

EUGENE WATER & ELECTRIC BOARD
REGULAR BOARD MEETING
EWEB BOARD ROOM
500 EAST 4TH AVENUE
JUNE 1, 2010
6:30 P.M.

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

Others Present: Roger Gray, Debra Smith, Sheila Crawford, Lance Robertson, Clay Norris, Tom Buckhouse, Joe Harwood, Jim Origliosso, Megan Capper, Mark Oberle, Eric Hiaasen, Jeannine Parisi, Mel Damewood, Mark Freeman, Todd Simmons, Felicity Fahy, Jill Hoyenga, Dave Koski, Jennifer Joule, Bill Welch, Catrin von Donkelaar, Tony Toncray, Mark Oberle, Georgia Friedt, Wendi Schultz-Kerns, Mike McCann, and Judy Chase of the EWEB staff; Wade Hicks, City of Eugene minutes recorder.

President Brown convened the Regular Meeting of the Eugene Water & Electric Board (EWEB) at 6:23 p.m.

AGENDA CHECK

There were no changes to the agenda.

PUBLIC INPUT

Judy Morse said, regarding potential riverfront development, that the tower could be seen from the bridge and various places around the city. She felt that it was a beacon calling attention to the riverfront. She suggested that they add a string of lights to define the shape and noted that the area was already landscaped. She thought it would be a good meeting place for people. She likened it to a small Eiffel Tower. She hoped it would be saved and utilized.

Kevin Matthews distributed a memorandum on behalf of the Friends of Eugene. He advocated against the Riverfront Master Plan as he believed the environmental analysis was "fatally flawed." He did not believe the current plan represented consensus from the community or from the Community Advisory Team (CAT). He felt it was an "unacceptable" way to treat the river and that the economic basis of the plan was grossly inaccurate. He encouraged more thoughtful discussion on the project.

Ron Schmaedick had distributed a letter from the Eugene Rotary Club. He explained that the club was raising money for the annual Stand Down event for veterans and their families, scheduled for August 28. He said they were requesting a cash donation of \$1,000 to offset event costs, which would buy an advertisement for the stand down. He noted that the Springfield Utility Board (SUB) had supported the event the previous year, but the club had been late in making the request of EWEB. He appreciated the Board's consideration.

Howard Bonnett spoke regarding the contract with Veneta for wholesale water. He believed the contract was short-sighted and he advocated for taking a long-term view of the

contract. He suggested that the long-term questions included consideration of the quality of the McKenzie River and the impact of climate change on the area rivers' flows. He felt that the utility should work cooperatively with the City of Eugene and Lane County to improve sustainable infrastructure and he encouraged more community dialogue regarding the wholesale contract. He averred that nine out of ten people who lived in Veneta commuted to Eugene.

Janet Calvert, League of Women Voters, thanked EWEB for its assistance to the League in its efforts to research and discuss water quality and its relationship to land use. She said they had provided the Board with the second part of their two-part study. She stressed that they had learned a lot. She related that they had looked at 11 different agencies. They recognized that there were several federal and local agencies that impacted water policy, making it very complex. She reported that they had traveled to other areas to talk to people about how water affected them and their neighbors. She said they were well aware that wildlife, fish, and all living things were dependent on water. They had looked into the subject in order to develop some positions to speak from that would help everyone learn how to utilize water as efficiently as possible.

Tom Hoyt, member of the CAT, declared that the team had done its best. He had read the report and what he had read was consistent with his interpretation of what the CAT had done. He said the team had not had a chance to formally review what they had written, so the time for review had been extended over the weekend. He felt the report had done a masterful job of representing the work and remarked that it had exceeded his expectations. He underscored that the CAT had worked two years on the project and asked that the Board approve it. He believed it accurately set forth a "workable dream."

Zack Vishanoff differed with Mr. Hoyt's view of the document. He called it a "really expensive coloring book." He asserted that EWEB had enabled the University of Oregon to remain quiet about the Riverfront Research Park. He did not feel the planning effort had asked the "tough questions." He thought they could have had public hearings where they could balance input with the visions. He requested that they put the plans to the public for a hearing and then possibly modify it and forward it to the City Council. He alleged that the plan, as it was written, was vague and undefined.

