

EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
500 EAST FOURTH AVENUE
February 2, 2016
5:30 P.M.

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

Commissioners Absent: John Simpson, President.

Others Present: Roger Gray, Frank Lawson, Tim O'Dell, Matt Barton, Todd Simmons, Lisa Atkin, Erin Erben, Steve Newcomb, Adam Rue, Sue Fahey, Sarah Gorsegner, Mel Damewood, Wally McCullough, Jeannine Parisi, Edward Yan, Dave Churchman, Kim Morgan, Susan Eicher, Laurie Muggy, Mike McCann, Deborah Hart, Brad Taylor, Lena Kostopulos, Anne Kah, Cecilia Braaten, Mark Freeman, Gene Austin, and Jared Rubin of the EWEB staff; Teresa Lloyd, Recorder.

Vice President Brown convened the Regular Session of the Eugene Water & Electric Board (EWEB) at 5:34 p.m.

AGENDA CHECK

Vice President Brown called the February 2nd, Regular Session to order, noting that President Simpson was absent, and due to his absence it was necessary to delay Item #10 as President Simpson was to address that item.

ITEMS FROM BOARD MEMBERS

Having passed out pictures taken of abandoned homeless camps along the McKenzie River on a recent Clean-up effort, Vice President Brown pointed out what he called grievous violations such as hypodermic needles, construction site garbage, et al., which are contaminating our drinking water source. He asked for the Board and General Manager's support, and mentioned Tim O'Dell of the EWEB staff helping him organize a Clean-up project.

Commissioner Mital said he will be going to the upcoming GreenTech Media conference in San Francisco on March 16th, where the focus will be on distributed energy sources and the future of those resources, and how they will be integrated into the grid. He also mentioned email discussion to update the Board meeting minutes' format to include audio indexing and archiving, and hoped to have it established by the second quarter.

Commissioner Helgeson concurred with Commissioner Mital's characterization about the minutes, and in addition hoped the new format be established early in the next quarter. Acknowledging Vice President Brown's concern about the Clean-up, he suggested EWEB

continue to play a role in coordinating the efforts, while engaging property owners into action as well. He also mentioned the City of Springfield had protection via a groundwater overlay zone which when applied, enforces and/or creates a leverage for enforcement to prevent this sort of problem. He said he did not need an answer tonight, but asked if it was a concept that could be incorporated.

Also referencing the Clean-up, Commissioner Manning asked if the EWEB staff would help the Board create a dialog to discuss and encourage the property owners to get involved, as it affects the water rights and the waterways of all of Eugene. He said he is willing to sit down with them to go over issues and resolve, reflecting on the recent water issues in the news about Flint, Michigan. He mentioned that the City of Springfield Council had recognized Vice President Brown's work. He also commended him on the recent Clean-up effort noting 1,100 syringes alone were removed.

PUBLIC INPUT

Steve Mealey, President of the McKenzie River Guide Association. Thanked the Board and EWEB staff for the long partnership and stewardship in maintaining the quality of the River. He noted Vice President Brown being an associate member, and acknowledged his efforts in trash pickup during annual Clean-ups. He also acknowledged the River Clean-up happens every year on the second Saturday of July. Speaking of the photos which were taken by Vice President Brown and the past President of the Association, he said this was most common on the lower river area. Their annual meeting will be held on Saturday, February 6th, where the next annual Clean-up participation will be discussed.

Commissioner Manning said it was always good to hear partnership with EWEB was good. He said he was troubled with another issue regarding Weyerhaeuser that may be a problem to the water that if left unchecked may have an impact in the future. He will confer with some other people and relay his findings with the Board.

Commissioner Helgeson also acknowledged the partnership was great, and he will be at the next Clean-up.

Commissioner Mital said he was all for broader partnerships to provide stewardship on the riverbanks, and encouraged EWEB staff to work with Mr. Mealey and report back to the Board.

Vice President Brown mentioned Tim O'Dell of the EWEB staff had been very helpful and responsive, and noted for the record that none of these camps were occupied, and all had been abandoned. Referring to Commissioner Manning's concern, Weyerhaeuser's plume, would like to see the report on an annual basis regarding the proximity to the River. Commissioner Mital responded that it was possible to access the subcontractor's report to get that information, and General Manager Roger Gray concurred.

