

EUGENE WATER & ELECTRIC BOARD  
EXECUTIVE SESSION  
EWEB BOARD ROOM  
500 EAST 4TH AVENUE  
FEBRUARY 17, 2015  
4:30 P.M.

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

Others Present: General Manager Roger Gray, Dave Churchman, Erin Erben, Sue Fahey, Harvey Hall, Patty Boyle, Anna Wade, Sibyl Geiselman and Taryn Johnson.

President Mital called the Executive Session meeting of the EWEB Board of Directors to order pursuant to ORS 192.660(2)(e) at 4:30 p.m. to conduct deliberations with persons designated by governing body to negotiate real property transactions.

President Brown adjourned the Executive Session meeting at 5:05 p.m.

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Assistant Secretary

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President

EUGENE WATER & ELECTRIC BOARD  
REGULAR SESSION  
EWEB BOARD ROOM  
FEBRUARY 17, 2015  
5:30 P.M.

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

Others Present: Roger Gray, Jeannine Parisi, Jill Hoyenga, Sue Fahey, Harvey Hall, Joe Harwood, Todd Simmons, Brad Taylor, Erin Erben, Tammy DenOuden, Lena Kostopulos, Frank Lawson, Mark Freeman, Mel Damewood, Steve Newcomb, Susan Eicher, Edward Yan, Lance Robertson, Anne Kah, Roger Kline, Gail Murray, Rene Gonzalez, Janice Lee, Mike McCann, 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.

**CEREMONY OF APPRECIATION TO AMERICAN RED CROSS**

President Mital introduced Jill Hoyenga, Planner III, and Megan O'Hara, Executive Director of the Lane County Chapter of the American Red Cross. He summarized a recent project where EWEB sold emergency water storage containers (which he showed to the audience) in partnership with the Red Cross, in order to help EWEB customers take action and recover from disasters more quickly (each customer should have one gallon of water per person or pet per day in preparation for a water emergency). He noted that this partnership is the first of its kind in the United States and that this project received a large response mostly because of the Red Cross's reputation. Customers were charged \$5 per container and all proceeds went to the Red Cross, with the containers selling out and the project raising \$7,945. President Mital thanked Ms. O'Hara and said it was a privilege and honor for EWEB to partner with the Red Cross.

Ms. O'Hara thanked Ms. Hoyenga and the EWEB project team for a terrific project, and said she looks forward to further partnerships for the community to get the emergency preparedness message into all homes.

President Mital then recognized Ms. Hoyenga, who distributed EWEB's new water reliability infographic booklet to each Commissioner. She noted that this is a continuation of the emergency water container project, and asked the Board to review the booklet and send her any suggestions and comments they might have.

## **ITEMS FROM BOARD MEMBERS**

Commissioner Manning welcomed everyone. He noted that he had attended the Black in Government dinner, and that there was another event the same night at the same time, so Board attendance was split between the two events.

He also congratulated Commissioner Brown on being named First Citizen of Eugene for 2014. He told him the award was well-deserved and that he looked forward to a repeat in 2015.

Commissioner Helgeson noted that he and Commissioner Simpson attended the celebration of the near-completion of the United Way campaign. He appreciated and congratulated EWEB staff and employees for another successful campaign.

Vice President Simpson noted that he attended the Lane Council of Governments (LCOG) annual appreciation dinner with General Manager Gray in order to present information about climate change, and that they had taken the general manager and Board president of Lane Electric with them as their guests.

Commissioner Brown thanked his fellow Commissioners for attending the Future Citizen event in his honor and that he was very humbled.

He then voiced a desire to accelerate the acquisition of additional water distribution trailers in the event of a water emergency, and asked for an update on the emergency preparedness plan.

He then recalled that approximately a year ago the Board had discussed EWEB's real estate inventory and what isn't currently being used, and he wondered if there will be an upcoming report or at least a Board discussion about what EWEB plans to do with surplus property, timberland acreage, etc. that may not be mission-critical.

President Mital reiterated that the emergency water containers are a great thing to have and that 2,000 containers were sold (a sell-out), but that the vast majority of EWEB customers still don't have one.

## **PUBLIC INPUT**

**Joe LeFleur** (Springfield) reiterated his previous testimony regarding the presence of 4G cell phone towers as opposed to 3G cell phone towers in relation to the disappearance of bees, birds, bats, etc., upriver around EWEB reservoirs. He noted that on a three-mile hike upriver today, he did not observe a single bird. He also noted that in the documentary "Take Back Your Power," the author had used photo microscopy to verify that smart meters can damage blood cells in humans.

**Abraham Likwornik** recalled that on May 26, 2014 the Board was presented with a legal notice and demand for information in addition to a CD, and also a demand that the Board cease and desist with the purchase of smart meters. He added that the Board chose to ignore the above and proceeded with their plan to purchase. He reminded the Board that to do so would be

a breach of office and a violation of their fiduciary duty, which would result in official misconduct and a criminal offense. He opined that the Board has not met burden of proof or guaranteed that these meters are lower-cost, secure, and will not violate customer rights, that they have not shared credible information or strong opposition about the meters, and that the opt-in choice for customers provides a false sense of security.

**Cindy Allen** recalled that the Board was given a copy of “Take Back Your Power” and that Dr. Paul Dart had done an 18-month study and presented his report to the Board. She noted that the director of “Take Back Your Power” will be coming to Eugene for more showings and additional discussions. She asked the Board to retain analog meters, as they last for 30 years instead of 15, and insure jobs. She also asked the Board to postpone their vote on any smart meter contract due to them causing too much personal liability and increased electric bills.

**Dennis Hebert** lives near Tugman Park. He noted a discrepancy in the AMI information on EWEB’s website which says that if one does not opt in, new upgraded meters are going to be installed without frequency effect, yet in the next paragraph it says the meter will still be able to be controlled by turning it on and off from headquarters. He said he questions that discrepancy and also asked the Board to look into the control of emissions.

**Maurya Kaarhus** voiced opposition to smart meters, as she is concerned about safety, cost, freedom of choice, and privacy. After watching “Take Back Your Power,” she sees no reason to spend public funds to buy the meters, which are neither necessary or justified, and the cost will be passed on to EWEB customers. She noted that smart meters in California have caused doubling or tripling of electric bills and many have caught fire or were installed in spite of customer objection. She requested the Board to retain analog meters and instead spend the proposed smart meter budget on the new gates for Leaburg Dam.

**Lisa Marie DiVincent** echoed the testimony she has heard so far and reminded the audience of the repeat screening of “Take Back Your Power,” which is being sponsored by the Lane Peace Center at Lane Community College in association with the Lane County Student Chapter of OSPIRG. She noted that there will be a Q&A via Skype with Josh Del Sol (the director) and also presentations by Dr. Paul Dart and Lane County Commissioner Peter Sorenson. She asked the Board and EWEB staff to re-review “Take Back Your Power” and all the other documents they have received in the last two years.

