

EUGENE WATER & ELECTRIC BOARD
REGULAR BOARD MEETING
EWEB BOARD ROOM
500 EAST 4TH AVENUE
JULY 7, 2009
5:30 P.M.

Commissioners present: Ron Farmer, President; John Brown, Vice President; Bob Cassidy, Rich Cunningham, Joann Ernst.

Others present: Randy Berggren, Sheila Crawford, Dick Varner, Jim Wiley, Mel Damewood, Debra Smith, Bill Welch, Jim Origliosso, and Krista Hince of the EWEB staff; Kim Young, City of Eugene minutes recorder.

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

AGENDA CHECK

There were no changes to the agenda.

PUBLIC INPUT

Rick Grosscup, 2540 Lincoln Street, noted that he had been co-chair of the subcommittee of the Friendly Area Neighbors (FAN) that had worked on issues around the College Hill Reservoir. He had also written the grant application for the Neighborhood Matching Grant that was used to pay for construction of the ramp that had been built to the top of the reservoir. He thanked the Commissioners and staff for all of the hard work they did. He wanted to specifically thank Jeannine Parisi, Community & Local Government Outreach Coordinator, and Jay Bozievich, Senior Water Engineer, for their work in this endeavor, as well as General Manager Randy Berggren. He had been impressed by how quickly the project had moved forward, as it had only taken one month. He also wished to single out Vice President Brown and thank him as he had encouraged the neighbors to apply for the grant. He said for him it had been important that the city and EWEB had cooperated for the good of all of the citizens. He hoped such collaborative efforts would continue into the future. He hoped that Parks and Open Space Division of the city would take an active role in managing the property.

Mel Menegat, 143 North Adams Street, offered comments on the comparative rate study. He averred that the key to the study was that EWEB provided a safe and reliable product. He underscored that the provision of safety and reliability was not cheap. He hoped that EWEB would look at the capital improvement investments made by other utilities as he thought EWEB stood out in that regard. He said the Board had consistently passed the Bonneville Power Administration (BPA) rate actions through to the ratepayers. He felt that the key to this was to remain current and pass the actions through when they occurred. Continuing, he indicated his support for looking to the reserves or to assistance programs to help people who were hit hard by the economy. Nonetheless, he stressed the importance of holding the line on capital improvements and advised the Board not to defer them, even if that seemed the easiest thing to

do. He commended the Board for taking on the strategic staffing initiative, calling it a “great job.” He said EWEB needed to keep moving forward on it, noting that “playing catch up was costly.”

Vice President Brown thanked both speakers for coming out. He agreed that the College Hill Reservoir project was a collaborative effort and had been a success as a result. He appreciated Mr. Menegat’s comments.

Commissioner Cunningham remarked that Mr. Menegat had been a “hard act to follow.” He welcomed his advice in all things.

Commissioner Ernst thanked Mr. Grosscup for inviting her to the opening ceremony for the ramp and apologized for not being able to attend.

Commissioner Cassidy echoed the appreciation expressed for Mr. Menegat’s comments.

APPROVAL OF CONSENT CALENDAR

MINUTES

- 1. a. April 7, 2009, Special Board Meeting**
- b. April 21, 2009, Work Session**
- c. May 5, 2009, Regular Board Meeting**
- d. May 26, 2009, Work Session**
- e. June 2, 2009, Work Session**
- f. June 2, 2009, Regular Board Meeting**

CONTRACTS

- 2. Brasher’s Northwest Auto Auction – Auctioning Services as needed – Shop Facilities – Corporate Services Division \$60,000**
- 3. Brattain International Trucks – One International Truck – Shop Facilities – Corporate Services Division \$138,757**
- 4. Conservation Services Group – Energy savings assessment and product installation in natural gas homes \$9,000**
- 5. GDS Associates, Inc. – NERC Compliance Assessment Services – Corporate Services Division \$25,000**
- 6. Lile International Companies – Roosevelt Operations Center relocation and moving services – Shop Facilities – Corporate Services Division \$365,565**
- 7. Lorenzen Energy consulting, LLC – Development of an EMS conservation Potential Assessment Plan – Energy Management Services – Power Resources Division \$60,000**
- 8. MWH Soft – Water System Hydraulic Modeling and EWEB GIS Integration Services – Water Division \$60,000**
- 9. R2 Resource Consultants, Inc. – Walterville Fish Return Channel – Electric Division \$149,500**

