

EUGENE WATER & ELECTRIC BOARD  
REGULAR BOARD MEETING  
EWEB BOARD ROOM  
500 EAST 4<sup>TH</sup> AVENUE  
SEPTEMBER 1, 2009  
7:30 P.M.

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

Others Present: General Manager Randy Berggren, Sheila Crawford, Lance Robertson, Cathy Bloom, Joe Harwood, Debra Smith, Jim Origliosso, Tom Buckhouse, Jim Wiley, Dick Helgeson, Mark Oberle, Jeannine Parisi, Terry Bequette, John Yanov Mike Logan, Kevin McCarthy, Ken Beeson, Jennifer Joule, Gene Austin, Garilyn Johnston, Bill Welch, Christina Bennett, Mike McCann, and Judy Chase of the EWEB staff; Ruth Atcherson, City of Eugene minutes recorder.

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

#### **AGENDA CHECK**

There were no changes to the agenda.

#### **PUBLIC INPUT**

**Erin Bonner** thanked EWEB for the stipend for utility credit for the program serving homeless on behalf of Shelter Care. She said the stipend enabled the service provider to use more of its money to provide other services to people in need.

**Mel Menegat** thanked the Board for access to meeting materials on the Web. He had found all of the content easily. He opined that the Roosevelt building project looked “great.” He shared his excitement to see the walls going up. He also wished to note the piece of Board correspondence regarding pandemic planning. He appreciated that this type of planning was going on within the utility. He was also happy to see the positive developments for the Carmen-Smith relicensing process.

Regarding Customer Care, Mr. Menegat commented that while he appreciated the water utility’s willingness to contribute, he had some concern that the water utility did not have the same level of contribution margin. He felt that for water to participate would mean either a loss of services or rate increases. He urged caution.

Mr. Menegat noted that the Board would be taking its first look at the rate increase later in the agenda. He observed that the rate increase was a pass-through from the Bonneville Power Administration (BPA) and was clean in that EWEB was paying a certain amount of money for the power and was passing that cost to the customer in accordance with Board policy. He

thought the Board should consider the Contribution In Lieu of Tax (CILT) because things had changed since the Board agreed to a 6 percent CILT. He thanked the Board for serving.

**Paul Duchin** observed that this was his third time before the Board. He expressed appreciation for all that EWEB had done for the community. He was having a difficult time understanding why the Board and management was unwilling to speak with him and his wife about the \$38,000 in damage that was done to their home. He and his wife believed the damage had been caused by EWEB water. He related that they had contacted an attorney and were advised that the cost to litigate could be in excess of the amount of money that the house repair had cost them. He had talked to the Public Utility Commission (PUC) and to the City Council and the Mayor and no one had been able to help him. He said the Mayor had indicated to him that EWEB told a “very different story” that was defensible. He wanted to be able to talk to EWEB about it. He stated that they no longer had legal representation. He believed there was always a solution to such problems. He indicated his intention to attend every meeting through June, 2010, in his effort to gain resolution.

**Pam Driscoll** stated that she had worked with Commissioner Ernst on a project to turn the Hynix plant into a photovoltaic (PV) cooperative. She had been impressed by Commissioner Ernst and had been excited when she had been elected to the Board position. She declared that everyone was innocent until proven guilty. She thought the fact that marijuana was illegal was ridiculous. She wanted to vouch for Commissioner Ernst’s character. She asserted that Commissioner Ernst was exactly what the Board needed and encouraged the Board to “keep her.”

**Anita Devaney** provided input on the potential rate increase on behalf of herself and other low income people. She opposed the rate increase. She said the cost had gone up enough and low income people had experienced enough increases. She believed that the amount of people who were getting their water and/or electricity turned off was increasing. She averred that low income people had the ability to shop around to find what they needed at the most reasonable cost. She asserted that EWEB should shop around and see if there was somewhere else to purchase power. She thanked the Board for listening.

