

EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
DECEMBER 2, 2014
5:30 P.M.

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

Others Present: Roger Gray, Roger, Deborah Hart, Frank Lawson, Edward Yan, Cathy Bloom, Roger Kline, Erin Erben, Chris Jones, Lance Robertson, Adam Rue, Mel Damewood, Harvey Hall, Sue Fahey, Jeannine Parisi, Mark Freeman, Jason Heuser, Dave Churchman, Shelley Stephenson, Cheryl Froehlich, Janice Lee, Brad Taylor, Sibyl Gieselman, Todd Simmons, Teresa Dingman, 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.

ITEMS FROM BOARD MEMBERS

Commissioner Simpson requested a discussion on the proposed Board bylaw and policy changes if the other Commissioners desire it. President Brown stated that this will be reassessed during Board Wrap-Up at the end of the meeting.

Commissioner Manning asked Shelley Stephenson and Cheryl Froehlich to give a brief presentation regarding the recent Run to Stay Warm fundraiser for the Customer Care program. Ms. Stephenson and Ms. Froehlich presented a short slide show and noted that this year's even set a new record with 1,250 participants, and that more than 100 EWEB employees and their family members volunteered to assist with the event. She added that last year's event raised \$24,000 and that it is estimated that it raised over \$30,000 this year.

Commissioner Manning noted that Vice President Mital ran in the event and that there were participants from 21 different states, including Washington, D.C., New York, Maryland and West Virginia. He thanked Ms. Stephenson and Ms. Froehlich for asking him and Commissioner Simpson to participate, and noted that Commissioner Simpson has put together a great video which may be shown to the Board in January.

Commissioner Helgeson stated that he received an e-mail from a customer regarding the possibility of the landlord of a trailer park sub-metering and then charging tenants over and above the amount of their EWEB bill. He noted EWEB's policy regarding landlords charging tenants no more than the cost of their bill, and referred to Section M in EWEB's All Utilities policy for the exact wording.

He also noted an e-mail received from a customer regarding EWEB's requirement to provide identification when they call about their account, and said that he will contact Mark Freeman, Customer Service and Energy Management Services Manager, about that.

Commissioner Simpson wished everyone Happy Holidays. He stated that he would be interested in a brief workshop regarding cost of service allocation (COSA) methods that are used by staff, especially involving ratemaking, because he needs re-exposure to the dividing line between art and science in that process. He also appreciated the opportunity to attend a recent presentation on financial risk management involving power trading, which was very insightful and well-attended.

Vice President Mital noted that he has reached the halfway point in his Board term. He said it has been a fantastic experience, that he is glad to be serving alongside his fellow Commissioners and working with a great staff, and that he looks forward to two more terms. He thanked everyone for contributing to his great experience.

President Brown stated that he has been encouraged by the Board's work with University of Oregon Foundation on the EWEB property redevelopment project. He also asked staff for an update on the Leaburg Dam project regarding possible delays and other issues he has heard about.

He also thanked his fellow Commissioners for allowing him to be Board president and tolerating his style, and that he agrees that it is a great Board to work with. He also gave a check to Ms. Stephenson for his donation to the Run to Stay Warm event.

PUBLIC INPUT

President Brown noted that he is starting the public input earlier than the stated agenda time and will check back at 6:00 p.m. to see if there is anyone else who wishes to present testimony.

Jean Olson is the plant manager at J.H. Baxter Corporation on Roosevelt Blvd. in Eugene, a small family-owned business founded in 1896 which is owned and managed by a woman, and also unionized. She stated that Baxter spends about \$.25 million per year on electricity and that their rates have gone up by about 34.5% in the last three years (she referred to trend lines and graphs). She noted that Baxter has worked with Energy Trust of Oregon on five capital projects in order to save 135,000 therms/year and about \$75,000, with Energy Trust providing 60-75% incentives, analysis, engineering support, etc. She asked the Board if there is a more proactive and robust program that Baxter could participate in with EWEB in order to lower rates and usage and start to have the same kind of dramatic results as they had with Energy Trust of Oregon. She clarified that she is not here to criticize and that she realizes this may be an organizational issue, but that it is important for Baxter to be more energy-efficient and get some support instead of having their energy costs increase so dramatically year after year.

Commissioner Manning stated that small business is vital and noted that EWEB has an energy efficiency assessment program. He asked General Manager Gray to ask staff to start there.

Commissioner Helgeson recalled his concern in the past that those programs were being re-worked and staff response was being reduced because of budget cuts, and that he is also concerned that EWEB's past reputation of being proactive with its customers be upheld. He reiterated that he hopes that these programs will be reconstituted in order to honor that past reputation, and he asked for an update on those programs and what the relative emphasis is across customer classes. He asked staff to follow up with Ms. Olson regarding what programs could be offered, as he would like to regain his confidence that EWEB is proactive in that area.

Commissioner Simpson thanked Ms. Olson, and said he hopes that an energy management specialist as well as a commercial account manager can visit Baxter soon and then follow up to let the Board know the outcome.

<https://ewshare.ewebnetwork.net/es/ba/SitePages/Home.aspx>

President Brown thanked Ms. Olson, and reminded her and the audience that there will be no electric rate increase this winter. He appreciated her constructive feedback and positive solutions instead of attending the meeting only to complain to the Board.

CONSENT CALENDAR

MINUTES

1.a. November 4, 2014 Regular Session

BUDGET AMENDMENTS

2. Budget Amendment No. 8 - Electric power costs and recognized unbudgeted revenue - Power Operations & Trading, Contact Person is Dave Churchman.

CONTRACTS

3. Greg Payne Trucking & Construction - for the Fairmount 603 Reservoir and pump station demolition. \$125,000. Engineering Services. Contact Person is Mel Damewood.

4. The Jerry Brown Co. - for diesel and unleaded fuel and card-lock services. \$4,000,000 (over five years). Generation & Fleet Services. Contact Person is Mike McCann.

5. Wildish Construction Co. - for the 7th Avenue Water Main Replacement to accommodate LTD's West Eugene EmX Extension Project. \$147,000. Engineering Services. Contact Person is Mel Damewood.

Commissioner Simpson pulled item #3. Commissioner Manning pulled item #4. It was moved by Commissioner Simpson, seconded by Commissioner Manning, to approve the remainder of the Consent Calendar. The motion passed unanimously (5-0).

ITEMS REMOVED FROM CONSENT CALENDAR

Regarding item #3, Commissioner Simpson voiced concern that he had recently observed a demolition project by the contract awardee and that the safety conditions on-site.

Mel Damewood, Engineering Manager, stated that EWEB will have inspectors on site daily for several hours, as the project involves removing EWEB facilities in order to return the site to a natural park. He noted that a 6' orange fence will be erected and that the project will last for approximately two months, not including landscape restoration, and that the City of Eugene and Parks & Recreation staff will also be monitoring it closely. In response to a question from Commissioner Simpson, he assured the Board that the contractor is bonded and insured in case of an injury to the public.

General Manager Gray added that staff will also let the contractor know that this issue has been brought to management's attention and that if staff doesn't receive an appropriate response, they will be notified.

It was then moved by Commissioner Helgeson, seconded by Commissioner Manning to approve item #3. The motion passed 4-1 (Simpson voted no).

Regarding item #4, Commissioner Manning asked for clarification on whether there is flexibility in fuel price due to the recent decline in those prices.

Mike McCann, Generation & Fleet Manager replied that EWEB buys fuel at market price and gets custom blends, and that this is a not-to-exceed contract. He also clarified that this contract is not only for the fuel pumps at the Roosevelt Operations Center (ROC) but at other sites.

It was then moved by Commissioner Manning, seconded by Commissioner Simpson, to approve item #4. The motion passed unanimously (5-0).

President Brown asked for any additional Public Input at 6:00 p.m. There was none.

General Manager Gray recalled the Board's earlier requests:

- Follow-up with J. H. Baxter (Mark Freeman for starboard report)
- Suggestion for a workshop regarding COSA (either at a Board meeting or one-on-one meetings). General Manager Gray noted that this item would exceed a starboard report.
- Leaburg Dam status (starboard report)
- Follow-up on EMS practices including follow-up with Ms. Olson at J.H. Baxter

President Brown polled the Board for agreement with the above items. Commissioner Simpson clarified that for the COSA workshop, a 20-minute agenda item before April 15 would suffice. He received three head nods in agreement. Commissioner Helgeson added that he would prefer an update on ratemaking objectives such as when HDR made their presentation to the Board, and echoed Commissioner Simpson's previous request to hear more about the balance between art and science. The Board agreed that Commissioners Simpson and Helgeson would craft this item with General Manager Gray and staff for an information-only agenda item.

2015 PROPOSED BUDGETS, REVENUE REQUIREMENTS AND RATES

Using overheads, Cathy Bloom, Finance Manager; Sue Fahey, Fiscal Services Supervisor; and Harvey Hall, Edward Yan and Deborah Hart, Senior Financial Analysts, reviewed the above proposals and answered clarifying questions and comments from the Board.

