

EUGENE WATER & ELECTRIC BOARD
REGULAR BOARD MEETING
EWEB BOARD ROOM
500 EAST 4TH AVENUE
JUNE 2, 2009
6:30 P.M.

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

Others present: Randy Berggren, Sheila Crawford, Jeannine Parisi, Dick Varner, Lance Robertson, Mel Damewood, Cathy Bloom, Tom Williams, Jennifer Joule, Joe Harwood, Karl Morgenstern, and Krista Hince of the EWEB staff; Bob Porter, University of Oregon; Ruth Atcherson, City of Eugene minutes recorder.

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

AGENDA CHECK

Commissioner Ernst requested that Item 11, a District Heating Study Proposal, be pulled from the agenda.

PUBLIC INPUT

There was no one present who wished to speak at this time.

APPROVAL OF CONSENT CALENDAR

Minutes

1. a. February 17, 2009, Work Session
- b. March 5, 2009, Work Session
- c. March 5, 2009, Regular Board Meeting
- d. April 7, 2009, Special Board Meeting
- e. April 17, 2009, Board Governance Morning Session
- f. May 19, 2009, Regular Board Meeting

Contracts

2. Arbor South – Architectural Design Services for Shasta 1150 Pump Station (Spring Boulevard) – Water Division - \$69,790
3. Godfrey Engineering, LLC – Construction Management & Field Inspection Services – Electric Division - \$51,067
4. Lands Energy – BPA Slice Simulator Customer Interface – Power Resources Division - \$250,000
5. Mycoff, Fry & Prouse LLC – Management/Industry Expert Recruitment Services in Power Resources Division - \$50,000

6. Stillwater Sciences – Carmen-Smith Relicensing Project Management, Technical Support, and Administration – Electric Division - \$262,634.99

Intergovernmental Agreement

7. Lane County Parks – McKenzie River Cooperative Maintenance Partnership – Public Affairs – Employee, Customer & Community Services Division - \$38,100

2009-2010 Strategic Plan Summary

8. Strategic Plan Summary resulting from the Board Retreat held on April 7, 2009.

Commissioner Ernst pulled Items 1(c) and 8.

Commissioner Cunningham pulled Items 1(a), 1(f), and 5.

Vice President Brown, seconded by Commissioner Cunningham, moved to approve the Consent Calendar with the exceptions of Items 1(a), 1(c), 1(f), 5 and 8. The motion passed unanimously, 5:0.

ITEMS REMOVED FROM THE CONSENT CALENDAR

Commissioner Cunningham noted that the second paragraph of page 2 of the minutes from the Work Session held on February 17, Item 1(a), referred to a follow-up item regarding whether employees were indemnified from any trading errors of omission they might make. He wanted staff to find out if the follow-up had occurred.

Commissioner Ernst wished to clarify an item in the minutes from the Regular Board Meeting held on March 5, Item 1(c). While she had heard great presentations on new technology and conservation programs for utilities at the Environmental Law Conference, she did not want it construed that she supported incinerator technology. She suggested that the word ‘great’ be stricken, as follows:

- Page 5, paragraph 1: “... she heard ~~great~~ presentations on the newest in incinerator technology and conservation programs...”

Commissioner Cunningham offered the following correction to the minutes of the Regular Board Meeting held on May 19, Item 1(f), as he had not contacted the Bonneville Power Administration (BPA):

- Page 5, paragraph 3: “Commissioner Cunningham ~~had contacted the BPA and~~ was uncertain whether the BPA was really willing to support the study.”

Commissioner Cunningham, seconded by Commissioner Ernst, moved to approve Consent Calendar Items 1(a), (c), and (f), minutes from February 17, March 5, and May 19, as amended. The motion passed unanimously, 5:0.

Regarding Consent Calendar Item 5, Commissioner Cunningham asked why the EWEB personnel department was unable to conduct its own recruitment services for the Power Resources Division. He questioned the cost of the contract with Mycoff, Fry & Prouse LLC, a job recruitment service, currently budgeted at \$50,000. Alison Lewis, representing the Human Resources Division, explained that power trading was a difficult area of recruitment.