CONSENT CALENDAR

MINUTES

1. January 5, 2016 Regular Session

CONTRACTS

2. Mason Bruce & Girard, Inc. – for GIS-based web application development services. \$300,000. Environmental Management, Contact Person is Steve Newcomb.
3. Precise Kit Promotions, Inc. - for purchase of emergency water supply containers. \$186,000 (over 5 years). Engineering Division, Contact Person is Mel Damewood.
4. Xylem Water Solutions USA, Inc. - for purchase of filter media. \$199,000 (one-time purchase). Engineering Division, Contact Person is Mel Damewood.

RESOLUTIONS

5. Resolution No. 1601 – Board Appointments, Committees & Outside Liaisons, Contact Person is Roger Gray.
6. Resolution No. 1603 – Authorizing Stock Sale and Closure of Account, Contact Person is Sue Fahey.
7. Resolution No. 1604 – Revised Board Policy SD13, Carmen-Smith Hydroelectric Project Relicensing, Contact Person is Mike McCann.

It was moved by Commissioner Helgeson, seconded by Commissioner Mital, to approve the Consent Calendar. The motion passed unanimously (4-0).

INTERIM GENERAL MANAGER SELECTION AND PUBLIC COMMENT

Vice President Brown commented that the Board met in Executive Session prior to the meeting to discuss. Mr. Gray gave a description of the process and addressed questions and comments from the Board. Dave Churchman, Power Operations Manager, and Sue Fahey, Financial Services Manager were considered.

Discussion ensued as Commissioner Manning explained the reason he would vote for Dave Churchman was because Mr. Churchman's department would be less disrupted compared to Ms. Fahey's department. Commissioner Helgeson agreed.

APPOINT INTERIM GENERAL MANAGER

It was moved by Commissioner Manning and seconded by Vice President Brown to appoint Dave Churchman as Interim General Manager. The motion passed unanimously (4-0).

2016 ORGANIZATIONAL GOALS, KEY PERFORMANCE INDICATORS DASHBOARD

Mr. Gray gave a description and addressed questions and comments from the Board.

Commissioner Helgeson said he was comfortable with the structure, but noted two things he would like a refresher related to the metrics — a) operational plans and b) Key Performance Indicators (KPI's). Mr. Gray responded by saying he would point to statistics as to what customer product delivery service was provided for electric and water. He also will follow up with further detail.

Commissioner Mital noted that the Work Asset Management Systems (WAM) dropped off list and wanted feedback on that. Mr. Gray gave his feedback stating those issues had been resolved and considered those items closed. Commissioner Mital also mentioned a significant budget gap and asked if it was worth calling out as a line item. Mr. Gray said it will be included in the new plan for the Board and going forward, noting it was ongoing. Commissioner Mital inquired about the electric rate restructuring. Mr. Gray said they would need to rely on pricing to make supply and demand needs, and hoped the future strategic planning sessions will resolve the issue. Erin Erben, Power Planning Manager, added it was not a pricing oversight and able to put it in the plan.

Commissioner Manning appreciated Commissioner Mital's comments.

Commissioner Helgeson moved to approve the 2016 Organizational Performance Dashboard to be reported at quarterly intervals, with Commissioner Manning seconding. The motion passed unanimously (4-0).

Commissioner Mital asked additional questions pertaining to the low income and conservation program. Mr. Gray agreed it was a big issue stating EWEB had spent nearly \$3 million annually on conservation programs with approximately 5% focused on low income owner-occupied dwellings. Mark Freeman, Energy Management and Customer Service Manager, gave additional information to existing programs currently in place.

Commissioner Manning asked how are the programs dispersed stating he personally canvassed neighborhoods noting customer needs. Mr. Freeman discussed how the programs are implemented.

Commissioner Helgeson said there was a strong need but no urgent need to increase the budget, noting it could be an issue. He agreed that there was a rental segment that was under served.

Vice President Brown said it would be further discussed at the Retreat.

Commissioner Manning continued discussion of neighborhood canvassing and asked if a brochure could be developed for residents. Mr. Gray suggested an audit before developing brochure materials.