**Kathy Ging** spoke in support of Commissioner Ernst. She believed the police raid that found pot plants in Commissioner Ernst’s home had been politically motivated because Commissioner Ernst was working to improve lives of people. She said they should look into why the police were not generally drug tested. She asserted that the number of police who had been indicted for steroid use had increased “drastically” over the past decade. She had contacted the Attorney General and County Commissioners about this. She declared that she would not be surprised if some “macho policeman” thought they could “score a hit” by blasting into a woman’s house with a percussion grenade and frightening her and her adult children. She opined that the community had a history of harassing women in politics. She alleged that the number one suggestion to the change.gov Web site in 2008 had been the legalization of marijuana. She asserted that there would not even be a solar energy industry in the state of Oregon if she had not taken a “marijuana joint” to a “future Oregon Department of Energy staff person” living in Corvallis and been “inspired to draft the revised renewable energy personal income tax credit for homeowners and renters.” She said she had done this while doing post-graduate work at the University of Oregon where she was writing a paper for a prominent

professor and legislator “who also by the way smoked pot.” She stated that 24,000 people in the State of Oregon had the legal right to grow and smoke marijuana and admonished the Board not to allow the “mores of yesteryear to denigrate the activists of today.”

**Eric Silverberg** indicated his support for Commissioner Ernst though he had disagreed with her about her vote to support a power purchase agreement with the Seneca Biomass facility. He had spoken with her about this issue and said he had come to admire her. He applauded her support for the Customer Care program and the Northwest Institute for Community Energy (NICE). He averred that she had been working to ensure that alternative energy sources that EWEB took advantage of were compatible with a clean and healthy environment. He had witnessed Commissioner Ernst “giving freely” of her time to talk to the NICE. He looked forward to continuing to collaborate with her and the rest of the Board.

**James Clarkson** commented that marijuana should not be an issue. He was also against EWEB wanting to buy energy from the Seneca plant.

**Marianne McElroy** thanked Commissioner Ernst for meeting with her to discuss the Seneca Biomass cogeneration facility. She said they had a good conversation, noting that Commissioner Ernst had arrived on her bicycle. She commented that this was the only time a public official had met with her.

**Sandra Bishop** read from a private email she had sent to Commissioner Ernst. She underscored that EWEB commissioners were tasked with running a utility and not make social policy. She asked Commissioner Ernst to please resign. She believed that Commissioner Ernst had violated a sacred trust with the voters and had put the managers and EWEB employees in an embarrassing situation. She felt that the public perception was that as an elected official serving on the Board, Commissioner Ernst considered herself to be above the law and was maybe under the influence of illegal drugs while making decisions about millions of dollars of public money and the livelihood of EWEB employees. She asked Commissioner Ernst to imagine what she would feel like as an EWEB line employee who was tested randomly for drugs. She declared that as an elected official, one needed to set a higher standard of conduct than the average citizen and respect “at least basic laws.” She related that she had been asked by several people how Commissioner Ernst’s decisions and actions could be trusted on the Board when she had apparently placed herself in a situation of living in and supporting a culture of illegal drugs. She acknowledged that Commissioner Ernst could say that she was innocent, but this was not the point. She stated that it was not about what the drug was; it was about the fact that Commissioner Ernst appeared to be engaged in illegal activity and this was a clear distinction. She remarked that for her it was the “foolishness quotient;” it was just plain foolish to think a person could do something illegal and not get caught. She averred that in a time when there was so much lack of trust in government, the EWEB Board needed “every advantage” to do its job. She stressed that politics was perception and Commissioner Ernst had lost the confidence and respect of many of the Eugene voters who had elected her. She asked her to please step aside and take care of her family matters. She considered this to be the right thing to do.

**T.J. Hetter** spoke in opposition to the rate increase. He did not believe they needed the rate increase from the BPA. He thought the BPA was located in Utah and wondered where the buck stopped. He opined that someone had to stop the “drain” of the public. He said his EWEB

bill was large. He said people had the power to change the country and they could strike and not use the electricity and water.

President Farmer opened the floor for comments and questions from commissioners.

Commissioner Cassidy complimented the *Register Guard* reporter, Susan Palmer, on her comprehensive article on the potential rate increase.

Commissioner Ernst thanked everyone for coming out and giving public comment. She said she had not made any decision about the rate increase at this point and she listened to public comment for help in making her decisions.

Commissioner Brown thanked everyone for their testimony. He also thanked the *Register Guard* for the coverage. He noted that the last five rate actions had passed through rate reductions from the BPA. He said when the price was increased to EWEB, the utility had to pass the increase on to its customers. He recalled the strife EWEB had faced during the energy crisis when the utility had gone from a \$40 million surplus to a \$30 million deficit in a short period of time. He stressed that no one could afford to lose the utility – they had to be fiscally responsible.