Vice President Mital and Commissioner Helgeson stated that they are still not clear about the 3% water rate increase as relates to build-up of reserves. Vice President Mital said he supports reduction in flexibility in this particular case and clearly stating to customers that the money is being set aside for one purpose only--an alternative water source (AWS).

Commissioner Manning stated that he would like to better understand how rates are affected by unfunded actuarial liability.

General Manager Gray gave a brief explanation of what rate increases were approved last year and how funds were allocated. He proposed that staff do a forecast on how much would be generated in excess, and come back to the Board with the audited financials and the reserve amount (in May 2015). He noted that 2015 expenditures will include costs for land acquisition, and that forecasting in the above way would provide the most transparency and less work for staff. He added that to restrict reserves in any other way would tie this Board and future Boards' hands.

Commissioner Helgeson reiterated that he wants to show customers what the rate burden of this would be, what the purpose is, and what it is spent on. He also reiterated that he wants any excess from a rate increase to go toward AWS. Vice President Mital agreed with Commissioner Helgeson.

Commissioner Simpson stated that he wants to get the message out that the Board is avoiding a huge rate increase in 2018 or 2019, and agreed with the emphasis on transparency.

General Manager Gray voiced agreement regarding dedicating the excess to AWS.

Ms. Bloom assured Commissioner Manning that the Board will receive follow-up information regarding unfunded actuarial liability and how that affects rates.

President Brown called for a 10-minute recess.

PUBLIC HEARING – 2015 PROPOSED BUDGETS, REVENUE REQUIREMENTS AND RATES

There was none.

2015 BUDGETS, REVENUE REQUIREMENTS AND RATE ACTION – Resolutions #1418, 2015 Budget Action; #1419, 2015 Electric Rates; and #1420, 2015 Water Rates

Commissioner Simpson noted that the budget improvement process has improved dramatically in the last few years, and briefly explained how the process has changed for the better. He noted that he will be voting yes for not only the budget but the planning, the process, etc.

It was moved by Commissioner Simpson, seconded by Commissioner Manning, to approve Resolution #1418.

Commissioner Helgeson voiced the desire to be sure that the previous discussion regarding funding for AWS was finished, and again asked for better clarity. He noted that he supports the proposed budget for prefers specifically designating a percentage for AWS.

A brief discussion ensued. Ms. Bloom recommended setting aside an amount far and above what is actually needed, and not a percentage. General Manager Gray suggested a discussion about the amount that is reserved vs. the amount projected to be spent.

Ms. Bloom suggested specific wording in the resolution for X amount at the time that staff returns to the Board in May.

Vice President Mital wondered if the electric and water budgets could be separated for purposes of approval of the resolution, as he supports the electric budget as proposed but isn't prepared to support the water budget. He then moved that Resolution #1418 be amended by crafting two separate resolutions—one that adopts the electric budget and one that adopted the water budget. This was seconded by Commissioner Helgeson.

General Manager Gray clarified that restriction of the rate action will not change the budget, and Vice President Mital was satisfied with that clarification.

Following a brief discussion, the vote was taken on Vice President Mital's motion to amend the Resolution. The motion failed unanimously (0-5).

The original motion for approval of Resolution #1418 was recalled. The motion passed unanimously (5-0).

Regarding Resolution #1419, it was moved by Commissioner Helgeson, seconded by Commissioner Simpson, to amend the resolution by adding the words “are proposed” to in the fourth Whereas statement. The vote passed unanimously (5-0).

It was moved by Commissioner Simpson, seconded by Commissioner Manning, to approve Resolution #1420.

Vice President Mital suggested amending the resolution to dedicate an amount here and now and have a discussion about the percentage, i.e., is 3% an accurate projection for dedication to AWS.

Ms. Bloom and General Manager Gray gave brief explanations of how the resolution could be reworded. The Board voted to extend the discussion time for this agenda item.

President Brown and Commissioner Simpson stated they wouldn’t approve Vice President Mital’s proposed amendment.

Vice President Mital offered a second suggestion for amending the wording in the resolution. Commissioner Helgeson agreed.

A vote was taken on the above motion to amend the Resolution. It failed 2-3 (Brown, Simpson and Manning voted no).

The original motion was recalled, with no change in the wording of the resolution. The motion passed unanimously (5-0).

2015 LEGISLATIVE AGENDA DISCUSSION

Lance Robertson, Public Affairs Manager, and Jason Heuser, Legislative Representative, led the discussion. Mr. Robertson noted that Mr. Heuser is planning for the Board to spend a day at the legislature in order to meet the various local representatives, and referred to the backgrounder the Board had received which lists upcoming EWEB-related issues to come before the Legislature.

Mr. Heuser recapped the November election results as part of the discussion, and addressed clarifying questions and comments from the Board.

Commissioner Manning noted that he had read about de-incentivizing renewables in certain states. Mr. Heuser stated that distributed generation is not an issue at the national level but largely at the State level.

General Manager Gray added that staff will monitor this issue carefully as it applies to carbon responsibility, and that Mr. Heuser has been instrumental in sharing EWEB’s carbon pricing position, though EWEB is not sponsoring a bill, per se.

Commissioner Manning asked if EWEB is involved in the new facilities being built in the Bethel School District. Mr. Robertson replied that historically, EWEB has been involved, and the Bethel is looking to EWEB to assist with rising construction costs. General Manager Gray added that new construction energy efficiency is driven by code. He noted that he serves on the School District 4J community panel and that 4J will probably adopt silver LEED standards, and EWEB would offer the same to Bethel.

It was moved by Commissioner Simpson, seconded by Commissioner Manning, to approve Resolution #1417 regarding the 2015 legislative agenda.

It was then moved by Commissioner Simpson, seconded by Commissioner Manning, to amend the Resolution by changing the date in the first line from February 3, 2014 to February 3, 2015. The motion passed unanimously (5-0).

General Manager Gray thanked the Board for the previous attendance at the capitol in order to influence other elected officials.

CORRESPONDENCE AND BOARD AGENDAS

General Manager Gray noted that the Northwest Public Power Association and Public Power Council meetings will be held next week.

General Manager Gray also noted that, as a result of the November election, President Brown and Commissioner Simpson will be sworn in to office on January 6th (legal swearing-in) and 7th at the State of the City Address.

Vice President Mital asked for clarification on Board policy GP-4 regarding the Board president having the power to put items on the agenda without Board agreement.

Commissioner Helgeson replied that usually it is the president and the General Manager who do this. Commissioner Simpson agreed, and further clarified that the President and the General Manager do this, with assistance from Ms. Johnson, and that the Vice President assisting with that occurred later on in policy making, and is still somewhat optional.

Commissioner Helgeson said it is his understanding that the Vice President reference refers to items from staff, and items from the president are discussed with the Board. General Manager Gray clarified this is true.

BOARD WRAP-UP

Vice President Mital noted that the full 25 minutes of agenda time allotted for Items for Board Members is rarely used, and he suggested reducing that agenda item to 10-15 minutes.

Commissioner Helgeson voiced concern about moving the Public Input agenda item up any further because an earlier start than presently would not allow the public enough after-work time to get to a meeting.

President Brown stated that he believes it is easier to adjust the starting time based on whether or not there is public present who wish to testify.

It was moved by Commissioner Simpson, seconded by Commissioner Helgeson, to empower the president, General Manager Gray and Ms. Johnson to adjust the start time of Public Input without restriction. Commissioner Manning agreed that flexibility is key. The motion passed unanimously (5-0).

Commissioner Helgeson and Commissioner Manning gave kudos to staff for an excellent job on the budget process. Commissioner Manning added that he intends to be even more supportive of staff in the future, and wished everyone Happy Holidays.

President Brown thanked everyone for the last year of his term. He recalled that nominations and voting for new officers can be done by voting slate or voting position, closed or open ballot, and that the Board should have a brief discussion about that tonight since it will be done at the January meeting.

Commissioner Simpson briefly explained last year's nomination and voting process. The Board agreed.

President Brown adjourned the Regular Session at 8:20 p.m.

Assistant Secretary

President



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Brown, Mital, Helgeson, Manning and Simpson
FROM: Cathy Bloom, Finance Manager; Gail Murray, Purchasing/Risk Manager
DATE: December 18, 2014
SUBJECT: 2015 Board Appointed Consultants and Retained Professionals Ratification
OBJECTIVE: Board Action–Ratification of Board Appointed Consultants & Retained Professionals

Issue

At the first Board meeting of the year, the Board appoints and ratifies certain professional consultants which are retained by the Board.

Background

EWEB contracts with a group of consultants who are defined as being appointed or retained by the Board. The selection of these consultants is based on their technical knowledge, areas of expertise, and most importantly, their historical knowledge and perspective of EWEB and its work. The key attribute of each of these consultants is their independent advisory responsibility to the Board; a responsibility to provide professional direction and assessments to the Board, as determined by the consultant, without regard to staff's position or interpretation. These are long-term relationships that remain in effect through a Board adopted exemption from the requirements of Oregon Public Contracting law [EWEB Rule 6-0130: Board Appointed Consultants and Retained Professionals].

