

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
500 EAST 4TH AVENUE
December 6, 2016
5:30 P.M.**

Commissioners Present: John Simpson, President; Dick Helgeson, Vice President; John Brown, James Manning, Steve Mital, Commissioners

Absent: None

Guests: Sonya Carlson, EWEB Commissioner-elect; Sheila Crawford, Senior Financial Analyst; Mel Damewood, Chief Engineering & Operations Officer; Julie Desimone, Moss Adams; Erin Erben, Chief Customer Officer; Sue Fahey, Chief Financial Officer; Deborah Hart, Senior Financial Analyst; Jason Heuser, Legislative Affairs Coordinator; Frank Lawson, General Manager; Will Price, Energy Resource Analyst; Jerry Reller, Financial Analyst; Nate Shultz, Financial Analyst

President Simpson convened the December 6, 2016, Regular Session at 5:30 p.m.

Agenda Check

Mr. Lawson suggested to the Board that Agenda Item 16, Riverfront Property be removed from the agenda.

Appreciation for Commissioner Manning

President Simpson recognized Commissioner Manning for his service and dedication to the EWEB Board of Commissioners. President Simpson presented Commissioner Manning with a plaque to commemorate his service to EWEB.

Commissioner Manning thanked President Simpson and the Board for their appreciation.

Commissioner Brown read aloud a letter of appreciation from Roger Gray to Commissioner Manning.

Items from Board Members and General Manager

- Commissioner Brown thanked Mr. Lawson and staff for the cleanup on the McKenzie. He mentioned the Register Guard article which stated that it would cost approximately \$48.5 million dollars to bring the EWEB Riverfront Property up to current energy efficiency standards. He asked the Board and Mr. Lawson if an in-house analysis could be done in order to generate a second opinion of the \$48.5 million figure, as he stated he thought that number was much too high.
- Commissioner Mital thanked Mr. Lawson in acting quickly in concert with many other government agencies across Lane County in addressing a swastika that

was placed on a billboard on County property. He added that it was good for EWEB to reaffirm its values periodically.

- President Simpson stated that he was attempting reappointment to the LCOG board liaison assignment, and that would come up at next month's EWEB Board meeting.
- Vice President Helgeson stated that he also thought the \$48.5 million figure was too high. He mentioned that the building had originally been built to high seismic standards. He commended Mr. Lawson for his work with local agencies on the anti-swastika sentiment.
- Commissioner Manning agreed that a second opinion was warranted on the \$48.5 million figure, and he posited that EWEB staff, being well versed in energy efficiency, would be the perfect group to give that second opinion. He thanked staff for this year's Run to Stay Warm.
- Mr. Lawson agreed that the \$48.5 million figure warranted EWEB's perspective, and that he and staff would follow up with it. He announced a Public Power Council Annual Meeting later in the week, and said they would be watching the weather very carefully. He concluded that EWEB staff was to put out a Request for Information later this week for local banking depositories.

Public Input

Richard Norton, President of the Military Officers Association of America, Eugene chapter, recognized the Board for its support of the Moving Wall Vietnam War Memorial project as it visited Skinner Butte Park. He also presented the Board with a print commemorating support for the project, and he presented Commissioner Manning with a smaller version of the print commemorating his work as an EWEB Commissioner, and his military service.

Victor Odlivak of Eugene shared with the Board the following concerns about smart meters: First, he expressed concern over the loss of jobs as humans are replaced by technology in usage metering. Secondly, he pointed out how smart metering could be hazardous if placed in a situation in which medical equipment, such as an oxygen delivery system, is in use. He also spoke briefly about the unfairness he perceived in the price for solar energy sold back to the utility. He also gave Commissioners a handout on the points he made in his presentation.

Vice President Helgeson spoke to the public input provided, and how it was an example of the value of a consumer-owned utility. He wondered if there weren't confusion surrounding the terms "smart" or digital, and "analog" and how they're applied to metering.

Commissioner Manning reiterated the Board's dedication to its constituents/ratepayers.

Commissioner Mital stated that the newer smart meters have the advantage of reporting power outages to the utility immediately. He added that he would read through the statement Mr. Odlivak provided.

President Simpson said that Mr. Odlivak's comments were well-received. He added that he was not aware of any reliability concerns, such as losing power *because* of technology. He concluded that due to several different factors, not all kilowatt hours were treated equally.

BOARD ACTION ITEMS

Approval of Consent Calendar

MINUTES

1. a. November 1, 2016 Regular Session

BUDGET AMENDMENTS

2. Budget Amendment – Electric Operations & Maintenance \$11,000,000. Contact Person is Susan Fahey, 541-685-7688.

CONTRACTS

3. Central Moloney, Inc. – for the periodic purchase of single phase submersible transformers. \$153,000 (over 5 years). Contact Person is Mel Damewood, 541-685-7379.
4. Christenson Electric, Inc. – for electric utility line work crews. \$415,000. Contact Person is Mel Damewood, 541-685-7379.
5. ERMCO Distribution Transformers – for the periodic purchase of pole-mounted transformers. \$1,700,000 (over 5 years). Contact Person is Mel Damewood, 541-685-7379.
6. McFarland Cascade Holdings Inc. – for the periodic purchase of wood poles. \$670,000 (over 5 years). Contact Person is Mel Damewood, 541-685-7379.
7. Nesco Rentals – for the purchase of a used backyard mini digger derrick. \$158,723. Contact Person is Mel Damewood, 541-685-7379.

Commissioner Brown moved to approve the Consent Calendar. The motion carried unanimously 5:0

Items Removed from Consent Calendar

There were no items removed from the Consent Calendar.

Alternative Contracting Method for Grid Edge Demonstration Project

Mr. Damewood stated that he was there to ask for Board approval for an alternative contracting method for the Grid Edge (or Microgrid) Project. He said that EWEB had received a grant to build three Microgrid Projects within the utility's system. He added that, as per the grant, the project needed to be complete by the end of the first quarter of 2017.