Commissioner Cunningham stated that the rate increase was before the Board for its first reading at the present meeting and would be back before the Board on October 6. He asked that someone meet with Mr. Duchin to discuss the matter that he brought before the Board.

General Manager Randy Berggren stated that he would consult with EWEB's legal counsel. He thought that if the Duchins were no longer legally represented, it would be possible to provide information to them.

President Farmer thanked everyone for the public testimony. He clarified that the BPA was headquartered in Portland, Oregon, and owned a series of 28 dams on the Columbia River.

## **APPROVAL OF CONSENT CALENDAR**

### **MINUTES**

1. a. July 7, 2009, Regular Board Meeting
- b. July 7, 2009, Budget Workshop
- c. July 21, 2009, Work Session
- d. July 21, 2009, Regular Board Meeting
- e. August 4, 2009, Special Board Meeting (Visitors' Shelter Dedication)
- f. August 4, 2009, Regular Board Meeting

### **CONTRACTS**

2. Equa-Chlor – Water Treatment Chemical (Caustic Soda) – Water Division \$400,000.
3. FD Thomas, Inc. – College Hill Security Improvements – Water Division \$296,500.
4. GDS Associates, Inc. – Compliance for NERC Top Standards – Electric Division \$52,965.

**EASEMENT**

5. ODOT – Easement for Soundwall and Temporary Construction on EWEB's I-5 Utility Corridor – Corporate Services Division \$240,150.

**RESOLUTION**

6. Resolution No. 0921 – Execution of Bonneville Energy Conservation Agreement (ECA) – Energy Management.

Vice President Brown pulled Item 5.

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

**ITEMS REMOVED FROM THE CONSENT CALENDAR**

Vice President Brown thanked EWEB Property Manager, Mark Oberle, for working with the Oregon Department of Transportation (ODOT). He commended him for questioning their offer of \$151,000 and working to gain agreement to a \$240,000 sale price. He commented that the math was not consistent with the water line relocation, when ODOT had taken some land from EWEB for the Beltline Highway flyover.

Mr. Oberle had not reviewed the previous transaction and could not respond to it.

Vice President Brown said it was not a burning issue for him; he would just like to know. He reiterated his thanks to Mr. Oberle for his good work.

Vice President Brown, seconded by Commissioner Cunningham, moved to approve Item 5 from the Consent Calendar, a transaction with the Oregon Department of Transportation for an easement for a sound wall and temporary construction on the Interstate 5 utility corridor. The motion passed unanimously, 5:0.

**ITEMS FROM BOARD MEMBERS**

Vice President Brown said he had a sentiment of agreeing with what Ms. Bishop had spoken of. He also wanted to relate that there was a group of people in Vida that were seeking to light the Goodpasture Bridge on an annual basis. He surmised that staff had been in contact with them.

Vice President Brown felt the reading of the riparian ordinance with the County Commissioners in the previous week had been good. He related that there would be a joint meeting with the county at Clear Lake Lodge on some issues. He noted that this coincided with the day that EWEB staff planned to move the diesel fuel tank away from the lake.

Additionally, Vice President Brown related that a group from Montana and Iowa had approached him about an in-water system that involved a new technology they had patented that could use the outflow from Walterville and would be compatible with fish. He passed the information along to General Manager Randy Berggren.

President Farmer recalled that a similar group had approached EWEB several years earlier.

Commissioner Cassidy cited the memorandum from EWEB Treasurer Jim Origliosso regarding contracts and said he believed they should just approve the contracts they were required by law to approve. He wanted to propose that they spend less time going through the contracts.

President Farmer indicated that he was not supportive of turning an issue into an agenda item on short notice. He ascertained that there was interest on the part of a majority of the Board for including a discussion of the threshold for contracts to be placed on the Consent Calendar on a future agenda. He added that he found it ironic that the Board discussed raising the threshold but at the same time individual Commissioners often chose to pull Consent Calendar items that were for contracts that cost \$20,000 or \$40,000 for discussion.