Although these contracts are exempt from public contracting law and do not require a competitive process, the General Manager directed staff to competitively solicit these contracts to be sure that EWEB is receiving the most competitive and best value in these areas. In late 2012 through 2014, staff issued solicitations and awarded new contracts for:

- General Counsel – Luvaas Cobb
- Financial Advisor – Piper Jaffray
- Independent Actuary – Kenney Consulting
- Trustee Services – US Bank Global Corporate Trust Services
- Real Estate Consultant – ECO Northwest
- Real Estate Broker Services – Evans, Elder & Brown; Windemere Real Estate
- HR Counsel – Harrang, Long, Gary and Rudnick
- Special Counsel and Power Risk Counsel-Cable Huston Benedict Haagensen & Lloyd
- Special Counsel and Power Risk Counsel Trading & Power Operations - Law Offices of Jeremy Weinstein

The following contracts are scheduled to be competitively solicited in 2015 or later. These are:

- Independent Auditor and Certified Public Accountant – Due to issues currently being worked with the Auditors and the ongoing work being performed by Moss Adams, the department thought it might be unwise to change auditing firms for the next few years. The current contract will expire in 2016, and will be re-solicited then.
- Bond Counsel – The current contract will expire in 2015 and will be re-solicited.

Each of these consultants' work continually supports and helps direct EWEB's business and policy decisions. All retained attorneys have an obligation to protect EWEB (and its Governing Body) and to independently advise the Board, if required, on legal matters. EWEB Bond Resolutions require certain actions by some of these independent consultants when issuing new bonds. EWEB's bond counsel, financial advisor, and independent auditor are appointed to act on behalf of the Governing Body to independently assess the utility's performance in these areas.

A survey is distributed annually to staff who utilizes these contracts to assess the performance of the consultants. Staff has no objection to ratification of any of these consultants.

A very brief overview of each consultant is provided herein:

RETAINED PROFESSIONALS – ATTORNEYS

Contract Information

1. Luvaas, Cobb, Law – Eric DeFreest: General Counsel

Tenure: Contract solicited and awarded in 2013

Contract Information: In 2012, a solicitation was issued and a new contract was established with Luvaas, Cobb, Law for General Counsel Services in Jan, 2013. This contract is for 5 years.

Annual Expenditures (to date):

2014	2013	2012	2011
\$163,500	\$251,114	\$106,147	\$177,665

Luvass Cobb, through Eric DeFreest maintains an historical perspective and a broad range of expertise in municipal utility legal matters which continue to be very valuable to the utility. Eric DeFreest and other attorneys from the firm are quick to respond to staff inquiries. They continue to maintain an excellent relationship with staff and consistently provide sound legal advice.

Recommendation: Ratify as General Counsel for 2015

2. Cable Huston Benedict Haagensen & Lloyd: Special Counsel

Tenure: Retained in the early 1980s

Contract Information: This contract was competitively solicited in 2014.

Annual Expenditures (to date):

2014	2013	2012	2011	2010
\$302,922	\$356,964	\$401,860	\$445,146	\$432,726

Cable Huston Benedict Haagensen & Lloyd is recognized as a preeminent law firm in the state dealing with energy issues. Their work on many utility projects is considered to be invaluable as they have considerable technical expertise. Staff greatly values their work on environmental,

generation and power contract issues.

Recommendation: Ratify as Special Counsel for 2015

3. Law Offices of Jeremy Weinstein - for Special Counsel Legal Services

Trading & Power Operations

Tenure: Retained in 2014

Contract information: This contract is in its first year of a potential five year period. It was competitively solicited in 2014.

Annual Expenditures (to date):

2014

\$ 0

4. Murphy & Buchal LLP: Special Counsel (BPA Rate Review)

Tenure: Retained in 2010

Contract Information: The contract is in its third year and has 2 years remaining.

Annual Expenditures (to date):

2014	2013	2012	2011	2010
\$57,727	\$31,018	\$54,880	\$160,230	\$32,019

Murphy & Buchal have represented major participants in every general power and every contested transmission rate case of BPA since 1984. Murphy & Buchal will assist in analyzing legal positions and preparing testimony in the BPA rate case.

Recommendation: Ratify as Special Counsel for 2015

5. Harrang, Long, Gary and Rudnick: Human Resources Counsel

Tenure: Retained in 1992

Contract Information: This contract was competitively solicited in 2014.

Annual Expenditures (to date):

2014	2013	2012	2011	2010
\$96,817	\$167,246	\$104,625	\$ 89,584	\$102,798

Harrang, Long, Gary and Rudnick has a long history of providing legal services related to HR issues to EWEB. This firm is very knowledgeable about EWEB's HR policies and related issues. They are generally very effective in their legal support for HR.

Recommendation: Ratify as Human Resources Counsel for 2015

6. Mersereau & Shannon: Bond Counsel

Tenure: Retained in 2009

Contract Information: The contract is in its fifth year and will be competitively solicited in 2015.

Annual Expenditures (to date):

2014	2013	2012	2011	2010
\$ 0	\$0	\$85,000	\$230,000	\$75,000

In late 2009 staff solicited these services and selected Mersereau and Shannon to be EWEB’s Bond Counsel. Mersereau and Shannon has had a long history with EWEB, is extremely knowledgeable, experienced, and responsive to EWEB requests in a timely manner.

Recommendation: Ratify as Bond Counsel for 2015

BOARD APPOINTED CONSULTANTS:

1. Black & Veatch: Independent and Consulting Engineers

Tenure: Retained in 1991.

Contract Information: The contract was solicited in 2012 and has three years remaining.

Annual Expenditures (to date):

2014	2013	2012	2011	2010	2009
\$0	\$0	\$8,000	\$15,000	\$3,900	\$9,000

Black & Veatch is considered to have demonstrated excellent technical knowledge and expertise in performance of its engineering work. Staff has very high confidence in this consultant’s expertise and greatly appreciates their timely response even when given very short notice.

Recommendation: Ratify as Independent and Consulting Engineers for 2015

2. Kenney Consulting: Independent Actuaries

Tenure: Retained over 20 years ago

Contract Information: This contract was competitively solicited in 2013. The contract is in its second year and has three years remaining.

Annual Expenditures (to date):

2014	2013	2012	2011	2010
\$7,000	\$0	\$33,500	\$20,000	\$10,000

The Independent Actuaries’ scope of work includes medical benefits, supplemental retirement plan evaluations, and PERS issues – all important and very visible issues for the utility. Staff has rated Kenney Consulting very high in past evaluations and continues to have confidence in their ability to meet EWEB needs. Kenney Consulting is recognized as having a broad range of available expertise and knowledge of pension reporting requirements.

Recommendation: Ratify as Independent Actuaries for 2015

3. Moss Adams: Independent Auditor and Certified Public Accountant

Tenure: Since 2005

Contract Information: In 2011 a new contract was negotiated for a potential five year term. This contract will be re-solicited in 2016.

Annual Expenditures (to date):

2014	2013	2012	2011	2010	2009
\$105,987	\$105,250	\$114,521	\$128,727	\$93,670	\$116,682

We are generally satisfied with Moss Adams’ performance as Independent Auditor and with their vast knowledge of utility auditing issues. This is Moss Adams’ eighth audit cycle as EWEB’s Independent Auditor and Certified Public Accountant.

Recommendation: Ratify as Independent Auditor and Certified Public Accountant for 2015

4. Piper Jaffray: Financial Advisor

Tenure: Retained in 2013

Contract Information: This contract was solicited in late 2012 and awarded in Jan 2013 for a potential 5 year term.

Annual Expenditures to Date:

2014	2013
\$ 0	\$5,532

The quality of the performance of the financial adviser consultant is often based on their experience with electric and water utilities, rating agency presentations, access to trading floor and current pricing experience. Piper Jaffray has demonstrated that they possess these qualifications and experience.

Recommendation: Ratify as Financial Advisor for 2015

Discussion

EWEB’s Board, through a Board adopted exemption that exempts Board Appointed Consultants and Retained Professionals from the requirements of Oregon Public Contracting law, has appointed independent consultants and retained professionals as advisors to the utility’s Governing Body. These consultants’ historical perspective and in-depth knowledge of the utility and its operations makes their expertise and advice extremely valuable and beneficial to EWEB.

Each year staff asks the Board to ratify the consultants to continue their work in the coming year. Staff has confidence in the very high quality of work, demonstrated technical knowledge and expertise, and high satisfaction with the service received.

Recommendation

Management recommends ratification of the Board Appointed Consultants and Retained Professionals for 2015.

Requested Board Action

Management requests ratification of the Board Appointed Consultants and Retained Professionals for 2015 as recommended above.

References

EWEB Contracting Rule 6-0130 Board Appointed Consultants and Retained Professionals

EWEB designates the following classes of contracts as personal services contracts which are not subject to competitive bidding and proposal requirements.

