

EUGENE WATER & ELECTRIC BOARD  
REGULAR BOARD MEETING  
EWEB BOARD ROOM  
500 EAST 4<sup>TH</sup> AVENUE  
DECEMBER 1, 2009  
7:15 P.M.

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

Others Present: General Manager Randy Berggren, Debra Smith, Sheila Crawford, Lance Robertson, Jim Wiley, Jim Origliosso, Cathy Bloom, Bill Welch, Clay Norris, Edward Yan, Ed Case, Patty Boyle, Garilyn Johnston, Mike Logan, Jill Hoyenga, Jay Bozievich, Todd Simmons, Joe Harwood, 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) at 7:35 p.m.

#### **AGENDA CHECK**

There were no changes to the agenda.

#### **PUBLIC INPUT**

**Priscilla Gould**, Executive Director of United Way, thanked the Board for reconsidering the motion made in the previous year opposing the inclusion of a bill stuffer regarding the Earned Income Tax Credit (EITC). She said the EITC outreach effort was a partnership effort with the American Association of Retired Persons (AARP) and a number of social service agencies that sought to get word to lower income individuals in the community. She noted that this effort had been supported by utilities across the country because utilities were often the first entities that saw the need of families as they crossed the line into poverty and had difficulty paying their utility bills. She observed that EWEB had shown in its Customer Care program that it understood the challenge some faced. She stated that research by Syracuse University indicated that the number one use of EITC refunds was to help pay the utility bill. She reported that the Internal Revenue Service (IRS) estimated that Lane County left “about \$12 million on the table” in EITC funds every year. She attributed this to the perception that many poor people had that they did not need to file their taxes. She underscored that not filing meant they did not receive their EITC and in the recession it was very important to have this money in the pockets of lower income families. She reiterated her thanks for the Board’s willingness to reconsider their previous decision. She acknowledged the Board policy, GP 11, which precluded the use of utility bills for anything other than the utility’s business, adding that she believed the EITC was the utility’s business given that low income people would spend a portion of the money on their utility bills. She understood that there was also concern that other agencies would see a bill stuffer for the EITC as a precedent. She did not believe this was so. She had contacted a small number of non-profit agencies and all had indicated to her that they would not consider inclusion of a bill stuffer on the credit to be precedent setting.

**Mike Miller**, 3330 Hayden Bridge Road, Springfield, stated that he owned some property on which EWEB had a right of way for a bypass channel for the salmon run. He believed EWEB was “far outreaching” its privilege accorded by the right of way. He called it a “festering issue.” He related that EWEB had done several projects to the bypass channel that were adversely affecting his property. He had tried to work with the men working on the property and found them to be civil, but he still felt EWEB was doing more than the easement allowed. He asked the Board to look into the situation and what rights EWEB had so that they could consider some compensation or a plan to further actions on the bypass either on someone else’s property or in a different way. He believed the easements on his property had been expanded and changed by EWEB so that his property was affected by further erosion caused by the McKenzie River and because EWEB had placed “roads cutting across all over” his 170 acres. He noted that he would like to get that fixed. He said there had been some talk from the Oregon Department of Fish and Wildlife, the McKenzie Trust, the Nature Conservancy, and several other organizations about buying property, extending easements, and conservation tracts. He wanted to share with the Board that he was not happy with the relationship he had with EWEB.

Vice President Brown noted that he knew Mr. Miller, but not in a professional capacity. He had kept track of the money EWEB had spent on the bypass and it had surpassed \$230,000. He thought EWEB would soon surpass what it would cost to just buy the property. He requested that staff look into the situation and come back to the Board with options. He explained that the problem was that salmon were “stacking up” at the bypass on the Walterville Canal. He recommended that they just buy it and then it would no longer be a problem.

President Farmer commented that he had met with Ms. Gould on November 26 to speak about the issue. He had indicated to her that he supported getting the information regarding the EITC to the public any way possible but his primary concern was that it would open the door for other service providers such as Food for Lane County to come with a legitimate request for EWEB to include a bill stuffer regarding their service. He had suggested to her that they think about ways to get the message out that would be an alternative to a bill stuffer. He was familiar with a lot of the agencies in the area and believed that they would not hesitate to come forward with a bill stuffer of their own. He agreed that there was probably some value in getting the message out through the work EWEB was doing in its Customer Care program with low income families. He pointed out that sending out a bill stuffer to everyone meant that it would go to many people who would not qualify for it. He related that he had called General Manager General Manager Randy Berggren to ask if there were not a number of different ways to get the word out. He passed around a letter Ms. Gould had sent to him. He said there had also been an email circulated by a staff member earlier in the day that had included different ways the Board could support the program.