**Karin Almquist** told the Board that her 9-year-old child became ill last year with nausea, heart palpitations, appetite change, digestive problems, anxiety, and depression, and that she felt better after her radiofrequency exposure was reduced while on vacation. She noted that she no longer has a wi-fi, cable, or a cell phone, only to find out that her child’s school had upgraded their wi-fi system. She stated that if her neighbors opt in for smart meters, she and her daughter will have to move to a rural area and be more isolated.

**Kathy Ging** recalled that Commissioner Manning had previously expressed concern regarding a Sensus USA employee who had filed legal action against Sensus because of undisclosed wireless meter risks, and she opined that his concern had influenced Commissioner

Helgeson to hesitate, and then to delay a vote on smart metering. She noted that thousands of Sensus meters have been removed in Pennsylvania and in Portland due to fire risk, and reminded the Board that health and fire are still concerns in addition to increased liability that EWEB could assume if purchasing smart meters. She again asked EWEB to continue to educate the public about the health issues of smart metering, and to form an ongoing review committee on which ratepayer/owners can participate. In closing, she asked the Board to stop the ordering of these meters while there is still time.

**Robin Bloomgarden** (Whiteaker neighborhood) agreed with the previous testimony regarding smart meters and said she is totally against them. She added that she is also against not having a backup water supply, and believes that \$26 million would be better spent on that.

Commissioner Brown told the audience that the Board is listening, and asked General Manager Gray to get back to him regarding the wireless meters being “hot,” so to speak. General Manager Gray noted that a change had been requested from Sensus, and that the meters are normally in a passive, non-communicating state.

Regarding the public comment about having to escape to a rural community because of wireless meters, Commissioner Brown asked whether or not EPUD and Lane Electric have wireless meters. General Manager Gray replied that he believes that EPUD does, and that they use a power line carrier via electric power lines, which creates a different type of field.

Regarding a public comment about job loss because of wireless meters, General Manager Gray clarified that the rollout of wireless meters will take several years and that meter readers will be re-trained, and that meter readers for wired meters will still need to be retained for quite some time.

Vice President Simpson thanked those who testified. He asked Ms. DiVincent for the date for the screening of the documentary. It will be held Wednesday, February 25 from 4:00 to 7:30 p.m. in Building 17, Forum Room 309 at Lane Community College. He then asked General Manager Gray to speak to the inability to purchase analog meters.

General Manager Gray stated that EWEB has been using digital meters for at least 10 years and that EWEB would have to ask manufacturers to uniquely create analog meters just for them. He noted that the world is rapidly moving toward digital meters, even without the extra functionality, and that experiments were shut down some time ago.

Commissioner Helgeson stated that he believes some confusion exists regarding meter types. He said his understanding is that there are different levels of electronic meters--some are base level with no communication ability, and some have limited communication capability from the street or directly from the front, and those are the type EWEB is proposing. With the differentiation between meter types and the things people hear about communication protocols, there has been a lot of confusion about EWEB's plans. He further noted that his understanding is that with an opt-in, the meters will only communicate once a month in order to collect readings, and in small numbers during a month to synchronize with the central system, so that in general,

the frequency is seemingly overestimated. He added that programs offered to customers who wished more communication would involve more routine transmissions, and said that he would like to see more communication with customers about that aspect.

Commissioner Helgeson also appreciated everyone's testimony and assured the audience that the Board has given wireless metering very considerably thought--in fact, for the last 2-1/2 years this topic has consumed more agenda time than any other that he knows of, including budget and rates. He added that it becomes a judgment call about the extent of risks that can or cannot be mitigated, and that he believes EWEB's approach is substantially modified from two years ago with the opt-in and designing for radiofrequency exposure, and that the Board has considered public concern. He also noted that the Board feels that this modification, in conjunction with the opt-in choice, substantially mitigates public concern, and that while he respects a difference of opinion, he believes Board and staff have done their homework and drawn some different conclusions.

Commissioner Manning noted that the reliability of any of the studies mentioned is based on replication, and that these studies were not ever replicated. He noted that he had traveled to East Coast and Midwest utilities and found that the majority of those used similar infrastructure to what EWEB has chosen, but that their smart meter system is much different than EWEB's, as once it transmits, it goes to a satellite and the satellite beams down, and that there were no reports of damage from radiofrequency in a city of over three million about the technology that they use. He also reminded the audience that there are many customers who DO want this system, and that's why the opt-in was offered, and that as a Commissioner he needs to make sure variety is there for every customer. He added that he is committed to making sure it is the best available and as less intrusive as possible, and that gamma rays and radiation aren't an issue.

President Mital echoed the comments of his colleagues. He thanked the public who testified for their activism, which contributed to the contract before the Board tonight being quite different than the original one (a go-slow approach which balances the concerns of a variety of groups), and said that EWEB is better because of their perspective.

## **APPROVAL OF CONSENT CALENDAR**

### **MINUTES**

1. January 6, 2015 Regular Session

### **CONTRACTS**

2. General Pacific, Inc. - for the purchase of dead front pad-mounted switchgear 15kV on an as needed basis. \$365,000 (over five years). Engineering Services. Contact Person is Mel Damewood.

3. Wright Tree Service - for utility line clearance which includes tree pruning and removal, stump grinding, and row mowing along EWEB transmission and distribution power lines on an

ongoing basis. \$16,000,000 (over five years). Distribution Reliability. Contact Person is Todd Simmons.

#### **INTERGOVERNMENTAL AGREEMENT (IGA)**

4. LCOG - for Water Quality Monitoring Technical Assistance Activities including integrating EWEB's water quality data base to GIS tools and assistance in analyzing and evaluating non-point source pollution in the McKenzie Watershed. \$775,000. Environmental Services. Contact Person is Steve Newcomb.

#### **RESOLUTIONS**

5. Resolution No. 1501 - Board Liaison Assignments & Committees, Contact Person is Roger Gray.

6. Resolution No. 1504 - 2015 Avoided Cost Filing, Contact Person is Erin Erben.

Commissioner Brown asked to remove item #4 in order to clarify what it is for. It was then moved by Vice President Simpson, seconded by Commissioner Brown to approve the remainder of the consent calendar.

Steve Newcomb, Environmental & Property Manager, clarified the purpose of the intergovernmental agreement. He noted that this is a continuation of the environmental data base that EWEB already has.

Vice President Simpson asked what the cycle is for updating the data base. Mr. Newcomb replied that it is an ongoing effort as there are land use changes and increased development with different uses, and that the information is used to analyze where the best places are to elevate funding, i.e., the areas with highest risk to water quality.

Commissioner Helgeson voiced support for the program and clarified that his recollection is that the partnership was forged because EWEB doesn't maintain the land use data base and that the state of EWEB's internal GIS platforms is such that that is not able to be integrated with EWEB's mapping systems. He asked staff to keep an eye on that and look for opportunities to reintegrate this capability with EWEB's internal systems, as EWEB's mapping capabilities have improved, with the possibility of bringing some of those capabilities in-house at lower cost.