(1) Board Appointed Consultants, including Attorneys, Auditors, Board appointed Engineering, Architectural, Land Surveying and Related Services subject to Division 4 of these EWEB Rules, and other Consultants who may be appointed through a direct appointment by the Board.

(2) Non-Board Appointed Consultants providing Engineering, Architectural, Land Surveying and Related Services, to the extent provided for in Division 4 of these EWEB rules.

Stat. Auth: ORS 279A.065, 279A.070

Stat. Implemented: ORS 279A.055, 279A.065, 279B.085, 279C.100-.125

Statute Authority:

279A.025(2)(d)(q)(s) and (3)(j); 279A.055(2); 279A.060; 279A.065(5); 279A.070; 279A.075(1); and any and all applicable statutes, whether or not referenced herein, that support EWEB's actions.

EWEB Rule:

2-0150(3)(a), 6-0110, 6-0130, 6-0270, and any and all applicable rules, whether or not referenced herein, that support EWEB's actions.



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Contract Information

1. Luvaas, Cobb, Law – Eric DeFreest: General Counsel

Tenure: Contract solicited and awarded in 2013

Contract Information: In 2012, a solicitation was issued and a new contract was established with Luvaas, Cobb, Law for General Counsel Services in Jan, 2013. This contract is for 5 years.

Annual Expenditures (to date):

2014	2013	2012	2011
\$163,500	\$251,114	\$106,147	\$177,665

Luvass Cobb, through Eric DeFreest maintains an historical perspective and a broad range of expertise in municipal utility legal matters which continue to be very valuable to the utility. Eric DeFreest and other attorneys from the firm are quick to respond to staff inquiries. They continue to maintain an excellent relationship with staff and consistently provide sound legal advice.

Recommendation: Ratify as General Counsel for 2015

2. Cable Huston Benedict Haagensen & Lloyd: Special Counsel

Tenure: Retained in the early 1980s

Contract Information: This contract was competitively solicited in 2014.

Annual Expenditures (to date):

2014	2013	2012	2011	2010
\$302,922	\$356,964	\$401,860	\$445,146	\$432,726

Cable Huston Benedict Haagensen & Lloyd is recognized as a preeminent law firm in the state dealing with energy issues. Their work on many utility projects is considered to be invaluable as they have considerable technical expertise. Staff greatly values their work on environmental,

generation and power contract issues.

Recommendation: Ratify as Special Counsel for 2015

3. Law Offices of Jeremy Weinstein - for Special Counsel Legal Services

Trading & Power Operations

Tenure: Retained in 2014

Contract information: This contract is in its first year of a potential five year period. It was competitively solicited in 2014.

Annual Expenditures (to date):

2014

\$ 0

4. Murphy & Buchal LLP: Special Counsel (BPA Rate Review)

Tenure: Retained in 2010

Contract Information: The contract is in its third year and has 2 years remaining.

Annual Expenditures (to date):

2014	2013	2012	2011	2010
\$57,727	\$31,018	\$54,880	\$160,230	\$32,019

Murphy & Buchal have represented major participants in every general power and every contested transmission rate case of BPA since 1984. Murphy & Buchal will assist in analyzing legal positions and preparing testimony in the BPA rate case.

Recommendation: Ratify as Special Counsel for 2015

5. Harrang, Long, Gary and Rudnick: Human Resources Counsel

Tenure: Retained in 1992

Contract Information: This contract was competitively solicited in 2014.

Annual Expenditures (to date):

2014	2013	2012	2011	2010
\$96,817	\$167,246	\$104,625	\$ 89,584	\$102,798

Harrang, Long, Gary and Rudnick has a long history of providing legal services related to HR issues to EWEB. This firm is very knowledgeable about EWEB's HR policies and related issues. They are generally very effective in their legal support for HR.

Recommendation: Ratify as Human Resources Counsel for 2015

6. Mersereau & Shannon: Bond Counsel

Tenure: Retained in 2009

Contract Information: The contract is in its fifth year and will be competitively solicited in 2015.

Annual Expenditures (to date):

2014	2013	2012	2011	2010
\$ 0	\$0	\$85,000	\$230,000	\$75,000

In late 2009 staff solicited these services and selected Mersereau and Shannon to be EWEB’s Bond Counsel. Mersereau and Shannon has had a long history with EWEB, is extremely knowledgeable, experienced, and responsive to EWEB requests in a timely manner.

Recommendation: Ratify as Bond Counsel for 2015

BOARD APPOINTED CONSULTANTS:

1. Black & Veatch: Independent and Consulting Engineers

Tenure: Retained in 1991.

Contract Information: The contract was solicited in 2012 and has three years remaining.

Annual Expenditures (to date):

2014	2013	2012	2011	2010	2009
\$0	\$0	\$8,000	\$15,000	\$3,900	\$9,000

Black & Veatch is considered to have demonstrated excellent technical knowledge and expertise in performance of its engineering work. Staff has very high confidence in this consultant’s expertise and greatly appreciates their timely response even when given very short notice.

Recommendation: Ratify as Independent and Consulting Engineers for 2015

2. Kenney Consulting: Independent Actuaries

Tenure: Retained over 20 years ago

Contract Information: This contract was competitively solicited in 2013. The contract is in its second year and has three years remaining.

Annual Expenditures (to date):

2014	2013	2012	2011	2010
\$7,000	\$0	\$33,500	\$20,000	\$10,000

The Independent Actuaries’ scope of work includes medical benefits, supplemental retirement plan evaluations, and PERS issues – all important and very visible issues for the utility. Staff has rated Kenney Consulting very high in past evaluations and continues to have confidence in their ability to meet EWEB needs. Kenney Consulting is recognized as having a broad range of available expertise and knowledge of pension reporting requirements.

Recommendation: Ratify as Independent Actuaries for 2015

3. Moss Adams: Independent Auditor and Certified Public Accountant

Tenure: Since 2005

Contract Information: In 2011 a new contract was negotiated for a potential five year term. This contract will be re-solicited in 2016.

Annual Expenditures (to date):

2014	2013	2012	2011	2010	2009
\$105,987	\$105,250	\$114,521	\$128,727	\$93,670	\$116,682

We are generally satisfied with Moss Adams’ performance as Independent Auditor and with their vast knowledge of utility auditing issues. This is Moss Adams’ eighth audit cycle as EWEB’s Independent Auditor and Certified Public Accountant.

Recommendation: Ratify as Independent Auditor and Certified Public Accountant for 2015

4. Piper Jaffray: Financial Advisor

Tenure: Retained in 2013

Contract Information: This contract was solicited in late 2012 and awarded in Jan 2013 for a potential 5 year term.

Annual Expenditures to Date:

2014	2013
\$ 0	\$5,532

The quality of the performance of the financial adviser consultant is often based on their experience with electric and water utilities, rating agency presentations, access to trading floor and current pricing experience. Piper Jaffray has demonstrated that they possess these qualifications and experience.

Recommendation: Ratify as Financial Advisor for 2015

Discussion

EWEB’s Board, through a Board adopted exemption that exempts Board Appointed Consultants and Retained Professionals from the requirements of Oregon Public Contracting law, has appointed independent consultants and retained professionals as advisors to the utility’s Governing Body. These consultants’ historical perspective and in-depth knowledge of the utility and its operations makes their expertise and advice extremely valuable and beneficial to EWEB.

Each year staff asks the Board to ratify the consultants to continue their work in the coming year. Staff has confidence in the very high quality of work, demonstrated technical knowledge and expertise, and high satisfaction with the service received.

Recommendation

Management recommends ratification of the Board Appointed Consultants and Retained Professionals for 2015.

Requested Board Action

Management requests ratification of the Board Appointed Consultants and Retained Professionals for 2015 as recommended above.

References

EWEB Contracting Rule 6-0130 Board Appointed Consultants and Retained Professionals

EWEB designates the following classes of contracts as personal services contracts which are not subject to competitive bidding and proposal requirements.

(1) Board Appointed Consultants, including Attorneys, Auditors, Board appointed Engineering, Architectural, Land Surveying and Related Services subject to Division 4 of these EWEB Rules, and other Consultants who may be appointed through a direct appointment by the Board.

(2) Non-Board Appointed Consultants providing Engineering, Architectural, Land Surveying and Related Services, to the extent provided for in Division 4 of these EWEB rules.

Stat. Auth: ORS 279A.065, 279A.070

Stat. Implemented: ORS 279A.055, 279A.065, 279B.085, 279C.100-.125

Statute Authority:

279A.025(2)(d)(q)(s) and (3)(j); 279A.055(2); 279A.060; 279A.065(5); 279A.070; 279A.075(1); and any and all applicable statutes, whether or not referenced herein, that support EWEB's actions.

EWEB Rule:

2-0150(3)(a), 6-0110, 6-0130, 6-0270, and any and all applicable rules, whether or not referenced herein, that support EWEB's actions.