Commissioner Brown asked where the third project would be.

Mr. Damewood clarified that two of the three Grid Edge projects were in Blanton Heights.

Public Hearing on Alternative Contracting Method for Grid Edge Demonstration Project

President Simpson opened the Public Hearing at 6:21 p.m., and seeing no one who wished to offer testimony, he then closed the Public Hearing.

Board Action on Alternative Contracting Method for Grid Edge Demonstration Project

Commissioner Mital asked if the new method of contracting was preferable, why isn't EWEB using it more frequently?

Mr. Damewood replied that the new method doesn't work for all projects, and this is especially true for larger projects requiring complex planning.

Commissioner Mital wondered if there was a downside to the Board approving the project.

Mr. Damewood answered that the only risk would be within the pricing of the project itself. He added that there were checks and balances in place as per EWEB's relationships with the general contractor and designer.

President Simpson asked if agencies other than EWEB were benefitting from this.

Mr. Damewood replied that the Blanton Heights communication tower would offer many operations benefits in the area, and would benefit the Lane Radio Interoperability Group (LRIG) directly.

President Simpson asked if EWEB was receiving any revenue from the Blanton Heights facility.

Mr. Damewood answered that they had not asked for that.

Vice President Helgeson wondered if the projects were going to be maintained into the future. He also asked if there were likely to be any additional costs outside of the grant funding that the Board should be aware of.

Mr. Price listed many factors of the project that would incur maintenance costs, but added that as markets evolve, there would be opportunities to take advantage of funding from different sources.

Vice President Helgeson clarified that the question was directed more specifically at the Blanton Heights emergency communication systems.

Mr. Damewood said the point of the project was to maintain and learn from it.

Commissioner Manning moved to approve the use of a construction manager general contractor (CMGC) alternative contracting method for the procurement and construction of the three battery storage systems associated with the Grid Edge Demonstration Project. The motion carried unanimously 5:0.

Proposed 2017 Electric & Water Budget and Prices

Ms. Fahey, Ms. Hart, and Mr. Shultz offered the Board a Power Point presentation on the 2017 proposed budget and prices for water and electric.

Commissioner Brown asked for clarification on the River Road billing.

Ms. Hart stated that the .5% rate increase on River Road/Santa Clara would revert back to the original 2.8% next year after the Cost of Service Analysis (COSA) requirement was satisfied.

Commissioner Helgeson said that he felt informed about the proposed budgets and prices, although he said it might be a good idea to make the language therein easier to understand for laypeople.

Commissioner Mital asked if the street light reduction proposal within the budget and pricing presentation was something the Board needed to vote on at this time.

Ms. Hart replied that there was no change at this time, but in 2018, they would come back to the Board with that topic after having gone over it extensively with a consultant.

Commissioner Mital posited that he would like to see a closer scrutiny on the Management Consulting line item from the proposed budget.

President Simpson expressed frustration at the changing of the name from "Elevation Charges" to "Pumping and Delivery Charges."

Ms. Fahey said the reason the name of the charge was changed, was because many customers were confused on exactly what the term "Elevation" meant as per their water delivery.

President Simpson said that he was not comfortable with a consultant telling EWEB they should ignore gradualism.

Commissioner Brown asked if EWEB met its profit expectations on Veneta service.

Ms. Fahey replied that the signed Veneta contract included a 10% return.

Commissioner Mital wondered what the 10% return amounted to on an annual basis.

Ms. Hart stated that while she didn't have an exact dollar amount in front of her at that time, she would get back to the Board with that figure.

Mr. Helgeson said that it appeared EWEB had been overcharging Veneta.

Commissioner Mital asked what confidence EWEB had that in three months from now, it wouldn't be discovered that EWEB should have looked at the rates and changes more carefully.

Mr. Lawson acknowledged the need to clean up some of the contractual issues with Veneta. He added that he felt staff owed the Board a follow-up relative to commitments which were made in an effort to be transparent about the project. He concluded that EWEB would be looking at strategic pricing over the next year.

Public Hearing on Proposed 2017 Electric & Water Budget and Prices

President Simpson opened the Public Hearing at 7:10 p.m., and seeing no one who wished to offer testimony, he then closed the Public Hearing.

Board Action on Proposed 2017 Electric & Water Budget and Prices

- **Resolution No. 1633 - 2017 Budget Adoption**

Vice President Helgeson moved to approve Resolution No. 1633 - 2017 Budget Adoption. The motion carried unanimously 5:0.

- **Resolution No. 1634 - 2017 Water Prices**

Commissioner Manning moved to approve Resolution No. 1634 - 2017 Water Prices. The motion carried unanimously 5:0.

- **Resolution No. 1635 - 2017 Electric Prices**

Commissioner Mital moved to approve Resolution No. 1635 - 2017 Electric Prices. The motion carried unanimously 5:0.

2017 State Legislative Agenda, Resolution No. 1636

Mr. Heuser shared an overview of the 2017 State Legislature and EWEB's Legislative Agenda with the Board.

Mr. Heuser stated that the number one issue in the upcoming 2017 Legislative Session was the \$1.5 billion budget deficit. He stated that Governor Brown, unlike the two previous Governors, doesn't have a specific energy agenda. He added that Senator Chris Edwards, former Chair of the Energy Committee, would soon be leaving the State Legislature. Mr. Heuser concluded that the Residential Energy Tax Credit was set to sunset at the end of the year.

Commissioner Mital expressed interest in removing that part of the Legislative Agenda that mentioned PERS affecting EWEB's ability to recruit and retain.

Vice President Helgeson asked if the PERS position was in the Resolution.

Mr. Heuser answered that it was not.

Ms. Erben stated that since the PERS issue was so large, it would be best to get back to the Board at a later time with more information concerning the issue.

Commissioner Mital moved to amend Resolution No. 1636 - State Legislative Agenda to include only Sections 1 and 2 under PERS Reforms, striking Section 3. The motion carried unanimously 5:0.