President Mital noted the increase in cost although not all of that is necessarily being spent. Mr. Newcomb replied that the budget has remained the same for the past 4-5 years and that the program has not expanded, but money has been shifted to where it is needed most.

It was then moved by Commissioner Brown, seconded by Vice President Simpson, to approve item #4. The motion was unanimous (5-0).

## **AMI CONTRACTS SUBMITTED FOR APPROVAL**

Using overheads, General Manager Gray recalled the “slow roll” program for AMI and that the Board had chosen alternative #2, the strategic AMI opt-in approach, and that the AMI contract was renegotiated pursuant to the Board’s direction.

Commissioner Helgeson stated that this contract is based on many principles that were adopted 1-1/2 years ago with a number of modifications in regard to the opt-in approach, and that he hasn’t seen anything since that would make him feel differently about it. He asked General Manager Gray to recall the differences between this contract and the original contract.

General Manager Gray referred the Board to the summary in their backgrounder, and noted that the most important economic features are the benefits of a “big bang” contract but without obligation to a certain number of meters (i.e., a slow roll), and that the contrast cost has been reduced from \$26 million contract to a \$20.5 not to exceed contract, with the option for a second non-Sensus meter if the customer is unhappy. He also noted that this is not really a savings, but a partial shift to using internal labor services.

Commissioner Helgeson clarified that a large portion of the \$26 million would still be spent on new meters even if the Board did not proceed with AMI.

Commissioner Manning stated that he believes this program and technology is more beneficial, and that those customers with medical devices at home who have a power outage will be able to determine it right away and get the power back on quickly. He also noted that this would also benefit low-income customers who can’t afford a security deposits. He agreed that this project can’t continue to be put off and that change is inevitable. He asked General Manager Gray to recall some of the benefits of this technology.

General Manager Gray stated that EWEB will know when a customer is out of power, customers will have the ability to pre-pay their bill, etc., and that a customer will also know every single day what they are using and how much their bill will be each month so they can better prepare. He also noted that at other utilities who use this system, some customers are making multiple payments per month, and that for customers who wish to help manage their peak load, incentives may be given to do things differently, which would be very beneficial for low-income customers, especially. He estimated that 10-15% of customers may wish to manage their peak load, and that staff will be recruiting those customers.

Commissioner Brown noted that without AMI, EWEB would build a gas-fired power plant and then there would be concern about the footprint. He noted that peak load times are between 7-11:00 a.m. and 5-9:00 p.m. Because EWEB has to buy more power at those times, behavior modification can save both kilowatts and money, and if Board policy is to continue conservation, this is the best tool to use. He said he will support AMI because he believes it is the best win/win.



President Mital noted that cyber security seems to be on the rise, and he asked about these meters presenting vulnerability. General Manager Gray replied that cyber security is real, and that 40% of attacks are in the energy sector, but that the good news is that the grid is isolated and always has been, and that these meters are not connected to the grid. He added that their level of security is very high and that they're on an independent network where EWEB controls the frequency, as regulated by the Federal Communications Commission (FCC), and that EWEB needs to rely on the basic security and policies and procedures that are in place.

Vice President Simpson asked General Manager Gray to touch on the operational benefits internally which enhance efficiency and keep rates down. General Manager Gray replied that meter reading will eventually be replaced with technology, and that start/stop service will eventually be done remotely instead of in person. He noted that this system will also assist in troubleshooting outages more rapidly with faster response time and efficiency of response, and that the money saved on those costs dwarfs the cost of the meters.

General Manager Gray added that EWEB will still retain meter readers, but once AMI is up and running, those meters will begin to be read remotely, and that while meter reading routes will be a bit less efficient, meter readers will be using a device that tells them who has opted in or out.

Commissioner Helgeson recalled that the first phase steps will be driven by level of customer acceptance. He asked how the Board will be informed of progress and whether there will be a period to assess that progress and, if necessary, recalibrate. General Manager Gray replied that the Board will receive routine updates on the project a few times a year, and that pilot programs and research and development will also be routinely assessed (in the context of the Integrated Energy Resource Plan), for example, time of use will be tested. He also noted that the budget cycle will be able to be recalibrated, along with the long-term financial plan.

Commissioner Helgeson asked staff to continue to do everything possible to communicate with customers so that they have clarity, and to continue to address the confusion and misunderstanding that was heard in some of tonight's public comment.

It was then moved by Commissioner Manning, seconded by Commissioner Brown, to approve the AMI contracts as submitted. The motion passed unanimously (5-0).

## **2015 ORGANIZATIONAL GOALS AND KPI**

General Manager Gray recalled that this agenda item had been postponed from the January meeting and noted that he had asked the Board for additional comments and/or suggestions, and had not received any. He noted the omission of some words in a performance item on page 1 and that there will be follow-up in a starboard report, but otherwise there were no other changes since it was last submitted.

It was moved by Vice President Simpson, seconded by Commissioner Helgeson, to approve the organizational goals and KPI. The motion passed unanimously (5-0).

Vice President Simpson thanked General Manager Gray for a great deal of work, and Commissioner Helgeson stated he is comfortable with the metrics for next year, though he hopes that the Board can focus more energy and attention on strategic items such as second source water.

President Mital called for a 10-minute recess.

## **2015 STATE OF THE UTILITY ADDRESS**

President Mital gave the following State of the Utility address:

“Six weeks ago my fellow commissioners elected me to a one-year term as EWEB Board President. As a result, I have the duty to prepare, and the privilege of presenting, the Eugene Water & Electric Board’s 2015 State of the Utility address.

As Oregon’s largest public utility, recipient of numerous awards, and widely recognized nationally for its progressive leadership, EWEB continues to provide an example of excellence for Eugene and beyond. Our foundation of excellence was established by delivering clean water and clean power at affordable rates day in and day out. Over its 100-plus years, Eugenians invested in EWEB, and it has become an important example of public ownership and local control in a profit-driven world. Eugene is rightly proud of the institution it made that actively participates in shaping its future.

This past year our safety record, reliability metrics, environmental performance, and customer survey results demonstrated, again, that EWEB employees are highly qualified and dedicated. We are fortunate to be led by an excellent general manager and leadership team. And our current Board is pretty good, too.

Excellence doesn’t happen overnight. Staff, management, and past Boards built this up over 100 years. Our task is to be good stewards of the EWEB we inherited from the 20<sup>th</sup> century and to prepare it as best we can for the challenges of the 21<sup>st</sup>. Luckily, most of the core commitments needed to succeed in the 21<sup>st</sup> century - like transparency, reliability, and thrift - were integrated during the 20<sup>th</sup>. But there are some new commitments – like even more engagement with our customers, flexibility, and resiliency – that we need to, and in fact are, adopting.