President Brown closed the Public Input portion of the meeting.

Vice President Cunningham indicated his support for granting the request from the Rotary Club for a donation. Debra Smith, Director of the Employee, Customer, and Community Relations Division, responded that they would need to have the public affairs department take a look at the request but she thought that General Manager Roger Gray could approve it. She did not believe any board action would be needed.

Commissioner Cassidy commented that contributions were usually tied to water or electricity. He believed that this was social work unrelated to utility needs. He indicated that he would support it because the request was small but he wanted to have more discussion of this policy.

Commissioner Farmer also thought they should talk about the guidelines. He said the challenge lay in that if they did not require requests to be related to water or electricity, they might have "fifty requests."

President Brown favored the donation. He commented that if they could include a bill stuffer with billing that called attention to Earned Income Credit, this request should be approved.

Vice President Cunningham wished to state for the record, in response to Mr. Matthews testimony, that eight of the nine members of the CAT had voted in the affirmative. The Board had not been presented with a minority opinion, so all the Board had before it was a positive document. He said it would be extremely difficult for him to vote no. He considered eight out of nine to be close to consensus.

Commissioner Farmer commented, in regard to Mr. Bonnet's testimony that it would be good to have more studies on the water coming down the McKenzie River, that Oregon State University had conducted extensive studies. He said they had basically tracked the water from the snowflakes falling on the mountain down into the city. He stated that they had utilized isotopes to follow it and found that it took ten years for the water to travel from the top of the Cascades to Eugene. He said staff could help Mr. Bonnet find the studies if he was so inclined.

Commissioner Cassidy indicated his readiness to move forward with the master plan. He observed that it would take a year for it to move through the city and the city would provide more opportunities for public input.

Commissioner Ernst requested feedback from staff regarding Mr. Bonnet's testimony.

President Brown thanked everyone for coming to testify and stressed that he valued public input. He underscored his agreement with Mr. Bonnet that the McKenzie and Willamette Rivers should be kept clean.

CONSENT CALENDAR

1. MINUTES
None at this time.

CONTRACTS

1. GE Digital Energy -- Purchase of Synchronous Optical Networking (SONET) Hardware for Carmen-Smith Project -- Electric Division, \$114,056.
2. Oregon Taxi, Inc. -- Shuttle Service for Owl Road Residents During Electric and Water Infrastructure Upgrade -- Electric Division, \$23,000.

RESOLUTIONS

3. Resolution No. 1018 -- Revision of GP6 Code of Conduct Policy.

GENERAL MANAGER GOALS

4. Approval of 2010 General Manager Goals.

Vice President Cunningham pulled items 2 and 3.

Commissioner Ernst pulled item 4.

Commissioner Farmer, seconded by Vice President Cunningham, moved to approve Item 1, a contract with GE Digital Energy, of the Consent Calendar. The motion passed unanimously, 5:0.

ITEMS REMOVED FROM THE CONSENT CALENDAR

Regarding Item 2, Tony Toncray explained that EWEB would be providing two ten-person vans, one above the construction zone and one below it. He said the road was a half-mile long and was uphill, presenting a huge inconvenience.

Vice President Cunningham asked what kind of precedent this would set. Mr. Toncray replied that he believed it was a good precedent, that EWEB would cover its responsibilities when blocking a road and causing impacts to the public.

Vice President Cunningham asked if EWEB had done this type of thing before. Jeannine Parisi, Community and Local Government Outreach Coordinator, replied that EWEB had a road closure before but they had been able to move the equipment at lunch time and had let area residents know this so that they could conduct their business during this time. She said this was not an option in this case. She noted, in response to a follow-up question, that the road closure affected 13 residences.

Mr. Toncray explained that the crews were working from 8 a.m. to 5 p.m. and they asked that the residents move their cars out before 8 to designated parking spaces. He said EWEB provided shuttle service from that point to their residences. He stated that the current schedule left the road open Fridays through Sundays.

Commissioner Farmer asked if emergency vehicles could get through. Ms. Parisi replied that they could not. She said they were working with Emergency Medical Services (EMS) so there would be advanced notification if there was an EMS call-out, which would allow the crews to start "plating up" and getting equipment out of the way.

