

EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
MARCH 3, 2015
5:30 P.M.

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

Others Present: Roger Gray, Todd Simmons, Roger Kline, Lena Kostopulos, Dave Churchman, Mel Damewood, Cathy Bloom, Frank Lawson, Wally McCullough, Joe Harwood, Jeannine Parisi, Tim O'Dell, Jill Hoyenga, Jason Heuser, Lance Robertson, Mark Freeman, Sue Fahey, Gail Murray, Brad Taylor, David Donahue, Deborah Hart, Steve Newcomb, Mike McCann, Karl Morgenstern, Gene Austin, and Taryn Johnson of the EWEB staff; Vicki Maxon, Recorder.

President Mital 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 Helgeson apologized for not being able to travel to Salem tomorrow because he will be attending the Northwest Public Power Association (NWPPA) Trustees meeting in Sacramento. He noted that this time of year many resolutions are introduced at this meeting, and he asked to synch up with staff to be sure NWPPA's positions on issues are consistent with those being taken elsewhere.

Commissioner Brown voiced his desire for staff to continue to keep EWEB's plans for disaster preparedness at the forefront.

Commissioner Manning noted his and Vice President Simpson's attendance at a recent education summit and his and President Mital's attendance at the University of Oregon reverse vendor trade show. He urged his fellow Commissioners to try to attend the reverse vendor trade show next year.

President Mital noted that the Board will travel to Salem tomorrow to meet with Jason Heuser, Government & Community Affairs Coordinator, to receive an update on legislative issues that EWEB is following, and also that he will be traveling to Washington, D.C. next week to represent EWEB at the American Public Power Association (APPA) conference, and that he is looking forward to attending for the first time.

President Mital then recognized Purchasing Manager Gail Murray, who is retiring at the end of March after eight years with EWEB. He appreciated her for keeping the Board apprised regarding EWEB's various contracts. He also appreciated Sarah Gorseger and Ramie Alkire from the Purchasing Department who were also present at the University of Oregon reverse vendor trade show.

PUBLIC INPUT

On behalf of all EWEB retirees, and as a past chairman of the EWEB Credit Union Board, George Mason, EWEB retiree, voiced concern about the future of the 1700-member EWEB Credit Union, as its current location sits on EWEB property which has been declared surplus as part of the riverfront redevelopment. He gave examples of how the Credit Union watches out for its members, including not raising interest rates when the Feds demanded it, assisting its members during EWEB's employee layoffs, and not charging NSF funds when retiree insurance premium due dates were moved up five days earlier than in the past. He stated that the benefit of the credit union to its members is tremendous and that any sign of loss of support from EWEB would be devastating, to say the least, and that it is very important that the credit union be accessible and convenient to its members. He asked the Board to make the future of the credit union an action item at a future Board meeting so that other members have an opportunity to express their concerns as well.

Chris Orsinger is the Executive Director of Friends of Mt. Pisgah. He spoke to the possibility of collaborating with EWEB regarding an alternative water supply and water quality alternatives which would benefit EWEB customers and Mt. Pisgah. He referred to a handout that he distributed to the Board, and noted that his organization is in the process of acquiring a 60-acre Turtle Flats parcel and working with the Nature Conservancy to reconnect ponds on those lands and to restore salmon and aquatic habitat, river otters, etc. He noted that his organization is involved with multiple agencies and partnerships for fundraising and that this is a \$1.5 million project which is only about halfway funded at this time.

Commissioner Manning stated that the Board has had discussions about the future of the Credit Union, and that he would be interested in hearing more about the water quality initiative that Mr. Orsinger spoke of.

Commissioner Helgeson stated that the credit union is definitely on the Board's minds and that it will be important for the Board to stay ahead of the redevelopment schedule in order for the credit union board to make decisions about their location and maintain reasonable proximity to its membership, and for the Board to be sure to do what they can to align EWEB's plans so as to allow the credit union to make plans.

He added that plans for an alternative water source (Willamette River) are on the agenda tonight and that the Board has a general interest in being proactive.

Vice President Simpson stated that EWEB has a long history of collaborating with community members, i.e., its close ties with the McKenzie Clearwater Coalition. He encouraged Mr. Orsinger to develop ties with EWEB to help with watershed concerns, and added that EWEB Board and staff are here to help with that relationship.

He then stated that he is a staunch supporter of credit unions and that he recognizes the family nature of the EWEB credit union, and that this issue is clearly on the Board's radar screen to somehow protect this resource and find a good location. He asked Roger Gray, General Manager, to keep the Board abreast of emergent issues that they need to know about, with advance notice of the options.

Commissioner Brown stated that adequate notice will be given to the tenants affected by the redevelopment and sale of the EWEB property, including the opportunity to move to a new building, though he can't completely speak for that.

He also looked forward to the Willamette River as an alternative water source, stating that he will be happy to have more help with the annual clean-up.

President Mital stated that the credit union discussion is a very sensitive one and that he is aware of the position that the EWEB property redevelopment puts its tenants in.