Let me mention five significant accomplishments from the past year that speak to these core commitments:

1. EWEB’s financials have improved. This is due in part to exogenous variables including an improving regional economy and an improving forward price curve - though that has lost some ground these past few months. But it’s also the result of savvy but prudent hedging strategies, a renewed sense of thrift, and especially a willingness to look at reductions in O&M and capital through risk-based capital planning and priority-based budgeting with fresh eyes and more thorough discussion. The reductions incorporated into the 2014 budget

included 25 positions, most of which were achieved through retirements and attrition, other O&M reductions of almost \$4 million, and the deferral or elimination of over \$20 million in capital spending.

2. We created a strategic plan with clear priorities. It is focused on customer value, flexibility, resilience and people. And we are already delivering on its goals. For example, this past year we avoided a rate increase on the electric side, helping shift rates back toward the average of our peer utilities.
3. We also continued our rate restructuring work. This should provide bill stability to low-income customers while ensuring stable revenues needed to maintain our extensive - some might say robust - infrastructure. It also positions EWEB to accommodate distributed generation more honestly and without subsidies from those who can't afford to install solar on their own rooftops.
4. A few years back, EWEB's leadership identified the region's biggest long-term risk: reliance on a single source of water. In 2014 we continued to face it head-on and with strong support from the community. As proof, the Board raised water rates for the second year in a row and committed those funds to our alternative water supply project. And, in a scientifically valid blind taste test, my friend and fellow Commissioner John Brown declared water from the Willamette as his favorite local flavor. A treatment plant on the Willamette can't be far off.
5. Finally, the 8<sup>th</sup> Annual Run to Stay Warm was a huge success. More than 1,000 people participated from 16 states. Since the first run, it has raised \$160,000, including a record \$44,000 last year for our Customer Care programs. Dozens of EWEB staff, commissioners and families volunteer their time to the Run to Stay Warm, reminding us how energetic and compassionate the people who work here are.

Of course 2014 wasn't all roses. EWEB was tested.

The 2014 ice storm was one of the biggest weather events to hit the community in a generation. Temperatures hovered in the single digits for a week. Some customers went without power for five days. The good news is that, despite scores of downed power lines, nobody was seriously hurt. And FEMA is picking up most of the \$1.5 million dollar clean-up bill. The storm did expose weaknesses in our communications systems. In response, staff implemented an improved outage reporting system.

And we were reminded why we have three roll gates at Leaburg Dam. In case, against all odds, two go down...at the height of the rainy season! Like the ice storm, it stressed our staff to the limit. This time the Feds aren't likely to pay the bill. It's a reminder that some of our infrastructure, especially on the water side, is aging and we're going to have to spend dearly to replace it.

I'll end with a short list of things we are doing, or should consider, to keep us strong in 2015.

1. Next month we will conduct a thorough performance evaluation of our general manager and report the results. As a publicly elected board, it's one of our most important duties.
2. In May we are looking forward to an update from staff on our customer information system (CIS). If we're going to increase our engagement with customers, we need the ability to customize information on their monthly billing statements.

3. With a little luck, we will deliver on a long-held promise by selling or leasing the riverfront property.
4. This legislative session we are lending our reputation and some resources to help make the case for state-wide carbon pricing.
5. Staff recently launched a time-of-use pilot study with 400 participating homes spread across Eugene. It will help answer some important questions about how much energy customers operating under our trial time of use tariff can shave off peaks. This has significant implications for determining our future energy acquisition strategy. Can we meet load with these new demand response and demand management tools or do we have to invest in gas-fired peaking plants?
6. Perhaps we should review our risk management policies. We may be too cautious, even for a responsible public utility. Can we afford to risk more during certain times of the year? Or should we be even more conservative? This may be that much more timely as the wholesale market is going down again; this will be a challenge going forward.

Finally, I can say with confidence that EWEB is a strong and resilient organization. I'm very much looking forward to working with the Board and supporting our general manager and staff as they deliver water, power, and excellence to our customers in 2015."

#### **RIVERFRONT PROPERTY NEGOTIATIONS CHECK-IN**

Using overheads, Mr. Newcomb and Jeannine Parisi, Community and Local Government Outreach Coordinator, updated the Board on the riverfront property negotiations, and addressed questions and comments from the Board.

Commissioner Brown noted that the goals of EWEB's Riverfront Master Plan are atypical in the real estate marketplace. He wondered how staff will get those quantified and qualified, and get a commitment from the user to do those things. He also wondered about how to approach the City Council in order for them to assist with getting a commitment from the City of Eugene.

Mr. Newcomb encouraged the Board to work with their respective City Councilors in order to make that happen. Ms. Parisi invited the Board to attend the March 11 City Council workshop in order to assess any funding gaps regarding the riverfront property.

Commissioner Brown wondered why system development charge credits are being calculated for the parking lot, and he also asked if EWEB will receive credit for the buildings that were there in the 1940s and 50s, i.e., the Eugene Planing Mill. Ms. Parisi replied that a map of the area from 1952 has been provided.

Jay Namyet, of the University of Oregon Foundation, introduced the members of his project team. He stated that Mr. Newcomb and Ms. Parisi have been very supportive of his team on an almost daily basis. He noted that he and General Manager Gray have talked to Denny Braud of the City of Eugene and do not have specific information available yet, but that as they identify issues, they are coming up with creative solutions. He reminded the Board that even though everyone is on board with the process, it takes time.

Commissioner Helgeson thanked staff for the great update. He said he would like to see the Board work with the City Council and their counterparts to raise the possibility and likelihood of public investment in the site, and would also like more information on his City Councilor's history with the EWEB site. He told Mr. Namyet that he would continue to hear more from the Board and that the Board is confident about progress and check-ins, and that he is confident that EWEB selected the right development partner.

Vice President Simpson gave Mr. Namyet kudos on holding the line on the Board's vision and thanked him for working with the City. He noted that he has good personal relationships with some of the City Councilors but that he would like a briefing and also to be informed of various meeting opportunities.

President Mital stated that everything seems to be on a great track and that he is looking forward to the project's progression.

Commissioner Brown reminded the Board that a conversation with the EWEB Credit Union and EWEB Child Care Center is necessary, and the sooner the better, in order to get some resolution.

Commissioner Helgeson said it is his understanding that EWEB has agreed to maintain flexibility with both of them and not to make too many decisions on what to do. He added that he is very interested in working with them to manage and anticipate the impacts of whatever the outcomes are. He added that, one way or the other, he feels that EWEB owes them that respect, and that he would hope that EWEB could put them in the best position possible to deal with whatever decisions are made.

#### **FOURTH QUARTER 2014: OPERATING AND MANAGEMENT LETTER DASHBOARDS**

General Manager Gray clarified that this update focuses on the following areas of concern:

- Water product delivery – EmX project work interrupted regular Water Operations work. Mel Damewood and Brad Taylor are building the work force to handle more of these types of interruptions in the future.
- Second source water – land acquisition for intake site was delayed
- Generation assets – Carmen-Smith transformer replacements are moving forward – looking at assets from a risk standpoint
- Overall it was a successful year – pleased with response to ice storm and rollgate failures. In better shape because of the outage communication technology updates put into place since the February 2014 storm.