President Brown asked if EWEB would be liable if there was a fire. Ms. Parisi replied that they were meeting with the Fire & EMS Department in the next week to talk about planning for emergencies. She underscored that they wanted to be prepared for the worst case scenario.

Vice President Cunningham, seconded by Commissioner Ernst, moved to approve Consent Calendar Item 2, a contract with Oregon Taxi, Incorporated. The motion passed unanimously, 5:0.

Vice President Cunningham requested that Consent Calendar Item 3, Resolution No. 1018 regarding revision of GP6 Code of Conduct Policy, be carried over to the meeting of August 3. He asked that, during the continuance, staff provide copies of code of conduct policies that other utilities had in Lane County and from utilities that were similar in size to EWEB in Oregon.

Commissioner Farmer did not feel he needed this information but he was willing to support Vice President Cunningham's request.

President Brown ascertained that there was general support to postpone the item to August 3.

Commissioner Ernst had pulled Item 4, approval of the 2010 General Manager Goals, in order to ask if there were any major changes. General Manager Gray responded that the redlined version had detailed the changes. He summarized them for the Board.

Commissioner Cassidy reiterated his concern regarding establishing a firmer date for decommissioning the steam plant. Regarding the Automatic Metering Infrastructure (AMI), he asked for an aspirational goal as to when they would be implemented. He said they needed to be prepared for an increased interest in electric cars.

General Manager Gray thought it was still possible to have an AMI project in 2012. He underscored that it would be a multi-year process.

Ms. Smith said she and Tom Williams had conferred and they believed that they could include the year 2013 as the date for completion of the decommissioning of the steam plant.

Commissioner Cassidy, seconded by Commissioner Farmer, moved to approve Consent Calendar Item 4, the 2010 General Manager Goals. The motion passed unanimously, 5:0.

ITEMS FROM BOARD MEMBERS

Commissioner Farmer reported that he had attended the Northwest Public Power Association (NWPPA) Board of Trustees meeting and annual convention. He explained that the NWPPA represented public utilities from Sacramento north in California, Oregon, Idaho, Washington, Montana, Alaska, and western Canada. He stated that there were roughly 160 utilities in that region. He related that there were a lot of standards being set around renewable energy, though there was not consensus yet at the federal level, so that they were being set by region or by state. He said often times these standards were being set in a political environment without considering at a local utility level how it would affect the ratepayer. He passed around a draft document from the NWPPA that began to qualify what the costs were for different standards that were being set for different jurisdictions.

Commissioner Farmer related that the Federal Energy Regulations Commission (FERC) and the North American Electric Reliability Corporation (NERC) were battling over cyber-security violations. He stated that several United States Senators and Representatives had attended the convention because this issue was high on their list of concerns. He explained that

NERC was being heavily pressured to pass some of the supervisory role back to FERC. He noted that approximately 57 percent of the NERC violations had to do with cyber-security. He said FERC did not believe NERC was doing its job.

Continuing, Commissioner Farmer said another issue that was on the horizon was that the private communications industry was clearly intending to have control of the smart grid, as opposed to utilities having control of it. He considered this to be ominous, with serious implications. He wanted his colleagues to be aware of this.

Commissioner Farmer stated that the NWPPA recognized leaders in the industry at their annual convention. He said two people had been recognized with lifetime member awards and former General Manager Randy Berggren was one of them. He passed around the plaque that Mr. Berggren had received. He also related that EWEB was recognized by the NWPPA for its Customer Care Program. He noted that 65 programs had been nominated, but only 4 were selected to be recognized. He asked Wendi Schultz-Kerns and Georgia Friedt to come forward. He commended them, calling them "the ones that made it happen."

Ms. Friedt felt fortunate to have been able to accept the award on behalf of the Customer Care program. She was proud of the programs they worked with. She understood that it could never happen without the support of the Board and management. She said they were working to put an article in the Intercom so that everyone could read of the award. They received a round of applause.

Vice President Cunningham asked for background information on the money that was left in the program. Ms. Smith responded that they could provide information on the status of the program in the next monthly report, as they had with the previous one.