Mr. Berggren stated that EWEB had a number of people in the Human Resources Division whose role was to manage the process to ensure recruitment, hiring, and retention. He said they did not have intimate relationships with the people who work in areas of difficult recruitment. He related that he had been a potential client of the recruitment services, noting that he heard from them every two or three months asking whether he had interest in one job or another in the industry. He explained that EWEB was having a very difficult time filling the power trading position and this was the first time in 20 years it had sought to employ the services of a recruiter. He underscored that the management of EWEB's power supply was a high risk setting in which the utility strongly needed competent people. He said a recruiter had the network and the relationship and might be able to bring in a candidate who would not otherwise respond to an advertisement.

Ms. Lewis stressed that power trading was a small field of work with a very small community of experts. She said it would reflect poorly on the utility for EWEB to be actively soliciting potential employment for people who were in collegial relationships with EWEB.

In response to a follow-up question from Commissioner Cunningham, Ms. Lewis stated that the salary range was between \$110,000 and \$150,000.

Commissioner Cunningham asked how the figure of \$50,000 for the recruitment service had been arrived at. Ms. Lewis responded that staff did not anticipate spending the whole amount. She explained that the minimum fee was 27 percent of the annual salary and then EWEB would be expected to pay for incidental travel expenses.

Commissioner Cunningham asked who was responsible for paying the travel expenses. Ms. Lewis replied that it was written into a draft contractual agreement with a cap of \$5,000. She stated that most recruitment services charged 30 percent of the first year of salary for a fee. She believed this was the best contract for this service, having assessed several.

Commissioner Cunningham asked how many times the position had been posted with no results. Ms. Lewis responded that often a position was posted before trying alternative methods such as a recruiter, but in this case there was a time limit based on projected retirements. She said it could

take up to a year for EWEB to fill a position and in this case EWEB did not have a year to do so. She stressed that the use of a recruiter was an attempt to be very proactive on the front end so that EWEB would not run into a situation where it was without adequate staffing in power resources.

Commissioner Cunningham said his chief concern had to do with the current unemployment rate. He wondered if there were traders who had lost their jobs with other companies that were looking for work. Mr. Berggren replied that EWEB was not looking for a day trader; it was looking for a power trader. Dick Varner, Power Management and Planning Manager, elaborated on this, explaining that EWEB was specifically looking for someone who knew how to deal with loads and resources and not someone who was trading a speculative book. Mr. Berggren added that EWEB did not speculate on the floor and was not allowed to do so. He said a power trader needed a similar set of skills as a day trader, but had to have a "whole different philosophical point of view." Mr. Varner stated that there was a good job market for people with those skills at present.

Mr. Berggren considered the power traders to be one of the most critical positions in the utility. He said the utility had its entire retail load and all of its wholesale sales "going across that floor." He stressed that this person would be in charge of EWEB's real-time trading. He also emphasized the value to EWEB a person with experience in the northwest would bring. He noted that it was not good protocol, either, for him to reach out to another utility in the northwest and call their trader to see if he or she wanted to come work for EWEB.

Commissioner Cunningham ascertained from Ms. Lewis that the job would also be posted.

Commissioner Ernst said she could tell that the power resources staff was already stretched to get things done. She understood that they wanted to fill the position as quickly as possible with the best qualified person.

Mr. Berggren underscored that the use of this consultant was a very specialized tool. He believed that the recruitment service would generate some candidates for the position.

In response to a question from Commissioner Ernst, Ms. Lewis expressed confidence that they would find the right candidate for the job by using the service.

Commissioner Cassidy asked what EWEB was doing "about training someone internally." Mr. Varner replied that EWEB needed to get a manager in place. He said if he had a good manager in place, he would have three or four people internally and then could hire from the outside to start filling in at the supervisory level, in order to position them to be managers later on. He stressed that at present EWEB did not have anyone "on the inside" that was ready to move into this level of position.

Commissioner Cassidy said EWEB should have perhaps begun its recruitment earlier. Mr. Berggren assured him that they had tried and had hired and lost traders several times. Mr. Varner related that before the project work had been undertaken, they had spent three or four months trying to find a supervisory level person that could be positioned to be a replacement for higher level management. He said this had resulted in a failed recruitment.