He encouraged staff to work with the Friends of Mt. Pisgah and encouraged anything EWEB can do to assist with that.

CONSENT CALENDAR

RESOLUTION

Resolution No. 1505 - Authorizing General Manager on Sale of Assets, Contact Person is Steve Newcomb.

It was moved by Vice President Simpson, seconded by Commissioner Manning, to approve the Consent Calendar. The motion passed unanimously (5-0).

2014 GENERAL MANAGER'S ANNUAL PERFORMANCE EVALUATION

Commissioner Manning stated that in the future he would like to set benchmarks and expectations, and perhaps there is room to improve on the process, but that overall General Manager Gray has done a wonderful job. He encouraged and challenged staff to add diversity to the senior management team, and noted that he isn't only talking about minorities.

Commissioner Helgeson noted that the Board uses the same format that the organization uses for General Manager Gray's annual elevation. He appreciated General Manager Gray's work, and stated that his success and the ratings that he again deserves are an extension of staff's great work—for example, the response to the 2014 snow and ice storm with some lengthy electric outages, improvements for customers such as outage notification via text, no electric rate increase this year, and staff response to the Leaburg rollgate failures during the holidays.

Vice President Simpson directed the following comments equally to the senior management team and all employees:

“Both Commissioner Brown and I have known Roger the longest. Though I was not on the Board at the time of Roger’s hiring, I can say without hesitation that he has been, and continues to be, a superb leader of this organization. His vision and leadership have not only kept EWEB afloat in the face of butchered budgets--\$50M less per year than they were prior to his arrival--but he has motivated his staff to embrace a positive attitude of transformation while evolving the day-to-day delivery of basic services to higher degrees of efficiency. Roger’s attentiveness to safety, self-reporting, and risk management policies and tactics are all leadership qualities this Board stands behind and values.

He appropriately delegates responsibility to his staff, and he expects top performance and accountability in return. However, at times I feel he defers to the Board a bit too much on some decisions, especially in cases where we have already told him to ‘boldly go where no one has gone before.’

One of the biggest challenges that EWEB faces is the need to transform from a utilitarian ‘responsive’ business model to one that is significantly more proactive and promotional in nature. This shift will be necessary to support economic growth, attract work force talent, promote new options and services, and to enhance customer engagement and sense of ownership. It is easy for a utility to get set in its ways, so I look to Roger to challenge the status quo and look for new opportunities to re-brand our role in the marketplace.

Roger is adept at keeping the Board apprised of issues that affect the organization and at managing emergent situations and keeping the Board in the loop. Roger should continue to work with the Board with a strong emphasis on strategic direction, policy development, and opportunities for transformation and new business opportunities.”

Commissioner Brown stated that the most important decision he ever made in his eight years on the Board was to hire General Manager Gray. He thanked him not only for selecting and interacting with an incredible staff and pulling EWEB through many financial challenges, but also for what he does for the community.

President Mital stated that while he has only been on the Board for two years, the major initiatives General Manager Gray has directed and the dire economic straits he has guided the organization through will long be what he is remembered for, and that he is very proud of his strong leadership and his consistently high cumulative ratings every year. He noted that General Manager Gray is sometimes put in difficult situations as the conduit between Board and that that vice occasionally clamps down, but that he wants General Manager Gray to enjoy doing his job to the extent that is possible.

President Mital also noted that the summary notes from General Manager Gray’s performance evaluation will be made available at the April Board meeting, as well as any possible compensation that the Board may consider.

General Manager Gray thanked the Board for their feedback. He stated that EWEB's employees make his job easy and that they are the ones who really make EWEB run, and that without them, he is nothing.

RE-OPENING OF PUBLIC INPUT

President Mital reopened the public input portion of the meeting.

Gerald Betts, EWEB retiree, stated that when he was hired in 1983, he was told by Human Resources that the EWEB Credit Union was one of EWEB's employee benefits. He found it very useful that it was just across the parking lot and had an excellent staff. He voiced concern about the Credit Union having to find a new home and asked the Board to consider maintaining some continuity of access to their services due to its great benefit to EWEB employees.

Commissioner Brown stated that there may be a perception that the surplus of EWEB land may eliminate the EWEB credit union, but that is not necessarily true. He said that the tenants on that land will have plenty of notice and that he knows there has been dialogue between the credit union and the University of Oregon Foundation regarding the credit union having space in one of the new buildings, but that he doesn't know if they will move to an existing building or not.

General Manager Gray added that there has been ongoing dialogue with the credit union and the EWEB Child Development Center for some time and that there is a meeting scheduled with Bob Dempsey, CEO of the credit union, and three credit union board members later this month. He clarified that the credit union building is on surplus land and that the University of Oregon Foundation's vision is that it will not be retained, and that the Child Development Center has also asked to meet with the University of Oregon Foundation to see if they and the credit union can be part of their overall plan.

