

EUGENE WATER & ELECTRIC BOARD
REGULAR BOARD MEETING
EWEB BOARD ROOM
500 EAST 4TH AVENUE
SEPTEMBER 15, 2009
7:00 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, Jeannine Parisi, Terry Bequette, Gene Austin, Mel Damewood, Mark Freeman, Judy Chase of the EWEB staff; Ruth Atcherson, City of Eugene minutes recorder; John Rowell, Kaarin Knudson, Rowell Brokaw Architects; Pat Johnston, Gary Wildish, Citizen Advisory Team.

President Farmer convened the Regular Meeting of the Eugene Water & Electric Board (EWEB) at 7:07 p.m.

AGENDA CHECK

There were no changes to the agenda.

PUBLIC INPUT

There were no members of the public present who wished to speak at this time.

APPROVAL OF CONSENT CALENDAR

MINUTES

1. None to approve.

CONTRACTS

2. Motorola, Inc. – Spectrum Fingerprinting Services (to determine sources of radio interference) – Electric Division \$33,600.
3. Stephen L. West, LLC – Consulting Services for Water Division Policy Updates – Water Division \$30,000.
4. TekSystems – Temporary Staffing Services for Computer Operator Support – Corporate Services Division \$16,000.

REALLOCATION OF FUNDS

5. Community Care Funds – Reallocation of 2009 funds (approved in Budget Amendment #24-21-09) – Employee, Customer & Community Services Division.

Commissioner Ernst pulled Item 5.

Commissioner Cunningham, seconded by Vice President Brown, moved to approve the Consent Calendar with the exception of Item 5. The motion passed unanimously, 5:0.

ITEMS REMOVED FROM THE CONSENT CALENDAR

Commissioner Cassidy said according to the information provided to him by Director of the Employee, Customer & Community Services Division, Debra Smith, and Customer Service Manager, Mark Freeman, there had not been as much call for the \$200 in assistance to unemployed people as had been anticipated. He asked if the level of assistance to unemployed people was intended to be raised to \$300 in accordance with the level other areas of need would be increased to. Mr. Freeman replied that primarily they had looked at providing more help by increasing assistance levels to \$300 because there had not been as much of a demand for the money for unemployed people. He said they also wanted to strike a balance in uniformity with other programs. He explained that someone who qualified for the Customer Care Program who could also qualify for the assistance for unemployed would have more than one avenue for assistance. Ms. Smith added that the administrative costs for the assistance to unemployed people was very low.

In response to a follow-up question from Commissioner Cassidy, Ms. Smith explained that the change in the median income threshold from 60 percent to 80 percent of median income was an attempt to expand coverage for the under-employed.

In response to questions, Mr. Freeman stated that EWEB currently had a three-year contract with the county for administering the programs, but was trying to determine how much it would cost to run the program internally and whether EWEB could administer it more efficiently.

Ms. Smith said the federal government had dramatically increased the amount of money available in the Low Income Energy Assistance Program (LIEAP) to serve EWEB's customer base. She stated that at present having the programs combined was a benefit for customers because they would not have to go through multiple qualification processes. She noted that they had not run out of LIEAP money in the present year until the middle of summer and it had never lasted that long before.

In response to a question from Commissioner Cassidy, Mr. Freeman stated that he would provide more information on the number of door-hangers that were going out, including statistics from the previous year.

President Farmer took issue with raising the threshold to 80 percent of the median income. Ms. Smith responded that the Board had indicated support for giving staff more flexibility in administering the funds. She believed that raising the threshold might not work and staff would find out and be able to reduce the threshold.

Vice President Brown thought it would be a good gesture on the part of the city to cut the stormwater fees. Ms. Smith responded that the city had been a willing participant in the program. She explained that EWEB would go to the city with a "true up" and would be reimbursed. She said the Metropolitan Wastewater Management Commission (MWMC) had been unwilling, to date, to provide relief. She added that staff would continue to work with the MWMC to find resolution about this.

Mr. Freeman reiterated that the most a customer could receive in a year would be \$300, though a person could be granted up to \$500 if facing a crisis.