President Farmer indicated that he had no problem with hiring a recruitment service. He understood that unemployment did not play into this situation. He opined that utilities needed “to have a thicker skin.” He noted that while he worked, in his position at the bank, with other banks and while he valued the other banks he had no qualms about “stealing their employees.”

Commissioner Cassidy, seconded by Commissioner Ernst, moved to approve Consent Calendar Item 5, a contract with Mycoff, Fry & Prouse LLC for recruitment services in the Power Resources Division. The motion passed unanimously, 5:0.

Commissioner Ernst had pulled Item 8, the Strategic Plan Summary resulting from the Board Retreat on April 7. She wondered if it could be moved to a discussion item on the next agenda.

Sheila Crawford, Strategic Planning & Governance Coordinator, asked that the Board provide comments to her via email.

President Farmer ascertained that there was Board support for bringing the item back for discussion.

ITEMS FROM BOARD MEMBERS

Commissioner Cassidy understood that there would be an Information Technology report for June. He noted that it was not on the agenda. Mr. Berggren replied that it was his understanding that the report would be quarterly. He anticipated that the next one would come in July.

Commissioner Ernst related that she had read the legislative update and she wondered if any Commissioners had considered writing letters in regard to any pending bills. She had not seen House Bill (HB) 2940 in the list of bills. She believed it would allow biomass facilities built prior to 1995 to receive Renewable Energy Credits (RECs). She asserted that if the bill went through biomass facilities that were “old and cranky” would qualify for RECs and this would “dilute the whole market for new renewables.” Mr. Berggren indicated that he would ask Jason Heuser, EWEB’s Legislative Representative, to provide some background information on HB 2940. He had not heard anything about the bill and surmised from this that the bill was not likely to proceed.

Commissioner Ernst reported that she had attended one day of the Northwest Energy Coalition (NWECC) conference. She found the conference to be “exciting,” noting that the goal of the NWECC was to retire all coal-fired plants in the Pacific Northwest at the end of their useful lives and

to remove four dams from the Snake River. Regarding the latter, she said NWEC had done “a number of studies” that they interpreted to indicate that the lost energy could be made up through conservation, improved efficiency, and smart grid technology. She understood that smart grid technology would make a renewable energy resource be able to serve a base load. She passed out copies of a summary of the study on power efficiency that the NWEC based its premise that the dams could be removed without impact.

Vice President Brown stated that he did not know why the Forest Service did not “see fit” to place trash receptacles at boat landings. He reported that there was “trash all over” from Trail Bridge down to McKenzie Bridge. He related that the diesel tank was still located in close proximity to Clear Lake and requested an update. He recalled that he had brought pictures of trees that had been topped on the islands in the McKenzie River to a meeting the previous year. He reported that someone had cut ten trees from the islands.

Vice President Brown reported that an agency had awarded EWEB \$50,000 to build the restrooms for the Goodpasture Boat landing.

Community and Local Government Outreach Coordinator, Jeannine Parisi, said EWEB had not been notified of this. Vice President Brown responded that he had been called about it. He said the McKenzie Masters had also approved the allocation of \$2,500 to do some needed plant enhancement on the boat landing.

Vice President Brown had heard that the notice that EWEB had sent out regarding the dewatering of the Walterville Canal had not been provided to the Oregon Department of Fish and Wildlife (ODFW). He related that he had been speaking with an ODFW fish biologist who had heard nothing about it. He wanted to ensure that staff kept ODFW on its interested parties list.

Continuing, Vice President Brown related that he had received a great compliment from David Suchart, Management Services Director for Lane County, on how helpful EWEB staff had been. He explained that the Lane County Courthouse had experienced problems with its electrical system and Mr. Suchart had remarked that he could not praise EWEB’s staff enough.

Commissioner Cunningham noted that he had requested information on EWEB’s real estate holdings at the previous meeting and Property Manager, Mark Oberle, had provided it to him the next day. He appreciated Mr. Oberle’s quick response.

Commissioner Cunningham said State Representative Chris Edwards seemed to have taken EWEB’s plan for conducting energy audits for houses and offering energy assistance and introduced legislation to that effect. He suggested that someone send Representative Edwards a note to let him know that EWEB had been doing this work for ten years and the idea was not new.