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a new contract with **Pacific Excavation, Inc.** for the **6th Avenue Water Main Replacement to accommodate LTD's West Eugene EmX Extension Project.**

Board Meeting Date: January 6, 2015
Project Name/Contract#: 6th Ave Water Main Replacement/ITB 062-2014
Primary Contact: Mel Damewood Ext. 7145
Purchasing Contact: Tracy Davis Ext. 7468

Action Requested:	
<input checked="" type="checkbox"/>	Contract Award
<input type="checkbox"/>	Contract Renewal
<input type="checkbox"/>	Contract Increase
<input type="checkbox"/>	Other

Contract Amount:
Original Contract Amount: \$309,000
Additional \$ Previously Approved: \$ N/A
Invoices over last approval: \$ N/A
Percentage over last approval: N/A %
Amount this Request: \$309,000
Resulting Cumulative Total: \$309,000

Funding Source:	
<input type="checkbox"/>	Budget
<input type="checkbox"/>	Reserves
<input type="checkbox"/>	New Revenue
<input type="checkbox"/>	Bonding
<input checked="" type="checkbox"/>	Other

Contracting Method:
Method of Solicitation: Formal Invitation to Bid
If applicable, basis for exemption: N/A
Term of Agreement: January 7, 2015 thru April 1, 2015
Option to Renew? No
Approval for purchases "as needed" for the life of the contract No

Form of Contract:	
<input type="checkbox"/>	Single Purchase
<input type="checkbox"/>	Services
<input type="checkbox"/>	Personal Services
<input checked="" type="checkbox"/>	Construction
<input type="checkbox"/>	IGA
<input type="checkbox"/>	Price Agreement
<input type="checkbox"/>	Other

NARRATIVE:

The Board is being asked to approve a new contract with **Pacific Excavation, Inc.** for the **6th Avenue Water Main Replacement to accommodate LTD's West Eugene EmX Extension Project.**

The work to be performed includes the construction of approximately 1,700 feet of water main and associated services in 6th Avenue between Van Buren Street and Madison Street. A portion of this project is required due to conflicts with proposed improvements associated with the LTD EmX project, and a portion is being completed under EWEB's water main replacement program. As such, funding for the project is shared between LTD and EWEB. There is an IGA in place between EWEB and LTD for the work which will be reimbursed by LTD.

In November 2014, staff solicited bids for the 6th Avenue Water Main Replacement for LTD/EmX utility relocations. Three bids were received and evaluated. Pacific Excavation, Inc. of Eugene, OR was determined to be the lowest responsive/responsible bidder. If approved, Pacific Excavation, Inc. will replace the 6th Avenue water main.

ACTION REQUESTED:

Management requests Board approve a new contract with **Pacific Excavation, Inc.** for the **6th Avenue Water Main Replacement to accommodate LTD's West Eugene EmX Extension Project.** Funds for this work are budgeted for 2015. A portion will be reimbursed through an IGA with LTD.

SIGNATURES:

Project Coordinator: _____

LT Manager: _____

Purchasing Manager: _____

General Manager: _____

Board Approval Date: _____

Secretary/Assistant Secretary verification: _____



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Brown, Mital, Helgeson, Manning and Simpson
FROM: Roger Gray, General Manager
DATE: December 19, 2014
SUBJECT: Resolution Approving Board Policy Modifications
OBJECTIVE: Board Action: Resolution No. 1503

Issue:

At the December 2, 2014 meeting, a series of Board Policies were proposed for modification. Management believes these modifications meet the needs of both EWEB and its customers.

Board Policies considered for modification are:

BL-1, BL-2, BL-3, BL-6, GP-4, GP-7, SD-3, SD-5, SD14, SD-17 and SD-18.

Management is requesting approval of these changes in January.

Requested Board Motion/Action:

Approve Resolution No. 1503, which will be reflected in updated Board Policies.

Attachments

- Attachment 1 – BL 1-6 proposed modifications
- Attachment 2 – GP 4 proposed modifications
- Attachment 3 – GP 7 proposed modifications
- Attachment 4 – SD 3 proposed modifications
- Attachment 5 – SD 5 proposed modifications
- Attachment 6 – SD 14 proposed modifications
- Attachment 7 – SD 17 proposed modifications
- Attachment 8 – SD 18 proposed modifications

**RESOLUTION NO. 1503
JANUARY 2015**

**EUGENE WATER & ELECTRIC BOARD
RESOLUTION APPROVING BOARD POLICY MODIFICATIONS**

WHEREAS, the Eugene Water & Electric Board (EWEB) maintains a Board Policy Manual that contains governing policies for the Board of Commissioners; and

WHEREAS, the Board of Commissioners periodically reviews said policies and identifies required modifications or amendments to those policies; and

WHEREAS, the Board of Commissioners periodically determines that new policy is required to adequately document the work or intention of the Board with regard to governance, Board-staff linkage, strategic direction or executive limitations; and

WHEREAS, the Board of Commissioners has reviewed a modification to Board Policy BL1 – BL6, Board-Staff Linkage and has determined that the modification is appropriate and necessary.

WHEREAS, the Board of Commissioners has reviewed a modification to Board Policy GP4, Agenda Planning Policy and has determined that the modification is appropriate and necessary.

WHEREAS, the Board of Commissioners has reviewed a modification to Board Policy GP7, Board Parliamentary Procedures Policy and has determined that the modification is appropriate and necessary.

WHEREAS, the Board of Commissioners has reviewed a modification to Board Policy SD3, Customer Service Policy and has determined that the modification is appropriate and necessary.

WHEREAS, the Board of Commissioners has reviewed a modification to Board Policy SD5, Public Plaza Policy and has determined that the modification is appropriate and necessary.

WHEREAS, the Board of Commissioners has reviewed a modification to Board Policy SD14, Real Property Policy and has determined that the modification is appropriate and necessary.

WHEREAS, the Board of Commissioners has reviewed a modification to Board Policy SD17, Regulatory Compliance Reporting Policy and has determined that the modification is appropriate and necessary.

WHEREAS, the Board of Commissioners has reviewed a modification to Board Policy SD18, Steam Utility Transition Policy and has determined that the modification is appropriate and necessary.

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

1. The Board of Commissioners hereby grants approval to the modification of BL1-6; GP4; GP7; SD3; SD5; SD14; SD17 and SD 18 which will be reflected in updated Board Policies.

DATED this 6th day of January 2015.

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

Acting President

I, TARYN M. JOHNSON 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 6, 2015 Regular Board Meeting.

Assistant Secretary

ATTACHMENT 1

Policy Number: BL1
Policy Type: Board-Staff Linkage
Policy Title: Global Board-General Manager Linkage
Effective Date: January 6, 2015

Except as provided in Section 2 below, the Board's sole official connection to EWEB's staff will be through the General Manager.

1. Consistent with the Board Bylaws, the General Manager shall report to the Board as a whole and is responsible for implementing policies and direction established by the Board. The General Manager acts as chief executive officer of the operation of the organization and shall have all authority to: operate all utilities, hire, appoint, terminate or remove employees, reorganize and, as the General Manager deems necessary, disband and reorganize departments, act as contracting and purchasing agent for EWEB and award contracts for which there is an appropriation (except as otherwise provided in EWEB Purchasing Policies), prepare budgets, and enforce resolutions of the Board. The General Manager shall also be responsible for preparing reports requested by the Board, representing the utility to the public, other agencies and organizations, and performing such other duties as the Board directs. The General Manager may lawfully delegate any or all of the responsibilities within his/her authority.
2. The Board may officially work directly with the following EWEB staff without going through or without consultation with the General Manager for the purposes stated below. In the event that the EWEB staff listed below determines that it is necessary to bypass the General Manager, they will initiate contact with the Board President, who shall then determine the proper and necessary next steps, if any. As provided in Section 1 above, the General Manager shall have authority to terminate or remove employees or organize, disband or reorganize departments; however, in order to prevent a perception of possible retaliation, the General Manager shall obtain Board approval in advance for any action related to the positions listed in this Section 2.
 - a. Manager of Human Resources (or successor position/title) for any of the following activities:
 - i. Annual performance review of the General Manager
 - ii. Any matter related to discipline or termination of the General Manager
 - iii. Any matter that the Manager of Human Resources reasonably believes is necessary to bring to the attention of the Board and that appropriately bypasses the General Manager
 - b. Manager of Financial Services (CFO) (or successor position/title) for any of the following activities:
 - i. The annual audit if the Manager of Financial Services reasonably believes that the General Manager is not taking appropriate steps to manage EWEB's financial matters.
 - ii. Any material financial matter where the Manager of Financial Services reasonably believes that the actions or decisions of the General Manager are inconsistent with EWEB's long-term financial interests.
 - c. Enterprise Risk and Internal Controls Manager for any of the following activities:

ATTACHMENT 1

- i. Any material matter where the Enterprise Risk and Internal Controls Manager reasonably believes that the actions or decisions of the General Manager are inconsistent with EWEB's long-term interests.