## **CORRESPONDENCE**

General Manager Randy Berggren highlighted the following items of correspondence:

- Internal Communications Coordinator Jennifer Joule had included a memorandum on Pandemic Planning;
- Ken Beeson, Project Manager for the Roosevelt Building Project, included a status report in Board packets;
- Mike McCann, License Implementation Project Manager, and Gale Banry, Relicensing Manager, provided a memorandum to the Board, a Carmen-Smith Relicensing and License Implementation Planning Update;
- Jeff Teel provided a memorandum to the Board regarding a Lane Council of Governments (LCOG) Telecommunications Federal Stimulus Grant application;
- At Commissioner Ernst's request, a memorandum had been provided by Mr. Origliosso on the Automated Metering Infrastructure (AMI) Business Plan;
- The memorandum Commissioner Cassidy referenced, provided by Mr. Origliosso, regarding Board Practices for Contract Approval;
- Dan Morehouse had provided a memorandum to the Board, at Commissioner Cassidy's request, regarding the U of O Solar Radiation Monitoring Lab Information Request (UO-SRML);
- Copies of a communication from the Boiler Law Firm indicating intent to file a claim against EWEB for alleged damages.

Commissioner Cunningham commended Mr. Origliosso and staff for the budget sessions that he was leading for the newer commissioners. As for contracts, he felt that the Board should only address those contracts that were over \$100,000.

Regarding the correspondence on Carmen-Smith relicensing, Commissioner Cassidy asked what was meant by "several discreet design projects." Mr. McCann explained that they were projects that they knew they could initiate presently that the Federal Energy Regulation Commission (FERC) was not requiring.

Commissioner Cassidy asked if the work would include the camp sites. Mr. McCann replied that there was no current plan to rebuild the campground; that project had to wait until after the fish passages were completed, approximately five or six years.

## **BOARD AGENDAS**

General Manager Randy Berggren provided the *Board Agenda Report* dated *September 1, 2009*. He noted that staff had yet to look into the feasibility of an education summit.

Commissioner Cunningham said he had reason to believe that the Chamber of Commerce, the teachers union, and superintendents association were planning an education summit. He did not believe that EWEB needed to take this on in that case. General Manager Randy Berggren ascertained that the item could be removed from the list of potential backgrounders.

Regarding the proposed backgrounder on the feasibility study for Clear Lake, Vice President Brown related that he had spoken with a Linn County Commissioner who indicated that his constituency was pleased with the acquisition. He suggested that EWEB still engage in dialogue with Linn County representatives. He reiterated his concern that the stewards of Clear Lake needed to pay better attention given that the lake was EWEB's water source.

General Manager Randy Berggren agreed to pull the backgrounder off the list.

Commissioner Cunningham commented that he would prefer to hold a special meeting on the General Manager successor hiring process when the Commissioners were not already fatigued. Commissioner Ernst indicated her agreement that a special meeting might be in order.

Commissioner Ernst asked if the Board would be provided a backgrounder or agenda from EWEB's new sustainability person. General Manager Randy Berggren replied that the person had just begun work for EWEB on that day and it was a little early to start cuing that in. He foresaw that the Board would see a lot of her, most immediately in the context of a reformatted Integrated Energy Resource Plan (IERP) process.

## **GENERAL MANAGEMENT REPLACEMENT**

Christina Bennett, Human Resources Manager, explained that she hoped the Board could select an executive search firm at the present meeting. She said the other things she hoped the Board would consider were the possible selection of an interim general manager and how that person should be selected and the salary range.

President Farmer related that the General Manager Replacement Committee had asked Ms. Bennett to obtain more references on the three recruitment firms the committee had narrowed it down to at its last meeting on August 26. He noted that advertising a salary range when recruiting was optional. He added that the Board needed to be cognizant, when considering salary range and comparison with other utilities in regard to revenue, that EWEB's trading floor made it substantially different in terms of revenue. He said if one considered EWEB in terms of the size of its customer base, the revenue would be very different. He also

advised that they have a discussion with whomever they engaged about how the start process worked with them. He explained that they would not know for certain when they were going to be hiring a General Manager; the current contract required General Manager Randy Berggren to give six months notice. He indicated that General Manager Randy Berggren currently had tentative plans to retire on May 1, 2010, which would require notice to be given on November 1. He said they would need to “hash out” when the search should begin and whether they wanted the search firm to do any preliminary work prior to November 1. He noted that General Manager Randy Berggren could decide not to give notice on that date.

President Farmer stated that the Board needed to have a clear and concise understanding on how in-house candidates would fit into the process. He conveyed the committee’s understanding that having to hire an interim manager would only come into play if the recruitment was unsuccessful within the time allotted for it. He said the Board needed to discuss how it would proceed in this circumstance.