Commissioner Cunningham had received the information provided by Ken Beeson and he wondered if the plans were taking into consideration that the headquarters facility could move to that location. Mr. Berggren replied that the potential relocation of the headquarters was being considered, but if the Board decided to relocate the headquarters it would be five years out at the minimum.

Commissioner Cunningham noted that there had been emails regarding the Board taking a “run up the McKenzie” during the summer. He thought they should do it sooner rather than later.

Vice President Brown stated that if the Commissioners had never seen the difference between a riparian area that had never been touched versus one that had been altered, he would hope they would take the time to do so in order to understand the effects of decisions made regarding the McKenzie River area.

Commissioner Cunningham requested a tour of the Carmen-Smith facility.

CORRESPONDENCE

Mr. Berggren discussed the following items of correspondence:

- Mr. Heuser’s memorandum on the *Legislative Update from the Capitol* dated May 26, 2009;
- Mr. Beeson’s memorandum on the *Roosevelt Building Project – Status Report* dated May 21, 2009. Mr. Berggren noted that the largest bid package of the three, Bid Package C, was out;

President Farmer remarked that he had heard at a University of Oregon Foundation meeting that the bids for the new arena had come in at \$20 million less than the estimate. Mr. Berggren said the estimate for Bid Package C had been \$30 million and staff predicted that there would be an opportunity for additional savings. So far the project was \$4 million below the estimate.

Mr. Berggren continued his review of the items of correspondence:

- Board packets included a memorandum from Rob Kalkofen, Human Resources Generalist, regarding the *Internship Program*;
- Senior Rates/Financial Analyst John Yanov had submitted a memorandum on the *Demand Charges on Churches* – Mr. Berggren had some concern that the information was complex.

Commissioner Cassidy indicated that he had found it to be somewhat confusing. Mr. Berggren offered to have Fiscal Services Supervisor Patty Boyle review the matter in depth with him.

Mr. Berggren announced that EWEB staff would be participating in the “We Are Bethel” celebration, scheduled from Noon to 6 p.m. on June 6 at the Petersen Barn Center.

BOARD AGENDAS

Mr. Berggren provided the *Board Agenda Report* dated *June 2, 2009*. He reminded the Board that the second meeting in June was canceled and the next meeting, a four-hour budget workshop, was scheduled for July 7.

President Farmer suggested that the Board consider its river viewing outing for August 4 since the Board was holding its meeting in that area on that date.

HARVEST WIND EXPENDITURE AUTHORIZATION

Power Management and Planning Manager Dick Varner provided a brief overview of the *Harvest Wind Update* and the work that had been conducted to date on it. He reiterated that the project had not been successful in finding a tax owner at this point. He underscored that the joint ownership agreement was in place as were the easements. He explained that they had not been able to line up a bank that would take ownership of the project, finance the construction, and then get taken out at commercial operation. He said the prime option for an alternative was to find a tax investor and the backup option would be the creation of a taxable entity to own the project. He stated that both the consultants and the search firm were reasonably confident they would be able to line up tax investors who would bring between 40 and 60 percent of the construction cost at closing in return for the federal tax benefits. He related that they planned to send the offering memorandum to potential investors in the middle of June; the team of investors was planned to be identified by the middle of August and the deal would be ready to be closed in the middle of September, with the actual closing occurring in December.

In response to a question from Commissioner Ernst, Mr. Varner explained that in the past banks and insurance companies had a lot of tax liability. He said there still were some insurance companies that had the liabilities and EWEB had been “courting” one. He related that there were other entities who, because they could get a grant up front rather than waiting ten years, were interested in this kind of investment. He clarified that they would receive half of their money up front and the other half over a five year period.

Mr. Varner stated that the current estimate for the project was \$223 million, with EWEB’s share of the construction cost at \$46 million.

President Farmer asked what the odds were of not getting financing. Mr. Varner replied that the odds were roughly 10 percent. He said if EWEB reached that point, the utility would want to offload part of the project on someone else.