Source: John Carver/EWEB Bylaws, Board Approved 05/17/2005. Revised 01/06/15.

ATTACHMENT 1

Policy Number: BL2
Policy Type: Board-Staff Linkage
Policy Title: Unity of Control
Effective Date: January 6, 2015

Only decisions of the Board acting as a body are binding on the General Manager.

Accordingly,

1. Decisions or instructions of individual Board members, officers, or committees are not binding on the General Manager except in rare instances when the Board has specifically authorized such exercise of authority.
2. In the case of Board members or committees requesting information or assistance without Board authorization, the General Manager shall respond to or support the request if it is reasonable and directly relates to EWEB's business and Board-approved policies and direction. However, the General Manager may refuse such requests that require, in the General Manager's opinion, a material amount of staff time or funds; are disruptive, unethical, or illegal; are in direct opposition to Board Policy or direction; or assume a level of responsibility beyond that created by statute or charter.

Source: John Carver, Compensation Committee, Board Approved 10/03/2006. Revised 01/06/15.

ATTACHMENT 1

Policy Number: BL3
Policy Type: Board-Staff Linkage
Policy Title: Accountability of the General Manager
Effective Date: January 6, 2015

Except as provided in BL1-Section 2 and below, the General Manager is the Board's only link to operational achievement and conduct, so that all authority and accountability of staff, as far as the Board is concerned, is the authority and accountability of the General Manager.

Accordingly and except as provided in BL1-Section 2,

1. Neither the Board nor individual Commissioners will give instructions to persons who report directly or indirectly to the General Manager without the General Manager's permission.
2. The Board will refrain from evaluating, either formally or informally, any staff other than the General Manager. The General Manager may, however, request developmental feedback for his/her direct reports from Commissioners as part of their performance reviews and developmental plans.
3. In the event that the Board approves an action or direction under the circumstance contemplated in BL1-Section 2 that the General Manager expressly disagrees with, the General Manager shall not be accountable for those matters. The Board shall hold the person(s) making such recommendations accountable in the situation where authority/accountability have become subdivided.

Source: John Carver, Compensation Committee, Board Approved 10/03/2006. Revised 01/06/15.

ATTACHMENT 1

Policy Number: BL4
Policy Type: Board-Staff Linkage
Policy Title: Delegation to the General Manager
Effective Date: January 6, 2015

The Board will instruct the General Manager through written policies that define the results that the organization is to achieve, and which describe the delegation of authority to the General Manager.

Accordingly,

1. The Board shall identify and define those results or conditions that are acceptable and not acceptable to the Board and communicate them in the form of establishing policy and approval of Strategic Plans, Long-Term Financial Plans, Capital Improvement Plans, annual budgets and goals.
2. The General Manager is authorized to establish all further practices and procedures, make all decisions, take all actions, and develop all activities.
3. The General Manager must bring to the Board's attention circumstances that affect the policies and goals established by the Board or materially impact the Board and may request the Board to take appropriate actions.
4. The General Manager may lawfully delegate any or all of the responsibilities within his/her authority.

Source: EWEB By-laws/Patrick Lanning, Compensation Committee, Board Approved 10/03/2006. Revised 01/06/15.

ATTACHMENT 1

Policy Number: BL-5
Policy Type: Board Staff Linkage
Policy Title: Evaluating the General Manager's Performance
Effective Date: January 6, 2015

The General Manager's job performance shall be evaluated by comparing the organization's operating results and the General Manager's individual performance to the policies, direction and goals established by the Board.

Accordingly:

1. The Board has responsibility for establishing its priorities for the coming year and providing that direction to the General Manager. The General Manager shall draft new goals that contain relative success measures. Draft goals are for each year and represent the General Manager's reasonable interpretation of achieving the priorities defined by the Board.
2. The Board will use performance metrics adopted each year to determine the degree to which Board policies, direction and goals are being met.
3. The Board shall evaluate the General Manager's performance on an annual basis.
4. The General Manager's interim performance shall be monitored at a frequency and by a method chosen by the Board. Unless otherwise established by Board direction, the General Manager shall report quarterly results and annual results within a reasonable time after the close of each calendar quarter and year.

Source: Compensation Committee and Jean Meyers, Human Resources Manager. Developed: 9/20/06, Revised: 3/20/07 Board approved: 09/18/07. Revised 01/06/15.

ATTACHMENT 1

Policy Number: BL6
Policy Type: Board-Staff Linkage
Policy Title: Board-Staff Working Relationship
Effective Date: January 6, 2015

Except as provided in BL1-Section 2, the Board's direct link to the organization is through the General Manager. Nonetheless, the Board may have occasional contact and interaction with various staff members. The following policy governs the Board's working relationship with staff other than the General Manager.

1. Staff's role with the Board is to consult, problem solve, and provide information and support.
2. Commissioners may consult directly with staff or make direct requests for information. All such requests shall include the General Manager and Executive Assistant to the General Manager and Board. Commissioners may also channel requests through the General Manager or ask the General Manager for a referral to the appropriate staff member.
 - a. Staff is responsible for informing the General Manager of significant information requests from Commissioners. Staff is further responsible for informing the General Manager if a specific request becomes overly time consuming, or if cumulative requests from an individual Commissioner become overly time consuming
 - b. If the Board, or an individual Commissioner, makes a request of staff that staff knows or believes will be overly time consuming, the General Manager is empowered to notify the Board or Commissioner and to review the priority of the request. The Executive Assistant and General Manager will track all requests and manage responses. Information that is of benefit to all Commissioners shall normally be shared and distributed to all Commissioners.
3. Commissioners and staff will treat each other with courtesy, civility and respect despite differences of opinion. When communicating with or presenting information to the Board or individual Commissioners, staff is expected to remain objective and professional, despite differences of opinion.
4. The President of the Board is the appropriate conduit for concerns raised by Commissioners regarding the Board/staff working relationship. The General Manager is the appropriate conduit for concerns raised by staff regarding the Board/staff working relationship. The President of the Board and the General Manager are collectively charged with resolution of these concerns raised by Commissioners or employees.
5. New Commissioners are to be briefed on these procedures before taking their oath of office.

Source: Board Approved 07/06/2004, Updated 05/17/05. Revised 01/06/15.

ATTACHMENT 2

Policy Number: GP4
Policy Type: Governance Process
Policy Title: Agenda Planning
Effective Date: January 6, 2015

BACKGROUND:

The Board will follow an agenda that periodically:

1. Focuses on policy review and
2. Continually improves Board performance through Board education and enriched input and deliberation.

Accordingly, the following additional assumptions and procedures apply regarding agenda planning and Board background material preparation:

Assumptions:

- The Board owns its agendas.
- Board agendas will emphasize policy development, goal status and the future direction of the utility.
- The Board President and Vice President sets the agendas with the General Manager (GM).
- The GM has the authority to schedule agenda items.
- Board priorities take precedence over individual Commissioner Priorities.

AGENDA FORMATION:

- **Regularly scheduled Board items** established by charter, by-laws or Board policy, i.e. budget development, budget amendments, rate setting, can be both Board and staff driven.
- **Informational or review items** initiated by the Board, i.e. policy discussion, revision or review. **Note:** With the exception of the President and the GM, it takes a majority of Board members to place an item on the agenda.
- **Informational, policy updates or review items**, i.e. annual customer survey results, interim reports that are staff driven.
- **Consent calendar.** A group of routine items that have either been discussed previously or don't need discussion before a vote of the Board. Board members can elect to remove an item for discussion by notifying the Board Chair ahead of time.
- **Contract awards.** Contract awards or increases over \$1M must be an agenda item on the regular Board meeting agenda. Contract awards for \$1M or less can be placed on consent calendar.
- **Backgrounders.** Content based documents prepared by staff that supports an agenda item in order to inform and educate Board. Backgrounders are often in response to:
 - Board requests.
 - Agenda items initiated by staff.
 - Agenda items that require interim or status reports.

ATTACHMENT 2

- Unusual items appearing on the consent calendar, i.e. large contract awards or budget amendments.

AGENDA FORMAT:

Generally, the agenda for Regular EWEB Board Meetings will include the following:

- Agenda Check
- Items from Commissioners
- Public Input
- Board Action Items
- General Business Items
- Board Agenda Calendar
- Board Wrap Up

Commissioners reserve the right to add or delete items as needed, or change the order of the agenda as necessary. Public input and public hearings will occur near the published time.

●

ORGANIZATIONAL MEETING: During the first meeting of each calendar year, an election of Board officers and other routine annual business will be performed.

