



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Helgeson, Manning, Mital and Brown
FROM: Frank Lawson, General Manager
DATE: September 23, 2016
SUBJECT: Resolution No. 1627, Board Policy Manual Update
OBJECTIVE: Board Action

Issue

Management has reviewed the Board Policy Manual and identified modifications which are necessary to reflect current practices and organizational structure.

The recent changes to EWEB's management structure and position titles required modifications to the Board Policy Manual to accurately reflect the current organization.

As of October 1, 2013, meeting rooms in the North Headquarters building are no longer available for public use. As such, Board Policy SD4, Public Use of Meeting Rooms was retired upon the Board's action in November 2013. Subsequently, the Board Policy Manual included language stating as such and further explained that "Exceptions to this policy, that have a direct nexus to EWEB business needs, must be granted by a Leadership Team member who retains accountability for the room and the tenant's property. EWEB reserves the right to make adjustments should conditions change." This statement served a purpose during a transition period, now that a substantial amount of time has passed, Management recommends removing all references to the Public Use of Meeting Room Policy. Exceptional requests will continue to be managed by the Executive Team.

Attached for your review and approval is a copy of the policies which were edited as well as the page proposed for removal.

Requested Board Action

Approval of Resolution No. 1627

Policy Number: BL1
Policy Type: Board-Staff Linkage
Policy Title: Global Board-General Manager Linkage
Effective Date: ~~October 4, 2016~~ ~~January 6, 2015~~

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

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

Source: John Carver/EWEB Bylaws, Board Approved 05/17/2005, Revised 01/06/15, Resolution No. 1503. [Revised 10/04/2016, Resolution No. 1627.](#)

Policy Number: SD8
Policy Type: Strategic Direction
Policy Title: Power Risk Management Policies
Date Approved October 4, 2016 ~~June 2, 2016~~

Formation of Power Risk Management Committee

A Power Risk Management Committee (RMC) will be established to protect the organization from financial instability and unacceptable risk relating to market price volatility and counterparty performance, and to provide reasonable assurance that contribution margin, as established in the Long Term Financial Plan, required to support Board strategic financial direction and policies, is achieved. This SD8 is made in consideration of the guidance provided in EWEB's SD6 Financial Policies wherein staff are required to operate in a manner that is consistent with prudent utility practice and in such a way that benefits to customers are maximized to the extent possible while avoiding potential risk. And further, in consideration of the utility's broader risk management framework as set forth in SD20, Enterprise Risk Management Policy.

The RMC will be established as a horizontal team including the General Manager as well as representatives from Power Operations, Financial Services, Power Planning and Generation along with other members of EWEB Management as may be appropriate.

The RMC will be responsible for oversight of compliance with SD8. On at least an annual basis or as necessary, the ~~Finance Manager~~ Chief Financial Officer will present a report to the Board, covering trading and contracting compliance with this policy.

The Board shall retain approval authority for fixed price transactions that are both greater than 1 year in duration and exceeding \$3 million in nominal value. These limits take into consideration the risk tolerance built into the Long Term Financial Plan and Power Risk Management Procedures for counterparty credit and tenor approval. On an annual basis, staff shall evaluate the appropriateness of approval thresholds and shall recommend adjustments as needed.

Board approval shall also be required for generation asset sales or purchases, regardless of financial impact. Specific responsibilities of the RMC include:

1. Ensure compliance with this policy and anti-speculation statutes and that risk management objectives relating to power management activities, tolerances and limits are achieved and adhered to.
2. Establish and maintain Power Risk Management Procedures which shall set forth compliance limits, reporting and controls requirements, operational guidance, approved market products, locations, transaction authority, counterparty credit and any other measures which may be required to ensure adherence to this policy.
3. Notify the Board of changes to compliance limits as defined within Power Risk Management Procedures.
4. Oversee power risk management control infrastructure and monitor compliance with the Power Risk Management Procedures.
5. Authorize and monitor risk reports for financial results, market positions and credit exposure and direct staff to take mitigating action as necessary.

6. Review and approve (as appropriate), contracts which impact EWEB's power portfolio including, but not limited to, asset sales and purchases, power sales and purchases and retail contracts that are not pre-approved products or subject to published tariffs, for compliance with this policy and the Power Risk Management Procedures.

Source: Power Risk Management Policies and Procedures, Adopted 08/17/1999, Revised 03/05/2002, 9/19/2006, 10/2/2012, 06/02/2016 Resolution No. 1610. [Revised 10/04/2016, Resolution No. 1627.](#)

Policy Number: SD14
Policy Type: Strategic Direction
Policy Title: Real Property Policies
Effective Date: ~~December 2, 2015~~ October 4, 2016

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

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

Source: Real Property Policy & Procedures Approved 10/93, Revised 07/05/2005, Revised 01/06/15, Resolution No. 1503, Revised 12/01/15, Resolution No. 1532. [Revised 10/04/2016, Resolution No. 1627.](#)

Policy Number: EL2
Policy Type: Executive Limitations
Policy Title: Purchasing Controls
Effective Date: April 19, 2005; Revised October 4, 2016 ~~July 17, 2013~~

Board Approval Thresholds

1. The Board shall have the sole authority to approve the award of all contracts that meet or exceed the following thresholds:

