



INTEROFFICE MEMO

EUGENE WATER & ELECTRIC BOARD
CORPORATE SERVICES DIVISION

Rely on us.

TO: Commissioners Farmer, Brown, Cassidy, Cunningham, and Ernst

FROM: Randy Berggren, General Manager

October 24, 2009

RE: Personnel Costs in the 2010 Budget

In order to support your discussions with EWEB customers I thought it would be helpful to identify some important points about EWEB's personnel costs and my recommendations for the 2010 Budget.

- In recent years EWEB has worked hard to build financial reserves and limit expenses to maintain a healthy financial balance. The reserves are at or above their target levels and the budget indicates a small surplus.
- The 2010 budget includes an assumption that employees represented by IBEW will receive a 4% pay increase per the contract and non-represented employees will receive a 3% increase. The financial impact of this is more than offset by reductions in other non-labor costs.
- Pay increases are based on salary survey information from the World at Work publication and help maintain the market based structure of EWEB salaries.
- Eliminating pay increases may be a short-term, politically favorable move, but the long-term damage to employee goodwill will cost more.
- During the West Coast energy crisis that began in 2002, EWEB did institute wage freezes and other austerity measures that were appropriate for the circumstances.
- In the past two years EWEB has put over \$10 million back in to the community in the form of customer care programs, general rebates and conservation services.

If you'd like any other information about the 2010 budget, don't hesitate to ask.