Commissioner Farmer stated that the NWPPA convention had occurred at the same time as a similar event for the American Water Works Association (AWWA) Pacific Northwest Section. He related that an EWEB employee had been recognized for exemplary service and he asked Mel Damewood to speak about it.

Mr. Damewood reported that the Pacific Northwest section of the AWWA was comprised of the states of Oregon, Washington, and Idaho. He said it had given its annual Heart and Soul Award to Jill Hoyenga, EWEB's Water Management Services Supervisor. He explained that the award was in recognition of the outstanding service and exceptional devotion to the activities of the Pacific Northwest section. He noted that Ms. Hoyenga had been working for EWEB for 20 years. He read some of what Brenda Lance, the chair of the section, had said regarding Ms. Hoyenga, which included her exemplary service as the chair for the water conservation committee and other stakeholder groups and that she had authored a water awareness curriculum called Exploring Planet Water among other things. The latter was adopted as part of the science curriculum of the Bethel School District and was used by the School District 4J and the Springfield School District 19. Ms. Hoyenga received a round of applause.

President Brown reported that he had received a lot of positive feedback regarding the canal being watered down. He had talked with a biologist and he reported that they had more fish back in the hatchery. He said whether it was due to the actions of EWEB or due to "mother nature" did not matter, it was just important that the numbers were increasing.

CORRESPONDENCE

General Manager Gray listed the following items of correspondence included in board packets:

- A boat landing update was provided to the Board, written by Lisa McLaughlin, Joe Harwood, and Suzanne Adkins.
- The Board was provided with copies of the report on the results of the League of Women Voters research on water issues in Oregon.
- Packets included customer correspondence, one in particular had to do with tree trimming and had been addressed.

BOARD AGENDAS

General Manager Gray provided the *Board Agenda Report* dated *June 1, 2010*. He pointed out that the joint meeting with the Eugene City Council on the Veneta wholesale water contract was scheduled for June 7. He also noted that the second meeting in August would be canceled, per the usual practice, and the September 21 meeting would be held upriver.

CARMEN-SMITH ALTERNATIVE CONTRACTING PROCESS FOR CM/GC

Mike McCann, Carmen-Smith Implementation Project Manager, explained that EWEB staff wanted to use the Construction Manager/General Contractor (CM/GC) process for the Carmen-Smith relicensing project. He highlighted the information contained in the memorandum entitled *Use of the CM/GC Alternative Contracting Process Carmen-Smith License Implementation*. He related that in accordance with the settlement agreement they had signed and within two or three years of receiving a new license from FERC they would begin building a new fish ladder, a fish screen, a fish by-pass pipe, and a new tailrace barrier. He said they intended to, at the same time, modify the spawning channel entrance and exit and to remove the existing tailrace barrier. He stressed that a lot of work would be happening in a "tight area" and at the same time. He conveyed staff's belief that this type of work lent itself well to the CM/GC alternate contracting process, which was allowed under the Oregon Revised Statutes (ORS) and under EWEB's procurement rules.

Mr. McCann stated that staff wanted to bring the CM/GC on board at the 30 percent design level, or approximately the second quarter of 2011. He said bringing the CM/GC on board early in the process would help coordinate the construction that needed to happen in a tight timeframe to EWEB's benefit. He averred that it would also provide cost control, because the 30 percent design would provide a solid number to use for public financing of the project.

President Brown said in the past the specs for bids were such that only one company could bid on the contracts. He had received negative feedback from the community regarding this. He asked how they could prevent that from happening. Mr. McCann responded that the

plan was to work with CH2M Hill and the CM/GC to write the specs; the specs were EWEB's and they ultimately sent them out. He thought it was important to be aware of this.

Commissioner Farmer concurred. He thought there had been some issues for the Roosevelt Operations Center in which the specs could have been written so that they could allow more bidders.

Vice President Cunningham was inclined to support using the CM/GC process, but he wanted to see evidence that this would not preclude the local contractors from submitting bids.

President Brown surmised that there was unanimous support for moving forward with the CM/GC process.

