

**SPECIAL SUB/EWEB JOINT MEETING
EWEB BOARD ROOM
500 EAST 4TH AVENUE
MARCH 21, 2017
5:30 P.M.**

Board Members Present:

Springfield Utility Board (SUB): Jeff Nelson, Pat Riggs-Henson, Michael Eyster (arrived at 5:56), Virginia Lauritson, John DeWenter, David Willis

Eugene Water and Electric Board (EWEB): Dick Helgeson, John Brown (departed at 7:15), Steve Mital, John Simpson, Sonya Carlson, Frank Lawson

Absent: None

EWEB Board President Dick Helgeson and SUB Board Chair David Willis convened the March 21, 2017, Special SUB/EWEB Joint Meeting at 5:33 p.m.

AGENDA CHECK

No changes.

PUBLIC INPUT

Josh Bruce expressed his appreciation of EWEB and SUB coming together for this meeting. Regarding life line infrastructure, he emphasized the importance diversity and redundancy across all infrastructure categories, such as energy and water. He added that regional threats such as climate change and the projected Cascadia zone earthquake, require individual governments working together in a common end.

EWEB – main Strategic Issues of Next 2-3 years

Frank Lawson provided an overview of EWEB's services. He said EWEB serves approximately 200,000 customers with approximately 90,000 customers utilizing electric services and 65,000 customers utilizing water services. The average electric service utilized 280 megawatts of power. Winter peak was approximately 600 megawatts and summer peak was growing at a faster rate than winter. The average water service utilized 15 million gallons of water a day. Summer peak was approximately 50 million gallons per day. EWEB had a drinking water plant, the Hayden Bridge facility with a capacity of approximately 80 million gallons per day. Both water and electric services had capacity as there was redundancy at a transmission level and a distribution level on the electric side and capacity on the water side relative to pump stations and storage facilities. He added that over the next 12 years, the electric system faced 1.5 billion dollars of resource decisions. All resources were up for relicensing and reconstructing. EWEB had three water rights on the McKenzie River, one on the Willamette River and one ground water right that was junior to both Rainbow and SUB, which required cooperation among all three providers.

Mr. Lawson summarized EWEB's main strategic priorities. He highlighted the following priorities:

- Develop water source resiliency and diversity;
- Consider electric resource decisions in the context of changing markets;
- Improve relationships with customers;
- Develop resiliency in local generation resources
- Link resources to key distribution points within the territory;
- Add flexibility to distribution to prioritize loads required in an emergency

SUB – Main Strategic issues over the next 2-3 years

Jeff Nelson provided an overview of SUB's services. He said SUB had the ability under the city charter to provide electric, water, telecommunications, and gas services to the City of Springfield. SUB had 25 square miles of service territory with approximately one third of electric customers and one half of water customers in relation to EWEB. SUB's water system was made up of well ground water sources as well as surface water sources. A treatment facility on the Willamette River treated both surface and well water and the Thurston Well Field near the McKenzie River treated ground water. SUB faced legislative and regulatory issues. SUB electric had residential, commercial and industrial energy conservation programs to provide a variety of efficiency products and SUB water focused on providing residential energy conservation programs.

Mr. Nelson summarized SUB's main strategic priorities. He highlighted the following priorities:

- Ensure decisions made by the board and recommendations by the staff were sustainable in terms of affordability, and stewardship of natural resources
- Evaluate and expand the ability to move water within the entire SUB system;
- Explore the ability to move water between Rainbow and SUB systems
- Develop a new surface water treatment facility on the McKenzie River
- Purchase targeted properties to move forward with infrastructure to link upper level services to provide redundancy for upper level systems and to protect the water supply
- Provide chain of custody of environmental attributes and renewable energy certificates

Present SUB/EWEB Collaborative Endeavors

Mr. Nelson and Mr. Lawson presented on the collaborative endeavors between EWEB and SUB. They highlighted the following collaborations:

- Mutual emergency aid
- Water intertie agreement between Rainbow, EWEB and SUB
- River clean up
- Source protection efforts
- Equipment loans
- Energy efficiency efforts

- Joint local campaigns to reach out to customers
- Emergency water containers
- Fiber systems agreements
- Planning coordination for events that impact power structure
- Interties on water and electric services to share sources

Pat Riggs-Henson asked if SUB and EWEB held joint staff trainings in areas other than disaster relief.