In response to a question from Commissioner Ernst, President Farmer indicated that it was his preference to narrow down the selection process to one firm and direct Ms. Bennett to begin the negotiation process. He underscored that if they received unsatisfactory responses from the firm, they would not want to engage them.

Commissioner Cassidy remarked that six months was enough time to reach a “hiring solution.”

Commissioner Cunningham did not believe they needed to employ a firm. He averred that there were plenty of candidates from within who would fill the role “rather significantly.” He understood his view was in the minority. He wanted in-house applicants who met the requirements established by the Board to be automatically advanced to become finalists. He felt that no one knew the in-house applicants better than they did.

President Farmer said while they might believe an in-house candidate was automatically qualified, there were Equal Opportunity laws that they were required to abide by.

Commissioner Cunningham clarified that he wanted the search firm to interview the other candidates and the Board to interview the in-house candidates.

Ms. Bennett related that most of the firms would accept applications from in-house candidates just as they did from outside candidates and would screen them using the same criteria, set by the Board. She said the firm would present them to the Board as candidates if they met those qualifications. She stated that the Board could then decide how many candidates it wanted to interview. She explained that generally the firm would conduct the preliminary interviews and would vet the candidates before presenting their recommendations.

Commissioner Cunningham asked if conducting the interviews the way he suggested would violate the law. Ms. Bennett responded that this could be argued by external candidates that could be deemed more qualified than an internal candidate, but she did not believe it would be illegal though it could be considered inappropriate and could lead to candidates not wanting to interview with EWEB. She also was not certain the consultants would agree to this.

Commissioner Cunningham suggested that they conduct a process in-house and if they could not garner the appropriate candidate using this method, then they should look for outside candidates. He was confident that growing a business from within and giving people something to work toward made for a much better company.

Commissioner Ernst observed that each of the firms had a long list of people that they kept in contact for these types of jobs. She thought their lists probably already included EWEB employees.

Commissioner Cunningham posited that they did not need to “waste” \$40,000 on a recruitment firm. He believed there were competent people who could assume the position of General Manager who were already working for EWEB.

President Farmer stated that he had a fiduciary responsibility to hire the best person to fill this position. He remarked that he had no qualms about spending \$40,000 to hire someone to run a utility with a budget of \$225 million.

Vice President Brown said he would lean heavily on people with knowledge to provide recommendations in the hiring process. He believed that everyone should “start at the same line” and in-house candidates should not be given an apparent advantage. He did not think good candidates would apply if they knew that in-house candidates were being considered first and foremost.

Commissioner Cunningham clarified that he wanted to interview the in-house candidates first, before recruiting from outside the utility. Vice President Brown responded that he would not know if they had the “best of the best” in that case; he did not feel he was qualified to “make that call.”

Ms. Bennett believed that the search firm would ably assist the Board. She added that, in knowing some of the internal candidates, she would predict that they would rise to the top and they would see them in the finalist list. She said a search firm would assist the Board in narrowing the qualifications. She noted that outside candidates would ask if there were qualified candidates in-house.

Commissioner Ernst said she would look to some expertise in this; she did not believe she was qualified to select a candidate for General Manager.

Commissioner Cunningham recalled his experience hiring a school superintendent in which he felt that having a search firm did not help. He related that every time they hired someone themselves, the superintendent they had hired stayed for at least ten years. He felt more comfortable with hiring someone in-house because he believed such a candidate would be more likely to finish their career at EWEB.

Commissioner Cassidy did not think that the Board would necessarily get the best person possible by hiring a firm that “knows a certain bunch of people.” He thought they would get a candidate from the process but whether or not this candidate would be the best for EWEB remained to be seen. He agreed that an in-house person was more likely to remain.

President Farmer felt strongly that in order to fulfill his fiduciary responsibility, they needed to look at a fair spectrum of people. He believed it would be irresponsible not to do this. He suggested that the committee that selected the search firms explain the thought process behind their selections.

Commissioner Cassidy said his first choice had been Waters-Oldani Executive Recruitment. He had been pleased with their price, but this had not been his starting point. He had been indifferent about the other two.

Ms. Bennett had talked to the firms and emailed them, as well as checking references. She shared her belief that either Little & Associates or Mycoff & Associates had been very easy to communicate with, had returned calls promptly, and seemed very interested in working with EWEB. She related that she had not had the same experience in communicating with Waters-Oldani Executive Recruitment and their references had not been as good as those for the other two firms.