Commissioner Cunningham, seconded by Vice President Brown, moved to approve Consent Calendar Item 5, reallocation of 2009 Community Care Funds per Budget Amendment #24-23-09. The motion passed unanimously, 5:0.

ITEMS FROM BOARD MEMBERS

Commissioner Ernst wanted to register her concern with the budget and potential rate increases. She commented that she was “pretty comfortable” passing through the Bonneville Power Administration (BPA) rate increase, but she wanted to look into what EWEB could do to offset the need for a two percent increase in the spring. She suggested that they look into the possibility of a wage freeze.

President Farmer pointed out that EWEB was contractually bound to wage increases for its represented employees.

Vice President Brown stated that he would be testifying before the Senate Committee on the Environment and Natural Resources on September 30. He said he would indicate specifically that he was representing himself and not any public body he was a member of. He related that he would be testifying about riparian issues and protection of water sources.

Vice President Brown related that staff had been very responsive and helpful in a misunderstanding that some in the business community had regarding the number of water meters that could be installed at a building site. He thanked them for their responsiveness and for resolving the issue.

Continuing, Vice President Brown hoped they could continue to be more proactive about the planned water capital infrastructure projects, at a cost of \$50 million. He expressed concern that they could not keep up with the projects. He was also concerned that the “fuse was still burning” on the steam utility transition – he did not want to leave people without a heat source for their buildings in an area that was already economically depressed.

Ms. Smith stated that the Board would soon receive a memorandum on the status of the transition. She related that they had found some inroads to the new director of the Oregon Department of Energy (ODOE) through the local legislative delegation. She was feeling more confident that she had one week earlier.

Vice President Brown ascertained from Ms. Smith that this was in regard to the loan program. Ms. Smith stated that EWEB had received partial certification for its interest in having the status of the programs. She said they did not have anyone on the program yet, but they were at least communicating with ODOE about it.

Jeannine Parisi, Community and Local Outreach Coordinator, added that the city had allocated \$300,000 in loan support to downtown steam customers. She said staff was looking at a way to best synergize those funds with possible funds from the state.

Commissioner Cunningham wanted to suggest selecting a customer service employee of the month. General Manager Randy Berggren said he would discuss this with Ms. Smith and look into the possibilities.

Commissioner Cunningham said with the cost of the MWMC wastewater rates and stormwater rates nearly doubling, he was wondering if EWEB could take on management of these facilities and possibly provide a "better deal for the taxpayer." General Manager Randy Berggren responded that EWEB would have to be rechartered.

Commissioner Cunningham understood this and asked if they could look into it at a high level in order to determine if this was something they could pursue. General Manager Randy Berggren replied that this would be a substantial piece of work. He said he would not include it in his work load unless the Board directed him to do so.

Vice President Brown observed that it would be multi-jurisdictional as MWMC served Springfield and other areas. He would look more toward increasing the weatherization program, as an example, and working to improve what they were already charged with.

President Farmer reported that he had attended the Northwest Public Power Association (NWPPA) Board of Trustees meeting for several days in the previous week. He explained that the association consisted of a 20-member trustee board that represented 160 utilities in the northwest, including British Columbia and Northern California. He related that there was a lot of work regarding the northwest utilities' stand on cap and trade. He found it interesting that there was not a single vote in support of the cap and trade position. He said three lobbyists were present and none of them believed that anything would happen this year or the next, though it did not appear that the issue would go away. He stated that Washington Senator Maria Cantwell made a presentation on the cap and dividend approach and had not received much support for it and Montana Senator Max Baucus had made a presentation that focused on cap and trade as a "revenue play." He added that this was sometimes hard not to believe because there was a \$900 billion line item for it under revenue in the federal budget. He related that the largest investor owned utility (IOU) had asked for the NWPPA support for a cap and no trade proposal they were pushing. He said there had actually been quite a bit of support for it, but there was enough distrust between the public utilities and IOUs that it did not gain traction.

Commissioner Ernst had attended the McKenzie Watershed Council (MWC) and related that they were looking for support to go to the county to request a \$2 million bond for the lighting project. She thought the support could possibly be a letter.