Commissioner Manning moved to approve Resolution No. 1636 - State Legislative Agenda as amended. The motion carried unanimously.

Break

President Simpson called for a break at 7:43 p.m. He reconvened the Regular Session at 7:55 p.m.

GENERAL BUSINESS ITEMS

2016 Audit Planning

Ms. Fahey and Ms. Desimone offered the Board a Power Point presentation on 2016 Audit Planning.

Commissioner Brown asked how the Board would know if the Work & Asset Management (WAM) was a wise investment.

Ms. Desimone replied that improvements have come about as a result of WAM implementation, although she couldn't offer any specifics on return at that time.

President Simpson asked for clarification concerning the budget for utility write-offs.

Ms. Desimone replied that during their standard audit process, it would be determined whether write-off budgets remained consistent with other budgeting items.

Proposed 2017 Organizational Dashboard Changes

Mr. Lawson presented the Board with a Power Point slide to guide the conversation on the proposed 2017 Organizational Dashboard Changes.

Commissioner Brown asked why Advanced Metering Infrastructure (AMI) was not included in the dashboard. He also requested an example of public outreach concerning pricing.

Mr. Lawson offered that EWEB had modernization projects targeted for release next fall, including AMI projects. As for public outreach, Mr. Lawson said they were focused on how the pricing plan facilitates customer choice relative to generation.

Commissioner Mital stated that he would like to see AMI on the Dashboard.

President Simpson offered that he too would like to see AMI on the Dashboard.

Vice President Helgeson agreed with his colleagues that AMI should be on the Dashboard. He added that he hadn't heard anything about AMI in so long, he had lost any sense of connection to it.

Commissioner Mital expressed concern that the Operational Metrics Mr. Lawson set for himself might be a bit too stringent.

Mr. Lawson said that he would remain in contact with the Board concerning any issues that arise from the Operational Metrics. He concluded that AMI would be added to the Major Projects list.

Correspondence & Board Agendas

Mr. Lawson said that staff would continue to update the Board on the relative cost of replacement resources on the electric side of the utility.

Vice President Helgeson asked if EWEB received a competitive deal on the aforementioned resources.

Ms. Erben answered that the market EWEB bought in was a different market than today's market.

Mr. Lawson reported that there was a change to the hoist system at the Leaburg dam, and that all three roll gates on the dam were operational.

Commissioner Mital asked if staff was confident that the new systems operating the gates at Leaburg dam were fully operational.

Mr. Damewood said they were.

Mr. Lawson stated that next week, he had a meeting with Jeff Nelson of the Springfield Utility Board (SUB), and asked if the Board had any comments and suggestions he could go into the meeting with.

Commissioner Mital said the key issue for him was cooperation going forward on water.

Mr. Lawson said there was a meeting coming up possibly in January to discuss Board consultants.

Commissioner Brown offered that he was not happy with EWEB's general counsel, and would like to see that addressed as well.

Commissioner-elect Carlson asked about the list of meetings and outside appointments, and which Commissioners attended which.

President Simpson instructed Ms. Carlson to email the Board to let them know which meetings and/or appointments she was interested in.

Vice President Helgeson stated that he would like to see the list of board appointed consultants pared down.

Commissioner Mital offered that he would like to see a system in place in which Commissioners can give feedback on their relationships with consultants, outside appointments, etc.

Mr. Lawson reported that at the end of the year, staff does evaluate EWEB consultants, and staff would ask the Board formally to weigh in on those relationships with consultants.

President Simpson asked if the swearing in of new officers was to occur on the tenth of January.

Mr. Lawson said that was correct.

Board Wrap Up

Commissioner Manning thanked the Board and staff for his experience sitting on the EWEB Board of Commissioners. He also congratulated Ms. Carlson on her position as an EWEB Commissioner-elect, and said he would be happy to answer any questions she might have concerning the position.

Commissioner Brown expressed thanks to EWEB staff for purchasing used equipment instead of new.

Vice President Helgeson said that he would like to see a refresher in the near future on the difference between rates and prices.

Mr. Lawson reported that for the first time since 2005, EWEB residential customers would not see an increase on water rates.

Adjournment

President Simpson adjourned the Regular Session at 8:55 p.m.

Assistant Secretary

President



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD



TO: Commissioners Simpson, Helgeson, Mital, Brown and Carlson

FROM: Sue Fahey, Chief Financial Officer; Sarah Gorsegner, Purchasing & Warehouse Supervisor

DATE: December 28, 2016

SUBJECT: Board Appointed Consultants Ratification

OBJECTIVE: Board Action–Ratification of Board Appointed Consultants

Issue

EWEB Rule 6-0130 exempts Board Appointed Consultants from the requirements of Oregon Public Contracting law. Annually, the Board must appoint consultants who are contracted under Rule 6-0130.

Background

EWEB retains several consultants who may independently advise the Board and provide professional direction without regard to Management’s position or interpretation. In the past, EWEB has invoked Rule 6-0130 for several consultants and not used a competitive procurement process required by statute. However, a few years ago the Board requested that staff issue requests for proposals (RFP) for these services to ensure that EWEB receives high quality services for the best price. Using this competitive (versus appointment) process resulted in several services contracts that do not require annual Board ratification.

An RFP for independent audit services should have been issued in 2016. External auditors provide independent opinions regarding EWEB’s financial operations and also serve as a resource for chief executives. Auditors’ opinions and guidance often draw on patterns that have come to their attention over time. At the May 3, 2016 Board meeting, management provided information indicating that Moss Adams would be retained for another year to provide the new general manager continuity in this area. This contract is the only one requiring Board Appointment for 2017.

BOARD APPOINTED CONSULTANTS Contract Information

Consultant	Service Provided	Tenure	Last Contracted	2016 Spend	2015 Spend
Moss Adams	Independent Auditor and Certified Public Accountant	2005	RFP 2011, extended in 2016 to provide consistency for new General Manager. RFP to be issued in 2017.	\$148,000	\$148,000

Discussion

In December, Purchasing staff requested Board and staff feedback on consultants that work directly with the Board. Although feedback was generally satisfactory, there was some concern noted that purchasing staff is following up on and will work with the Commissioners through the General Manager to determine if the concerns can be managed or if a mid-cycle solicitation is warranted. Contract language for all consultants includes flexible termination language if the Board desires to make changes prior to 2018.