Commissioner Cassidy asked what the second negative reference had been for Waters-Oldani Executive Recruitment. Ms. Bennett replied that she had put out an email to the Northwest Public Power Association (NWPPA) list serve seeking information on the firms and had received a response from a person who had worked for Oldani that had unflattering things to say about the firm.

Ms. Bennett stated that she had spoken with each of the three firms regarding how internal candidates would be considered. She had received thorough responses from Mycoff & Associates and Little & Associates and she had not had the same experience with Oldani.

President Farmer related that initially he had preferred Waters-Oldani Executive Recruitment and Mycoff & Associates. He opined that initially he felt that Little & Associates seemed to have a lack of depth and he had added the firm as a back-up choice. He had reservations about Oldani, though at first they had been his top choice. He said the negative reference was a red flag and he wondered why the firm had provided that company as a reference contact in the first place. He said at this point he would probably choose Mycoff & Associates.

Ms. Bennett noted that she had a similar feeling regarding Little & Associates. She said Little was essentially a "one-man show." She related that the Mycoff & Associates people had spoken very highly of their consultant, Lanie Prouse. She did not think they could "go wrong" with either of the two firms, though she felt that Mycoff had been in the business for a long time and likely had a bigger pool of candidates.

Commissioner Cunningham said he would tend to support the firm that would include a Commissioner in site visits for the out of state candidates, as the Board members were familiar with the community.

President Farmer thought the process for the search could be part of the negotiations with the firm at the outset.

Commissioner Ernst said she had also been impressed with Little & Associates at first glance. As she had “got into it deeper” she had questioned that as a first choice. She noted that Mycoff & Associates had been her second choice.

Vice President Brown remarked that he was not sure a board member would be qualified to conduct a background investigation.

Commissioner Cunningham reiterated his opposition to hiring a search firm. President Farmer asked what his preference would be, given that the decision to hire a search firm had been made. Commissioner Cunningham indicated his preference for either Mycoff & Associates or Little & Associates.

President Farmer ascertained that there was majority support for pursuing negotiations with Mycoff & Associates.

Commissioner Cassidy said the Board should decide that the search should begin when General Manager Randy Berggren gave notice. President Farmer took a straw poll of the Board and determined there was unanimous support for doing so.

President Farmer stated that they should get feedback from the search firm regarding salary range.

In response to a question from Commissioner Ernst, Ms. Bennett said EWEB was 6<sup>th</sup> in size related to customer base, which made it one of the smaller utilities.

President Farmer understood that EWEB would be advertising a salary range.

Commissioner Cassidy wanted to include a clear statement indicating a cap on the salary.

President Farmer observed that a salary range would indicate the highest number that would be paid. Commissioner Cassidy responded that he was talking about the “philosophical aspect” of how much the utility would pay for a person. He thought that indicating a cap would show that the Board had “some kind of feelings” about the amount the salary should be.

President Farmer commented that in looking at his own job, the range of salary was much different from what it had been ten years earlier. He believed that placing a cap on the salary would be dangerous.

Commissioner Cassidy understood that a new Board might want to change a salary cap and that would be their prerogative.

Commissioner Ernst observed that the current hiring practice for non-represented employees was to provide a salary range. Ms. Bennett responded that the range was adjusted based on market survey, similar to the Board’s philosophy for the General Manager. She explained that they followed the American Public Power Association (APPA) surveys and wanted to be competitive with that market.

Commissioner Cassidy thought the salaries were automatically adjusted.

General Manager Randy Berggren clarified that the General Manager salary was not automatically adjusted; it was brought before the Board and the Board then made a determination as to whether or not the data was useful or appropriate and whether to adjust the General Manager salary.

Vice President Brown recommended that the Board ask the search firm what they think it would take to get someone here. He underscored that it was relative to cost of living and other factors. He said they could diminish the pool of candidates who were qualified to run a trading floor, a water utility, and an electric utility if they instituted a cap. He averred that one gets what they pay for. He wanted someone good and he did not want to worry how much they paid for it. He did not want to be “penny wise and pound foolish.”

Ms. Bennett thought the consultant would have good advice given the experience with placing people of the caliber of the General Manager in positions with utilities.

General Manager Randy Berggren suggested they take the APPA data and convert it into the standard range calculation for the manager’s job and take it to Mycoff & Associates.

Ms. Bennett thought they could defer the conversation regarding the possible appointment of an interim General Manager.

