

EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
JULY 22, 2014
5:30 P.M.

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

Others Present: Mel Damewood, Cathy Bloom, Lena Kostopulos, Wally McCullough, Jeannine Parisi, Sue Fahey, Lance Robertson, Mark Freeman, Denise Wolting, Matt Sayre, Brad Taylor, Frank Lawson, Harvey Hall, Susan Eicher, Lisa Akin, Todd Simmons, Dave Churchman, Steve Newcomb, Roger Kline, Mike McCann, Tom Williams, and Taryn Johnson of the EWEB staff; Vicki Maxon, Recorder.

President Brown convened the Regular Session of the Eugene Water & Electric Board (EWEB) at 5:30 p.m.

AGENDA CHECK

There were no items.

EWEB HISTORICAL E-BOOK APPRECIATION

President Brown introduced EWEB retiree George Mason, author of the e-book, “EWEB, The First 100 Years,” and gave the following recognition.

“I would like to take a few minutes to recognize the extraordinary effort of EWEB retiree, and president of the EWEB Retirees Association, George Mason. After nearly 29 years of service to the water utility, George must have spent every waking moment since his retirement in 1994 to create his 458-page e-book, ‘EWEB, The First 100 Years.’ To say this is an impressive undertaking is a radical understatement but, as George cites in his preface, it was a labor of love.

This book, which is available on the EWEB website, tells us a lot about the early history of Eugene and the utility’s role in shaping this history. But it’s not just about the utility assets, like when we built the steam plant or Carmen-Smith. It helps tell the story of EWEB’s culture, its traditions like the summer employee picnic and the people who helped make EWEB a success—and it’s a treasure trove of historic pictures.

There’s very few in this world who would take their pride in their employer to this level—and what a gift to generations of future employees to have access to this information—it’s simply priceless. So tonight, on behalf of the Board, I want to express our gratitude for your dedicated years of research compiling this book for us to enjoy and to learn more about this organization.

I know that this book was a group effort and involved numerous others, including our own Vicki Maxon, as well as Mark Warnock, Denise Wolting and Kevin Biersdorff at EWEB, as well as others in the community such as the Lane Historical Society. But it was George's vision and passion that made this happen and, for that, please accept our thanks."

ITEMS FROM BOARD MEMBERS

Commissioner Manning apologized for missing the last Board meeting and thanked the audience for attending tonight's meeting.

Commissioner Helgeson thanked Mr. Mason for the e-book and told him he was privileged to have worked with him at EWEB. He then introduced Sofe Steward, wife of EWEB retiree Bob Steward, who is the volunteer coordinator for the EWEB museum collection and has assisted Mr. Mason with the display of historical items in the museum.

Commissioner Simpson recalled that he had spent approximately two hours going through EWEB's photo archives about eight years ago and had spoken to Mr. Mason about his plans to write this book, and how great it is to see the finished product. He added that EWEB retiree Lucille Norton, whose name and photo are in the book, was his neighbor growing up.

He then congratulated EWEB's crews for quickly restoring approximately 100 customers' power during instantaneous outages caused by the recent thunder and lightning storm.

He noted that he spent a day with President Brown and others at the recent annual McKenzie River clean up event, and he thanked staff for taking President Brown and him on a recent tour of the steam plant.

Finally, he noted that he met with staff to revise several Board policies which will be discussed in the next couple of months.

Vice President Mital thanked the audience for attending. He mentioned his recent two-week trip to Katmandu, Nepal as a member of the Sister City delegation and noted that their sewage treatment goes directly into a river, so he feels fortunate that the EWEB service area is "clean and green." He also thanked President Brown for taking him and his son trout fishing before he left.

President Brown again thanked Mr. Mason for the EWEB e-book and for his dedicated service to EWEB and the community, and added that EWEB's employees and retirees are its most valuable asset.

He then commented that he had participated in the McKenzie Watershed group's McKenzie River clean-up and that it was disgusting to see what people haul down to the river and don't take with them when they leave. He noted that, unfortunately, most of the items were left by fishermen who don't care about cleaning up the river.

PUBLIC INPUT

Jerry Oltion is a member of the Eugene Astronomical Society and also a member of the neighborhood association that monitors College Hill Reservoir. He stated that this year there was very little to be concerned about and that there was only one incident of dog feces that was quickly cleaned up. He thanked the Board for letting his group do the reservoir watch and said that they are happy to continue to do so as long as is necessary.