Recommendation and Requested Board Action

Management recommends and requests ratification of the Board Appointed Consultants and Retained Professionals listed above.

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to increase the contract amount with **Christenson Electric, Inc.** for Electric Utility Line Work Crews.

Board Meeting Date: January 10, 2017

Project Name/Contract#: Electric Utility Line Work Crew

Primary Contact: Mel Damewood Ext. 7145

Purchasing Contact: Quentin Furrow Ext. 7380

Contract Amount:

Original Contract Amount: \$ 415,000

Additional \$ Previously Approved: \$ N/A

Invoices over last approval: \$ N/A

Percentage over last approval: N/A %

Amount this Request: \$ \$500,000

Resulting Cumulative Total: \$ \$915,000

Contracting Method:

Method of Solicitation: Formal Invitation to Bid

If applicable, basis for exemption:

Term of Agreement: Up to 5 years, as needed

Option to Renew? No

Approval for purchases "as needed" for the life of the contract Yes

Proposals/Bids Received (Range): _____

Selection Basis: Lowest responsive and responsible Bid

Narrative:

This Contract was previously approved by the Board at the December 6, 2016 Board meeting. The requested amount at that time was \$415,000. On December 14, 2016 EWEB declared a State of Emergency due to an ice storm that caused widespread electrical outages. Staff negotiated with Christenson Electric to add additional crews to assist with the emergency. Staff is requesting the Board approve additional funds at this time.

ACTION REQUESTED:

Management requests the Board increase the contract amount with **Christenson Electric, Inc.** for Electric Utility Line Work Crews. Funds for this work are available in the 2016 budget and planned for the 2017 budget.

Action Requested:

Contract Award
 Contract Renewal
 Contract Increase
 Other

Funding Source:

Budget
 Reserves
 New Revenue
 Bonding
 Other

Form of Contract:

Single Purchase
 Services
 Personal Services
 Construction
 IGA
 Price Agreement
 Other

SIGNATURES:

Project Coordinator: _____

ET Manager: _____

Purchasing Manager: _____

General Manager: _____

Board Approval Date: _____

Secretary/Assistant Secretary verification: _____

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a Construction Contract with **Wildish Construction** for the Leaburg Canal Embankment Improvement project.

Board Meeting Date: January 10, 2017

Project Name/Contract#: ITB 052-2016 Leaburg Canal Improvements

Primary Contact: Mel Damewood Ext.7145

Purchasing Contact: Sandra Hahn Ext.7163

Contract Amount:

Original Contract Amount: \$99,657.00

Additional \$ Previously Approved: \$ N/A

Invoices over last approval: \$ N/A

Percentage over last approval: N/A %

Amount this Request: \$99,657.00

Resulting Cumulative Total: \$99,657.00

Contracting Method:

Method of Solicitation: Formal Invitation to Bid

If applicable, basis for exemption: N/A

Term of Agreement: April 15, 2017

Option to Renew? No

Approval for purchases "*as needed*" for the life of the contract No

Proposals/Bids Received (Range): \$81,200 to \$93,870

Selection Basis: Lowest responsive bidder

Narrative:

This project is a continuation of annual repairs that the Generation department has been doing in an effort to reduce seepage areas along the Leaburg and Walterville canal embankments. This project is included in the Leaburg Walterville O&M budget for 2017.

The work includes repair of compromised clay liner and rip-rap along a portion of the Leaburg Canal embankment near Johnson Creek Road. The total repair area included in the contract is approximately 134-feet long, as measured along the embankment, and extends down to within two feet of the canal bottom. The work will occur during the annual Leaburg canal outage, typically held between late March and early April.

Staff issued an Invitation to Bid in November, 2016. Ten companies reviewed the project and four contractors attended the pre-bid meeting. EWEB received three bids; the lowest responsive and responsible bid was received from Wildish of Eugene, Oregon. Bids were also received from Pacific Excavation of Eugene, Oregon, and Weitman Excavation of Sherwood, Oregon. After the low bidder was selected, the work area was adjusted using the unit bid prices provided. This allowed us to repair the greatest area for the available budget and explains why the requested contract is above the bid range presented above. If approved, Wildish will provide construction services as specified in the solicitation documents, addendums and amendments.

Action Requested:

Contract Award
 Contract Renewal
 Contract Increase
 Other

Funding Source:

Budget
 Reserves
 New Revenue
 Bonding
 Other

Form of Contract:

Single Purchase
 Services
 Personal Services
 Construction
 IGA
 Price Agreement
 Other

ACTION REQUESTED:

Management requests the Board approve a Construction Contract with **Wildish** for **the Leaburg Canal Embankment Improvement project**.

SIGNATURES:

Project Coordinator: _____

Manager: _____

Purchasing Manager: _____

General Manager: _____

Board Approval Date: _____

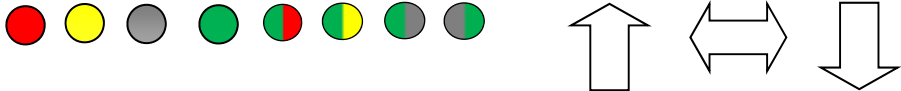
Secretary/Assistant Secretary verification: _____

**EWEB ORGANIZATIONAL PERFORMANCE DASHBOARD
MAJOR PROJECTS CY2017**

PERFORM										
Major Projects	JOP	Q1 Status	Q2 Status	Q3 Status	Q4 Status	EOY Destination	Owner(s) (Lead)	Trend	Comments	Drivers
Carmen-Smith							Mel			Execution including scope, schedule and budget, progress will be measured by key milestones each quarter
Alternative Water Source (AWS)							Mel			Execution including scope, schedule and budget, progress will be measured by key milestones each quarter
Customer Information System (CIS)							EE/SF/MB (Erin)			Execution including scope, schedule and budget, progress will be measured by key milestones each quarter
Modernization Products (AMI facilitated)							Erin			Execution including scope, schedule and budget, progress will be measured by key milestones each quarter