2016 STATE OF THE UTILITY ADDRESS

This item was postponed until the March Board meeting.

4TH QUARTER 2015: KEY PERFORMANCE INDICATOR DASHBOARD

Referring to the handout, Sue Fahey, Finance Manager and Erin Erben, Power Planning Manager, said they were there to answer the Board's questions.

Commissioner Mital had no questions.

Commissioner Helgeson said he appreciated how the format was calibrated. He added concern about the level of risk management, but understood why due to a key figure's recent departure.

Commissioner Manning noted Carmen-Smith was moving along.

Mr. Gray explained and highlighted a format change, using the regulatory compliance item as an example, and thought it made sense to identify status separately to show better transparency.

Vice President Brown called for a 10-minute recess at 6:24 p.m.

WATER UTILITY UPDATE ON NEW WATER FILTRATION PLANT AND EMERGENCY PREPAREDNESS

With the aid of overheads Brad Taylor, Water Operations Manager and the project sponsor of the new Water Filtration Plant, provided an update on the project. He then turned the presentation over to Wally McCullough, Water Engineering Supervisor, who started with Property Acquisitions.

Using the slides Mr. McCullough identified a preferred site for the filtration plant. He went on to explain a total of 17 test pit sites where numerous studies and evaluations have been conducted. The slide presentation contained the following:

NEW WATER FILTRATION PLANT

- Property for river intake obtained
- Have identified preferred Filtration Plant site – submitted offer
- Completed due diligence activities:
 - Geotechnical
 - Surveying/Boundary research
 - Wetland delineation
 - Siting feasibility study
- Environmental Permitting:
 - Permitting strategy has been prepared
 - Applications submitted upon plant predesign
- Land Use Approvals:
 - Attended Development Issues Meetings with City of Springfield
 - Annexation and other land use actions will be required
 - Working with City and land use consultant to clarify process
- Source Protection:
 - Continued monitoring at Intake Site
 - Placed permanent sonde at site for continuous monitoring
 - Participated in spill response drills
 - Developing partnerships to help with source protection efforts
- Potential Outside Funding:
 - Highly competitive
 - Most sources target disadvantaged communities
 - More likely that ‘related’ projects such as source protection obtain some level of funding
 - Funding research is on-going
- Next Steps (Near Term):
 - Preliminary Design
 - Permit Applications/Land Use Approvals
 - System Modeling
 - Continue Water Quality Data Acquisition
 - Source Protection – Preparation of 10-Year Strategic Plan for WM Source Efforts

EMERGENCY PREPAREDNESS

- Recently completed third distribution trailer

- Current inventory:
 - Two distribution trailers – 100 nozzle capacity
 - One education trailer – 80 nozzle capacity
 - Numerous blivets and other items
- Currently researching ‘water treatment’ trailer
- Need to get better at distributing water prior to additional investments
- Long term plan to be prepared considering all sources and planned CIP Improvements

COMMUNITY ENGAGEMENT

- Telephone survey and focus group discussions occurred in 2015. Increases in:
 - Awareness of water supply risks
 - Importance of developing second source
 - Support for rate increases for second source
- Water Communication Plan to be updated this year
- Container project going well – anticipate 6,000 distributed this year

Commissioner Manning commented it was an excellent presentation and asked more about the design. Mr. McCullough responded that they were working on a pre-design. Commissioner Manning then asked how many were in the focus group and if there were other concerns. Mr. Taylor responded information was provided in a packet to the Board in December. In addition, Jeannine Parisi, Government and Community Affairs Coordinator, explained that the take-away from the customer panel group was their concern of so much risk, and glad for action taken to mitigate the risk. She said DHM and Barney & Worth did the Focus Group and Telephone Survey work, which were approximately 11-12 people in each group. The two companies will be involved in the next round of communication and messaging.

Commissioner Mital asked to discuss the Judkins property and why it could not be consolidated onto the other property. Mr. McCullough explained the property was primarily for access onto the intake property to keep out of the flood plain, and said consolidating could be an option. Commissioner Mital asked how come mercury was not on the risk list for the Willamette and McKenzie Rivers. Mr. McCullough said they were currently evaluating data and had no immediate answers. Commissioner Mital asked for a follow-up. He continued with a question about the siting proximity to the Railroad, and Mr. Taylor explained how the proximity did not matter. Commissioner Mital finished by saying he would like to see the Board’s and EWEB Staff’s continued focus on the pre-disaster mitigation project as it should be a top concern for the entire Eugene and Springfield community.