Bob Fish is one of many plumbers in attendance this evening who is speaking to EWEB's policy to disallow plumbers to turn off a water meter at the curb stop. He noted that this is a great inconvenience; results in delay of response and solution to a customer leak or other problem, and that plumbers are qualified to do this and could take a class if necessary.

Aaron Mustin, an employee of Chapman Plumbing, echoed Mr. Fish's concerns and said that he met with Brad Taylor, Water Operations Manager and President Brown and that a resolution seems to have been reached. He thanked the Board for listening to the plumbers' concerns.

Marilyn Cross, chair of the McKenzie ClearWater Coalition, noted that EWEB's annual upriver Board meeting is scheduled for September 2, 2014, which is the day after Labor Day. She noted that attendance at that meeting would be minimal due to the Labor Day holiday and she wondered if the Board would consider either cancelling the meeting or changing it to a different date.

Ms. Cross then voiced concern that she had recently heard that typed minutes of Board meetings may be discontinued and that there may only be audio recordings for the public to listen to. She told the Board she does not want audio-only minutes, and she asked them to maintain the minutes at their current level, which documents in detail the positions the Board takes. She then noted that the car that went into the McKenzie River due to a car accident on May 12 is still in the river. She stated that sufficient river depth is not Lane County government's top priority and that a towing company had been contracted with but was denied access by residents who live on the immediate side of that location, though the next resident in line has granted access. She gave the Board additional details of the upriver residents' attempt to get the car removed from the river.

Bernard Petersen of Petersen Plumbing read the following petition that has been signed by him and his fellow plumbers, and submitted to the Board this evening:

"This is a petition from like-minded journeyman plumbers who disagree with EWEB's new policy of not allowing anyone to use their shutoffs under any circumstances. We believe that this policy should be reversed. If not, we believe it should be amended to allow journeyman plumbers (who have been deemed competent in their trade by the State) to use their corporation stops in the performance of their duties."

Tom Hoyt, a local business attorney, was a member of EWEB's Riverfront Master Plan Community Advisory Team. He said that he won't be able to attend the developer presentation

next week, but that he understands that there are three potential developers who have been chosen to make presentations. He encouraged the Board to continue to evaluate qualifications, ability and character of the applicants and not narrow the group down to one so as to lose competition. He reminded the Board that the objective is to get the maximum value for this site, and he is concerned that having only one bidder will bring much less value than if there are three bidders, and he believes that the marketplace will give the Board better choices through a bid process. He reiterated that the Board should keep all qualified applicants in the mix and ask them to submit bids so that the Board can count the money in addition to evaluating what they plan to do with the riverfront property.

President Brown noted that the meeting is now ahead of schedule and that at 6:15 p.m. he will again check to see if there are others present who wish to give public input.

He thanked those who participate in the College Hill Reservoir watch. He thanked Ms. Cross for her report regarding the car in the river and stated that the Board can assist in gaining access for the towing company if necessary.

He thanked the plumbers in attendance and noted that the system is working, and he reiterated that there may now be a solution partly because someone had called him at home in order to begin the resolution process.

Commissioner Simpson stated that staff has targeted the pilot water meter access program to start no later than January 15 and that the Board will work with them to “dot the i’s and cross the t’s.” He briefly summarized the goal of the pilot program and thanked the plumbers for their attitude of cooperation and for their attendance.

He appreciated the astronomical society and College Hill Reservoir watch group for their stewardship, and noted that the reservoir may be decommissioned soon and that the green water tank is due to be taken down in a couple of years.

He thanked Ms. Cross for addressing a possible conflict with the September 2 upriver Board meeting.

Commissioner Helgeson noted that the reservoir watch and water meter policy/plumber issues are two good examples of how well things work when the Board and its customers listen to each other, are flexible and trusting, and sometimes take a risk. He appreciated Mr. Taylor and his staff for their flexibility while not jeopardizing the safety of drinking water, yet allowing customers to use the reservoir area. He stated that he looks forward to a resolution of the water meter policy issue and appreciated the plumbers for working with staff toward that resolution.

He agreed that the day after Labor Day is not a good day for the upriver Board meeting, and appreciated the turnout that the upriver Board meetings generate.

Commissioner Manning echoed his fellow Commissioners regarding the water meter policy issue and stated that he wants to continue to work with EWEB’s customer/owners to make life easier and not more difficult.