In response, Mr. Nelson said joint planning sessions were held on various topics and challenges and trainings focused on topics such as emergency preparedness. Many union groups did trainings on safety and indoctrination.

Mr. Helgeson asked if there were a communication protocols in place to coordinate during a broad-based disaster.

Mr. Nelson stated this was an area where enhancements could be made. Currently there were strong communication processes in place during an anticipated incident, such as an ice storm. Enhancements could be made for when there was an unanticipated incident.

John Simpson asked if there would be opportunity to wheel power to Springfield if power needed to be provided to sustain hospitals and other critical infrastructure.

Mr. Lawson said it would be possible. The benefit of collaboration was that these types of scenarios could be discussed and planned for. When EWEB went through resiliency and flexible distribution exercises, many of the most critical loads were in Springfield's territory. EWEB recognized that in that kind of scenario, it would require considering leveraging other resources such as Cougar Reservoir and Lookout Point for the southern Willamette Valley. During exercises in the Northwest, in collaboration with the Western Electric Coordinated Council (WECC), and the North American Electric Reliability Corporation (NERC), the first step was to disconnect from the system and wait for a callback that the grid had been restored. Even in the exercise, a callback was never received because, relative to Portland and the Columbia River, EWEB was low on the priority list, requiring reliance on collaboration with partners in the southern Willamette Valley.

Round Table – Opportunities for Future Partnerships

EWEB and SUB Board members discussed opportunities for future partnerships in the following areas: resiliency and disaster preparedness, BPA rate case implications and utility involvement, legislative and governmental issues, infrastructure compatibility, and economic development.

Board Discussion:

The board members expressed the following:

- Resiliency and Disaster Preparedness
 - Avoid or minimize capital costs going forward, particularly on the water side
 - Ensure that EWEB and SUB could maximize the value of interconnections to have transfer capabilities
 - Prioritize working collaboratively, especially in times when triage was needed; EWEB and SUB needed to support and protect each other
- BPA Rate Case Implications and Utility Involvement
 - Work together, and with other organizations, to move forward with the Bonneville rate case negotiations and Columbia River Treaty
 - Work together to emphasize improvement of fish hatcheries
 - Reinforce existing efforts where SUB and EWEB interests were aligned in terms of establishing a local forum for utilities to bring some pressure to bear on decision makers
 - Hold joint public forums to gather public testimony and input
 - Leverage local advocacy with help from all the county utilities to hold some Bonneville hearings locally
 - Discuss issues in joint board meetings
 - Amplify impact by using joint forums to hold decision makers accountable by inviting experts and state representatives to these forums
- Legislative and Governmental Issues
 - Work together to identify common concerns to support one another during the legislative session
 - Work together to meet with delegation after the conclusion or before the legislative session
 - Hold a joint lobby day

The EWEB/SUB joint session paused for a break from 7:15 p.m. to 7:30 p.m.

Mr. John Brown left during the break.

- Infrastructure Compatibility
 - Examine and identify issues in the capacity to transfer water between SUB and EWEB under different conditions
 - Engage other parties involved between cities to improve communication and preparedness in the event of a disaster
 - Outline methods of communication between SUB and EWEB in the event of a disaster
 - Outline methods of communication between private and public organizations in the event of a disaster
 - Outline methods of communication with the community and customers in the event of a disaster
 - Examine the possibility of a shared intake and treatment facility at Hayden Bridge
 - Identify and Explore ways to work together on water and electric infrastructure

- Economic Development – Eugene/Springfield Metro Plan
 - Continue to explore possibilities of open internet exchange between Eugene and Springfield through development of dark fiber infrastructure
 - Share the processes and steps taken by EWEB throughout the development of the fiber project
 - Send other ideas to the SUB and EWEB general managers
- Others

The board members shared their highest priorities in developing a collaborative relationship between EWEB and SUB. They emphasized the following:

 - Build a partnership between EWEB and SUB by holding annual or biannual joint sessions
 - Cooperate and collaborate in lobbying for joint interests
 - Explore opportunities to collaborate on infrastructure upgrades
 - Develop resiliency and disaster preparation before moving forward
 - Invite BPA to joint sessions to hold them accountable
 - Work together on the Bonneville rate case negotiations and Columbia River Treaty
 - Work together to seek regional water efficiency, resiliency, and redundancy
 - Engage with key players in the water services such as Rainbow Water District and Glenwood Water District
 - Share suggestions for next steps from the SUB and EWEB general managers

Adjournment

The Special SUB/EWEB Joint Meeting adjourned at 8:20 p.m.