Commissioner Helgeson reminded the Board that Carmen-Smith has been in operation since the 1970s, and that in some respects customers have enjoyed tremendous economic benefits because of it. He noted that some of the re-investment is deferred maintenance and

extraction of equity in ways that provided those past benefits, and to keep that in mind as the Board contemplates relicensing investments to continue to provide value in the future.

General Manager Gray stated that he is very pleased with the organization's response to these issues and that the Board's alignment with the organization is very powerful right now.

## **CORRESPONDENCE AND BOARD AGENDAS**

General Manager Gray briefly reviewed the correspondence items:

- Update on collection agency information
- Update from Mel Damewood and Mike McCann about the emergency declaration (Leaburg rollgate failures), why it was made, and that in General Manager Gray's absence, he gave Mr. Damewood direction to do what was done
- Slight delay in some financial reports and work asset management (WAM) reports

Regarding upcoming meeting agendas, General Manager Gray stated that it would be nice to sprinkle in more strategic agenda items as the need for financial agenda items stabilizes.

Vice President Simpson asked about the possibility of the Board legislative day being Wednesday, March 4 (the day after the March Board meeting), and he wondered if Jason Heuser, Legislative Liaison, could attend the March 4 Board meeting for a briefing. Commissioner Brown noted that it might be easier to have a Skype session or conference call with Mr. Heuser instead of requiring him to drive to Eugene. General Manager Gray replied that staff will ask Mr. Heuser if he is available for the March 3 Board meeting.

Commissioner Manning stated that he also wants the EWEB Credit Union and EWEB Child Care center to have some solutions soon so they can start planning, and that he doesn't want them to be "out on the street."

General Manager Gray agreed, and added that EWEB's tenant in the Midgley Building will also be affected. He noted that staff has given all three of them updates all along, and that the question is, does EWEB continue the subsidies as they are. He also noted that staff needs to determine how many of the kids in the EWEB Child Care Center are children of EWEB employees and how many are children of non-employees.

Regarding the recently dramatically changed approach on how EWEB handles customers who are past due and have been turned over to a collection agency, President Mital wondered why that wasn't a Board discussion, though he supports it. Mark Freeman, Customer Service and Energy Management Supervisor, stated that staff had asked the Board for input earlier in the year and also as part of a process to address the budget gap.

Commissioner Helgeson noted that staff has always made those credit and collection decisions in the past but that he believes there could be more dialogue and understanding around that process, for instance, what percentage of the amount goes to the collection agency.

General Manager Gray reminded the Board that this change was implemented after a discussion to close part of a budget gap, and that there is no explicit policy that says this decision has to be approved by the Board.

President Mital polled the Board on whether or not to hold up the above changed approach. The Board voted against holding up the process, and Commissioner Helgeson asked for more information and an update on EWEB's credit/collections/write-off experiences.

## **BOARD WRAP-UP**

Commissioner Manning noted that he had attended CPR training.

Commissioner Brown noted that in his opinion, with EWEB now leasing a portion of the headquarters building, the building is not in very good condition with regard to carpeting, the paint on the walls, and just general clean-up issues. He wondered if a "sprucing up" could be considered. He also asked to see an expense report on how much has been spent on the headquarters for Master Plan surveys, consultants, etc.

Commissioner Helgeson agreed that a sprucing up of the headquarters building should be considered, and also noted that headquarters signage (which impacts EWEB customers) is not looking its best. He supported Commissioner Brown's request for an expense report, and Vice President Simpson also supported Commissioner Brown's and Helgeson's requests.

General Manager Gray noted that the headquarters spruce-up was discontinued when the budget cuts and staff layoffs occurred, and he agreed to look into a restart.

President Mital adjourned the Regular Session at 8:25 p.m.

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Assistant Secretary

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President

EUGENE WATER & ELECTRIC BOARD  
EXECUTIVE SESSION  
EWEB BOARD ROOM  
500 EAST 4TH AVENUE  
MARCH 3, 2015  
4:00 P.M.

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

Others Present: General Manager Roger Gray and Lena Kostopulos.

President Mital called the Executive Session meeting of the EWEB Board of Directors to order pursuant to ORS 192.660(2)(i) at 4:00 p.m. to review and deliberate the job performance of the General Manager.

President Brown adjourned the Executive Session meeting at 5:00 p.m.

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Assistant Secretary

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President



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 Gorsegrner 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.

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Assistant Secretary

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President



## EWEB Board Consent Calendar Request

*For Contract Awards, Renewals, and Increases*

The Board is being asked to approve an increase to an existing contract with **AAC Utility Partners, LLC** for **Customer Information System (CIS) Consulting Services**.

Board Meeting Date: April 7, 2015

Project Name/Contract#: CIS Consulting Services/PSC #036-2014

Primary Contact: Mark Freeman Ext. 7061

Purchasing Contact: Tracy Davis Ext. 7468

### Contract Amount:

Original Contract Amount: \$ 12,000 (initial activities only)

Additional \$ Previously Approved: \$ N/A

Invoices over last approval: \$ N/A

Percentage over last approval: N/A %

Amount this Request: \$ 262,000 (remaining activities)

**Resulting Cumulative Total:** \$ 274,000 (full scope)

### Contracting Method:

Method of Solicitation: Request for Proposal

If applicable, basis for exemption: N/A

Term of Agreement: February 2, 2015–December 17, 2016

Option to Renew? No

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

### Action Requested:

☐ Contract Award  
☐ Contract Renewal  
☒ Contract Increase  
☐ Other

### Funding Source:

☒ Budget  
☐ Reserves  
☐ New Revenue  
☐ Bonding  
☐ Other

### Form of Contract:

☐ Single Purchase  
☐ Services  
☒ Personal Services  
☐ Construction  
☐ IGA  
☐ Price Agreement  
☐ Other

### NARRATIVE:

The Board is being asked to approve an increase to an existing contract with **AAC Utility Partners, LLC** for **Customer Information System (CIS) Consulting Services** to plan EWEB's CIS Replacement, including: Assessment of EWEB's CIS system needs; evaluation and comparison of CIS alternatives based on EWEB's needs; selection of a CIS vendor; and support for contract negotiations with the selected CIS vendor.

EWEB chose AAC through a competitive RFP process in November, 2014. AAC was the highest scoring proposer among five (5) proposers, demonstrating a superb track record supporting public utilities with the challenges of large, complex CIS replacement projects. AAC is an independent, utility-focused consultancy providing CIS industry experience, deep knowledge of the CIS market, and a proven process for successful CIS replacement projects.