Vice President Mital thanked Mr. Hoyt and told him that he has similar thoughts and concerns to his, and that he has written an e-mail to General Manager Gray listing those.

APPROVAL OF CONSENT CALENDAR

Commissioner Helgeson pulled item #7 for questions only. It was moved by Commissioner Manning, seconded by Commissioner Simpson, to approve the remainder of the Consent Calendar. The motion passed unanimously (5-0).

ITEMS REMOVED FROM CONSENT CALENDAR

Commissioner Helgeson asked for clarification regarding the draft of the Memorandum of Understanding (MOU) and whether it lays out supporting protocols around the new format. General Manager Gray replied that it is close to final form, and he explained how the revised formula for the wholesale amount proceeds over time, and noted that it will not be called “wholesale” anymore.

Commissioner Helgeson stated that he supports the revision but just wanted clarity of language.

The Board asked further clarifying questions regarding the sale of assets and the sunset opportunity, and General Manager Gray answered them.

It was then moved by Commissioner Simpson, seconded by Commissioner Manning, to approve item #7 of the Consent Calendar. The motion passed unanimously (5-0).

CARMEN-SMITH POWERHOUSE CRANE CONTRACT

Mel Damewood recalled the backgrounder that the Board has previously received and that the existing crane is 50 years old, out of service, and has reached end of life. He noted that this is a very favorable bid and that the work at Carmen-Smith cannot proceed without a new crane.

It was moved by Commissioner Simpson, seconded by Commissioner Manning, to approve this contract. The motion passed unanimously (5-0).

LONG-TERM FINANCIAL PLAN UPDATE AND 2015 BUDGET ASSUMPTIONS

Using overheads, Cathy Bloom, Finance Manager; Sue Fahey, Fiscal Services Supervisor; Harvey Hall, Senior Financial Analyst and Deborah Hart, Senior Financial Analyst, presented the above update and budget assumptions.

Management recommended Option #2, a 1.5% overall average rate change for electric to support revenue requirements, effective in February 2015; and a 5.2% overall average rate change for water to support revenue requirements, effective in February 2015.

Commissioner Helgeson commented that this is the most cogent and understandable budget presentation he has seen, with consistency between both sides. He stated that he would

like to see a rate increase every other year if possible, and asked staff to continue their good work on a strategy for reliability, with the understanding that this level of increase is reflective of that.

Commissioner Simpson stated that he is attracted to the capital improvement plan (CIP) selective option but feels that the near-term rate policy is too aggressive.

Vice President Mital echoed Commissioner Helgeson's comments regarding small rate increases and bundling them. He recalled that he had asked for a responsive option on the electric side and that he appreciates it, and that he continues to support it, but that he realizes that it is probably not a reality that the Board will face. He added that he wants to keep the rate pressure on and cross the other bridges when the Board gets to them. He also voiced support for staff's recommendation on the water side.

President Brown called for a 10-minute recess.

PUBLIC HEARING ON LTFP AND 2015 BUDGET ASSUMPTIONS

There was none.

ELECTRIC AND WATER 10-YEAR CAPITAL IMPROVEMENT PLANS (CIPs)

Using overheads, Mel Damewood, Engineering Manager, presented the above capital improvement plans. Staff recommends the "Selective" option.

It was moved by Commissioner Simpson, seconded by Commissioner Manning, to approve the electric capital "Selective" option.

Commissioner Helgeson stated that he trusts staff's judgment and supports their recommendations but has some questions regarding comfort-ability with future operation and maintenance (O&M) costs, etc.

President Brown voiced concern regarding customers comparing Springfield Utility Board (SUB) rates to EWEB rates and their continued resistance to rate increases, and also voiced concern regarding upcoming Federal Energy Regulatory Commission (FERC) construction work and the limited response time.

Mike McCann, Hydro License Implementation Project Manager, gave a brief update on the upcoming FERC construction work.

General Manager Gray clarified some "best assumptions" on how quickly the Carmen-Smith construction work will be implemented, and noted that all of that work can be performed within the existing license.

Vice President Mital reminded the Board about their previous discussion about rate increases and keeping them in check, and added that 3-4 months from now a rate increase will be more than customers can afford. For that reason, he stated he will vote against the motion on the table, the Selective option.

The motion passed 4-1 (Mital voted no).

It was then moved by Commissioner Simpson, seconded by Commissioner Manning, to approve the water capital Option #2, "Selective Strategic Capital."