Assistant Secretary

President

**EUGENE WATER & ELECTRIC BOARD
EXECUTIVE SESSION
EWEB BOARD ROOM
500 EAST 4TH AVENUE
APRIL 4, 2017
5:00 P.M.**

Commissioners Present: Dick Helgeson, President, John Brown, Vice President, Steve Mital, John Simpson and Sonya Carlson, Commissioners.

EXECUTIVE SESSION:

Pursuant to ORS 192.660(2)(i)

The EWEB Board of Commissioners met in Executive Session to review and evaluate the employment performance of the General Manager.

Others Present: Lena Kostopulos, Chief Human Resources Officer and Kira Hutchens, Human Resources Consultant.

President Helgeson adjourned the Executive Session meeting at 5:15 p.m.

Assistant Secretary

President

**EUGENE WATER & ELECTRIC BOARD
EXECUTIVE SESSION
EWEB BOARD ROOM
500 EAST 4TH AVENUE
APRIL 4, 2017
5:15 P.M.**

Commissioners Present: Dick Helgeson, President, John Brown, Vice President, Steve Mital, John Simpson and Sonya Carlson, Commissioners.

EXECUTIVE SESSION:

Pursuant to ORS 192.660(2)(e)

The EWEB Board of Commissioners met in Executive Session to conduct deliberations with persons designated by the governing body to negotiate real property transactions.

EWEB Staff Present: Frank Lawson, General Manager, Mel Damewood, Chief Engineering & Operations Officer, Sue Fahey, Chief Financial Officer, Lena Kostopulos, Chief Human Resources Officer.

President Helgeson adjourned the Executive Session meeting at 5:43 p.m.

Assistant Secretary

President

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
500 EAST 4TH AVENUE
April 4, 2017
5:45 P.M.**

Commissioners Present: Dick Helgeson, President; John Brown, Vice President; Sonya Carlson, Steve Mital, John Simpson, Commissioners

Absent: None

Others Present: Aaron Balmer, Acting General Accounting & Treasury Supervisor; Mel Damewood, Chief Engineering & Operations Officer; Sue Fahey, Chief Financial Officer; Frank Lawson, General Manager; Mike McCann, Electric & Generation Operations Manager; Wally McCullough, Water Engineering Supervisor; Rod Price, Engineering Manager; Keith Simovic, Moss Adams

President Helgeson called the Regular Session to order at 5:47 p.m.

Agenda Check

There were no changes to the Agenda

Items from Board Members and General Manager

- President Helgeson reported that he attended the trustee's meeting of the NWPPA
- Vice President Brown wondered why House Bill (HB) 2020 wasn't on EWEB's Legislative Agenda, and why EWEB wasn't actively opposing HB 2020. Mr. Lawson assured Vice President Brown that EWEB was indeed opposed to HB 2020, and that he would bring it back to the Board just to make sure EWEB and the Board were on the same page vis-à-vis HB 2020. Vice President Brown read a text message that he had received from Mark Freeman, saying goodbye to the EWEB Board of Commissioners. He concluded that he was approached by a property owner with a high-producing water well, that may be interested in donating the well to EWEB.
- Mr. Lawson announced that EWEB had submitted the necessary paperwork to the Federal Emergency Management Agency (FEMA) for reimbursement after the ice storm. He added that EWEB had also applied for grants for future mitigation of inclement weather events. Mr. Lawson thanked Commissioners for their participation in the joint meeting between EWEB and Springfield Utility Board (SUB).

Public Input

Tim Cling of Eugene, and ShelterCare, reported to the Board that, due to inclement weather over the winter, ShelterCare experienced a highly damaging power surge. He

said that the organization asked EWEB for relief for their repairs, although the power surge was not EWEB's fault. Mr. Cling said that ultimately, EWEB did offer ShelterCare mitigating relief for the necessary repairs. He thanked the Board and the utility itself for their willingness to help.