President Farmer asked if EWEB would then offer it at a discount. Mr. Varner assured him that the market currently looked pretty good from the utilities in California.

In response to a question from Vice President Brown, Mr. Varner affirmed that \$32 million was the level at which EWEB was originally capping its investment in the project. He thought the project would remain below the \$32 million cap, but there was a small probability that it might not. In that case, he said, they would look to pass a portion of the project to someone else.

Vice President Brown asked how an increase from \$32 million to, as an example, \$50 million would be addressed. Mr. Varner responded that the Board had approved borrowing authorization for \$46.5 million, so the bond authorization was available. He said there was approximately \$3 million in the one percent for renewable energy resources. He noted that the \$46.5 million had been the last of EWEB's resource acquisition from 1993.

Commissioner Cunningham ascertained from Mr. Varner that the original amount of the bonding authority had been \$150 million. He asked if EWEB had gotten anything back from its expenditure over 15 years. Mr. Varner replied that EWEB had invested in Smith Creek, which produced 7 or 8 average megawatts (AMW) that cost approximately \$20 to \$25 per megawatt hour (MWH), Stone Creek, from which EWEB was purchasing power in the mid- to upper-\$30s, the wind project in Wyoming, the cogeneration facility at Wauna on the Columbia River, and some conservation bonds that EWEB had issued in the 2002 timeframe.

Commissioner Cunningham asked if it was possible to place wind projects in the ocean. Mr. Varner replied that the issues that this area faced included winds that were too strong and issues with esthetics. He explained that winds that went above 45 miles per hour on a consistent basis would start to tear up a wind turbine.

Commissioner Ernst asked Mr. Varner to clarify the 1:1.2 cost/benefit ratios. Mr. Varner responded that once EWEB had the financing in place it would be at the \$20 to \$30 million amount. He said if it rose to \$50 million, the project would only be cost effective in California.

Commissioner Cassidy, seconded by Commissioner Cunningham, moved to approve Resolution No. 0918, authorizing the Harvest Wind development. The motion passed unanimously, 5:0.

FUTURE BOARD GOVERNANCE

Mr. Berggren stated that the agenda item was intended to provide the opportunity to determine whether or not to continue with the governance work. He said staff had not booked another date with the Carvers.

Commissioner Cunningham had liked the Snohomish Public Utility District (PUD) modified Carver model of governance. He was concerned that utilizing the true Carver model would make the public feel that the Board was giving away its authority. He felt the Carver model was better suited for a corporate board of directors. He suggested that the Board appoint a policy subcommittee that included two Commissioners, Debra Smith, Sheila Crawford, and Mr. Berggren, and that would work on policies and potentially come up with new ones if needed.

Vice President Brown wanted to keep proceeding with the current governance which had “gotten the utility to be as good as it is,” with an awareness that just because it had been successful did not mean change was not good. He did not believe radical change was good, however. He felt the presenters’ attitude had been that EWEB should “take it all or leave it.” He also did not like that the presenters had been reluctant to cite an example of how the model had worked.

Commissioner Ernst also understood that the Carvers wanted EWEB to take the whole governance model or leave it, with “even the threat of a possible lawsuit” if it was modified. She observed that the Snohomish PUD was using a “Carver light.” She saw some advantages to the whole Carver training. She did not think the Board worked at a policy level and believed that the Board should do more. She suggested that the Board complete the full Carver training and then, like the Snohomish PUD, develop a Carver “light.”

Commissioner Cassidy had been “quite unenthusiased” about the Carver model. He preferred to take a different track for the changes that he wanted the Board to make.

President Farmer tended to agree with Commissioner Ernst. He believed that the Board tended to delve more into operational issues versus the strategic and policy issues. He felt that anyone could take any system and adapt it to their own needs. He was inclined to move forward and to try to use as much of the model as possible.

Commissioner Cassidy asked how much further training would cost. Strategic Planning and Governance Coordinator Sheila Crawford replied that initially the cost had been projected to be \$37,000 and, at half way through it, the total cost had been \$17,000 to \$18,000. She noted that Ms. Smith had suggested that she, Ms. Crawford, get trained in the Carver model. She said this would likely cost the same amount of money.