Commissioner Cunningham noted that he had received a call from a United Way board member and it had prompted him to bring the item back for discussion. He indicated that he supported including a bill stuffer.

In response to a question from Commissioner Cassidy, General Manager Randy Berggren affirmed that Mr. Miller and EWEB staff had been in contact. He said he would provide a report on what had transpired.

## **APPROVAL OF CONSENT CALENDAR**

### **1. MINUTES**

- a. October 20, 2009, Budget Work Session
- b. November 3, 2009, Work Session
- c. November 3, 2009, Regular Session

### **CONTRACTS**

2. C & S Fire Safe Services – Portable Fire Extinguisher Maintenance Services – Corporate Services Division, \$52,000.
3. Northwest Energy Efficiency Alliance (NEEA) – Funding Agreement for Energy Efficiency Initiatives and Market Transformation Programs – Power Resources Division, \$994,200.
4. Schnitzer Steel and Metro Metals Northwest – Purchase of EWEB’s Scrap Copper – Corporate Services Division, \$200,000.

### **REAL PROPERTY PURCHASE**

5. Spring Knoll Phase 4 LLC – Lot 25 Spring Knoll PUD Phase 4, Eugene, Oregon – Water Division, \$177,000.

Commissioner Cunningham pulled Item 5.

Commissioner Cassidy, seconded by Commissioner Ernst, 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 Cunningham was concerned about cost of the real property purchase, Item 5 on the Consent Calendar.

Jay Bozievich explained that the subdivision had not been willing to sell the two lots that were the best choices as far as location. Staff had sought an easement on adjacent property and the owner of that property was unwilling and had looked into another lot but had met with opposition from the neighbors. He said they had then asked the owner of the subdivision to sell a different lot. He related that the owner had the capacity to sit on the lots until the economy improved and so EWEB would not be able to negotiate a better price. He stated that the difference in price from the appraisal allowed EWEB to get the variance from the covenants of the homeowners association. He believed they were receiving an added value.

Commissioner Cunningham ascertained from staff that the values of the homes in the subdivision were projected to be significant. He asked if it would be possible to utilize eminent domain. General Manager Randy Berggren replied that the utility was reluctant to use its power of eminent domain. Mr. Bozievich added that condemnation would add \$50,000 to the cost of the land and EWEB would not gain the waiver of the covenants in the process.

Commissioner Cunningham felt EWEB was being “held hostage.”

President Farmer asked if staff had made it clear that it was possible to use eminent domain. Mr. Bozievich replied that they had.

Vice President Brown asked who would be assessed for the road. Mr. Bozievich responded that EWEB would not pay for construction of the road, but would be charged one-ninth of maintenance costs.

Vice President Brown commented that they should make people aware that charitable gifting to a government agency can offset gains.

In response to a question from President Farmer, Mr. Bozievich explained that road maintenance would have to be agreed upon by a majority of the nine lot owners. He said the lot EWEB intended to purchase could be accessed from the public street should the road fall into disrepair.

Vice President Brown, second by Commissioner Cassidy, moved to approve Consent Calendar Item 5, real property purchase of a lot in the Spring Knoll Planned Unit Development (PUD) LLC. The motion passed, 4:1; Commissioner Cunningham dissenting.

Vice President Brown wished to question the item of Correspondence regarding the Federal Energy Regulation Commission (FERC) boat landing design approval and environmental assessment. He understood that EWEB had paid \$118,000 already to design the boat landing and now they were considering spending another \$46,000 to oversee construction of the asphalt alone. Jim Wiley, Director of the Electric Services Division, clarified that the item was still currently in negotiation and would come before the Board in a Consent Calendar item. He said it included review of the drawings, concrete, and everything associated with construction.

Vice President Brown expressed concern at the price and asked staff to convey his feelings to the people who were negotiating the contract.

#### **ITEMS FROM BOARD MEMBERS**

Commissioner Ernst stated she had intended to bring the pledge from the Northwest Energy Coalition (NVEC) but had not received it yet. She thanked staff for the backgrounder on building energy performance scores.

Vice President Brown stated that he had confronted the railroad about throwing railroad ties into the Deschutes River. He wanted to note for the record that he had done so as an individual.