AGENDA MANAGEMENT:

- The President, Vice President and the GM will meet prior to each Board meeting to develop and prioritize agenda items.
 - The Executive Assistant to the GM/Board will maintain a list containing potential future background and agenda items.
- Agenda management will be broken out as a regularly occurring agenda item.
 - The time will be used to gauge the Board's interest in topics raised by Commissioners or staff and to discuss the trade-offs involved in using Board time for that issue.
- Board Agenda Reports. An agenda report is kept and provided with each Board Agenda and tracks the status of outstanding and future agenda items. The report is made up of the following components:
 - Outstanding backgrounders that may result in Board action.
 - Items that may be added to future Board agendas.
 - Annual agenda calendar and agenda items if known.
- Public notice. All Board agendas, including all backgrounders, correspondence, and other supportive documentation for regular meetings, special meetings, and work sessions shall be made available to the Board in hardcopy or other suitable form; and all non-confidential supportive documentation will be made available to the public via EWEB's website four full business days in advance of the meeting unless mitigating circumstances prevail. If an emergency meeting is necessary, notice shall be given to the Board and the public at least 24 hours prior to the meeting unless emergency circumstances prevail.

Source: Board Approved 10/20/03, Revised 02/13/2004, Revised 04/19/2005; Revised 12/15/2009 (Resolution 0931); Revised 3/1/2011 (Resolution 1112). Revised 01/06/15.

ATTACHMENT 3

Policy Number: GP7
Policy Type: Governance Process
Policy Title: Board Parliamentary Procedures
Effective Date: January 6, 2015

The Board shall conduct meetings in accordance with Board policies. If the Board is unable to resolve procedural issues, the Board shall use Robert's Rules of Order. The following policies and procedures shall apply:

President's Role:

The president presides over all meetings of the Board. The President's role shall be primarily procedural and the president shall have no greater vote on substantive matters than other members. The president will also represent the Board as required within the community and coordinate among the Board as necessary in the conduct of Board functions.

Vice President's Role:

The Vice President's role is to perform the duties and responsibilities of the president in his/her absence or as agreed upon by the Board.

General Manager-Secretary Role:

The General Manager – Secretary reports to the Board as a whole and is responsible for implementing policies and directions established by the Board.

Meeting Start Times:

The regular meeting of the Board will be held at 5:30 p.m. on the first Tuesday of each month, unless that Tuesday falls on or generally conflicts with a national holiday, in which case the meeting may be on the next business day or on another Tuesday in that month. If an additional regular meeting is required, the general preference will be to hold that meeting at 5:30 p.m. on the third Tuesday of the month. The Board President and the General Manager-Secretary may reschedule these meetings, schedule additional meetings, or cancel any meeting of the Board by mutual agreement.

Public Meetings:

Except as otherwise provided by law; all meetings of the Board shall be open to the public and all persons shall be permitted to attend. No quorum of the Board shall meet in private for the purposes of deciding or deliberating toward a decision on any matter; an executive session may be held only for those purposes allowed by law (ORS – 192.610.690). All regular and special meetings of the Board shall be held whenever possible within the utility service district.

Quorum:

A quorum shall consist of three members of the Board. In order to pass a resolution, motion or other measure, an affirmative vote of at least 3 commissioners (a majority of the 5 commissioner positions) is required.

ATTACHMENT 3

Vacancy on the Board:

Should a vacancy occur on the Board, the remaining Commissioners will appoint a qualified elector to fill such vacancy. The appointment shall be made within 90 days.

Board Attendance:

Attendance at all meeting of the Board is required of Commissioners. Prior notification of absence should be given to the Board or the Secretary whenever possible. The Board shall have the power to declare vacant the office of a member who shall absent himself/herself from three consecutive regular meetings without an excuse satisfactory to the Board.

Record of Board Meetings:

With the exception of Executive Sessions, audio recordings of all regular and special meetings of the Board, will be made and retained for at least 12 years, and/or a written record will be prepared, in the form of minutes. The minutes will be a high-level summary (not a full transcript) to include: members of the governing body present; motions, proposals, resolutions, results of all votes and substance of any discussion undertaken by Board members, management and other presenters including consultants and members of the public who address the Board.

Written minutes shall be reviewed and adopted by an affirmative vote of the Board, consistent with the Bylaws, and made available to the public.

Minute Corrections and Additions:

Corrections – Individual Board members may make suggested corrections to the minutes of prior meetings if the proposed meeting minutes are factually incorrect in recording discussion or statements made at the meeting. If there is disagreement as to the accuracy of the requested correction, a verbatim transcription of that portion of the audio recording will be requested and used to determine the appropriateness of the request. If a majority of the Board agrees that the requested correction is accurate, the minutes will be corrected without use of a verbatim transcription.

If the minutes accurately reflect what was said, regardless of the accuracy of the statement itself, the minutes will not be corrected. In this instance, a Commissioner may ask that a clarifying statement be entered into the minutes of the current meeting.

Additions - A Commissioner may request that a point of discussion or statement made during the meeting covered by the minutes be entered into the minute's record. If there is disagreement as to the accuracy of the requested statement or fact, a verbatim transcription of that portion of the audio recording will be requested and used to determine the appropriateness of the request. If a majority of the Board agrees that the requested inclusion is accurate, the minutes will be edited and the additional information included without use of a verbatim transcription.

Use of Resolutions for Board Actions:

Formal resolutions will be required when the Board takes actions of the following types:

- 1) Rate increases or decreases;
- 2) Approval of contracts for purchased power with a term of one year or more;
- 3) Adoption of an Integrated Electric Resource Plan or update;
- 4) Adoption of the Water Supply Plan or update;
- 5) Adoption of a Water Master Plan or update;

ATTACHMENT 3

- 6) Adoption of Board Policies;
- 7) Approval of the annual budget;
- 8) Issuance of bonds or other debt instruments.
- 9) Committees created and adopted by Board.
- 10) Outside appointments adopted by the Board.
- 11) Liaison appointments adopted by the Board.
- 12) Advisory assignments adopted by the Board.

All other actions can be taken in accordance with the Bylaws using a simple motion and affirmative vote.

Source: Bylaws, Board Discussion, Board Approved 11/01/05; Revised 12/15/09 (Resolution 0932); Revised as per bylaws 7/19/11 (Resolution 1122). Revised 01/06/15.

ATTACHMENT 4

Policy Number: SD3
Policy Type: Strategic Direction
Policy Title: Customer Service Policy
Effective Date: January 6, 2015

The full body of policy and procedure regarding provision of service to customers is contained in EWEB's Customer Services Policies and Procedures. The Board periodically reviews this document, (available at www.eweb.org), and approves all substantive changes. The following information is provided in summary.

It shall be the policy of EWEB that the utility needs of the consumer will be reliably met in accordance with sound business principles; that rates will be uniform to all consumers within various service classifications; and that pricing for utility services and products will be cost-based, in accordance with all applicable federal, state and local laws and regulations.

Further, it shall be the policy of EWEB to consider the aesthetic and environmental effects of its activities in conjunction with full utilization of its resources while providing utility services to its customers.

Policies, maintenance, repair and installation procedures are founded on standards of safety, economy and efficiency. Some are a requirement for service, others are optional and others are recommended.

It is the intent of EWEB that the Customer Services Policies and Procedures will provide instructional information to the customer; many segments of the electrical, plumbing and building industries, and EWEB staff for the purpose of achieving the common goal of efficient and safe utility service.

Source: Customer Services Policies and Procedures Manual, available at www.eweb.org, Board Approved 05/17/2005. Revised 01/06/15.

ATTACHMENT 5

Policy Number: SD5
Policy Type: Strategic Direction
Policy Title: Public Plaza Policy
Effective Date: January 6, 2015

The River Edge Public Plaza is a public place for the enjoyment of all. It cannot be reserved and must remain open to the public until 11 p.m. each day, except for closures related to public safety. Any use by organized groups must not infringe upon public access.

For purposes of this policy, an "event" refers to a gathering of 20 or more people for a common purpose.

Conditions of Use:

- The River Edge Public Plaza is available for community events excluding for profit commercial use.
- Event organizers are required to give EWEB Security notice 5 business days prior to the event.
- EWEB parking spaces are not available for use by event participants between 6:00 a.m. and 6:00 p.m., Monday through Friday, unless the event falls on a recognized holiday.
- EWEB does not provide furniture or audiovisual equipment of any kind.
- Activities that pose a threat to public safety or damage the plaza are prohibited.
- Discharging of firearms, possession of weapons of any kind and/or use of fireworks is prohibited.
- Motorized vehicles are not permitted in the plaza, unless otherwise authorized.
- Consumption of any alcoholic beverages or illegal substances is not permitted.
- Battery- or vehicle-operated noise-producing devices that disturb other park users is prohibited, as are other noise disturbances interfering with the working environment of EWEB headquarters.
- Engaging in any activity or conduct which is disruptive or interferes with the enjoyment of the plaza by others is prohibited.
- The event organizers will be expected to clean up the site after use. If required, event organizers should arrange for garbage cans, trash removal and portable toilets.
- The event organizers shall ensure compliance with applicable permitting and/or health and safety regulations.

ATTACHMENT 5

Source: Board Approved 11/27/1989, Revised April, 2004, Ratified 04/19/2005. Revised 01/06/15.