President Farmer related that the committee had thought that they would prefer that the person be identified who could potentially serve as an interim manager. He asked General Manager Randy Berggren to give input on his ability to identify that person and how difficult he would think that might be. General Manager Randy Berggren replied that he could. He did not, however, understand the position that the Board had taken that a person who was acting in charge should be taken out of consideration for the permanent position. He acknowledged that this could be a deterrent to the interest of an outside candidate, but he felt the interim manager might be the best person for the job, ultimately. He noted that he had served as interim manager for nine months prior to being hired permanently as General Manager. He added that it would also provide the opportunity to see that person in action.

## **ELECTRIC RATE ADJUSTMENT**

Senior Financial/Rates Analyst, John Yanov, reviewed the proposed rate adjustment with power points, hard copies of which were available to everyone present. He noted that the large amount of the total bill attributable to power costs for Contracts C and D had caused staff to conduct a Cost of Service Analysis (COSA).

Regarding street light customers, Commissioner Cassidy recalled that the rates had been raised by 11 percent and when he had asked about it staff had indicated this was due to operational costs. He did not understand the operational difference between the street lights in the current rate action and in the previous rate action. Mr. Yanov replied that he did not have a

simple answer; he would have to sit down and have a more detailed conversation with Commissioner Cassidy. He indicated that he would be happy to do so.

Commissioner Ernst requested a copy of the answer to Commissioner Cassidy's question.

Mr. Yanov continued his review of the rate action.

Vice President Brown recommended that the next public hearing be moved up in the agenda. He wanted to give the public every opportunity to provide input. He asked if staff believed that the Metropolitan Wastewater Management Commission (MWMC) also planned to raise rates because of being a large electricity customer. Mr. Yanov replied that this would be a question for the MWMC board, but he would not be surprised.

Vice President Brown asked how the increase would affect the water service. Water & Steam Division Director Tom Buckhouse acknowledged that electricity costs was the water utility's second highest operating expense and the increase would affect the utility.

Commissioner Cunningham asked, given the \$3.4 million Customer Care Program and the rate increase, what impact to the reserve fund was anticipated. General Manager Randy Berggren replied that the 10-Year Financial Plan had included the rate assumption. Debra Smith, Director of the Employee, Customer, & Community Services Division, added that the ten-year plan had not included the additional funding allocated for limited income assistance. She said they could make that adjustment.

In response to a question from Commissioner Cunningham, General Manager Randy Berggren stated that every percent increase to the rates was equal to \$1.4 million.

In response to a question from Commissioner Ernst, Mr. Yanov affirmed that the rate increase had been equal to a kilowatt hour. He added that the pass-through from the BPA was in concert with a directive from the Board.

Vice President Brown observed that the rate pass-through would provide a \$500,000 increase to the Contribution in Lieu of Tax (CILT). Mr. Yanov clarified that this was an annual cost.

Commissioner Cunningham suggested that EWEB meet with city representatives and ask the City of Eugene to not take the CILT in the interest of the Customer Care Program and the economy.

Vice President Brown said it would take a charter amendment to change the CILT.

President Farmer noted that he and former EWEB Commissioner Sandra Bishop had both advocated for approaching the city with a proposal to reduce the CILT. He said the Board should not go "willy nilly" to the city with this suggestion.

Commissioner Ernst thought they should have that conversation.

President Farmer underscored that if they wanted to have that conversation, it should be a carefully planned calculated process. General Manager Randy Berggren added that this was mainly a political relationship. He said they should be prepared to hear the alternative view that a CILT from the water utility should be enacted.

President Farmer expressed appreciation for the Board members' understanding of the pass throughs. He averred that what they were really doing was towing the line on rates over the past three years, though it was a challenge to raise rates during tough economic times. He encouraged Public Affairs Manager Lance Robertson to take every opportunity to remind people that EWEB had lowered rates three times over the past three years and the net effect of the current rate action would be zero. He recommended that this message be mixed in with the low-income care programs that EWEB was engaged in. He noted that when he had first come on the Board he had not wanted to raise any rates.

### **ELECTRIC RATE PUBLIC HEARING**

President Farmer opened the public hearing. Two EWEB customers testified earlier in the evening. Refer to pages two and three for testimony.

President Farmer adjourned the Regular Board Meeting at 9:50 p.m.

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Assistant Secretary

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President