Vice President Brown said he had read in the daily paper that the Oregon Research Institute (ORI) building was slated to cost \$17 million and would be 80,000 square feet. He urged EWEB to be "very prudent" about constructing buildings and how they spent on them. He recalled that the last information he had seen on the Roosevelt Boulevard project had shown a cost of \$42 million for 100,000 square feet.

Commissioner Cunningham thanked Mel Damewood for the backgrounder regarding water main replacement.

## CORRESPONDENCE

General Manager Randy Berggren highlighted the following items of correspondence:

- The memorandum on the *FERC Boat Landing Design Approval & Environmental Assessment* from Associate Engineer, Cheri Wilson, that Vice President Brown had cited.
- The memorandum from Mr. Damewood regarding *Main Replacements*, cited by Commissioner Cunningham.
- The memorandum submitted by Jason Heuser and Bill Welch regarding *Building Energy Performance Scores*, cited by Commissioner Ernst.
- Patty Boyle and Garilyn Johnston, from Fiscal Services, provided a memorandum entitled *Information Requests from November 17, 2009* that compared EWEB's water rates with the additional communities requested by the Board.
- Lance Robertson, Public Affairs Manager, wanted to notify the Board that EWEB had put its holiday lighting up on the Goodpasture Bridge and the dam.
- Sheila Crawford, Strategic Planning & Governance Coordinator, requested that the Board submit their list of governance policies for discussion within the week.

Commissioner Cunningham wished to thank Mr. Robertson and staff for addressing the concerns of Spencer Butte Middle School. He appreciated the work they had done to give the school the ability to stop the drug sales to students on EWEB property.

President Farmer determined that holiday absences would not present any quorum issues.

Commissioner Cunningham expressed concern that President Farmer would not be present for officer elections, traditionally scheduled for the first meeting of the new year, and wondered if it should be carried over to the business of the next meeting.

President Farmer did not believe it should be delayed. He could not imagine that he would object to consensus opinion on board officers and the selection of liaisons. He indicated that he would like to continue representing EWEB for another year on the Northwest Public Power Council. He ascertained from his colleagues that the elections could proceed in his absence.

## BOARD AGENDAS

General Manager Randy Berggren provided the *Board Agenda Report* dated *December 1, 2009*. He noted that staff had determined by polling the Board that the Executive Session would be scheduled for December 7.

Commissioner Cassidy asked if they could talk about the approval of the General Manager's goals for 2010.

General Manager Randy Berggren related that he had spoken to President Farmer and had suggested that they go forward with the same goals that had been approved in 2009. He planned to send out a summary memorandum in the next day or so. He noted that the goals were multi-year in nature and would continue to keep him busy.

Commissioner Cassidy suggested that they eliminate the goals item from the agenda. President Farmer responded that he believed that even if it was short-term, the Board should still formally review the goals because it was their responsibility to the utility to do so.

President Farmer reminded the Board and General Manager Randy Berggren that the new president would be presenting the State of the Utility.

Commissioner Cunningham asked if the strategic planning session should be delayed until the new General Manager had been hired. President Farmer replied that the year would be half over by then. General Manager Randy Berggren noted that whatever took place at the session would be recorded and implemented.

Debra Smith, Director of the Employee, Customer, and Community Services Division, said the strategic planning presented the Board an opportunity to provide input that staff then used to develop the operating plans. She pointed out that it was a timing issue. She felt it worked fine to have the Board weigh in on it in March.

## **2010 ELECTRIC/WATER BUDGETS**

Fiscal Services Supervisor, Patty Boyle, stated that there was nothing new in the draft *2010 Electric/Water Budget* since the previous meeting.

Commissioner Cunningham did not feel the need to review it again.

Commissioner Ernst asked why there had been a “huge increase” under the heading of unemployment/workers compensation on page 9 of the budget. Ms. Boyle replied that the cost of unemployment insurance was related to the size of the payroll and that workers compensation was associated with the cost of claims.

President Farmer observed that the rate had increased by 400 percent. Ms. Boyle offered to look into the rates. She surmised that they had likely been increased.

## **PUBLIC HEARING ON 2010 ELECTRIC/WATER BUDGETS**

President Farmer opened the public hearing. Seeing that there was no one present who wished to speak, he closed the public hearing.

## **2010 ELECTRIC/WATER BUDGETS ACTION**

Commissioner Cunningham, seconded by Commissioner Cassidy, moved to approve Resolution No. 0927, a resolution to approve the 2010 Budget Estimate. The motion passed unanimously, 5:0.

