

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
500 EAST 4TH AVENUE
July 11, 2017
5:30 P.M.**

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

Absent: None

Others Present: Mel Damewood, Chief Water Engineering & Operations Officer; Sue Fahey, Chief Financial Officer; Deborah Hart, Fiscal Services Supervisor; Frank Lawson, General Manager; Wally McCullough, Water Engineering Supervisor; Tyler Nice, Systems Engineering Supervisor; Rod Price, Chief Electric Engineering & Operations Officer; Jerry Reller, Senior Financial Analyst; Nate Schultz, Senior Financial Analyst

President Helgeson called the Regular Session to order at 5:28 p.m.

Agenda Check

There were no changes to the Agenda

Items from Board Members and General Manager

- Commissioner Mital wondered if any other Commissioners would like to sit down with him and Mr. Lawson to discuss local transmission and distribution.
- Vice President Brown expressed concern about a more recent property inventory, stating that the last such inventory was done in May of 2009. He also wondered why EWEB was not selling off property that it does not use. Vice President Brown stated that he would like updates on the pentachlorophenol plume moving toward the McKenzie, and emergency preparedness. Finally, President Brown was concerned about the recent ramping-up of the McKenzie; he said that the flow was increased too suddenly, and without enough notification to local residents.
- Commissioner Simpson stated that he had recently met with Eugene City Councilor Emily Semple, and was scheduled to meet with other Councilors. He added that EWEB was considering a shuttling service for fish at the Carmen Smith facility. Commissioner Simpson stated that Lane County would be taking the lead role in upriver broadband.
- Commissioner Carlson announced that she recently attended the American Public Power Association Conference.
- President Helgeson reported that he and Commissioner Simpson would be taking a trip together to the McKenzie Trust property that was recently acquired from Rosboro. He also recognized Erin Erben for her service to EWEB.

- Mr. Lawson said electric system training would be a great idea for Commissioners. He added that looking at surplus properties was not currently part of EWEB's short term plan, and that it sounds like a good opportunity. Mr. Lawson said he would like the Board to consider issuing a Record of Decision around the flow of the McKenzie through Walterville, and the ramping of the McKenzie itself. He reported that the Oregon Legislature took no action on the residential energy tax credit; he said that it is set to expire at the end of the year.

Commissioner Mital stated he was unclear on the point of the Record of Decision concerning Walterville.

Mr. Lawson said it would be good to have decisions on record, even if the Board did not vote on said decision.

Vice President Brown asserted that ramping up the McKenzie to twice its normal flow in four hours was unnatural and dangerous.

Public Input

Mary Ellen Bennet of Eugene and Lane County Health and Human Services, thanked EWEB for the utility's low income customer programs.

Will Rutherford of Vida thanked EWEB for revisions to their Alternative Water Source strategy.

Zach Mulholland of Eugene reported that Eugene City Council recently adopted a Transportation System Plan (TSP) with an amendment to look at the TSP in one year to gauge the TSP's effects on Eugene's current Climate Recovery Ordinance (CRO). He thanked EWEB for working to reduce their own greenhouse gas emissions.

BOARD ACTION ITEMS

Approval of Consent Calendar

MINUTES

1.a. May 16, 2017 Strategic Planning Work Session

1.b. June 6, 2017 Regular Session

CONTRACTS

2. Moss Adams LLP - for Audit Services. \$670,000 (over 5 years). Contact Person is Sue Fahey 541-685-7688.

RESOLUTIONS

3. Resolution No. 1718 - Requesting Electric Bond Sale Authorization. Contact Person is Sue Fahey 541-685-7688.

Items Removed from Consent Calendar

Commissioner Carlson wished to pull number 2 from the Consent Calendar.

Commissioner Simpson moved to approve the Consent Calendar without #2. The motion carried unanimously 5:0.

Commissioner Carlson wondered if EWEB's current Request for Proposal (RFP) would allow them to seek an auditor besides Moss Adams LLP, which has been contracting with EWEB since 2004.

Ms. Fahey replied that due to EWEB's size, auditing contracts are not attractive to smaller firms than Moss Adams.

Commissioner Simpson moved to approve #2 on the Consent Calendar.

Commissioner Mital opined there was value in having a different perspective as per auditing the utility.

President Helgeson stated that he was happy with the services provided by Moss Adams.

Commissioner Simpson echoed President Helgeson's sentiment.

Vice President Brown wondered how EWEB would know if it's getting the best deal possible as per auditing services, if they have been contracting with the same firm for so long.