2016 Year-End Audited Financial Statements and Management Letter

Keith Simovic of Moss Adams, offered the Board an audit report and Power Point presentation.

President Helgeson asked if the audit report represented a clean opinion.

Mr. Simovic said that it did.

Vice President Brown pointed out that the written audit report implied there was existing litigation against the EWEB Board of Commissioners; he asked if that was indeed the case.

Ms. Fahey responded that there was a liability claim currently filed against the utility, but not the Board.

Commissioner Simpson said that he was very pleased to be working with Moss Adams, and thanked them for their report.

President Helgeson echoed Commissioner Simpson's sentiment; he added that the report itself was very well put together and helpful.

BOARD ACTION ITEMS

Approval of Consent Calendar

MINUTES

1. a. March 7, 2017 Regular Session
- b. March 7, 2017 Executive Session

CONTRACTS

2. **CH2M** - for Engineering Services for the Hayden Bridge Treatment Plant Disinfection System Replacement Project \$565,000. Contact Person is Mel Damewood 541-685-7145

3. **Habitat Contracting, Oregon Woods, and Integrated Resource Management** - for vegetation management services \$400,000 (over 5 years, between three contracts). Contact Person is Mel Damewood 541-685-7145.

Commissioner Simpson moved to approve the Consent Calendar without Item 3. The motion carried unanimously 5:0.

Items Removed from Consent Calendar

Vice President Brown asked if the \$38-\$48 per hour for vegetation management was a prevailing wage.

Mr. Damewood said that he did not believe it was. He added that some of the vegetation maintenance was highly specialized, and went beyond ordinary duties such as mowing.

Commissioner Mital asked if there was a way to rough out a split between voluntary EWEB work, and Federal Energy Regulatory Commission (FERC)-mandated work.

Mr. Damewood replied that he had already begun compiling a list of work activities and whether they were EWEB jobs, or FERC-mandated jobs.

Vice President Brown moved to approve Habitat Contracting, Oregon Woods, and Integrated Resource Management - for vegetation management services. The motion carried unanimously 5:0.

Electric & Water 2017 Capital True Up and Budget Amendments

Mr. Price offered the Board a Power Point presentation on the 2017 Capital Improvement Plan, April True-Up.

Commissioner Carlson asked for some examples of customer-driven projects, and she also wondered why those were in decline.

Mr. Price answered that they were not actually in decline, but those projects—such as new connections—vary from year to year, and are measured using historical data.

Commissioner Carlson asked if the \$600,000 which was a part of fiber work, was a different phase, or part of the current project.

Mr. Price said it was part of the current project.

Commissioner Carlson wondered why the fleet budget was being reduced by \$500,000.

Mr. Price answered that rather than spend money on new vehicles, they would use current fleet budgets to maintain existing company vehicles.

Vice President Brown asked if EWEB was sure it could use the land that would be purchased for a second water source for that use specifically.

Mr. Damewood responded that EWEB would need to get the property through the Metro Plan Amendment Process in order to use the property as a second water source.

Commissioner Mital asked if EWEB was legally obligated to purchase the property in question.

Mr. McCullough said that he was not sure at this time.

Commissioner Simpson moved to approve Budget Amendment No. 1. 2017 Electric Utility Capital Budget, and Budget Amendment No. 2. 2017 Water Utility Capital Budget. The motion carried 4:1, with Vice President Brown voting against.

Annual Compensation Review for General Manager

Commissioner Simpson moved to allow General Manager Lawson a pay increase of 2.1%.

Commissioner Simpson said that although his review was positive, and deserving of a pay increase, Mr. Lawson has not been in the position for a complete year, so instead of the industry standard 5% increase after a year, he thought it appropriate to adjust the pay increase to 2.1%. He added that the 2.1% was on a par with 2017 budgetary assumptions.

Commissioner Simpson's previous motion carried unanimously 5:0

Break

President Helgeson called for a break at 6:56 p.m., and reconvened the meeting at 7:11 p.m.