**10. Unique Business Systems – Software Integration Services – Electric Division
\$66,240**

**11. Wildish Building Company – Willamette 975 Reservoir Structural
Rehabilitation – Water Division \$843,528**

MEMORANDUM OF UNDERSTANDING

**12. Terex Utilities, Inc. – Two aerial devices – Shop Facilities – Corporate Services
Division \$516,000**

INTERGOVERNMENTAL AGREEMENT

**13. Lane Community College – Educational Grants in support of LCC’s Energy
Management Program \$713,496**

**14. Lane Council of Governments – Development of a Supervisory Control and Data
Acquisition (SCADA) system archiving database \$27,820**

**15. Public Agency Network (PAN) – Annual Budget of \$138,366 for 2009-2010
Operations \$138,366**

BUDGET AMENDMENT

**16. Budget Amendment No. 8 – Water Main Relocations & Replacements for the
Elmira Road Reconstruct Project**

Commissioner Cunningham pulled Item 2.

Commissioner Cassidy pulled Items 5, 10, and 14.

Commissioner Ernst pulled Item 7.

Vice President Brown, seconded by Commissioner Cunningham, moved to approve the Consent Calendar with the exceptions of Items 2, 5, 7, 10, and 14. The motion passed unanimously, 5:0.

ITEMS REMOVED FROM THE CONSENT CALENDAR

Commissioner Cunningham disapproved of how EWEB intended to dispose of its excess vehicles, per Consent Calendar Item 2. He preferred the way the County disposed of vehicles, which allowed people to place sealed bids on items. He opined that the commission for the auto auctioneer was “huge.”

Commissioner Ernst understood that the commission had been negotiated and was lower than it had been the previous year. EWEB Treasurer, Jim Origliosso, explained that EWEB had chosen a different vendor.

Commissioner Cassidy asked if there could be an advantage to conducting sales simultaneously with the city. Mr. Origliosso indicated he would look into whether this would provide an advantage.

Commissioner Cassidy, seconded by Vice President Brown, moved to adopt Item 2, a contract with Brasher's Northwest Auto Auction. The motion passed, 4:1.

Commissioner Cassidy indicated his concern with Item 5 had to do with some confusion on his part as to why a pre-audit was needed for the North American Electric Reliability Corporation (NERC) compliance. Mr. Origliosso explained that the NERC audit was different from the financial audit that occurred in the fall in that to the extent EWEB's records were found in any way deficient, the utility would be subject to penalties and fines. He said this was why they felt it was worth it to take this additional step prior to the audit.

General Manager Randy Berggren added that NERC compliance was in its "infant stage;" there were not many people with a comprehensive understanding of the exact requirements. He said the person that EWEB was contracting with had actually worked for NERC.

Vice President Brown, seconded by Commissioner Cassidy, moved to approve Consent Calendar Item 5, a contract with GDS Associates, Inc. for NERC compliance assessment services. The motion passed unanimously, 5:0.

Commissioner Ernst questioned why EWEB was hiring an energy consulting firm for the work, regarding Consent Calendar Item 5. She felt that there were a lot of people out there who were "ready to be handed the car keys." She understood that 35 people had graduated from the Lane Energy Management program and that many people were "hungry" for work. She believed that the service provider was qualified, but she felt that other people were qualified, too. She preferred to put out a Request for Proposals (RFP) to see who was out there, instead of contracting with Bob Lorenzen, who had retired from EWEB.

Bill Welch disagreed that there were a lot of people with the skill set for this job. He said it was difficult to build up a "resource stack" and a person who had not done it would not have the background to do it in a reasonable amount of time. He explained that this assessment was particularly important because it would be the basis for EWEB's negotiations with the BPA about its targets. He stated that Mr. Lorenzen was also familiar with the regional technical forms requirements to do the conservation potential assessment and had a strong background of understanding EWEB's unique conservation history. He noted that EWEB had continued its conservation work when other utilities had stopped and this would impact how much was available going forward. He said EWEB had put out an RFP when it had conducted its study in 2008 and had received three responses, all of which at a price that was at least twice as much as the contract before the Board at present. He believed there was an efficiency to be gained by engaging someone who had a deep familiarity with EWEB already.