Commissioner Simpson stated that he believes there is wiggle room to move to the center of the rate pack and that the water utility is under-valued.

Commissioner Helgeson stated that though he agrees there is wiggle room, he will vote against the motion, as he believes there is a disconnect if staff doesn't impose the same magnitude in water as in electric, though he recognizes there is not much difference between the two.

Vice President Mital stated that he supports the Selective option for water but will still vote against the motion on the table.

Commissioner Simpson voiced full support for the Selective water option.

The motion failed 3-2.

Commissioner Helgeson suggested a friendly amendment to incorporate the expenditures in the first five years of the CIP for the 2015 budget.

The Board agreed, and the motion then passed unanimously (5-0).

RE-OPENING OF PUBLIC INPUT

There was none.

CORRESPONDENCE AND BOARD AGENDAS

General Manager Gray reminded the Board of the EWEB/City of Eugene joint meeting that will occur tomorrow, July 23, at Harris Hall, and that lunch will be served at 11:30 in the Straub Room on the second floor.

He then reminded the Board of the Executive Session that will occur on July 30 after the riverfront developer presentations, and he noted that staff is indeed asking for some of the things Mr. Hoyt had asked the Board for in his public input. He added that there will be an Executive Session after the August 5 Board meeting for feedback regarding the developer presentations.

President Brown stated that the Board has not had an opportunity to weigh in on the questions, dialogue, etc. for the developer presentations, and that he wants to be sure that the Board has the ability to ask additional questions and make comments after the presentations.

Commissioner Helgeson reminded the Board that he will be out of town on July 30 but will be back for the August 5 Board meeting, and that he will watch the videos of the presentations and read the proposals in order to prepare for the August 5 Executive Session.

President Brown noted that Vice President Mital has recused himself from the selection process because the University of Oregon Foundation is one of the developers being considered, and Vice President Mital works for the University. He stated that he still wants Vice President Mital's perspective because the Board has not yet heard even one-tenth of the community dialogue that is important for this process.

Commissioners Simpson and Helgeson voiced the desire to become more clear on what questions can be asked and what Oregon Revised Statutes are to be followed in this process. General Manager Gray replied that he will clarify those before the presentations.

Regarding rescheduling the annual upriver Board meeting, General Manager Gray clarified that per Board bylaws, it can be moved to a different date, and that Tuesday, September 16 has been proposed. A brief discussion ensued regarding the upriver meeting, its rescheduling, and its location. President Brown stated that the Board needs to be mindful of upriver residents, river guides, etc., and their ability to attend on whatever evening it is rescheduled for.

General Manager Gray proposed that the upriver meeting be rescheduled to Tuesday, September 9 and that staff recommend format and topics depending on community interest.

It was moved by Commissioner Simpson, seconded by Commissioner Manning, to reschedule the upriver meeting to Tuesday, September 9 (or possibly a different day if necessary, depending on location and availability of the venue). The motion passed unanimously (5-0).

DECOMMISSIONING STEAM PLANT AND PROCESS FOR EQUIPMENT REMOVAL

The Board discussed the decommissioning and equipment removal process. President Brown wondered if the proposed developers could be asked whether or not they want the two steam turbines removed, as they may want everything and anything left in place. He questioned whether the Board should wait until September to have that discussion (which will be after the developer presentations).

Commissioner Helgeson stated that he wishes to leverage historical value if there's an opportunity to do so, while recognizing the importance of environmental mitigation.

Commissioner Simpson stated that the turbines take up a lot of space and that, generally, a developer would want space over coziness. He said he is okay with waiting to have that discussion but is leaning toward getting feedback from any developer who may want to convert them.

General Manager Gray noted that if the turbines are removed, it would be more expensive to do that, and that once the asbestos is removed from the plant, the plant will be mothballed. He suggested that the decision on who will be responsible for removing them should be part of the negotiation process, and added that the turbines do have scrap value, and the real cost would be not to mothball it.

BOARD WRAP-UP

Commissioner Manning thanked the Board for a productive meeting. He stated that it is his personal opinion that the real estate business and property valuation are not good areas for the Board to participate in.

Commissioner Helgeson agreed that it was a productive meeting. He voiced the desire to look at the possibility of structuring every-other-year electric rate increases and, regarding water rate increases, he reiterated that he likes Commissioner Simpson's suggestion to carefully articulate a 5 to 6.5% rate increase several years in a row. He added that this might make rate increases more palatable if customers could see what the rate increase is for, i.e., business as usual vs. reliability issues.