Commissioner Cunningham thought if the Board chose to adopt his suggestion to form a subcommittee, then a member or two of the subcommittee could attend the training.

President Farmer was not keen on the idea of forming a subcommittee. He wanted the whole Board to work on governance together; it was everyone’s responsibility. He preferred to hold a Work Session so that the Board would work on its policy itself.

Commissioner Ernst agreed that governance should be the full Board’s responsibility.

Mr. Berggren surmised that only two Commissioners were in support of moving forward with the Carver model. He noted his appreciation for the Board's willingness to engage in the conversation.

Commissioner Cunningham suggested that the Board initiate a standing agenda item for subcommittee reports.

COUNTY WATERSHED ORDINANCE INFORMATION

Karl Morgenstern, Drinking Water & Source Protection Coordinator, said the presentation was intended to ensure that the principles that staff was moving forward with were grounded in the things that the Board saw was important for EWEB. He stated that they would look at the direction they were headed in and some of the trade-offs that would occur because of the actions staff intended to take. He explained that there could be some things that would have to "come off the source protection plate" in order to allow staff to concentrate on what was important. He related that the three guiding principles were that:

- 1) EWEB maintain exceptional water quality in the McKenzie River with net increase in pollution loads over time,
- 2) EWEB should maintain the long-term vision on the efforts in order to establish solutions that were grounded in sustainability and that would account for things "coming down the road," such as climate change, and
- 3) EWEB should take a balanced approach so that they looked at ordinances and code revisions and also engaged in education, outreach, and incentive-based programs.

Mr. Morgenstern introduced Bob Porter, with the University of Oregon, and explained that he was conducting the Lane County development code analysis for EWEB. He showed slides of the source protection plan and the McKenzie River. He stated that the chief threat to the McKenzie River was the threat of increased development. He reported the following:

- 37 percent of lots were less than an acre;
- 125 homes were within 50 feet of the river;
- 400 homes, or 10 percent, were within 100 feet of the river;
- Homes that were close to the water utilized revetment to protect the homes, which affected downstream water.
- There are 4,000 septic systems in the McKenzie watershed.

Mr. Morgenstern stated that Lane County land use code permitting practices allowed and sometimes encouraged development in the riparian area.

President Farmer asked for an example of a code that encouraged such development. Mr. Porter replied that the flood plain ordinance was modeled after the Federal Emergency Management Agency (FEMA) flood ordinance, which he averred essentially allowed development in flood plains.

In response to a follow-up question from President Farmer, Mr. Morgenstern clarified that the County was now trying to set in place policies that would reduce the cost of insurance to put a house in a flood plain.

Mr. Morgenstern reported that variances that were granted included 31 requests for placing dwellings in an impacted forest zone, 16 requests to waive the riparian setback requirements, 6 requests to place a dwelling in land zoned for farm use, and 3 requests to place a dwelling in a floodway.

Commissioner Ernst expressed surprise about this. She averred that the states of Washington and California would not “put up with this.” She wondered what the county was “thinking.”

Mr. Morgenstern noted that the Board packet contained the long-term and short-term strategies for source protection. He said they were working on incentive and outreach based strategies and planned to participate in the Lane County ordinance or code revision process. He related that he and Mr. Parker had just attended a Lane County Planning Commission meeting and had asked the commission to bring forward to the County Commissioners a proposal to bring this kind of work back to the Land Management staff. He explained that the work had been removed from the program in the previous year to accommodate the focus on the population studies. He underscored that it would have to be a Lane County effort; EWEB could not lead the effort.

Mr. Morgenstern said in addition to working with the County, they were setting up a development tracking infrastructure database and were working with the Oregon Department of Environmental Quality (DEQ). He related that because of the work, it would require them to hire a land use/county code consultant as well as additional staff time to focus on education and outreach with landowners and developers and to pursue grant opportunities. He stated that, for a time, staff would have to reduce its focus on forestry and agriculture and reduce the monitoring. He added that they would take no other projects on for the present because they were undertaking a large effort.

Commissioner Cassidy asked if more money should be budgeted toward the work. Mr. Morgenstern replied that he would never say no to a budget increase. He added that he understood that given the current economic climate, the most that could be expected would be that they would hold the line on the budget for the work.