EWEB ORGANIZATIONAL PERFORMANCE DASHBOARD
MAJOR PROJECTS CY2017

Status = Traffic light indicators represent past performance for the quarter
Trend = Arrows are a projection of future results
Red Light = Significant actual or projected miss in cost, scope or schedule. Issues that will likely cause material impacts.
Yellow Light = Potential or minor miss with respect to cost, scope or schedule. No major impacts in spite of miss.
Gray Light = too early to tell; metrics in process of being defined or collected.
Green Light = Completed or projected to complete with respect to cost, scope or schedule. Results exceed or expected to exceed objective.
Split Color Light = Two distinct reporting results, which will be explained in the comments section.
In the case of a split color light displayed for Financial reporting, revenue will appear on the left-hand side and expenses will appear on the right-hand side.



**EWEB ORGANIZATIONAL PERFORMANCE DASHBOARD
OPERATIONAL PERFORMANCE INDICATORS CY2017**

PERFORM										
Operational Performance Indicators	JOP	Q1 Status	Q2 Status	Q3 Status	Q4 Status	EOY Target	Owner(s) (Lead)	Trend	Comments	Drivers
Safety, Health/Wellness							ET/LT (Lena)			HR Ops Plan Metric Indicators Worker's compensation data, safety incident data, OSHA recordable data, ER mod rate (.65)/premium cost data, absence management data
Compliance & Risk							ET/LT (Sue)			PUC, GASB, NERC, FERC, EPA, DEQ, OSHA, Contracts, Clean Audit, CIP/Cyber
Financial Performance (Water & Electric)							ET/LT (Sue)			Metrics within Board Policy, Revenue/Performance (Trading & Solutions Group), PPV, CIA Targets, Budget Adherence (+/-5%/Dept.), Improve net income \$2.5 million by 2018, \$5 million by 2019 "Affordability"
Customer & Community Satisfaction							Erin			Marketing & Communications

**EWEB ORGANIZATIONAL PERFORMANCE DASHBOARD
OPERATIONAL PERFORMANCE INDICATORS CY2017**

PERFORM										
Operational Performance Indicators	JOP	Q1 Status	Q2 Status	Q3 Status	Q4 Status	EOY Target	Owner(s) (Lead)	Trend	Comments	Drivers
Customer Energy and Water Solutions							Erin			Efficiency and Conservation
Water Treatment & Delivery							Mel/Brad			Treatment Standards, Interruption Metrics, PM Metrics, Type 1 Replacement? (Eng?)
Electric Generation & Delivery							Mel/Mike			Generation Efficacy ...\$/MwH Produced?, SAIFI – Maintain, SAIDI - Improve 20% by 2018, PM Metrics - Tree Trimming), Type 1 Replacement?
Water Asset Management							MD, Eng.Mgr.			Plan vs. Actual (Type 1 & 2), On Scope, Schedule, Budget, 2-Year CIP

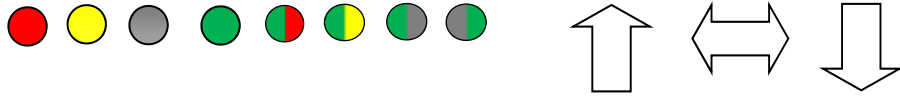
**EWEB ORGANIZATIONAL PERFORMANCE DASHBOARD
OPERATIONAL PERFORMANCE INDICATORS CY2017**

PERFORM										
Operational Performance Indicators	JOP	Q1 Status	Q2 Status	Q3 Status	Q4 Status	EOY Target	Owner(s) (Lead)	Trend	Comments	Drivers
Electric Asset Management							MD, Eng.Mgr.			Plan vs. Actual (Type 1 & 2), Electric Queue? 1 Qtr. ahead?, On Scope, Schedule, Budget, 2-Year CIP
Workforce/Culture							ET/LT (Lena)			Everyone with annual goals in BE/IE/PE? (Measurable), Safety Goal? ...Supervisors with
Environmental/Sustainability							ET/LT (Mel)			Compliance, spills, Carmen Smith, property management, leveraged funds, waste management, Source Protection, sustainability, GHG emissions
Community Investment							ET/LT (Erin)			

**EWEB ORGANIZATIONAL PERFORMANCE DASHBOARD
OPERATIONAL PERFORMANCE INDICATORS CY2017**

PERFORM										
Operational Performance Indicators	JOP	Q1 Status	Q2 Status	Q3 Status	Q4 Status	EOY Target	Owner(s) (Lead)	Trend	Comments	Drivers
Information Technology Work Plan							Matt			Plan vs. Actual (Type 1 & 2), On Scope, Schedule, Budget, Cyber Security

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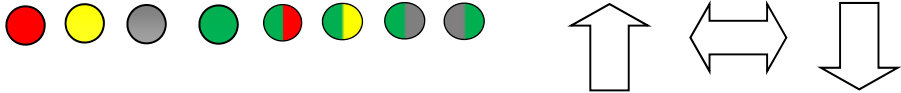
**EWEB ORGANIZATIONAL PERFORMANCE DASHBOARD
STRATEGIC GOALS CY2017**

TRANSFORM										
Strategic Initiatives	JOP	Q1 Status	Q2 Status	Q3 Status	Q4 Status	EOY Destination	Owner(s) (Lead)	Trend	Comments	Drivers
Proactive Outreach We will actively engage our customers and community partners on pricing approaches and alternative water source opportunities.							Erin			
Simplify and Streamline We will increase our operational effectiveness by streamlining our processes, specifically those needed to implement a new Customer Information System (CIS), improve our customer interactions, and reduce administrative overhead associated with work and asset management.							ET (FL)			
Cultural Dynamics We will create a culture that inspires us to respectfully work together for a common cause, motivates us to makes decisions and take action, and sets expectations and holds us accountable for results.							ET (FL)			