Commissioner Simpson's motion to approve #2 on the Consent Calendar passed unanimously 5:0.

Strategic Plan Update

Mr. Lawson offered the Board an update and Power Point presentation on the utility's Strategic Plan.

Commissioner Mital was glad to see the low-carbon fuel mix for electricity was in the Strategic Plan.

Vice President Brown asked if EWEB was going to become a regional water provider.

Mr. Lawson replied that the statement Vice President Brown was referencing, was more to do with the capacity of the plant, and the understanding that if more filtration capacity was needed, the revenue would be there to support it.

Commissioner Carlson said she appreciated the simplicity of the Strategic Plan. She added that the Strategic Plan should be revised as needed.

Commissioner Mital opined that the Board should take a month to review the Strategic Update before voting on it, due to potential disagreements in language.

The Board agreed they would address it again at the August meeting.

Electric & Water 10-Year Capital Improvement Plan

Mr. Damewood, Mr. McCullough, Mr. Nice, and Mr. Price offered the Board a report and Power Point presentation on the Electric and Water 10-Year Capital Improvement Plan (CIP).

Commissioner Simpson wondered what the water quality lab mentioned in the presentation was.

Mr. McCullough replied it was a new water quality lab at the Hayden Bridge facility.

Commissioner Carlson wondered what exactly was done in order to turn the CIP around so that reserve needs were met.

Mr. Nice responded that they had been working closely with the staff of each individual project, and working to level out costs to ensure reserves were met annually.

Commissioner Mital wondered how the utility would expand along with the expansion of the Urban Growth Boundary (UGB).

Mr. Price said EWEB had already purchased land for transmission infrastructure expansion, should that become necessary.

Mr. Damewood further clarified that if it was building or expansion benefitting only one entity, that entity would bear the cost, but if it was beneficial to multiple customers, EWEB would pick up those costs.

Mr. Lawson reported that the utility had planned for a certain amount of incremental growth.

Commissioner Mital moved to approve the first 5 years of the 10 year capital plan for Water/Electric (including shared services) with the Year 2018 being the approved amounts for the 2018 Capital Budget. The motion carried 5:0.

President Helgeson called for a Break at 7:54 p.m. The meeting reconvened at 8:04 p.m.

GENERAL BUSINESS ITEMS

Electric & Water Long Term Financial Plan Update & 2018 Budget Assumptions

Ms. Fahey, Ms. Hart, Mr. Reller, and Mr. Schultz offered the Board a long term financial plan update and Power Point presentation on the long term financial plan and 2018 budget assumptions.

Vice President Brown asked if the accrued AWS reserves would stay in reserve status until 2026 or could a portion be used for water reliability initiatives other than a treatment plant on the Willamette River.

Ms. Hart responded that is a board choice.

Mr. Schultz said that in this particular proposal, the AWS reserves represented a draw down was as per the new CIP.

Commissioner Simpson wondered if the health insurance pool for utilization assessment was only for EWEB, or if it included other agencies.

Ms. Fahey replied that it was only EWEB.

Commissioner Simpson asked if the manner in which the ROC move costs were split between the water and electric sides of the utility represented a traditional ratio, or a reflection of the actual anticipated costs.

Ms. Hart reported the split was an estimate generated by the manner in which the building would be used.

Commissioner Simpson wondered how the discontinuance of the 2014 3% price increase dedicated to AWS would manifest.

Staff replied that it would be manifest as a rate reduction.

Commissioner Mital asked if the projected 2.3% rate increase in future years was there in case the utility decided to pick up where it left off with AWS.

Ms. Fahey said that was correct.

President Helgeson suggested the Board revisit its conversations concerning previous water rate actions.

Ms. Fahey referred commissioners to the related correspondence for this meeting.

President Helgeson asked the Board if there were any objections to the Electric & Water Long Term Financial Plan being carried forward into the budget process.

There were none.

Correspondence & Board Agendas

Mr. Lawson offered the Board a report on Correspondence and Board Agendas.

Commissioner Mital warned against the Board being too hasty in its decision making where Leaburg forest management was concerned.

Mr. Lawson said he and staff would explore slowing that process in order for staff, and the Board, to study it further.

President Helgeson said in his recollection, there was never a complete conversation concerning the Leaburg forest management contract. And any context from past conversations on said topic was virtually lost.

Board Wrap Up

Commissioner Mital questioned the amount of EWEB resources being allocated for rate payer surveys, due to low survey participation.

Adjournment

President Helgeson adjourned the Regular Session at 8:50 p.m.

Assistant Secretary

President