EWEB's CIS Replacement Planning originally was to start January, 2015, but was then deferred until August, 2015. However, minor preparatory activity still was needed prior to the August start date. Therefore, a reduced portion of the full contract scope and costs (\$12,000) was initiated in January, 2015 for AAC to complete the minor, but time-sensitive preparatory work. The increase to the contract now will bring the contract whole, to the original contract amount and full scope.

The increase to this contract, if approved, will continue the engagement for the CIS Replacement Planning project, estimated between twelve (12) and sixteen (16) months in duration. Consulting Services will be provided according to the sequence of activities in AAC's proven, CIS-specific project management methodology. Payments will be made upon completion of milestone deliverables, once reviewed and accepted by EWEB. The outcome of the project will be the identification of EWEB's best-fit CIS solution, and a complete project plan and roadmap for its successful implementation (as part of a separate, future CIS Implementation contract). The total amount of the Planning contract is not to exceed \$274,000, including all consulting services and consultant travel expenses.

### ACTION REQUESTED:

Management requests Board approve an increase to an existing contract with **AAC Utility Partners, LLC** for **Customer Information System (CIS) Consulting Services**. Funds for these services were budgeted for 2015 and will be budgeted for 2016.

**SIGNATURES:**

Project Coordinator: \_\_\_\_\_

LT Manager: \_\_\_\_\_

Purchasing Manager: \_\_\_\_\_

General Manager: \_\_\_\_\_

Board Approval Date: \_\_\_\_\_

Secretary/Assistant Secretary verification: \_\_\_\_\_

## EWEB Board Consent Calendar Request

*For Contract Awards, Renewals, and Increases*

The Board is being asked to approve a new contract with **Ausland Group** for **construction services**.

Board Meeting Date: April 7, 2015  
Project Name/Contract#: HQ Mechanical System Upgrades (HVAC)/067-2014  
Primary Contact: Todd Simmons Ext. 7373  
Purchasing Contact: Sarah Gorsegner Ext. 7348

### Contract Amount:

Original Contract Amount: \$684,800  
Additional \$ Previously Approved: \$ n/a  
Invoices over last approval: \$ n/a  
Percentage over last approval: n/a %  
Amount this Request: \$684,800  
**Resulting Cumulative Total:** \$684,800

### Contracting Method:

Method of Solicitation: Formal Invitation to Bid  
If applicable, basis for exemption: n/a  
Term of Agreement: December 31, 2015  
Option to Renew? No  
Approval for purchases "as needed" for the life of the contract No

### Narrative:

Facilities Maintenance has performed evaluations on EWEB building systems over the past several years. The Headquarters HVAC system has been identified as requiring upgrades to improve system reliability, and reduce system complexity, maintenance, and energy consumption. This project is in the capital improvement plan for 2015.

The upgrades, as designed in consultation with engineers and system control representatives, are intended to simplify maintenance, improve reliability, and offer potential energy savings. The work will include demolition of existing systems; installation of a self contained hydronic cooling loop; replacement of chiller towers; installation of hydronic system pumps and water treatment systems; seismic upgrades; testing, adjusting, and balancing the new system; and integration into existing building automation systems and controls.

Staff issued a formal Invitation to Bid in January, 2015. Twenty companies reviewed the project and nine (9) contractors attended the mandatory pre-bid meeting. EWEB received three (3) bids, the lowest bid was received from Ausland Group of Grants Pass, Oregon. Ausland Group's bid has been reviewed and deemed responsive and responsible. They have 25 years of experience with similar HVAC installation upgrades. If approved, Ausland Group will provide construction services as specified in the solicitation documents.

### ACTION REQUESTED:

Management requests Board approve a contract with **Ausland Group** for **construction services**. Funds for this work were budgeted for 2015.

### Action Requested:

☒ Contract Award  
☐ Contract Renewal  
☐ Contract Increase  
☐ Other

### Funding Source:

☒ Budget  
☐ Reserves  
☐ New Revenue  
☐ Bonding  
☐ Other

### Form of Contract:

☐ Single Purchase  
☐ Services  
☐ Personal Services  
☒ Construction  
☐ IGA  
☐ Price Agreement  
☐ Other

**SIGNATURES:**

Project Coordinator: \_\_\_\_\_

LT Manager: \_\_\_\_\_

Purchasing Manager: \_\_\_\_\_

General Manager: \_\_\_\_\_

Board Approval Date: \_\_\_\_\_

Secretary/Assistant Secretary verification: \_\_\_\_\_

## EWEB Board Consent Calendar Request

*For Contract Awards, Renewals, and Increases*

The Board is being asked to approve an increase to an existing contract with **CLEAResult Consulting, Inc.** for **EWEB's Residential LED Retail Buy-Down Program**.

Board Meeting Date: April 7, 2015

Project Name/Contract#: Residential LED Program/PSC #2401

Primary Contact: Mark Freeman Ext. 7061

Purchasing Contact: Tracy Davis Ext. 7468

### Contract Amount:

Original Contract Amount: \$ 126,000 (forecast for one year)

Additional \$ Previously Approved: \$ N/A

Invoices over last approval: \$ N/A

Percentage over last approval: N/A %

Amount this Request: \$ 770,000 (forecast for two years)

**Resulting Cumulative Total:** \$ **896,000 (estimated over 3 years)**

### Contracting Method:

Method of Solicitation: Sole Source exemption

If applicable, basis for exemption: ORS279B.075 and EWEB Rule 3-0275

Term of Agreement: October 23, 2014 – March 31, 2017

Option to Renew? Yes, for three additional years

Approval for purchases "as needed" for the life of the contract Yes

### Action Requested:

☐ Contract Award  
☐ Contract Renewal  
☒ Contract Increase  
☐ Other

### Funding Source:

☒ Budget  
☐ Reserves  
☐ New Revenue  
☐ Bonding  
☐ Other

### Form of Contract:

☐ Single Purchase  
☐ Services  
☒ Personal Services  
☐ Construction  
☐ IGA  
☐ Price Agreement  
☐ Other

### NARRATIVE:

The Board is being asked to approve an increase to an existing contract with **CLEAResult Consulting, Inc.** for **EWEB's Residential LED Retail Buy-Down Program**.

The Simple Steps, Smart Savings program, sponsored by BPA, currently provides regional coordination for retail promotion and tracking of CFLs, LEDs, lighting fixtures, showerheads, advanced power strips, and is being expanded to include appliances. The program includes delivery options for direct install, direct mail, retail buy-down, and bulk purchase to assist NW utilities with program delivery. EWEB is currently utilizing the LED and LED fixtures promotions.

Through a competitive process in November 2014, BPA awarded a new contract to CLEAResult Consulting to manage the Simple Steps program for five years, beginning April 1, 2015. Utilities may participate by signing a contract directly with CLEAResult Consulting. Staff recognizes CLEAResult Consulting to be a sole-source provider of these services since they are the BPA approved consultant for the program.