Commissioner Helgeson asked about the initial capacity from a design perspective. Mr. McCullough responded. Commissioner Helgeson asked about the staffing plan, and if the operation would run, i.e., 24/7, seasonally. Mr. Taylor referred to the current financial plan, and added there were currently three lead operators and was hoping to add one additional operator. Commissioner Helgeson commented the need to begin to tell people the roles that this played in terms of the relative shares of water source.

Vice President Brown asked about discussions with the Railroad and about the crossing. Mr. Taylor said they had not had specific discussions, but added that they had been working with consultants. Commissioner Brown was concerned with land-use noting we do not have the ability to build yet. Mr. Taylor responded. Also, Tim O'Dell, Right-of Way Agent, responded. Vice President Brown discussed concerns about Glass Bar Landfill, leaching into the river and wants a third-party verification. Mr. Taylor agreed Vice President Brown brought up valid points and concurred there were issues to overcome. He said that the 2016 plan was to bring in outside consultants.

More discussion ensued regarding Emergency Management. Commissioner Mital asked about losing Red Cross as a partner in handling water during a disaster. Mr. Taylor explained it was more of a logistics concern, and thought Red Cross will be participating next year.

CORRESPONDENCE & BOARD AGENDAS

Mr. Gray and Ms. Erben asked the Board if they had questions, with Mr. Gray noting that the Board would be meeting on February 16th at 5:30 p.m., for the General Manager replacement process.

Ms. Erben discussed the two Strategic Planning Sessions scheduled for March and April, mentioning additional time was added to discuss the pricing advisory in more detail. She said they were seeking Board input on the initial plan and input on key priorities for both Electric and Water. To be discussed in the March Regular Session then again in the April Session.

Commissioner Mital asked to have the Strategic Plan resubmitted to the Board before the March Session.

Commissioner Helgeson said he was comfortable with all, and is looking to join the conversation involving "utility futures." He also said that he had a real interest in understanding more about what the technology will bring. Ms. Erben responded.

Commissioner Manning concurred.

Vice President Brown commented that he was placed on the Board by the people and was there to reflect their values, and whatever the Board decides has an impact on rates. Ms. Erben responded by saying they had thought about that and wanted to bring those ideas to the last session in March.

Commissioner Mital reiterated both Vice President Brown's and Commissioner Helgeson's concerns, and said it was important to have both conversations.

Mr. Gray said he had responded to the Child Development Center (CDC) letter addressed to himself and the Board. The letter requested financial assistance while they looked to relocate. Mr. Gray noted that no relocation notice had been given by EWEB, and is currently leasing on a month-to-month basis. He said financial assistance was not within the current EWEB budget.

Commissioner Manning responded though he supports the CDC, he agrees with Mr. Gray.

Commissioner Helgeson agreed and stated EWEB's involvement with the CDC had ebbed and flowed over the years based on demographics, et al. He said he would struggle to find justification in offering a capital contribution unless it meets a Utility purpose.

Commissioner Mital also agreed that it would be premature to make a decision on the request.

Vice President Brown concurred.

Mr. Gray provided further discussion and said he appreciated the feedback. He noted the implications of the property CDC leases which was in a future construction zone. He also hoped the City of Eugene and their Developer would give certainty so EWEB may have future discussions with CDC regarding their current site.

BOARD WRAP UP

Referring to the McKenzie River Clean-up of potential hazards, Commissioner Manning said it was necessary to stay on top of it and keep moving forward in the conversation.

Commissioner Helgeson commented regarding testifying in Salem on the Carbon Policy, and appreciates continuing engaging in the process. On a side note, he asked for feedback regarding market activity and why it had an attributable carbon footprint. Mr. Gray attributed it to sales.

Commissioner Mital passed.

Vice President Brown thanked everyone about the discussion on the River Clean-up.

Vice President Brown adjourned the Regular Session at 7:36 p.m.

Assistant Secretary

President