In response to a question from Commissioner Ernst, Mr. Morgenstern thought it was a “toss-up” between Lane County Commissioners Handy and Sorenson as to who would be more sympathetic to EWEB’s work on source protection. Commissioner Ernst asked if staff had heard any opposition from any of the County Commissioners. Mr. Morgenstern replied that he had not.

Commissioner Ernst asked Mr. Morgenstern to expand on the projects that would be curtailed or deferred. Mr. Morgenstern responded that, at present, staff was conducting a lot of monitoring and was completing storm monitoring on areas that had been getting chemical applications. He said they had also been engaged in a discussion with a McKenzie Stewardship Group that looked at forestry in the watershed. He stated that to lead that effort they had worked with industrial timber on wildfire issues in order to develop trust and to look at sustainable forestry concepts. He noted that EWEB had 300 acres of forest around the Leaburg Canal and tried to utilize it in a way that set an example for those concepts. He said they were also continuing their efforts to work with the Forest Service.

Commissioner Ernst asked how much staff time was being prioritized to focus on getting ordinances changed. Mr. Morgenstern replied that staff was looking toward the next budget cycle. He thought it would utilize a .5 Full Time Equivalent (FTE) employee and the consultant.

Vice President Brown considered the land use violations along the river that continued to happen to be “incredible.” He said 12 boat ramps had been put in the river and another developer had built 14 cabins with septic tanks in the flood zone, among others. He underscored that once the river was polluted, EWEB and the community would be in trouble. He wanted to take the Board on a tour of the river so that they could see the ongoing degradation.

Commissioner Cunningham observed that some of the County Commissioners were “crying poverty.” He wondered which issues they would choose to undertake. He felt that EWEB needed to take politics out of keeping the river clean.

Commissioner Cassidy saw this as an opportunity to do something. He said he would like to see if they could adjust the budget to ensure that Mr. Morgenstern had enough money to conduct all of his work.

President Farmer said he had run most of the rivers in the Northwest and some of his favorite rivers had use restrictions on them. He did not see this on the list of things that they were working toward in the source protection effort. Mr. Morgenstern acknowledged that there was an impact from the recreational use of the river, but the focus had primarily been on run-offs.

President Farmer stated that no matter how much concern EWEB expressed, there would not be a long-term chance of major success without “a ton” of coalition building. He underscored that EWEB could not impose the will of the Board on the McKenzie area as it had no jurisdiction there.

He predicted that homeowners, real estate agents, and municipalities would oppose some of the actions that EWEB would want to take to protect the river. He strongly encouraged staff to network as much as possible.

Mr. Morgenstern concurred. He related that staff was working with homeowners and developers. He said they were working with county partners and they were not trying to “drive” the effort. He stated that one thing staff had found was that it provided benefits to the Lane County Planning Commission because they did a great job of collecting data and of being a factual resource.

Vice President Brown asked Mr. Morgenstern if it was true that 25 percent of the septic tanks were failing in the McKenzie area, allowing approximately one million gallons of effluent to enter the watershed every day, because there was no requirement for septic tanks to be tested once they were in. Mr. Morgenstern clarified that, on average, 1 million gallons of effluent entered the watershed from all 4,000 systems. He said they looked at 301 systems and 37 were found to be failing, which was less than 25 percent.

Commissioner Ernst had been impressed by the presentation. She said she would like to get a feeling of whether EWEB’s efforts were “getting ahead of the game” and by how much and also how much more time and money staff felt would be needed to get the ordinances changed at Lane County. Mr. Morgenstern replied that staff was working on this information. He said they could not just make an ordinance and then be done; from there on they needed to make sure it was enforced.

Commissioner Ernst had understood that Lane County had the enforcement ability and EWEB did not. Mr. Morgenstern replied that Lane County could enact the ordinance but did not have the ability to enforce it; it would be up to EWEB to track its effectiveness.

DISTRICT HEATING STUDY PROPOSAL

This item was removed from the Agenda.

ADJOURN

President Farmer adjourned the Regular Board Meeting at 8:39 p.m.

Assistatnt Secretary

President