ATTACHMENT 6

Policy Number: SD14
Policy Type: Strategic Direction
Policy Title: Real Property Policies
Effective Date: January 6, 2015

The following property policies shall govern the acquisition, management, and disposal of EWEB property and property rights.

1. Property Acquisition – To ensure that facilities are available for the production and distribution of useable energy water and steam products, EWEB will consider the purchase of fee property. The decision to purchase fee property rather than lesser rights such as easements shall be based on the extent of control necessary to adequately protect the utility system.
2. Property Management – EWEB’s property shall be managed to comply with City, County, State and Federal ordinances, statutes, laws and EWEB’s Charter, Mission and Statement of Legacy.
3. Property Disposal – The Board may declare any real property surplus. The decision to declare a parcel surplus will be based on current and future utility needs land use and environmental considerations. The Board may direct staff to dispose of any properties declared surplus. Any properties disposed shall be disposed in accordance with applicable ordinances, statutes, laws and other Board policies.
4. Easement Acquisition – Easements will be obtained for all EWEB facilities located on private property, exclusive of electric service lines for the property owner’s sole use.
5. Easement Management – EWEB will provide customers with easement information when requested. EWEB may provide limited landscape maintenance within an easement only under certain circumstances.
6. Permits – EWEB will obtain permits for temporary uses on private property and on City of Eugene property where easements are not available.
7. Leases – EWEB staff, with Leadership Team Manager approval, may lease property for utility purposes when purchase of the property is not possible or in the best interest of EWEB.

Source: Property Program Policies & Procedures Approved 10/93, Revised 07/05/2005. Revised 01/06/15.

ATTACHMENT 7

Policy Number: SD17
Policy Type: Strategic Direction
Policy Title: Regulatory Compliance Reporting
Effective Date: January 6, 2015

The Board recognizes the importance of, and its responsibility in, maintaining the reliability and effectiveness of the utilities within its charge.

Ownership of, interconnection with, and operation of, the Bulk Electric System (BES), Potable Water System(s), as well as Power Generation Facilities, and the various utility systems and services put in place to support them for its customers require compliance with multiple Federal, State, and local laws and regulations relating to its activities.

Accordingly,

1. The board authorizes, delegates and directs the General Manager to conform EWEB operations to applicable regulatory standards, including the documentation and auditing thereof, and;
2. The General Manager will periodically report on the status of compliance with the applicable regulations to the Board.

Source: Ahlsten & Origliosso, Board Approved 04/15/08, Resolution No. 0822. Revised 01/06/15.

ATTACHMENT 8

Policy Number: SD18
Policy Type: Strategic Direction
Policy Title: Steam Utility Transition Policy
Retired Date: January 6, 2015

EWEB closed its Steam Utility plant on June 30, 2012. As such, Board Policy SD18, Steam Utility Transition Policy has been retired as of January 6, 2015.

Source: Logan, Board Approved 09/18/08, Resolution No. 0826. Retired 01/06/15.



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Brown, Mital, Helgeson, Manning and Simpson
FROM: Mel Damewood, Engineering Manager
DATE: December 19, 2014
SUBJECT: SDC Reimbursement for St. Vincent de Paul – Stellar Apartments
OBJECTIVE: Approval of SCD Reimbursement

Issue

EWEB's Water Utility has stabilized its financial metrics and expects to have net revenue above budgeted amounts for 2014. In 2012 EWEB denied a low income housing Systems Development Charge (SDC) grant which was subsequently paid for by St. Vincent DePaul Society of Lane County (SVdP). The strategy developed in 2012 was that in the future, when EWEB had stabilized its financial condition, it would reimburse SVdP the SDC amount in order to honor EWEB's commitment to support the Housing Policy Board (HPB) for qualified projects.

Background

In 2012, SVdP constructed a low income housing project, the Stellar Apartments, which qualified through the HPB and requested a SDC Grant from EWEB in the 2011 and 2012 time frame.

Due to the recession, EWEB's Water Utility was in a financial bind due to overly optimistic sales projections in the 2011 and 2012 budgets and we were experiencing the worst retail sales since the early 1980's. It was management's recommendation not to directly fund the grant due to financial constraints. EWEB management presented four options to the HPB and to SVdP, which all agreed to an option for SVdP to pay the SDC's upfront to EWEB and then EWEB "look back" to award the grant when EWEB was in a better financial position in the future. These options, including the chosen option, underwent legal review at the time. The SVdP grant is the only outstanding request for grant assistance under this program.

EWEB management presented these options to the Board through correspondence at the April 3, 2012 Board meeting and is included as Attach 1. There was no comment made about management's recommendation at that Board meeting.

Discussion

Now that EWEB's Water Utility has improved financial health, management is moving forward with the 2012 SDC grant reimbursement of \$55,836 to SVdP.

Requested Board Action

Management recommends approval of the SDC grant reimbursement to SVdP. If you have any questions please contact Mel Damewood, Engineering Manager at 541-685-7145 or email mel.damewood@eweb.org.

Attachment:

Attach 1 – April 3, 2012 Board Backgrounder



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD
WATER DIVISION

Rely on us.

TO: Commissioners Simpson, Brown, Cassidy, Ernst and Cunningham
FROM: Tom Buckhouse, Electric, Water & Steam Division Director and
Mel Damewood, Water Engineering Manager
DATE: March 20, 2012
SUBJECT: Systems Development Charge (SDC) Grant Update

Issue Statement

This is a status update of some recent activity with EWEB staff and the Housing Policy Board (HPB) regarding the availability of EWEB Water to fund SDC grants for low income housing projects.

Background

In September of 2011 EWEB received an SDC grant request from the HPB for the Stellar Apartments, a low income housing project to be developed by the St. Vincent DePaul Society of Lane County. According to EWEB's and HPB's 1997 SDC grant agreement, EWEB is able to fund grants of up to \$100,000 per year, provided these funds were from surplus revenue of water sales and not from reserve accounts. EWEB staff at that time notified that the HPB that we had no surplus sales of water revenue in the previous year or in the existing year, and that we would like to wait until March of 2012 to make a final decision on our ability to fund such grant requests.

The amount of the grant for the Stellar Apartments is approximately \$60,000.

In February 2012, EWEB staff revisited the request from the HPB for the Stellar Apartments and reached the same conclusion; that there were not surplus funds available from 2011 to fund the SDC grant.

Discussion

Staff then presented to legal counsel a few options to aid the low income housing grant process. These options included:

- 1) Providing for an outright exemption of SDC's for low income housing projects
- 2) Providing a one-time exemption for the Stellar Apartments
- 3) Having St. Vincent De Paul pay the SDC outright
- 4) SVDP paying the SDC and then applying for the grant in future years, to provide a reimbursement grant for the Stellar Apartments.

Luvaas-Cobb, EWEB's legal counsel, reviewed these options, and to summarize, all options are legal to implement, since there were no outright Administrative Rules (OAR's) or Revised Statutes (ORS's) that prevented EWEB from any course of action. However;

- 1) Providing an out-right exemption for SDC's for low income housing projects would shift the responsibility of those SDC's payments to future SDC payers. It is better to fund SDC grants from "surplus revenues" which provide equal distribution of payments and does not cause any inequities to any one customer class.
- 2) Providing a one -time exemption would prove discriminatory to future exemption requests that may not be approved.
- 3) The developer paying the SDC outright did not provide any social benefit from a triple bottom line perspective in aiding the low income sector of our customers.
- 4) Paying the SDC and then seeking a look-back grant is also a feasible method, provided EWEB stayed within the original parameters of not allocating more than \$100,000 per year from surplus funds to provide the grants.

It was also suggested by legal counsel that EWEB could provide a "SDC grant reserve" and allocate up to \$100,000 per year of surplus revenues to that grant fund. In this way, if \$100,000 was deposited and only \$70,000 was allocated, the remaining \$30,000 could be banked into the grant reserve. EWEB has always treated these grants on a year to year basis, not carrying over amounts not used.

Recommendation

EWEB staff presented Option 4 to both the Housing Policy Board and St. Vincent DePaul. Each entity understood EWEB's financial position and our limitations to not fund the SDC grant. Staff is recommending, that towards the end of the calendar year, the HPB resubmit a request to reimburse the SDC payment. Each year, EWEB will determine if there are surplus funds available, not to exceed \$100,000 and grant funds back to SVDP over time to award the SDC grant. It will likely take several years to re-grant the entire amount, depending on surplus revenues and the amounts of future requests.

Staff would also recommend setting up a SDC grant reserve that would allow EWEB to place up to \$100,000 per year of surplus revenues, so that in years where the requests are less than the amount of money placed into the reserve, the funding will be available to use in the next year. This fund should only be started once all other critical reserves (O&M, Capital and working cash) have reached their target amounts. Such a grant fund would provide a smoothing out of contributions and expenditures, and may make funds available for low income housing project SDC grant in years when no excess revenue is achieved.

Action

There is no action required at this time. This is for information only. If you have any questions please contact Mel Damewood at 541-685-7145 or mel.damewood@eweb.org.