EWEB's original contract amount of \$126,000 covered the period of January 2014 to March 2015 during BPA's prior agreement with CLEAResult Consulting. The requested increase of \$770,000 is based on new EWEB sales forecasts for the period April 2015 to March 2017, during BPA's new agreement with CLEAResult Consulting. Program costs paid to CLEAResult Consulting are forecasted to be reimbursed by BPA with \$1,550,000 over the initial two-year contract period, under the EWEB/BPA Energy Conservation Agreement.

### ACTION REQUESTED:

Management requests Board approve an increase to an existing contract with **CLEAResult Consulting, Inc.** for **EWEB's Residential LED Retail Buy-Down Program**. Funds for these services were budgeted for 2015, and will be budgeted annually. BPA will reimburse EWEB 100% of the costs under the EWEB/BPA Energy Conservation Agreement.

**SIGNATURES:**

Project Coordinator: \_\_\_\_\_

LT Manager: \_\_\_\_\_

Purchasing Manager: \_\_\_\_\_

General Manager: \_\_\_\_\_

Board Approval Date: \_\_\_\_\_

Secretary/Assistant Secretary verification: \_\_\_\_\_

## 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 **Avalon, Juhl, and Cascade Water Main Replacement**.

Board Meeting Date: April 7, 2015  
Project Name/Contract#: Avalon Water Main Replacement/ITB 002-2015  
Primary Contact: Mel Damewood Ext. 7145  
Purchasing Contact: Tracy Davis Ext. 7468

### Contract Amount:

Original Contract Amount: \$395,000  
Additional \$ Previously Approved: \$ N/A  
Invoices over last approval: \$ N/A  
Percentage over last approval: N/A %  
Amount this Request: \$395,000  
**Resulting Cumulative Total: \$395,000**

### Contracting Method:

Method of Solicitation: Formal Invitation to Bid  
If applicable, basis for exemption: N/A  
Term of Agreement: April 10, 2015 thru June 22, 2015  
Option to Renew? No  
Approval for purchases "*as needed*" for the life of the contract No

### Action Requested:

☒ Contract Award  
☐ Contract Renewal  
☐ Contract Increase  
☐ Other

### Funding Source:

☒ Budget  
☐ Reserves  
☐ New Revenue  
☐ Bonding  
☐ Other

### Form of Contract:

☐ Single Purchase  
☐ Services  
☐ Personal Services  
☒ Construction  
☐ IGA  
☐ Price Agreement  
☐ Other

### NARRATIVE:

The Board is being asked to approve a new contract with **Pacific Excavation, Inc.** for the **Avalon, Juhl, and Cascade Water Main Replacement**.

The work to be performed includes the construction of approximately 2600 lineal feet of 8-inch ductile iron water main, 230 Lineal Feet of 4-inch water main, and 48 1-inch services in existing paved streets. The scope also includes the installation of 5 fire hydrants, approximately 1600 Square Yards of asphalt trench restoration, traffic control, erosion control, and other miscellaneous trench restoration.

In February 2015, staff solicited bids for the Avalon, Juhl, and Cascade Water Main Replacement. Four 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 water main on Avalon Street, Cascade Avenue, Avalon Avenue, Cascade Court, and Juhl Street in Eugene, OR.

### ACTION REQUESTED:

Management requests Board approve a new contract with **Pacific Excavation, Inc.** for the **Avalon, Juhl, and Cascade Water Main Replacement**. Funds for this work are budgeted for 2015.

**SIGNATURES:**

Project Coordinator: \_\_\_\_\_

LT Manager: \_\_\_\_\_

Purchasing Manager: \_\_\_\_\_

General Manager: \_\_\_\_\_

Board Approval Date: \_\_\_\_\_

Secretary/Assistant Secretary verification: \_\_\_\_\_



## EWEB Board Consent Calendar Request

*For Contract Awards, Renewals, and Increases*

The Board is being asked to approve a new price agreement with **Schnitzer Steel** for the sale of EWEB's copper scrap.

Board Meeting Date: April 7, 2015  
Project Name/Contract#: Sale of Scrap Copper – ITB #008-2015  
Primary Contact: Todd Simmons Ext. 7373  
Purchasing Contact: Tracy Davis Ext. 7468

### Contract Amount:

Original Contract Amount: \$ 200,000  
Additional \$ Previously Approved: \$ N/A  
Invoices over last approval: \$ N/A  
Percentage over last approval: N/A %  
Amount this Request: \$ 200,000  
**Resulting Cumulative Total:** \$ 200,000

### Contracting Method:

Method of Solicitation: Invitation to Bid  
If applicable, basis for exemption: N/A  
Term of Agreement: April 8, 2015 – April 7, 2020  
Option to Renew? Yes, for additional three years  
Approval for purchases “as needed” for the life of the contract Yes

### Action Requested:

☒ Contract Award  
☐ Contract Renewal  
☐ Contract Increase  
☐ Other

### Funding Source:

☐ Budget  
☐ Reserves  
☒ New Revenue  
☐ Bonding  
☐ Other

### Form of Contract:

☐ Single Purchase  
☐ Services  
☐ Personal Services  
☐ Construction  
☐ IGA  
☒ Price Agreement  
☐ Other

## NARRATIVE:

The Board is being asked to approve a new price agreement with **Schnitzer Steel** for the sale of EWEB's copper scrap.

EWEB crews have power cable remnants and spent metal parts that have a value as scrap metal. These metal items are collected, sold, and recycled, promoting conservation and environmental stewardship. This agreement, if approved, will provide staff a means of recycling EWEB's used, damaged and/or obsolete copper with purchasers at a fixed percentage of the current metals market index value.

In February 2015, a formal solicitation was advertised; two offers were received, opened and evaluated. Offers were received from Schnitzer Steel (Eugene) and Metro Metals Northwest (Portland). **Schnitzer Steel** offered the highest percentage of market price for scrap copper, and was determined to be a responsive-responsible bidder.

The agreement will be for two-years with an option, at EWEB's discretion, to renew for three additional one-year periods (total potential contract term: 5 years). No guarantees have been made with the purchaser to provide any specific quantity for purchase. Staff estimates that approximately \$40,000+/- worth of copper will be sold each year, approximately \$200,000 over the five-year period. However, this is a price agreement; exact total amount is based on EWEB's collection and recycling of metals and not on any specific dollar amount.

### ACTION REQUESTED:

Management requests Board approve a new price agreement with **Schnitzer Steel** for the sale of EWEB scrap copper on an “as-needed” basis.

**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 Mital, Simpson, Helgeson, Manning and Brown  
FROM: Cathy Bloom, Finance Manager and Susan Eicher, Accounting and Treasury Supervisor  
DATE: March 27, 2015  
SUBJECT: Harvest Wind Bank Note Pay off  
OBJECTIVE: Approval of Resolution No. 1506

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## **Issue**

The Note with Banc of America Leasing & Capital is due to be paid in full by May 1, 2015.