MARCH 2015 LEGISLATIVE SESSION UPDATE

Mr. Heuser stated that it is too early to know the impact of a new Governor but that things at the Capitol have gotten back to normal fairly quickly. He referred the Board to the backgrounder they received prior to this meeting and briefly summarized the following categories/bills as those of greatest interest to EWEB:

- Carbon Tax or Fee/Cap and Trade
- Coal to Clean Legislation
- Community Solar Gardens
- Utility Shutoff Moratorium
- State Incentive for Utility-Scale Solar Installations
- Oregon Feed-In Tariff Extension in Investor-Owned Utility Service Territories
- Disallowance of prohibitions against solar panel installation in planned communities
- Division of State Lands Fee bill

Commissioner Simpson requested that the Board spend some time with Mr. Heuser prior to their meeting with key legislators tomorrow. Mr. Heuser agreed.

Commissioner Brown wondered why staff will be talking to legislators about an alternative water source initiative. Mr. Heuser replied that he considers them stakeholders for this issue and that they are just as concerned about water quality as the Board is.

Commissioner Helgeson stated that he supports solar technology and that EWEB has done a good job of meeting demand through its solar programs, and that he is amazed at how successful the solar lobby has been in Salem. He wondered what will happen when third parties come in to develop community solar and if there's an offering that staff might craft to give EWEB customers an opportunity to be involved without third parties.

Mr. Heuser replied that he believes there is interest in solar but that EWEB needs to do it on their own terms and find a balance.

Commissioner Manning wondered about the pulse of legislation regarding utilities in view of all that has happened recently. Mr. Heuser replied that there is hesitation to do anything sweeping with energy policy right now, and that environmental groups seem to be putting all their eggs in the basket of extending the carbon fuel standard, focusing on transportation fuel. He noted that overall things seem to be fairly calm but that the feed-in tariff and community solar bills seem to show the most signs of action.

President Mital called for a 10-minute recess.

ALTERNATIVE WATER SUPPLY (AWS) UPDATE

Using overheads, Brad Taylor, Water Operations Manager; Wally McCullough, Water Engineering Supervisor, David Donahue, Environmental Specialist, and Jill Hoyenga, Planner III, presented the above update and answered clarifying questions and comments from the Board.

Commissioner Manning asked if any federal assistance is available for AWS. Mr. Taylor answered that EWEB is on their own for funding and that there are no active State-wide dollars available.

Commissioner Brown wondered about the budget for AWS as it relates to the Willamette River currently serving four cities, three dairy operations, etc. Mr. Taylor replied that staff hasn't looked at that yet and that they will be asking for Board guidance regarding the budget.

Vice President Simpson requested a "Willamette River 101" Board presentation, i.e., how watersheds are shaped, the various communities that are served by them, the risks, etc. Mr. Taylor stated that staff will also be asking the Board how aggressive they want to be regarding partnerships for AWS.

President Mital voiced concern regarding the location of a future water pumping plant in the event of the predicted Cascadia event. Mr. McCullough stated that the target location will be above that level.

Ms. Hoyenga distributed AWS infographic packets to the Board.

CORRESPONDENCE & BOARD AGENDAS

General Manager Gray referred to the memo from Dave Churchman, Power Operations Manager, regarding the wholesale power market, and noted that electric loads in January and February are way below target due to a warmer winter with less rain.

He noted that during the week of May 3-9 EWEB will be observing National Drinking Water Week with similar customer outreach (in the headquarters lobby) to what is done each October for Public Power Week, and reminded the Board that this is a great opportunity for them to meet customers, explain current water issues, and distribute information about water services.

BOARD WRAP-UP

Commissioner Manning stated that he is looking forward to the legislative update in Salem tomorrow, and noted that he will be facilitating an event in Portland on March 10 and intends to talk about public power.

Commissioner Helgeson noted that the Northwest Public Power Planning Council (NWPPC) meeting occurs on March 10 and 11 at the Eugene Hilton and that the City Council work session regarding the EWEB riverfront redevelopment project also occurs on March 11, and he asked General Manager Gray which of the meetings should take Board priority. General Manager Gray replied that it would be good for the Board to participate in both meetings, and requested them to try to meet with NWPPC's two Oregon representatives, and to meet one-on-one with their respective City Council members.

Vice President Simpson stated that Lane Council of Governments (LCOG) is currently reaching out to their members to ask what services they provide are most important for them or if any new services are desired. He asked staff to connect with Jeannine Parisi, Government and Community Affairs Coordinator to see if there are opportunities to recalibrate expectations. He also noted that LCOG has set up a public outreach feedback mechanism called Mind Mixer, which each LCOG member can utilize once a year at no charge, and he asked staff to take advantage of that.

President Mital voiced the desire for a half-day Board retreat in order to address some of the concerns about staff load, staff requests, etc., and stated that he will work on finding a date for that.

Commissioner Brown stated that he won't be in town for the City Council work session next week, but that he has been talking to various City Council members and believes that progress is being made. Vice President Simpson said that is also his belief after a meeting he had today with a member of the City Council.

President Mital adjourned the Regular Session at 8:00 p.m.

Assistant Secretary

President