President Farmer suggested that the MWC could make this proposal and that it should come from them.

Commissioner Cassidy concurred.

Public Affairs Manager Lance Robertson clarified that the bond was insurance.

CORRESPONDENCE

General Manager Randy Berggren highlighted the following items of correspondence:

- Mr. Robertson's memorandum entitled Goodpasture Lighting Project dated September 8, 2009.
- Board packets included an update on the closure of the Johnson Creek irrigation withdrawal system. Ms. Parisi had put together a process on how staff would work with the people to resolve the issue.
- Comments from customers were included in the Board packet.

BOARD AGENDAS

General Manager Randy Berggren provided the *Board Agenda Report* dated *September 15, 2009*.

Commissioner Cassidy asked if the Board could discuss possible changes to the policy that governed what contracts were included in the Consent Calendar in November. General Manager Randy Berggren thought it could be worked into the discussion on Board Governance.

ELECTRIC CAPITAL IMPROVEMENT PLAN – 2010-2014

President Farmer noted that the Electric Capital Improvement Plan (CIP) had been discussed in detail during the preceding Work Session.

Jim Wiley, Director of the Electric Division, stated that staff was seeking approval for the CIP.

Commissioner Cunningham, seconded by Vice President Brown, moved to approve the Electric Utility Capital Improvement Plan for 2010-2014. The motion passed unanimously, 5:0.

WATER CAPITAL IMPROVEMENT PLAN – 2010-2014

President Farmer said the Water CIP had also been discussed in detail during the preceding Work Session.

Mel Damewood, Water Engineering Manager, asked for approval of the CIP.

Vice President Brown expressed concern that Karl Morgenstern's program for septic system inspections in the McKenzie watershed might not have enough funding. He wondered if he could include an amendment to ensure funding. Mr. Damewood replied that the budget for the program would have to be capitalized as it was currently embedded in the operations and maintenance budget.

Commissioner Cassidy, seconded by Commissioner Cunningham, moved to approve the Water Capital Improvement Plan for 2010-2014. The motion passed unanimously, 5:0.

CITIZENS ADVISORY TEAM PRELIMINARY CONCEPT PRESENTATION

Ms. Parisi introduced Citizen Advisory Team (CAT) members Gary Wildish and Pat Johnston and Rowell & Brokaw Architects design team members, Kaarin Knudsen and John Rowell. She wanted to acknowledge and thank the CAT and the design team for their “extraordinary effort” and deep commitment to the process. She related that they intended to review the guiding principles, project assumptions, and potential use scenarios in order to garner input from the Board. She underscored that one parameter in the potential scenarios was that it could be nothing unrealistic.

President Farmer thanked the team members for the time they had invested. He wished to especially thank the CAT members, who were unpaid volunteers.

Vice President Brown asked what was meant by incorporating green building principles as one of the guiding principles. Mr. Wildish responded that this had fostered a great discussion. He said they had sought to find a way to encourage people to utilize the principles of green building and whether there were ways to incentivize this. He underscored that the statements before the Board were not “cast in concrete.”

President Farmer said he believed there would be universal support for this, but he wanted to make sure it did not get written at a level of restriction that would prevent marketability.

Ms. Johnston said the guiding principles had helped the design team to consider the values they wanted to move forward.

Vice President Brown asked if the team would envision getting some of the guiding principles to the level at which they would mandate things that were outside of the current development code. Mr. Wildish replied that everyone was anxious to come up with a plan that would be executable. He said the plan had to be somewhat flexible in what it would allow.

President Farmer echoed the concern that some of the ideals might place restrictions on what could be placed on the site. He cited the first one which said the site must be “active, vibrant, accessible, and multi-use,” as an example, noting that the site already met that guiding principle to an extent. He also felt that a lot of the bullet points said some of the same things. He stressed that whatever was done with the property would have to work for EWEB “numbers wise.”

Ms. Knudsen stated that the first bullet points were the ones that were given to the project as the only framework provided to the CAT and design team. She said the CAT had added the bullet points below the first four points.