Purchase of all Goods, Equipment, Services and Personal Services \$150,000 or greater
Construction \$100,000 or greater

2. The Board shall have the sole authority to approve all change orders to Board awarded contracts that cause the contract to exceed 25% of the last Board approved amount. The Board shall also have the sole authority to approve any change orders where the change order would cause the contract to exceed the Board approval thresholds in provided above.
3. Procurements that do not apply to this rule are as follows:
 - a. Board appointed consultants and attorneys, which shall be reported to the Board annually;
 - b. Required sole-source contracts, which includes only the following: governmentally required taxes, fees, permits and payments; software licenses, upgrades, and fees; equipment and software maintenance agreements; and other sole-source contracts required to meet governmental requirements or required to maintain existing software and equipment.
 - c. State of Oregon and State of Washington contracts established for use by Oregon Cooperative Public Purchasing (ORCPP) members for the purchases of goods and services; and
 - d. Contracts established by the Western States Contracting Alliance (WSCA) as adopted by the State for use by ORCCP members.
 - e. This exception from Board approval does not apply to ORCPP contracts for:
 - i. Services not directly associated to (3)(b) or which cannot be defined as required, routine services or as services for the maintenance of existing equipment; examples include cell phones, copiers, armored car services, software programs, etc.
 - ii. Application of this exception (3) is at the sole-judgment and discretion of the Purchasing Supervisor or designee ~~Manager~~ and shall only be applied to required sole-source contracts and routine ORCPP contracts for goods, equipment, and supplies.

Source: EWEB Public Contracting Rules, Division 2, Approved 01/04/2005, Effective 03/01/2005, Ratified 04/19/2005, Ratified 07/16/13 - Resolution No.1320-amended, Revised 10/04/16, Resolution No. 1627.

Policy Number: EL3
Policy Type: Executive Limitations
Policy Title: Public Requests for Board Expenditures
Effective Date: ~~October 4, 2016~~ ~~April 5, 2016~~

The Board authorizes the expenditure of funds or in-kind services for purposes of research, community support, sponsorships, education programs and other activities as part of the annual budget-setting process. The General Manager, [Executive Team Member](#), or appropriate division manager is authorized to expend these funds as needed. Utility Management also has established a Community Investment Team to accept, review and authorize requests for sponsorships, donations and in-kind services that align with EWEB's mission, vision and values, in accordance with authorized annual budgets.

However, the Board may wish to review individual community sponsorship requests that are made outside of utility programs (such as Education Grants, Watershed Protection and Greenpower) that are funded through the annual budgeting process. In doing so, the Board shall consider such requests for funding under the following guidelines:

- The request is in excess of \$10,000. Requests of \$10,000 or lower will be considered by staff as part of the utility's normal operational procedures.
- For requests above that amount, the Board must determine that the request for financial support meets EWEB's established Community Investment priorities, which focus on the social, environmental or economic benefit to the community.
- The General Manager will make a recommendation to the Board for approval or denial. The recommendation shall include a clear and detailed written description of the proposal, a description and quantification of benefits to EWEB or its utility consumers, and a description of how research findings or services will be distributed and used.
- The Board must determine that funds are available within the appropriated budget. If not, the Board may authorize additional expenditures through a Budget Amendment or other appropriate procedures.
- The Board is not obligated to consider requests in excess of the established limit. Any request may be referred to staff for consideration and approval.

At its discretion, the Board may impose additional requirements, including contractual agreements, upon any proposer as a condition of funding or continued funding.

The General Manager shall provide the Board with an annual report of all sponsorships, donations, grants and in-kind services provided to the community. The report shall include requests that were approved and denied by staff and the Board.

Source: Board Approved 04/13/1987; Ratified 04/19/2005; Revised and Ratified 04/05/2016 Resolution No. 1605. [Revised 10/04/2016, Resolution No. 1627.](#)

Policy Number: SD4
Policy Type: Strategic Direction
Policy Title: Public Use of Meeting Rooms Policy
Effective Date: November 5, 2013

As of October 1, 2013 the meeting rooms in the North Headquarters Building are no longer available for public use. Exceptions to this policy, that have a direct nexus to EWEB business needs, must be granted by a Leadership Team member who retains accountability for the room and the tenant's property. EWEB reserves the right to make adjustments should conditions change. As such, Board Policy SD4, Public Use of Meeting Rooms Policy has been retired as of November 5, 2013.

Source: Board Approved 05/09/1988, Revised 04/20/2004, Ratified 04/19/2005, Revised 02/05/2013, Revised 05/07/2013, Retired 11/05/2013.

PROPOSED REMOVAL FROM BOARD POLICY MANUAL

**RESOLUTION NO. 1627
OCTOBER 2016**

**EUGENE WATER & ELECTRIC BOARD
RESOLUTION APPROVING BOARD POLICY MANUAL UPDATES**

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

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

WHEREAS, the Board of Commissioners has reviewed the policy modifications to reflect current EWEB practices, management structure and positions and has determined that the changes are appropriate and necessary.

NOW, THEREFORE, BE IT RESOLVED by the Eugene Water & Electric Board that the Board of Commissioners hereby grants approval of the revised Board Policy Manual.

DATED this 4th day of October 2016.

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

President

I, ANNE M. KAH 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 October 4, 2016 Regular Board Meeting.

Assistant Secretary