G. COLE, INC. ASPHALT CONCRETE PATCHING SERVICES CONTRACT APPROVAL

Todd Simmons, Water Operations Manager, stated that they were seeking approval for the contract. He said there had been one successful respondent, G. Cole, Incorporated.

President Brown remarked that the contract cost \$10,000 per week, more than half a million dollars per year. It was hard for him to believe that only one company had come forward to do that scope of work. Mr. Simmons replied that the Board had been provided with a copy of the specs. He explained that most of the local providers shut down for three or four months in the winter, but EWEB required year-round service. He said some of the things they would be asked to do were pretty small and they needed a company that could move from a larger project to a smaller one easily.

Commissioner Cassidy asked what would happen if it cost more in the second year. General Manager Gray responded that the contract was for up to \$2.5 million over five years. He said the contract would be paid out of the Operations & Management budget. He added that it was more effective to have one company to cover all of the concrete jobs, whether they were large or small, rather than contracting individually for them as they arose.

Vice President Cunningham, seconded by Commissioner Cassidy, moved to approve the contract with G. Cole, Incorporated for the purchase of asphalt concrete patching services in the construction, repair, and maintenance of EWEB's water and electric infrastructures. The motion passed unanimously, 5:0.

RIVERFRONT MASTER PLAN APPROVAL

Mark Oberle, Property Manager, recapped the work done to date on the master plan. He noted that Nan Laurence, City of Eugene Planning Division, had helped to draft the Memorandum of Understanding (MOU) and was present. He stated that the CAT had worked hard, meeting twice a month with nearly all meetings open to the public, for two years. He said they had held four public input sessions and a design charrette. He stated that they had reviewed all viable options and avoided any that were not viable.

Mr. Oberle countered a statement made during the public input by clarifying that there was an ecology report and it was available on the web site. He related that the conclusion of the study was that the site was too small to create the size of habitat that would be sustainable. He said the report had concluded that the draft plan could be modified to make it better and those modifications were worked into the plan. He stressed that the report had been done and had been instrumental in shaping the rest of the plan.

Mr. Oberle discussed the public process and reiterated that input from the CAT and from the public had guided the design. He recalled that on March 3 they had presented a single design at the Hilton, to accommodate a large number of people in attendance. He said the room had filled to capacity and they had received a lot of feedback, which was then used to refine the design some more. He related that some had felt that the public input process for this project had been so successful that it should become a model for the community.

Continuing, Mr. Oberle said the Board was being asked to approve the document. He acknowledged that it had been hard to arrive at a vision that the majority of the people could support. He underscored that they had achieved majority support. He said the next steps in the process concerned land use and a Metro Plan amendment; the zoning would have to change and greenway permits would have to be acquired. He predicted that a site survey would need to happen, since this had not been done yet. He explained that they needed to "nail down" the lot lines. He also reiterated that at some point EWEB would need to declare all or part of the property to be surplus. He said they would have to figure out what role would be appropriate for EWEB to play in the plan. He noted that current city code required that EWEB take the plan through approval by the council and this included the land use work. Beyond that, he said they needed to consider what they should do to stage the property to "get the best bang for the buck."

Ms. Laurence was glad to have been part of this effort. She thanked everyone who had been involved. She agreed that the public input process had been very successful. She had been very impressed by how hard the CAT and staff had worked on the process. She predicted that five years from now the community would be proud of the result.

Ms. Parisi acknowledged that some had asked, during public input, that they slow down and take more public comment. She felt that full community consensus was a bar that might be impossible to reach. She said what they did gain full consensus on was that people wanted something to happen with the property. She underscored that they were at the beginning point of making a new vision happen for the property and any decision the Board made would not preclude additional conversation.

Vice President Cunningham indicated his support for moving it forward. He recommended that they have the discussion with the City Council about declaring the land to be surplus in August.

In response to a question from Vice President Cunningham, Ms. Laurence stated that the land use code directed that the city had the right to have an option to purchase the property for five years. She suggested that she bring the information about this in written form for the Board.

Ms. Parisi stated that she and Mr. Oberle perceived a two-prong process with approval that would put something in motion in terms of the Master Plan and the land use application. She said they also wanted to stage another conversation to talk more specifically about next steps, and a large part of that discussion would have to do with declaring the land surplus and the timing and parameters of that decision.

