

EUGENE WATER & ELECTRIC BOARD
WORK SESSION
EWEB BOARD ROOM
500 EAST 4TH AVENUE
FEBRUARY 1, 2011
5:30 P.M.

Commissioners Present: John Brown, President; John Simpson, Vice President; Bob Cassidy, Joann Ernst

Commissioners Absent: Rich Cunningham, Commissioner

Others Present: General Manager Roger Gray, Debra Smith, Lance Robertson, Clay Norris, Mark Freeman, Tom Buckhouse, Patty Boyle, Jason Heuser, Kevin Biersdorff, Jeannine Parisi, Mark Oberle, Joe Harwood, Judy Chase, and Taryn Johnson of the EWEB staff; Colin McCarthy, Cameron McCarthy Landscape Architecture; Kaarin Knudson, PIVOT Architecture; Ruth Atcherson, minutes recorder.

President Brown convened the work session of the Eugene Water & Electric Board (EWEB). He noted that Vice President Cunningham was excused and Commissioner Ernst would arrive late.

RIVERFRONT MASTER PLAN LAND USE PHASE

General Manager Gray introduced the team of people there for the presentation which included Principal Project Manager Kevin Biersdorff, Community and Local Government Outreach Coordinator Jeannine Parisi, Kaarin Knudson of PIVOT Architecture, and Colin McCarthy of Cameron McCarthy Landscape Architecture.

Mr. McCarthy explained that his firm had been hired to help EWEB through the present phase of the project and to address the land use issues associated with the site. He began the power point presentation, explaining that there were three primary objectives for doing this phase of the work, the first of which was to maintain community support for the master plan over the course of the next year. He said the next step would be to translate the vision and the most important aspect, which was to remove the regulatory barriers to development, creating value in the land. He said the project originated with the Eugene Downtown Plan, which had a chapter on the riverfront that called for the master planning process they were engaged in. He explained that the plan called either of two types of approvals for the master plan, a type two process or a concurrent process that would wrap everything into one process.

Mr. McCarthy discussed some of the elements of the Eugene Comprehensive Lands Assessment (ECLA) which had concluded that the community would grow and would add jobs and would need more land within the Urban Growth Boundary (UGB).

Ms. Knudson reviewed the master plan framework. She underscored that it had resulted from a collaborative effort and had garnered community support. She said the master plan guidelines would give the development community interested in the property or a parcel of the property as much flexibility as possible as well as ensuring the community that they would see

something that felt like Eugene's downtown riverfront. She stated that the land use phase proposed to translate the design guidelines from the master plan into clear and objective standards.

Mr. McCarthy described the riverfront property and its zoning and overlays. He said the heavy industrial zoning was problematic as it was inconsistent with current zoning. He showed a slide of the zoning, which showed that most of it was designated public land. He stated that the actions proposed in this phase were to amend or correct the Downtown Plan, which talked about the creation of the master plan but did not address how it would be implemented, and the development of a special area plan to implement the master plan.

Continuing, Mr. McCarthy said the first zoning change would be to change from public lands to the new special area zone and to get a Willamette Greenway permit. He stated that they would have to get some transportation planning and an impact analysis for the entire development. He explained that the most important aspect of the changes was that special area zone standards prevailed over other areas of the code. Regarding code amendments, he said there were some general criteria to satisfy and some special criteria; to be a special area zone the property would have to be identified as appropriate for a mix of uses, would have to be over an acre in size, and the amendments would have to be consistent with zone change criteria. The property met those criteria. He said code amendments were processed on a type five level and required a City Council decision.

Mr. McCarthy discussed Metro Plan amendments, of which there were two types and the riverfront property was in the type two categories. He stated that zone changes typically ran on a type three process but when combined with a Metro Plan amendment they were elevated to a type five process. He said the transportation studies would be informed by the state transportation planning rule; they would have to identify the effects of development there and had already determined that the site was well-served by transportation infrastructure at the perimeter. He underscored that by removing impediments to development, they would create value.

In conclusion, Mr. McCarthy reviewed the project road map, hard copies of which were included in the Board packets. He listed the applications that would have to be made and said it would be better if they bundled them into one package. He stated that phase three would be the marketing and disposition of the property.

President Brown asked if all of the questions around title had been resolved. Mr. Biersdorff replied that they had researched the titles three years earlier and had not found any issues.

President Brown asked how they intended to address density in proximity to the railroad tracks. He observed that they were trying to achieve densities in an area that had not historically been popular for residential development. Ms. Knudson responded that they would not be proposing to restrict the property there to residential development; the Special Area Zone that they planned to develop would be consistent with the Master Plan which had a set of bases that had come from the approved C-2 list.

President Brown observed that if and when the property was declared surplus, the city

would have the first option to buy and it could be up to five years before they exercised that option. He was also concerned that if they had the property rezoned commercial and the EWEB administration remained on the site, they could become a non-conforming use. Ms. Knudson replied that one thing they needed to "sort through" was the grandfathering of existing uses. Mr. McCarthy added that if it became a Special Area Zone, they would be able to control land use designations.