Commissioner Simpson complimented staff for a budget process that is clearer than ever and makes it easy for the Board to make decisions. He added that he would like the Board to consider an update on storm recovery issues, as there will be other storms—capturing not so many lessons learned, but the bigger picture about what we can do to make storm recovery easier on the organization and its customers. He said he would like to see head nods for this suggestion at a later meeting. He also stated that he enjoys staying competitive in the changing electric marketplace and would like to queue up conversations with staff regarding different options in order to remain competitive, because the future is rushing in faster than ever before.

Vice President Mital complimented the great work by staff just since February of this year, and noted that the new level of trust between Board and staff was further expressed tonight with how far capital could be pushed downward—resulting in a significant reduction in the budget over the next 10 years.

President Brown echoed Commissioner Simpson's comments regarding storm recovery issues. He reminded the Board that pressure needs to continue to be put on the organizations whose mistakes and problems were blamed on EWEB but were not EWEB's, and that they need to be told that it is them who are doing things wrong and not EWEB. He said he doesn't want EWEB to pay the price for communications people who are not doing their job when EWEB is doing theirs. He also complimented staff for a great meeting and allowing the system to work.

President Brown adjourned the Regular Session at 8:30 p.m.

Assistant Secretary

President

EUGENE WATER & ELECTRIC BOARD
EXECUTIVE SESSION
EWEB BOARD ROOM
500 EAST 4TH AVENUE
AUGUST 5, 2014
7:35 P.M.

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

Others Present: Eric DeFreest of Luvaas Cobb, General Manager Roger Gray, Steve Newcomb, Todd Simmons, Cathy Bloom and Taryn Johnson of EWEB staff.

President Brown called the Executive Session meeting of the EWEB Board of Directors to order pursuant to ORS 192.660(2)(e) at 7:35 p.m. to conduct deliberations with persons designated by governing body to negotiate real property transactions.

President Brown adjourned the Executive Session meeting at 8:45 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 **Wildish Paving Co.** for **Hayden Bridge North Filter Building and Basin Structural Improvements.**

Board Meeting Date: September 2, 2014

Project Name/Contract#: HB Filter Bldg&Basin Structural Imp/ITB031-2014

Primary Contact: Mel Damewood Ext. 7145

Purchasing Contact: Cheryl Golbek Ext. 7389

Contract Amount:

Original Contract Amount: \$ 635,000

Additional \$ Previously Approved: \$ -0-

Invoices over last approval: \$ -0-

Percentage over last approval: 0%

Amount this Request: \$ 635,000

Resulting Cumulative Total: \$ 635,000

Contracting Method:

Method of Solicitation: Invitation to Bid (ITB)

If applicable, basis for exemption: N/A

Term of Agreement: September 3, 2014 through January 31, 2015

Option to Renew? No

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

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

Narrative:

The Board is being asked to approve a new Contract with **Wildish Paving Co.** for **Hayden Bridge North Filter Building and Basin Structural Improvements.**

The purpose of this work is to increase seismic resiliency of the Hayden Bridge Filtration plant by reinforcing the North Filter building and the settling basins. Concrete buttresses with a micropile foundation will be poured along the outer wall of the South Filter basin to prevent the basin wall from tipping or slipping over during a seismic event. Steel strong back columns and other structural steel members will be installed in the clearwell and the filter building to maintain structural integrity of the clearwell during a seismic event. The head house building will be upgraded at a future date under a separate contract.

In July 2014, staff solicited bids for structural improvements at the Hayden Bridge North Filter Building and basin. Four bids were received and evaluated. Wildish Paving Co. dba: Wildish Building Co. of Eugene, Oregon was determined to be the lowest responsive/responsible bidder. If approved, Wildish Paving Co. will provide miscellaneous demolition, reinforced concrete infill and/or steel bracing, construction of reinforced footings and buttresses, fabrication and installation of steel columns, and reinforcing existing steel struts required to successfully complete the work as directed by EWEB.

ACTION REQUESTED:

Management requests Board approve a contract with **Wildish Paving Co.** for **Hayden Bridge North Filter Building and Basin Structural Improvements.** Funds for this work were budgeted for 2014 and will be budgeted for 2015.

SIGNATURES:

Project Coordinator: _____

LT Manager: _____

Purchasing Manager: _____

General Manager: _____

Board Approval Date: _____

Secretary/Assistant Secretary verification: _____