**EWEB ORGANIZATIONAL PERFORMANCE DASHBOARD
STRATEGIC GOALS CY2017**

TRANSFORM										
Strategic Initiatives	JOP	Q1 Status	Q2 Status	Q3 Status	Q4 Status	EOY Destination	Owner(s) (Lead)	Trend	Comments	Drivers
Organizational Resiliency We will target specific areas to improve our human, financial, and operational resiliency, including management and supervisory succession, cash management, electric system design, and waste reduction.							ET (MD)			

Status = Traffic light indicators represent past performance for the quarter
 Trend = Arrows are a projection of future results
 Red Light = Significant actual or projected miss in cost, scope or schedule. Issues that will likely cause material impacts.
 Yellow Light = Potential or minor miss with respect to cost, scope or schedule. No major impacts in spite of miss.
 Gray Light = too early to tell; metrics in process of being defined or collected.
 Green Light = Completed or projected to complete with respect to cost, scope or schedule. Results exceed or expected to exceed objective.
 Split Color Light = Two distinct reporting results, which will be explained in the comments section.
 In the case of a split color light displayed for Financial reporting, revenue will appear on the left-hand side and expenses will appear on the right-hand side.





MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Helgeson, Mital, Brown and Carlson
FROM: Sue Fahey, Chief Financial Officer; Susan Eicher, Accounting and Treasury Supervisor
DATE: December 23, 2016
SUBJECT: Supplemental Retirement Plan Committee Reappointment
OBJECTIVE: Approval of Resolution No. 1701

Issue

EWEB maintains a Supplemental Retirement Plan (SRP) that requires the annual appointment of a committee to make certain decisions.

Background

The EWEB SRP was created in 1968 and closed to new participants in 1988. The plan currently has 37 participants or beneficiaries, with an average age of 89 years, to whom payments are made. In 2015 EWEB paid \$233 thousand in supplemental retirement benefits. The plan is closed and there have been no recent changes in the design or terms of the plan.

Discussion

EWEB funds the plan on a “pay as you go” basis, and staff monitor and administer the plan. A contracted payroll service prepares monthly checks and tax documentation for plan participants. The terms of the plan include a cost of living adjustment (COLA) based upon the rate used by the Oregon PERS plan.

Recommendation

Management requests that the Board approve the appointment of Susan Eicher, Assistant Treasurer; Diane Krause, Payroll Administrator, and Karen DeChellis, Benefits Consultant, to the Supplemental Retirement Committee.

Requested Board Action

Approval of Resolution No. 1701

**RESOLUTION NO. 1701
JANUARY 2017**

**EUGENE WATER & ELECTRIC BOARD
ANNUAL APPOINTMENT OF SUPPLEMENTAL RETIREMENT PLAN COMMITTEE**

WHEREAS, the Eugene Water & Electric Board maintains a Supplemental Retirement Plan in effect since January 1, 1968, which was last amended and restated in July 1988, with an objective to provide a benefit on retirement which supplements Oregon PERS benefits;

WHEREAS, the Supplemental Retirement Plan is a single-employer plan providing retirement, death and disability benefits to a closed group of EWEB retirees and their beneficiaries;

WHEREAS, a Trust was created in accordance with the Pension Trust Agreement effective May 16, 1975, for the benefit of funding the Supplemental Retirement Plan;

WHEREAS, funding of the plan since is provided by Board contributions, deposited to the existing trust account as needed to meet obligations to retirees, together with earnings on plan assets;

WHEREAS, the Supplemental Retirement Plan provides for annual appointment and reappointment by the Board of a Retirement Committee of three to seven members charged with the general administration of the Plan, subject to the consent and approval of the Board of Commissioners;

WHEREAS, management recommends the Board reappoint Susan Eicher (EWEB Assistant Treasurer), Karen Dechellis (EWEB Human Resources Benefits Consultant), and Diane Krause (EWEB Payroll Administrator), as EWEB personnel without rights in or to the Supplemental Retirement Plan funds, be appointed to the Retirement Committee;

NOW, THEREFORE, BE IT RESOLVED by the Eugene Water & Electric Board that:

The Board continues the Supplemental Retirement Plan without amendment, and hereby reappoints the Retirement Committee to be comprised of Susan Eicher, Karen Dechellis, and Diane Krause.

The Retirement Committee shall continue to administer the Supplemental Retirement Plan in accordance with its terms, and remain as trustee fulfilling applicable duties under the 1975 Pension Trust Agreement. The trust account may be maintained at a zero or minimal balance within the discretion of the Retirement Committee. Based upon the closed membership in the Supplemental Retirement Plan and the anticipated budget requirements to cover benefit payments in the future, the Board does not require the Supplemental Retirement Plan to be pre-funded. The Board will continue to fund the Supplemental Retirement Plan contributions as a budgetary item on a prospective basis.

Dated this 10th day of January 2017.

THE CITY OF EUGENE, OREGON
Acting by and through the
Eugene Water & Electric Board

President

I, ANNE M. KAH, the duly appointed, qualified, and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the Resolution adopted by the Board at its January 10, 2017 Board Meeting.

Assistant Secretary



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Brown, Helgeson, Mital and Carlson
FROM: Mel Damewood, Chief Engineering & Operations Officer
DATE: January 10th, 2017
SUBJECT: Downtown Fiber Joint Agreement
OBJECTIVE: Approval Downtown Fiber Joint Agreement and Resolution No. 1702

Issue

The City of Eugene (COE), the Eugene Water and Electric Board and the Lane Council of Governments (LCOG) have applied for a grant from the Economic Development Administration of the US Department of Commerce to facilitate the construction of a fiber optic system in downtown Eugene. It is a requirement of the grant that the applicants enter into a joint agreement providing for compliance with the grant conditions, and that the governing bodies of the participating entities adopt a resolution authorizing the chief executives of the bodies to sign the joint agreement. Management is requesting approval of Resolution 1702 and the IGA.