Resolution No 1707, Authorizing the General Manager to Execute Purchase and Sale Agreement for Riverfront Property

Vice President Brown moved to approve Resolution No. 1707, Authorizing the General Manager to Execute Purchase and Sale Agreement for Riverfront Property. The motion carried unanimously 5:0

GENERAL BUSINESS ITEMS

Correspondence & Board Agendas

Mr. Lawson offered the Board an update on the FERC Carmen Smith relicensing process.

Commissioner Mital wondered why EWEB was not already in possession of said license.

Mr. McCann answered that the relicensing process was ongoing.

Mr. Lawson reported that there were a couple of Pricing Committee meetings added to EWEB's schedule. He added the joint meeting with City of Eugene had been postponed, and will take place in three weeks to a month. Mr. Lawson said he would like to target the May 2 Board Meeting to reveal the After Action Report on the ice storm.

Commissioner Simpson wondered if there was an upcoming wind farm tour.

Mr. Lawson replied that there was Board interest, but not consensus; he said he would look into it.

Board Wrap Up

Commissioner Simpson stated that he appreciated the brevity and pace of recent meetings. He thanked EWEB staff, especially the Board Secretary, and he thanked President Helgeson for holding Board meetings to schedule.

Commissioner Carlson asked for a follow-up on the SUB meeting.

Mr. Lawson said the joint meeting with SUB was a good meeting that had opened a channel of communication between EWEB and SUB.

Commissioner Simpson said it was his understanding that the general consensus was for the EWEB Board to schedule another joint meeting with SUB for the fall.

Commissioner Mital offered that he hoped another joint meeting with SUB would not be scheduled until after Mr. Lawson has had time to plan for said meeting.

Adjournment

President Helgeson adjourned the Regular Session at 7:37 p.m.

Assistant Secretary

President

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a new contract with **OBEC Consulting Engineers for Engineering Services for the Hawkins 607 Reservoir Improvements.**

Board Meeting Date: May 2, 2017

Project Name/Contract#: 011-2017 -Engineering Services for the Hawkins 607 Reservoir Improvements Project.

Primary Contact: Rod Price Ext. 7122

Purchasing Contact: Ramie Alkire Ext. 7413

Contract Amount:

Original Contract Amount: \$335,000

Additional \$ Previously Approved: \$ n/a

Invoices over last approval: \$ n/a

Percentage over last approval: n/a %

Amount this Request: \$335,000

Resulting Cumulative Total: **\$335,000**

Contracting Method:

Method of Solicitation: Formal Request for Proposal

If applicable, basis for exemption: N/A

Term of Agreement: April 5, 2017 – December 31, 2018

Option to Renew? No

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

Proposals/Bids Received (Range): QBS Process – negotiated price and SOW with highest ranked proposer

Selection Basis: Highest ranked proposer

Narrative:

The Board is being asked to approve a contract with **OBEC Consulting Engineers (OBEC) for Engineering Services for the Hawkins 607 Reservoir Improvements.**

EWEB requires Engineering Services for structural/seismic upgrades to the existing 20 million gallon Hawkins 607 Reservoir. An evaluation of this reservoir, constructed in the early 1960s, was completed in 2005. This evaluation identified numerous structural issues which require repair and improvements to ensure adequate performance during a seismic event. The requested work updates the 2005 evaluation and provides both structural engineering services for design and services during construction.

In March, 2017, staff issued a Formal Request for Proposals (RFP). EWEB received three proposals, responses were submitted by OBEC of Eugene, OR; CH2M of Corvallis, OR; and Peterson Structural Engineers of Portland, OR. The responses were evaluated based on evaluation criteria stated in the RFP, including Project Approach, Project Experience, and Project Team Experience.

OBEC has been found to be responsive and responsible and had the highest score as a result of their response to the RFP. As a result of successful negotiations of the Scope of Work and Fees, OBEC has been selected to provide the Services. Staff has issued a Notice of Intent to Award to OBEC, pending Board Approval.

ACTION REQUESTED:

Management requests the Board approve a new contract with **OBEC Engineers for Engineering Services for the Hawkins 607 Reservoir Improvements.** The 2017 Budget includes \$300,000 for this work with a project total of approximately \$1,800,000 in the CIP for this project through 2018.

SIGNATURES:

Project Coordinator: _____

Manager: _____

Purchasing Manager: _____

Executive Officer: _____

Board Approval Date: _____