President Brown asked if this was envisioned to be parking exempt. Ms. Laurence responded that a portion of the property was currently parking exempt. She thought that part of the land use work they were envisioning was to rewrite code or adapt existing code to lock in the master plan as the standards and guidelines for development.

President Brown understood that the property was within the Urban Renewal District and that they would be taking a property that had been tax exempt and adding it to the tax rolls. He asked if parking structures could be mandated. Mr. Oberle replied that they could not. He explained that there were approximately 300 on-street parking spaces provided for in the plan. He said any other parking would have to be provided by the onsite development that would occur. He stated that there could be a parking structure there, but the plan was not dictating anything of that kind.

President Brown asked if the master plan would be exempt from the Whiteaker Refinement Plan. Mr. Oberle replied that he thought that was true. He said the building height limitations in the master plan were consistent with existing codes.

President Brown asked how the plan had done with regard to vision clearance. Mr. Oberle responded that it contained a great deal of flexibility.

In response to a follow-up question from President Brown, Mr. Oberle stated that because they were encouraging green development, they were also encouraging green roofs but it would not be a requirement, except for along the row of restaurants.

President Brown called the plan "wonderful" and indicated his support for moving it forward.

Commissioner Ernst asked if there was a list of the limitations of what a builder could and could not do. Mr. Oberle replied that there was a section in the plan that discussed design guidelines and it contained all of the limitations on height, density, and setbacks.

Commissioner Ernst asked what the dissenting opinion on the CAT had been. Mr. Oberle responded that it had been due to a fundamental difference in vision. He explained that all but one member saw the site as an active vibrant people place with urban mixed use and the one person was looking for much more open space and a much more dynamic riparian edge, over twice what was being proposed in the project. He noted that there was a 100-foot setback in the Goal 5 requirements, but this effort sought to preserve existing non-developed property and EWEB's riverfront property was already developed.

Commissioner Ernst ascertained that there was no 100-foot setback currently on the property. Mr. Oberle explained that the bicycle path would be moved back from the river, where

now there was steep riprap to the river's edge, to make it a more gradual slope. The master plan would include a setback that had not been there before. He underscored that they were honoring the intent of the code.

In response to a follow-up question from Commissioner Ernst, Mr. Oberle recommended having a discussion on the declaring the property surplus as soon as they could.

Commissioner Cassidy wanted to move the master plan forward.

Commissioner Farmer thanked the CAT for all of their work. He was pleased with the process. He noted his skepticism at the outset and was glad they were able to get closer to consensus. He noted that the plan might look a little different in the execution of it.

Mr. Oberle discussed the next steps. He said they were taking two parallel paths, one with the consultants working on the land use actions and one in which they considered whether there was another way to do this. He was working on the scope of the work for the site survey and looking into a feasibility study for a ground source heat pump district for the area.

In response to a question from President Brown, Mr. Oberle said he would work with legal counsel to determine what ability they had to declare the headquarters to be surplus given that they knew they would still be located in it for the next five to ten years.

Commissioner Ernst asked if the ground source heat pump was part of the master plan. Mr. Oberle replied that it was not, though the Leading in Energy and Environmental Design (LEED) certification they were looking for would get a boost from it. He said it could also help some of the buildings transition from the steam utility.

Commissioner Ernst asked what the motivation was behind it. It seemed to her that it had come in late in the process. Mr. Oberle responded that it had been an idea that had come out of the master plan process. He said if they did believe that it was the right thing to do and if the Board authorized it, it would be constructed as the streets were put in.

President Brown asked how much the study for the ground source heat pump had cost. Ms. Smith replied that it had cost \$6,500. Mr. Oberle added that the study was to look for "fatal flaws" and they had not discovered any.

Vice President Cunningham, seconded by Commissioner Cassidy, moved to adopt the proposed Riverfront Master Plan. The motion passed unanimously, 5:0.

President Brown thanked the CAT team for their work. They received a round of applause.

President Brown adjourned the Regular Board Meeting at 8:23 p.m.