Background

EWEB, the City of Eugene and LCOG are seeking to formalize a partnership to forward a high speed fiber optic system in the downtown core of Eugene. Over the years, this partnership has progressed from concept, to pilot project testing and master planning, and now is the time to formalize the partnership through a joint agreement specifying the roles and responsibilities of the individual project partners. Over the past 3 years EWEB and LCOG have completed three demonstration projects to pilot an innovative new fiber optic network construction concept in the downtown Eugene Business District. The projects were funded by the City of Eugene's Telecommunications Fund, with some capital contributions from EWEB and LCOG. As a result, three multi-tenant buildings have been connected via fiber optic cable to 'Tier 2' (non-incumbent) Internet Service Providers with a point of presence in LCOG's Willamette Internet Exchange (WIX).

In 2015, EWEB partnered with LCOG, the City of Eugene and the Technology Association of Oregon (TAO) to form a 'Fiber Implementation Team' (FIT) whose goal is to expand the footprint of these services by provisioning an open, low-cost, high-speed municipal broadband network throughout the business district. Federal grants are one funding source that is being explored to help cover roughly half of the capital expenditures. As public agencies EWEB, LCOG and the City of Eugene have applied for the grant. Being co-applicants provide added level of complexity. One of those complexities is the requirement to have a Joint Agreement between all co-applicants specifying roles and responsibilities.

The FIT anticipates interconnection of up to 120 multi-tenant commercial and residential buildings within roughly a ten block area. The network will consist of many small conduit pathways (one

‘microtube’ and fiber optic cable per building), placed inside of EWEB electric ducts, connecting end-use customers directly to the WIX. This point-to-point design will minimize infrastructure operating costs by enabling replacement/reconfiguration/rerouting of fiber without vault entry or splicing. This high density model will reduce EWEB’s ongoing operations and maintenance costs; therefore its cost recovery requirements are lower when compared with EWEB’s conventional dark fiber services.

EWEB will also directly benefit from this project as our Electric Operations will have access to the fiber system to monitor and control the EWEB’s Downtown Secondary Network.

Discussion

The underlying purpose for this joint agreement is to meet grant requirements to clearly define the specific roles and responsibilities for each of the co-applicant agencies. Below is a high level breakdown of those roles and responsibilities.

Eugene Water and Electric Board

EWEB owns and operates the electrical conduit and electric service laterals wherein the microduct will be installed. EWEB will own, during and after construction, the microduct and the fiber optic cable that is installed in the EWEB electrical system, including any service laterals extending into buildings identified by the parties as being a part of the project.

City of Eugene

The City of Eugene will serve as the primary fiscal agent of the downtown fiber project, providing fiscal support for the monetary match, and for other costs as agreed to among the parties, and will, with the assistance of EWEB and LCOG, provide all necessary information for reimbursement from the EDA of approved project expenses.

Lane Council of Governments

LCOG owns and operates the Willamette Internet Exchange (WIX) and associated fiber optic cable connecting the WIX to the Internet outside the project area. LCOG will own, during and after construction, any additional facilities or material added to the WIX and to an expansion of the WIX, and any optical fibers installed to facilitate expansion of the WIX or the use of the WIX.

Recommendation

Management recommends that EWEB enter into a joint agreement to specify roles and responsibilities as well as meet requirements of potential federal grant funding.

Requested Board Action

Approval of continued partnership of the downtown fiber optic system and approve management to enter into a joint agreement with the City of Eugene and Lane Council of Governments. Approval of Resolution 1702.

If you have any questions please contact Mel Damewood at mel.damewood@eweb.org or 541-685-7145.

Attachments:

- 1) Resolution No. 1702, January 2017
- 2) Eugene Downtown Fiber Project Joint Agreement

Eugene Downtown Fiber Project Joint Agreement

Between and Among

The City of Eugene,
The Eugene Water and Electric Board,
The Lane Council of Governments

RECITALS

- A. ORS 190.010 provides that units of local government may enter into agreements for the performance of any and all functions and activities that any party to the agreement, its officers, or agents have the authority to perform.
- B. The City of Eugene (hereinafter "CITY") the Eugene Water and Electric Board (hereinafter "EWEB") and the Lane Council of Governments (hereinafter "LCOG"), or "the Parties" collectively, are joint applicants for an economic development grant from the U.S. Department of Commerce, Economic Development Administration (EDA). The Parties wish to clarify roles and responsibilities for the downtown fiber project in order to facilitate receipt and use of grant funds.

AGREEMENT

1. This intergovernmental agreement represents the agreed upon terms for administration of an EDA grant and the supervision and management of the downtown fiber project for the completion of the Downtown Eugene Oregon Fiber Optic Network. This agreement is intended to supplement any existing agreements among any two of the parties concerning the project. In the event of any conflict or discrepancy between this agreement and any two party agreements, the specific provision of this agreement shall prevail. Each party to this agreement, and co-applicant for the EDA grant, is recognized as playing a unique and essential role in the completion of the downtown fiber project. This agreement draws upon and recognizes the mutual support and interest among the parties, and describes the interaction necessary to achieve the shared goals of a successful project intended to bring opportunities for the downtown area.

2. EWEB owns and operates the electrical conduit and electric service laterals wherein the microduct and fiber will be installed. EWEB will own, during and after construction, the electrical system, the microduct and the fiber optic cable that is installed as personal property collocated in the EWEB electrical system, including any service laterals extending into buildings identified by the parties as being a part of the project. EWEB will own and maintain all EWEB installed microduct and fiber for the useful life of the microduct and fiber optic cable. EWEB shall make the installed fiber optic cable available to any person, or business entity seeking to lease the fiber from EWEB, subject to availability. EWEB shall charge all entities leasing the fiber the applicable standard rate for use of the fiber, which rates shall be available for inspection or review by any entity.