Commissioner Ernst also thanked the CAT for all of the work that had been done on the project. She commented that the benefit to the ratepayer could be more than just financial.

Vice President Brown observed that 100 percent of the tax revenue generated by the site would go to the Urban Renewal District and not to the ratepayers. He wanted to be clear that the

tax monies would not benefit the schools. Ms. Knudsen said there would be capacity for funding to come out of it through a local option levy, for example, should the community choose it.

President Farmer said he did not see anything that did not make sense in the project assumptions. He asked if the bullet point under Moveable Conditions regarding the Mill Race was an indication that the Mill Race could be moved. Mr. Rowell replied that it was a technical point – a 60-inch stormwater pipe collected some water from the downtown area and there was an invert pipe that was related to it that drove the depth of the pipe. He said if the two were disconnected, there was some possibility that it would be moved.

Aerial slides of the site were shown on an overhead screen.

President Farmer said he did not have strong feelings about whether or not the steam facility building should be removed or should stay. He did not want to preclude in the language the site being utilized for something else, should that be the most prudent direction to take.

Vice President Brown remarked that the steam facility was “one of the coolest buildings in Eugene” and he would hate to see it gone. He also did not want the “tail to wag the dog” and lose the opportunity to develop it. He did want to make all reasonable efforts to try to maintain it, nonetheless. He noted that he had not seen the Midgley Building included in the site previously.

Mr. Rowell said the Midgley Building had been included because someone could have a development proposal that could be a more intense use of that corner.

Vice President Brown asked why EWEB had to maintain the right of way to the Riverfront Research Park. Mr. Rowell replied that the research park had a right of way to get to the crossing because they would not have access to their building otherwise.

Ms. Parisi said the right of way was adjacent to the EWEB property and would impact it. She related that they had strongly felt that it should be incorporated into the design assumptions.

Vice President Brown thought the University intended to stop putting water into the Mill Race in the next year. He asked if it would still have to run through the EWEB property. Mr. Rowell replied that the 60-inch stormwater pipe that ran through the EWEB property was a catchment for a large area. He said it was not clear whether the University would turn off its pump.

Vice President Brown and President Farmer were both positive that the University intended to dewater the Mill Race. Vice President Brown said this could mean that a lot of expensive real estate could not be built upon. Mr. Rowell responded that one assumption was that the stormwater would still enter the site at the pipe, but the pipe could be relocated from there.

Ms. Parisi said it was her understanding that the University was committed to a public process to discuss the future of the Mill Race. She added that they would need to be prepared for either scenario, given that the decision was not yet firmly made.

Commissioner Ernst asked about the stretch of Mill Race in Springfield. President Farmer clarified that it was a different Mill Race.

In response to a question from Vice President Brown, Mr. Rowell stated that the Midgley Building was included in the master plan because there were potential redevelopment scenarios that could include it. He agreed that reuse of the building seemed more compelling given that it was already well-used. He thought there could be more intensity of use on that corner, however.

President Farmer asked how parking for the building would be incorporated. General Manager Randy Berggren replied that if half of the employees were moved to the Roosevelt site, the parking left behind would be adequate.

Ms. Knudsen stated that as long as administrative services remained on the site, the functions that supported it would remain the same.

President Farmer preferred to call things out in the scenarios over not doing so.

Vice President Brown remarked that parking would still be a necessary function, even if the site became something else. He thought that everything north of 4th Avenue fell inside of the Whiteaker Refinement Plan. He did not think that the plan they would come up with could trump that plan. Ms. Parisi responded that they were communicating with the city's Planning and Development Department to determine what order things should happen in and what processes could happen in parallel.

President Farmer asked if all of the potential scenarios could be an option. Mr. Rowell replied that one principle was flexibility, which implied that they could get the full range of possibilities. He said the use scenarios they presented were derived from market analyses and from consulting with developers and the public.

Commissioner Cunningham said he would advocate for a mixed-use scenario or a civic center scenario. He wondered what could create an anchor for a potential building that would relate well to the new basketball arena or the baseball facility. He underscored that no matter what, the public should be able to maintain access to the river.