## **CONTRACT FOR WAUKESHA ELECTRIC SYSTEMS, INC.**

Jim Wiley, Director of the Electric Services Division, asked the Board to approve the contract with Waukesha Electric Systems, Inc. for the purchase and installation of two power transformers at the University Substation and two units for EWEB's system

Commissioner Cunningham, seconded by Vice President Brown, moved to approve the contract with Waukesha Electric Systems, Incorporated in the amount of \$2,629,650. The motion passed unanimously, 5:0.

## **EARNED INCOME TAX CREDIT FOR BILL STUFFERS**

Lance Robertson, Public Affairs Manager, recapped the policy, which had been adopted in 2005. He said since the adoption, staff had only brought two inserts for the Board's consideration and one of them had been in regard to the EITC. Both had not been approved. He said Public Affairs received approximately half a dozen requests for bill stuffers in a year and they, by and large, rejected almost all of them. Most were not brought to the Board because they did not match with EWEB's core mission. He explained that staff was now looking for some feedback as to whether the Board was still interested in having an exceptions clause in regard to bill stuffers and how they would prefer to define the material as being directly related to EWEB business. He felt the EITC could almost be considered to be aligned with EWEB's core mission.

Commissioner Cassidy was not interested in discussing a change to the governance policy at the present meeting because the Board planned to spend time on this at a future meeting. He supported inclusion of a bill stuffer about the EITC because he felt it would bring a lot of outside money into the community. He suggested sending the bill stuffer with the January bill. He also preferred to use the United Way fliers because it would be cheaper.

Commissioner Cunningham said he would support inclusion of the EITC bill stuffer. He also could support changing the language in the governance policy regarding exceptions so that the General Manager would give specific approval and not the Board.

Commissioner Ernst appreciated the information but was not convinced that the bill stuffer was part of EWEB's charge. She recommended that they include the information in its Customer Care program.

Ms. Smith listed the four options that had been presented in an email earlier in the day:

- Use the United Way insert because it would incur little cost and include it in the February bill.
- Create a combination brochure presenting the 2010 Customer Care budget and including information on the EITC.
- Send a targeted letter, which would involve making a query to find who it should go to – this was the most costly option.
- Do nothing.

In response to a question from Commissioner Ernst, Mr. Robertson confirmed that paperless billing did not receive an insert. He noted that the information in bill stuffers was available on the web site.

Vice President Brown asked if it was possible to enclose two inserts with bills. Mr. Robertson responded that it diluted the message. He said it also cost more because of the additional paper and for postage for the additional weight.

Vice President Brown indicated his willingness to change his position and support the insert on the EITC. He understood that it could make it harder to say no to other agencies, but he was willing to see how it would work.

Commissioner Cassidy asked if the bill stuffer scheduled for January could be moved to February. Mr. Robertson replied that the scheduling was not firm, but February was a little late to send an insert on outage preparation and electric safety.

Commissioner Cunningham thought February was a good time to include the EITC insert because people received their W-2 forms at the end of January.

President Farmer commented that he had participated in this debate several times. He averred that a lot of commissioners had worked on the policy and he was not willing to throw their work out. He stressed that this did not mean the EITC was not important. He believed that 85 percent of the people who received the bill stuffer would not qualify for the credit. He said the message about the EITC was essentially a message from the government. He did not want to open the door for the Eugene City Council to place inserts in EWEB bills. He intended to vote against a motion to include such an insert in an EWEB bill.

Commissioner Cunningham, seconded by Commissioner Cassidy, moved to include an insert about the EITC as a bill stuffer in a month to be chosen by the General Manager.

Commissioner Cassidy believed the insert qualified as an exception to the policy.

At General Manager Randy Berggren's request, Commissioner Cunningham clarified that he intended the insert to be the one provided by United Way.

Commissioner Ernst supported the motion.

Vice President Brown said he would support the motion but he wanted to add a request to United Way to provide the Board with statistics on the effectiveness of this work.

Megan O'Connor, representing United Way of Lane County, requested to speak. She said United Way would be happy to provide EWEB with the information that was available to them. She explained that the IRS provided the information and it took three years to get it. She stated that the AARP tax aides showed an increase of up to 7,000 free filings in the previous year and they had been targeted in the zip codes with low and moderate income families. She related that they had also noted an increase in filings for EITC in the areas served by Springfield Utility

Board, Lane Electric Co-op, and Emerald Public Utility District since those utilities began including the bill staffer two years earlier.

The motion passed, 4:1; President Farmer voting in opposition.

President Farmer adjourned the Regular Board Meeting at 8:42 p.m.

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Assistant Secretary

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President