Commissioner Ernst characterized the contract as the "path of least resistance."

Mr. Welch disagreed with that characterization, calling it the path "of efficiency."

President Farmer did not question Mr. Lorenzen's skills. He asked why staff would not go ahead and put out an RFP and let Mr. Lorenzen respond. Mr. Welch responded that there was not likely a reason for not doing so, except that it would take more time and staff was seeking to have the first pass on the work completed prior to the initiation of the next Integrated Energy Resource Plan (IERP) process, slated to begin in the fall.

President Farmer felt that it could raise the wrong voice in the community to hire old employees back without opening up the process to other competitors. He indicated he would support the contract.

Commissioner Cunningham asked what Mr. Lorenzen's salary had been when he was an employee. General Manager Randy Berggren was not certain. Mr. Welch noted that Mr. Lorenzen had left EWEB at the end of March, 2009.

Commissioner Cunningham agreed with President Farmer.

Vice President Brown, seconded by Commissioner Cassidy, moved to adopt Consent Calendar Item 5, a contract with Lorenzen Energy Consulting, LLC. The motion passed, 4:1; Commissioner Ernst voting in opposition.

Commissioner Cassidy wanted to gain a better understanding of Item 10 before he approved it. He understood that an audit had indicated deficiencies in EWEB's Information Technology (IT).

General Manager Randy Berggren clarified that the audit had taken the results of EWEB's own best practices evaluation. He said the audit had noted particular problems with best practices relative to project management and enterprise architecture, all of which were currently in process to varying degrees. He stated that staff was managing this in terms of implementation and resource constraints. He explained that the contract was for a specific software application that was part of an ongoing initiative within the operations arena to get more automated and integrated in order to manage crew dispatch and maintenance operations.

Commissioner Cassidy assumed that the amount of savings that would be brought about by the expenditure would exceed the cost. Jim Wiley, Director of the Electric Services Division, estimated that the software would save half of a Full Time Equivalent (FTE) position per year, approximately \$50,000.

Commissioner Cassidy, seconded by Commissioner Cunningham, moved to adopt Consent Calendar Item 10, a contract with Unique Business Systems for software integration services. The motion passed unanimously, 5:0.

Commissioner Cassidy asked if there was a timeframe for action on Consent Calendar Item 14. Water Engineering Manager, Mel Damewood, responded that IT resources were not

available at this time to house the data requirements and data archiving requirements that the water utility needed to be able to access the data. He explained that the data consisted of water system data, including water system control and operation data that were taken from facilities such as pump stations and reservoirs.

Commissioner Cassidy asked if this was part of the same IT updating that EWEB was undertaking. General Manager Randy Berggren replied that it was part of the effort EWEB had undertaken in terms of what resources were available. He said they did not feel EWEB had the staff or the capability to handle the data, but the Lane Council of Governments (LCOG) did and managed this type of data for multiple organizations.

Commissioner Cassidy, seconded by Vice President Brown, moved to approve Consent Calendar Item 14, an intergovernmental agreement with Lane Council of Governments for the development of a supervisory control and data acquisition system archiving database. The motion passed unanimously, 5:0.

ITEMS FROM BOARD MEMBERS

Commissioner Cunningham related that he had been asked to serve on LCOG's executive committee, but he thought this could take him beyond his one-year commitment to represent EWEB at LCOG. President Farmer responded that he did not think the commitment would necessarily have to extend beyond his year-long commitment.

Commissioner Ernst remarked that she was interested in serving on the LCOG board at some point in the future.

Commissioner Cunningham requested a backgrounder to support a discussion of what it would take to allow the public school districts to tie into the internet via EWEB. Debra Smith, Director of the Employee, Customer, & Community Services Division, recalled the Light the Apple project that EWEB had engaged in. She said Bethel School District would be welcome to use the fiber in the backbone. She said the schools had funded fiber laterals connecting the schools to the network, which created a ring. She noted that the School District 4J used the fiber as a backbone; EWEB did not provide internet access. She understood that at present most or all of the schools were connected. She added that it would take a capital investment on the part of Bethel School District. She suggested that Commissioner Cunningham ask a school district representative to call Mike Logan.

Vice President Brown noted that the dedication of the visitor's center by Leaburg Lake was scheduled for 5:30 p.m. on August 14. He invited his colleagues to float the river that day. He asked the Commissioners to let him know if they wished to participate. He noted that he had lined up people who were highly qualified to take them down the river.