President Brown asked, regarding the Traffic Impact Analysis (TIA), what level of density was being assumed given that they were predicting that it would be a combination of residential and commercial development. Mr. McCarthy responded that they were looking at how many trips were projected with the basic development program. He noted that there were people on the consulting team who would be focused on transportation planning. Ms. Knudson added that they would be looking at it very carefully.

Commissioner Ernst arrived.

Commissioner Cassidy commented that the preliminary word from the city was that the building was not big enough to meet their needs.

Ms. Parisi said one sub-consultant, Leland, was charged with ensuring that any of the zoning or land use changes they were pursuing would not make it difficult for development.

Vice President Simpson thanked them for the presentation. He asked what the most difficult portion of the process would be, in their assessment. Mr. McCarthy surmised that finding the right balance between certainty and flexibility was the most challenging thing technically as they did not want to write something into it that was inflexible, nor would they want something that was so wide open that it allowed anything.

Vice President Simpson asked what aspects of it the consultants foresaw would be politically sensitive. Mr. McCarthy responded that they needed to get through the process to know and noted that it would require two City Council decisions. He reiterated that most of the overriding planning documents supported what they were trying to do in this project.

Vice President Simpson said it was the Board's job to help by providing support for the project. He asked staff and the consultants to please let the Board know when it would benefit the process for them to express that support.

Commissioner Ernst noted that she had shared the master plan with the Churchill Area Neighbors.

President Brown observed, in looking at the map, that they were already looking at giving up 40 percent of the site for open space and 20 percent for right-of-ways. He asked if the "other eight acres" was envisioned to be given to the community. Ms. Knudson clarified that three acres were designated for riverfront streets and the other streets were proposed to be private. She said the other eight acres he referred to were protected by the Willamette Riverfront (WR) Overlay and the open space adjacent to the steam plant was proposed to accommodate stormwater treatment on the site.

Vice President Simpson said public input was very important to the board and asked what plans there were to maintain the public's interest in the property. Ms. Knudson responded that less public input was anticipated in phase two but they would still keep the stakeholders informed and would still welcome input.

President Brown asked staff to instruct the Board regarding *ex parte* contacts. He wondered if they could have any conversations with the City Council at all. General Manager Roger Gray replied that they would consult legal counsel and provide the Board with an opinion on that.

EWEB REPRESENTATION AT APPA LEGISLATIVE RALLY IN WASHINGTON, D.C.

Jason Heuser, EWEB's Legislative Representative, explained that the American Public Power Association (APPA) largely built its rally agenda at the rally. He said the trip was important because the local legislative delegation had a lot of "cache" with Washington, D.C. He stated that this had been effective because of the continuity of the local staff. He believed it was important that EWEB established its presence on an annual basis at the legislative rally. He planned to follow up with a memorandum after the conference call on February 3 that would provide more background information on the rally.

Mr. Heuser listed a couple of the issues the Board should be made aware of. He said a legislative resolution to ask Congress to preempt the Environmental Protection Agency's (EPA) actions to regulate greenhouse gases was something EWEB would find difficult to support. He also spoke to an item that seemed to have dissipated, support for a kilowatt hour tax as a method to create a revenue stream for the federal government to devote to efforts to reduce greenhouse gas emissions. He stated that this would be inequitable to utilities like EWEB because of its legacy of investments in energy efficiency and renewable energy resources. He was glad they would be present in case there was a late push to add this to the agenda. He averred that attending the rally was not only about influencing those on Capitol Hill, it was about influencing the members of the APPA.

Mr. Heuser stated that the Public Power Council (PPC) intended to distribute briefing papers to PPC members in the hopes that they would raise those points in visits to Capitol Hill. He reported that a meeting was planned for February 3 at which the PPC would unveil the papers in draft form and that he and Clay Norris planned to attend. He said they planned to debrief afterward to determine what EWEB wanted to support in its own visits to Capitol Hill. He knew that one item on the paper had to do with opposing a proposal in Congress to instruct the Bonneville Power Administration (BPA) to sell power at market rates. He did not think the proposal had legs in Washington, but one could never tell for certain. Another issue they would address was what to do in a high wind/high water environmental dispatch situation when over-generation occurred. He related that one of the key issues identified was in converting production tax credit to more of an investment tax credit or some other direct monetization.

In response to a question from Commissioner Ernst, Mr. Heuser confirmed that the situation was that there was over-generation at the wrong time. He said if Congress could fix the production tax credit and if they could get renewable energy credits, so that wind producers could be kept economically whole, it would work. He predicted that to do otherwise would bring on pressure from the wind interests to be paid to shut down. He believed that was tantamount to asking EWEB's customers to pay for the tax credit. He said it would be better to provide incentives while the generation was running.

General Manager Gray thought the interim solution could last several years because the timeframe to build transmission was longer than the timeframe to develop wind generation.

President Brown asked what increasing the BPA rates to market rates would do. Mr. Heuser had heard that it could increase rates by 50 percent. Mr. Norris thought it would be less than 50 percent in the first year, but if the costs returned to what they had been in past years the increase would be "huge."

Mr. Heuser reminded the Board that State Capitol Day was coming up during the following week. He planned to have a written script for the Board to review, to cover the talking points to bring up to the state legislators. He said he had arranged for appointments with all of the local delegation except for one, thus far.

President Brown adjourned the Work Session at 6:34 p.m.

Assistant Secretary

President