Cathy Bloom briefly reviewed the resolution.

Commissioner Cunningham, seconded by Commissioner Cassidy, moved to approve Resolution No. 0917, a resolution that would authorize and approve a line of credit to provide interim financing for the Harvest Wind Project, not to exceed \$46,355,000.

Vice President Brown ascertained from Ms. Bloom that the credit would then pay back the Reserve Fund. Ms. Bloom explained that the utility had spent \$21.1 million thus far and, of that, \$13 million had come from the Reserve Account and would be reimbursed into the Operating Reserve.

The motion passed unanimously, 5:0.

## COMMUNITY ADVISORY TEAM'S CONSULTANT SELECTION

Property Manager Mark Oberle briefly reviewed the new contract with Rowell Brokaw Architects for Riverfront Master Planning and Public Engagement consultant services. He noted that changes made in the proposal were outlined in the memorandum entitled *EWEB Riverfront Master Plan Project – Consultant Team Contract Approval* dated *May 12, 2009*. He said the compensation for risk had been reduced from 10 percent to 8.5 percent, amounting to a reduction of several thousand dollars, and the contingency had been pulled completely out of the budget as it was now believed that they would be able to do the work within the fiscal parameters that were established. He introduced the co-chairs of the Community Advisory Team (CAT), Dave Hauser and Pat Johnston.

Mr. Hauser reiterated that the team had spent the last several months preparing itself for the “real work” of the master planning process. He believed they had the right team in place, adding that they were anxious to proceed.

Commissioner Cassidy reiterated his concern that the creation of strong connections between the downtown area and the riverfront was a “general theme and not a criteria.” He recalled other projects the city had undertaken in which public input had been provided and, he opined, discarded. He felt disillusioned. He thought the people would want to talk about making a larger setback by the river and should be told from the beginning what was negotiable and what would not be negotiable.

Mr. Oberle pointed out that the project parameters would be defined and reviewed by the Board and the City Council at a future point in the process.

Ms. Smith felt that Commissioner Cassidy had a sense of who was serving on the CAT and what they brought to the work, given that he had attended some of their meetings.

Commissioner Cassidy reiterated that “it would be nice to say that this is criteria” and what the parameters were.

Commissioner Ernst concurred.

President Farmer indicated that he was prepared to move forward.

Commissioner Cunningham recalled his concern about the cost when the work was projected to cost \$550,000. He said he did not have much less of a problem now that it was projected to cost \$490,000. He was concerned about the cost set aside for travel and would prefer to remove that cost, but would not hold up the process to do so. He commented that he hoped the people who were flying on EWEB’s “dime” knew to fly coach. He added that he was ready to extend his confidence to the team and believed they would be good stewards of the people’s money.

Ms. Smith underscored that they would work hard to control costs.

Vice President Brown recalled that the city had made this a type 2 land use application process in its Downtown Plan in order to expedite the process. He noted that EWEB had opted to pursue a type 3, which involved the requirement to spend the money on the consultant. He wanted to ensure that the community knew this. He asked how the CAT proposed to manage things if someone in a public forum or charette said they wanted to talk about that. Mr. Oberle replied that there were many studies that could be done. He remarked that they could “throw money at this until the cows come home.” He said they were prepared to tell people that some things were beyond the scope of the project, such as changes to the Millrace. He stated that it was their intent to come up with a master plan that did not require the Millrace in order to be a success, but also did not deny the ability to include the Millrace at some point in the future. He understood there were issues that originated outside the boundaries of the property that had an impact on it and the CAT would not be able to resolve all of them. He averred that they needed to be strategic about what the process should take on.

Ms. Smith underscored that they were all going to have to live within the budget process. She hoped the Board would approve a contract that would give the master planning process enough money to complete a scope of work, i.e. the scope of work that they were limited to.

Vice President Brown ascertained from Mr. Oberle that nothing was being rezoned through the master planning process. Mr. Oberle added that any zone changes could be undertaken 12 to 14 months after the master plan was approved.

Vice President Brown asked how much that would cost. Mr. Oberle estimated that the zone change process could cost another \$250,000.

Vice President Brown observed that ingress and egress to the property was difficult and asked how this issue would be addressed. Mr. Oberle replied that he could not say ahead of the project how this would be addressed. He assured Vice President Brown that it was one of the issues they would look at.

Vice President Brown said he knew they would do the right thing because he believed the team was a “wonderful group of people.” He wanted to see the process go from the planning phase to a reality.

In response to a question from Commissioner Ernst, Mr. Oberle explained that a type 2 application would be reviewed at the Planning Director level. He related that they suspected that, given the amount of community interest in the site, the Planning Director would forward that decision to the City Council. He said a Metro Plan amendment, zoning change, and some kind of lot line change would have to be made, and bundling these into a type 4 application would save a great deal of time.

Commissioner Cassidy asked what the difference was between “a theme and a “criteria.” Mr. Oberle replied that ‘theme’ was the word he had come up with and ‘criterion’ had been the word used in the Downtown Plan. He noted that the Downtown Plan had included an intensive public process that had resulted in the recommendations which had then become policies, some of which were adopted into Eugene City Code.

President Farmer, seconded by Commissioner Cunningham, moved to approve the Riverfront Master Plan consultant team contract with Rowell Brokaw as detailed on the consent calendar item submitted by Eugene Water & Electric Board staff. The motion passed unanimously, 5:0.

**ADJOURN**

Vice President Brown adjourned the Regular Board Meeting at 6:58 p.m. He noted, for the record, that the meeting had ended 45 minutes earlier than had been projected.

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Assistant Secretary

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President