Vice President Brown thanked Mr. Wiley and staff regarding the fish return panel. He said staff had done a “marvelous job” of explaining the \$149,000 expenditure on engineering. He was upset, however, with the boat landing issue. He averred that at least a dozen boat landings had gone in the river in the last two years that were “totally illegal” and no one had done anything, yet EWEB was trying to build a boat landing with a permit and was being delayed. He called it bureaucracy “at the highest level. He was disgruntled that EWEB’s landing was being held up while illegal landings were being let go.

Vice President Brown requested an update on the reservoir issue in the South Hills. General Manager Randy Berggren indicated that the information would be provided to the Board at the next meeting.

Vice President Brown also requested an update on strategic staffing and how much was being saved. Ms. Smith said staff intended to provide this as background information as they were going into the budget process.

General Manager Randy Berggren stated that there was “something going on in” the Public Employee Retirement System (PERS). He related that Dick Helgeson, Director of the Power Resource Division, had retired effective July 1, though he had originally planned on retiring at the end of the year. He said the PERS board was considering changing the interest rate on Tier 1. He was not certain how they would do this; the PERS actuary was indicating that the percentage rate could change from 8 percent to 7.5 percent. This was driving a number of employees to protect themselves. He noted that he was in the process of bringing Mr. Helgeson back on a direct employment basis to finish some work up. He believed that this could give a lot of people incentive to leave in the next six months.

In response to a question from Commissioner Cunningham, General Manager Randy Berggren indicated that they could talk about the Customer Care Program during the budget discussion.

Commissioner Ernst asked if the PERS action was affecting General Manager Randy Berggren’s thinking about retirement. General Manager Randy Berggren responded that he anticipated that he would retire in nine to ten months.

Commissioner Ernst requested an update on the IERP process. General Manager Randy Berggren anticipated that they would kick it off toward the summer’s end. He noted that this had become more complicated with Mr. Helgeson’s departure. He said staff would come back in a month or two with a proposal for a public involvement process.

Commissioner Ernst had been reminded by the discussion of the governance policy that the Board had engaged in at a previous meeting and its telephonic meeting with the Snohomish Public Utility District (PUD) that she did not want the governance model to “just die.” Sheila Crawford responded that she had met with General Manager Randy Berggren and Ms. Smith and

was working on a proposal for some concepts based on the last discussion. She asked if there was a particular way the Board would like this to be presented in order to garner feedback on the governance work. She noted that EWEB had a governance policy in place.

General Manager Randy Berggren suggested that staff could return with some scheduled conversations on how to proceed.

Commissioner Cassidy endorsed that approach.

Commissioner Cunningham reiterated his preference to form a subcommittee. General Manager Randy Berggren responded that it was his feeling that it would be better for the Board to do the work with the full body of the Board.

President Farmer expressed concern about pushing forward something based on individual board members' preferences. For the same reason, he would be concerned about a subcommittee driving the process. He underscored his feeling that governance was the responsibility of the whole Board.

Commissioner Cassidy had thought EWEB was done with the Duchin property issue, but the Board had received a notice from the Duchin's attorney. General Manager Randy Berggren responded that the matter was in the attorneys' hands. He said the Board would often receive notices such as the one regarding this matter. He averred that these types of notices often contained an intimation of political opportunity. He interpreted the notice to say that if the Board should choose to "intervene" there was a "cheap solution." He underscored that EWEB's legal counsel would not suggest that the Board do so.

CORRESPONDENCE

General Manager Randy Berggren discussed the following items of correspondence:

- Board packets included a *Strategic Staffing Update* from Christina Bennett, Human Resources Department;
- The Leaburg boat landing project was updated in Board packets; EWEB planned to keep working toward getting all of its permits;
- Cathy Bloom provided a June update regarding issues having to do with the management letter.

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BOARD AGENDAS

General Manager Randy Berggren provided the *Board Agenda Report* dated *July 7, 2009*. He noted that he had met with University President Frohnmayer and his successor. He had been able to provide the new President a sense of the issue regarding going forward with the joint project EWEB and the University were engaged in. He characterized the meeting as a good one.

ADJOURN

President Farmer adjourned the Regular Board Meeting at 6:30 p.m.

Assistant Secretary

President