## **Background**

EWEB holds a 20% ownership share in the Harvest Wind Project. The project has a nameplate capacity of 98.9 MW and is located in Klickitat County, Washington. The EWEB share of project costs was initially funded through EWEB cash and reserves. Upon completion of the project, EWEB issued a five year taxable note with Banc of America Leasing & Capital for short term financing of project costs.

The original intent was to refinance the note with bonds. Upon review of the long-term financial plan in 2014, it was determined that using reserves to pay off the note entirely provides a greater benefit to EWEB's financial metrics than other potential uses of cash. Accordingly, the Board approved depositing \$27 million dollars into the Harvest Wind reserve to retire the note. At this time, staff requests that the Board approve Resolution No. 1506, authorizing the use of reserves to pay off the note.

## **Recommendation**

Approval of Resolution No. 1506.

**RESOLUTION NO. 1506  
APRIL 2015**

**EUGENE WATER & ELECTRIC BOARD  
A RESOLUTION AUTHORIZING AND DIRECTING THE PAYOFF OF THE  
LOAN AGREEMENT AND NOTE ISSUED TO FINANCE AND REFINANCE THE  
HARVEST WIND PROJECT**

**WHEREAS**, the City, acting by and through the Eugene Water & Electric Board (“**EWEB**”), owns and operates an electric utility system and related facilities and systems; and

**WHEREAS**, on May 20, 2010, EWEB issued its \$34,000,000 Taxable Junior Lien Note, Series 2010 (the “**Note**”), evidencing the amount owed under the Taxable Junior Lien Electric Revenue Refunding Loan Agreement between EWEB and Banc of America Leasing & Capital, LLC (“**BALCAP**”) dated May 20, 2010 (the “**Loan Agreement**”), for the purpose of financing and refinancing the acquisition of an interest in and construction of capital facilities in the State of Washington, known as the Harvest Wind Project (the “**Project**”); and

**WHEREAS**, under the terms of the Loan Agreement and Note, the outstanding principal and interest amount of \$29,432,391.87 is due on the maturity date of May 1, 2015; and

**WHEREAS**, EWEB now desires to authorize payoff of the Loan Agreement and Note.

**NOW, THEREFORE, BE IT FOUND, DETERMINED, ORDERED AND RESOLVED BY THE EUGENE WATER & ELECTRIC BOARD OF THE CITY OF EUGENE, OREGON**, as follows:

**SECTION 1.** The Treasurer or the Assistant Treasurer of EWEB is hereby authorized and directed, for and in the name and on behalf of EWEB, to provide for the payoff of amounts due under the Loan Agreement and Note, including the outstanding principal and interest in the estimated amount of \$29,432,391.87 due on May 1, 2015, from unspent proceeds of the Loan Agreement and Note in the amount of \$1,701,563.16 and the estimated balance of \$27,730,828.71 from EWEB reserves.

**SECTION 2.** All actions taken or to be taken with respect to the payoff by the Treasurer or the Assistant Treasurer of EWEB, or any such officer’s deputy or other designee, are hereby authorized and approved in all respects. Without limitation on authority previously provided or delegated, the Treasurer and Assistant Treasurer are each hereby authorized and directed to execute and deliver on behalf of EWEB such other certificates and documents and take other action as may be necessary or desirable in connection with the payoff of the Loan Agreement and Note.

**ADOPTED** this 7th day of April 2015.

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

\_\_\_\_\_  
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 No. 1506 adopted by the Board at its April 7, 2015 Regular meeting.

\_\_\_\_\_  
Assistant Secretary



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Mital, Simpson, Helgeson, Manning and Brown  
FROM: Mel Damewood III, Engineering Manager,  
Mark Oberle, Electric Distribution Supervisor  
DATE: March 20, 2015  
SUBJECT: Updated Temporary Electric Service Charges  
OBJECTIVE: Consent Calendar Board Action

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## Issue

Fees for Temporary Electric Service need to be updated to reflect current costs.

## Background

Temporary electric service is frequently requested by developers, home owners and other customers to provide short-duration power, less than 12 month, to construction sites, holiday tree lots and other sites. To facilitate a quicker response, costs have been averaged so each customer pays the same fee for service 150 feet or less than from EWEB's electric distribution system plus a per foot cost for those services over 150 feet. This allows the request to be processed quickly by avoiding the staff time necessary to prepare individual cost estimates for each request.

## Discussion

The temporary electric service fees have not been recalculated in over a decade. As a result, the charges management is currently assessing are significantly less than actual costs. Costs include materials that are not reusable, staff time to drive to the site, setup, install service wire, make connections, set the meter, vehicle/equipment charges and to return to the site when the customer is finished to remove the service and pull the meter. This practice is consistent with the Board directive that guides staff to ensure that ratepayers are not subsidizing development.

Average costs have increased from \$155 for the standard Temporary Electric Service to \$280 for the same. Additional per foot cost for those services over 150 went from \$1.35 to \$3.58.

## TBL Assessment

A Total Bottom Line Assessment was not conducted because no alternative options have been developed to compare against. Instead, a review of all of the cost related elements discussed above was conducted to ensure compliance with the no subsidization directive.

**Recommendation**

Management recommends approval of the updated Temporary Electric Service charge of \$280 and the additional footage charge of \$3.58. Electric Service Charges and Rates, E-V and All Utilities, Section U-II will be updated to reflect those changes in updated Customer Service Policies and Procedures.

**Requested Board Action**

Management recommends approval of this item on the Consent Calendar.

**RESOLUTION NO. 1509  
APRIL 2015**

**EUGENE WATER & ELECTRIC BOARD  
RESOLUTION APPROVING REVISION TO  
ELECTRIC UTILITY POLICIES & PROCEDURES**

**WHEREAS**, The Eugene Water & Electric Board (EWEB) periodically reviews, revises and updates Customer Service policies and procedures - All Utilities, Electric and Water policies for consistency, legality, correctness and to reflect actual practices evolving as continual improvement;

**WHEREAS**, The Customer Service policies and procedures - having been reviewed and presented at the April 7<sup>th</sup>, 2015 Regular Board Meeting and revised as follows:

G. Electric Service Charges and Rates, E-V: Revision of fee for Temporary Electric Service Installation Charges

- |  |           |
|--|-----------|
| 1. Temporary Service (150 feet or less)        | \$280.00. |
| 2. Temporary Service Conductor (over 150 feet) | \$3.58/ft |

**NOW, THEREFORE, BE IT RESOLVED**, that the Eugene Water & Electric Board does hereby resolve to adopt the revisions and reflect those rates in updated Customer Service Policies and Procedures – Electric Policies E-V and All Utilities U-II as so revised, effective May 1, 2015.

DATED this 7<sup>th</sup> day of April, 2015.

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

\_\_\_\_\_  
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 April 7<sup>th</sup> 2015 Regular Board Meeting.

\_\_\_\_\_  
Assistant Secretary