Commissioner Cassidy asked what they were looking for from the public on September 30 and October 3. He wondered if they had enough scenarios to work with and whether one should be that EWEB would choose not to sell the property because the economic time was not good.

Ms. Knudsen said the purpose of the public input would be to try to understand better what the public desired from the property in order to guide the decision-making process. She stated that they were seeking to establish a stable environment within which the master planning process could be done. She also noted that they intended to educate the public regarding the physical constraints on the property.

Commissioner Cassidy suggested that another scenario be included with a larger plan that could include the whole University stretch. Mr. Rowell replied that they had been charged with

planning for the 27 acre EWEB site. He noted that EWEB had no control of anything beyond its riverfront site. He underscored that they were maintaining awareness of EWEB's neighbors and the process could have something to say about its neighbors.

Commissioner Cassidy was concerned that there be a scenario that asked the public if this was what they wanted to do or whether they wanted to talk about a larger area.

Ms. Parisi observed that these were policy decisions that the Board would have to make. She stated that if they received feedback that they were looking at the property in a vacuum and should expand the planning horizons, this would be a joint policy decision to be made by multiple decision-makers and elected officials. She did not think they had the scope or resources to extend the property. She said they would listen for this feedback. She noted that they intended to ask some questions of the public on September 30 to determine what the identity and connection meant to people and what it meant to have access to the river, among other things.

President Farmer underscored that the CAT and design team had been asked to master plan the property, but they had not asked them to decide when to sell it. He pointed out that even if they arrived at a master plan, the city had a five-year right of refusal. He said if they started asking the CAT to make policy decisions it would make the process more convoluted.

Ms. Knudsen reiterated the importance of conveying to the public that this was part of a much larger economic process. She stressed that they would meet on September 30 and then redevelopment would begin shortly thereafter; it would be a much longer process than that.

Ms. Parisi stated that they would begin to discuss design options on November 10. She said the balance of open space and development was a key issue to test with the public, but their first conversation would be more educational in nature. She related that people did not often get to actually walk the site and understand what could potentially happen on the site that could not be done at any other place along the riverfront.

Vice President Brown observed that 30 percent of the acreage was already encumbered and would not be developable because of constraints. He encouraged them to be cognizant of this and where those parameters lay. He also noted, regarding density transfers, that EWEB should receive credit for the bicycle path. He said the easement for it was not established and he thought EWEB could benefit from it. He related that the county property at 4th Avenue and High Street was for sale. He considered it to be an incredible asset, though he noted that several entities would have the first option to buy it.

Vice President Brown reminded the CAT and design team that anything designated public land could not be assigned a value.

Commissioner Cunningham urged the CAT to "trust [their] gut." He predicted they would hear a lot of input, but he felt the CAT was a diverse group that represented the people of Eugene well and could extrapolate from the input what they needed for guidance.

President Farmer advised the CAT not to just ask the public what they wanted. He pointed out that if the people of Eugene had been asked whether they wanted roads fixed, they

would say yes, but when asked to pay for it, they would say no. He said if the CAT just asked people what they wanted on the site without asking them what they would pay they would receive “a nirvana answer” without the ability to produce the result. He predicted that if they asked everyone if they wanted a riverfront park on the site, 70 percent would say yes, and if they asked them if they could add \$500 to ratepayers’ bills to pay for the Roosevelt site, the answer would overwhelmingly be no. He believed that most people would support converting the steam facility into an exercise room or coffee shop, but would not be willing to pay additional money on their EWEB bill to do so. He worried about having an open process on what people wanted without any qualifications related to having to pay for the Roosevelt Building Project with the proceeds from the sale of the property included as a point of information. He added that he would like a perception of the content of the 100 hours of testimony that had been already provided.

Ms. Parisi said they had summarized the testimony and she could provide it to the Board.

Vice President Brown averred that they were doing a “marvelous job” and he expressed appreciation for the diversity of the group.

President Farmer adjourned the Regular Board Meeting at 8:44 p.m.

Assistant Secretary

President