3. LCOG owns and operates the Willamette Internet Exchange (WIX) and associated fiber optic cable connecting the WIX to the Internet outside the project area. LCOG will own, during and after construction, any additional facilities or material added to the WIX and to an expansion of the WIX, and any optical fibers installed to facilitate expansion of the WIX or the use of the WIX. LCOG's ownership and management of these facilities and associated equipment will be maintained during the useful life of any material, equipment

or facilities associated with the downtown fiber project. LCOG shall make the WIX and associated fiber connections available to any person or business entity seeking to lease space in the WIX, subject to availability. LCOG shall charge standard rates for the lease of space in the WIX, which rates shall be available for inspection or review by any entity.

4. The City of Eugene will serve as the primary fiscal agent of the downtown fiber project, providing fiscal support for the monetary match under the grant, and for other costs as agreed to among the parties, and will, with the assistance of EWEB and LCOG, provide all necessary information for reimbursement from the EDA of approved project expenses. When disbursements are received by the City, the City will promptly reimburse EWEB and LCOG for expenses submitted for payment, consistent with the direct agreements between the City and EWEB and the City and LCOG. The City will issue all required permits for work, when consistent with the City's existing regulations and requirements. The City will maintain all records required by the EDA and by state law.

5. All parties will abide by state procurement regulations, as adopted by each local jurisdiction. All parties will abide by federal and state prevailing wage laws, and shall require any contractors subject to the law to provide weekly payroll reports. The City of Eugene will be the project manager responsible for collecting any such weekly payroll reports and complying with applicable state and federal laws with regard to registering the project with the state and maintaining all prevailing wage reports and otherwise observing all prevailing wage requirements.

6. The parties specifically agree to the following division of responsibilities:

a. the City of Eugene shall be responsible for filing all EDA project reports.

b. the City of Eugene shall receive and distribute grant funds and file EDA financial reports.

c. EWEB shall be responsible for bidding, awarding and managing the procurement contracts for the acquisition of construction materials, specifically the microduct and the fiber as personal property subject to a federal security interest, and for any contracts associated with installation of the microduct or fiber colocated within the electrical system. Except where using outside contractors would create a cost savings, or where it would facilitate timely completion of the project, EWEB is expected to use EWEB personnel to install all microduct and all fiber installation involving work within the electrical vaults.

d. LCOG shall be responsible for bidding, awarding and managing the procurement contracts for the acquisition of any materials for the expansion of the WIX. LCOG shall be responsible for bidding, awarding, and managing any construction contracts, including installation of fiber, for work outside the electrical system. Given the variety of work and the possibility that the work may be more involved than a single contractor could handle, LCOG may, as long as it acts consistent with applicable procurement rules, use a qualification for types of work procurement solicitation, and select more than one qualified contractor, as long as all contractors selected meet the specified minimum qualifications.

e. The City of Eugene will be responsible for providing and documenting the EDA match requirement.

7. The parties have reviewed and understand the EDA grant application forms and award documents and the applicable statutes and regulations as those are referenced in the award documents, as those documents have been presented to them, and the parties agree to individually submit the EDA required application materials, including this agreement, to the EDA.

8. This Agreement shall remain in effect during the useful life of any material or equipment or facilities built, constructed or installed in accordance with the terms of the EDA grant. If any material, equipment or facilities must be replaced during such time as it would have otherwise been within the calculated original life of the replaced material, equipment or facilities, this agreement shall apply to the replacement equipment, material or facilities in the same manner that it would apply to the original material, equipment or facility. Given that the expected useful life of fiber optic cable, at twenty (20) years, is the longest expected useful life of any element of the EDA grant, the term of this agreement shall be twenty (20) years. The US Department of Commerce, EDA, shall remain an interested party and beneficiary of the parties' individual maintenance responsibilities during the term of this agreement. Certain material and facilities covered by this Agreement are intended to be leased to private parties to facilitate the use of the materials, and any such lease of, and any pledge of an interest in, any material or equipment or facilities developed pursuant to the downtown project shall be consistent with the long term maintenance and ownership obligations set forth in this Agreement.

9. The parties agree that any change to this Agreement must be in writing, signed by all the parties and must be submitted to the EDA.

10. The parties agree to provide the EDA with certified resolutions, providing that the authorized representative of each party is authorized to sign this agreement on behalf of the party adopting the resolution.

Signed:

The City of Eugene

Jon Ruiz, Eugene City Manager

Date

Eugene Water and Electric Board (EWEB)

Frank Lawson, EWEB General Manager

Date

Lane Council of Governments (LCOG)

Brendalee s Wilson, LCOG Executive Director

Date

**RESOLUTION NO. 1702
JANUARY 2017**

**EUGENE WATER & ELECTRIC BOARD
DOWNTOWN FIBER JOINT AGREEMENT**

WHEREAS, the City of Eugene, the Eugene Water and Electric Board and the Lane Council of Governments have applied for a grant from the Economic Development Administration of the US Department of Commerce to facilitate the construction of a fiber optic system in downtown Eugene; and

WHEREAS it is a requirement of the grant that the applicants enter into a joint agreement providing for compliance with the grant conditions, and that the governing bodies of the participating entities adopt a resolution authorizing the chief executives of the bodies to sign the joint agreement;

NOW THEREFORE IT IS RESOLVED BY THE BOARD OF THE EUGENE WATER AND ELECTRIC BOARD

1. That the Eugene Water and Electric Board, being aware of the terms of the joint agreement, and the grant application, and being fully supportive of the project and the benefits that will be derived for downtown Eugene and the area as a whole, hereby accepts the joint agreement and authorizes the General Manager to execute the joint agreement in substantially the form presented to the Board.

Dated this 10th day of January, 2017.

THE CITY OF EUGENE, OREGON
Acting by and through the
Eugene Water & Electric Board

President

I, ANNE M. KAH, the duly appointed, qualified, and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the Resolution adopted by the Board at its January 10, 2017 Regular Board Meeting.

Assistant Secretary