

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
500 EAST 4TH AVENUE
July 19, 2016
5:30 P.M.**

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

Absent: Steve Mital

Guests: Sue Fahey, Financial Services Manager, Deborah Hart, Budget and Rates Supervisor, Jerry Reller, Financial Analyst, Nate Schultz, Financial Analyst, Wally McCullough, Water Engineering Supervisor.

President Simpson convened the June 19, 2016, Regular Session at 5:30 p.m.

AGENDA CHECK

President Simpson stated that staff had requested Item 2 from the Consent Calendar, concerning the Rittal Corporation, be pulled from the Consent Calendar for future consideration. President Simpson added that when he called for a vote to approve the Consent Calendar, it would not include Item 2.

ITEMS FROM BOARD MEMBERS

- Commissioner Brown thanked the General Manager and staff for pulling the aforementioned Item from the Consent Calendar. Commissioner Brown expressed gratitude for the \$280,000 requisition for upriver patrols from the June 7 Board meeting. Commissioner Brown expressed frustration that transients were once more camping directly above where EWEB draws water from the McKenzie River, and there was potential for their waste to soil the river in that location. He requested of the Board that action be taken on this matter.
- Vice President Helgeson said he was very thankful for Commissioner Brown's and staff's passion and efforts toward the McKenzie cleanup efforts.
- Commissioner Manning offered thanks to McKenzie cleanup efforts. He added that he would like the Board to recognize an employee, Laurie Muggy, for her service and dedication to EWEB.
- President Simpson welcomed EWEB's new General Manager, Frank Lawson. He added that he was appreciative of the five items added to the Board calendar report. He reported that EWEB would take part in a shared water/refreshment booth at the Lane County Fair, and encouraged any Board member who wished to volunteer to please do so. President Simpson was grateful for the opportunity to tour the old Weyerhaeuser riverfront property now owned by the Nature Conservancy. He concluded by expressing thanks and recognition to Interim

General Manager Dave Churchman; he read out loud a letter of thanks to Mr. Churchman. President Simpson presented Mr. Churchman with a plaque commemorating his service to EWEB.

PUBLIC INPUT

Roscoe Devine of Springfield was concerned about the transient camps on both the Willamette and McKenzie rivers. He posited that the EWEB Board of Commissioners was the perfect group to provide leadership in efforts to stop illegal camping on the Willamette and the McKenzie.

Roger Ebbage of Eugene and the Lane Community College (LCC) Energy Management Program, was thankful to the Board for the continuation of the Education Grant.

Raymond White, former LCC Energy Management Program intern, expressed gratitude to the Board for their help in funding his and other Energy Management Students' educations.

Board Discussion

- Commissioner Manning expressed disdain at the transient camping situation; he was interested in hearing more about the issue from local conservationists.
- Vice President Helgeson expressed interest in participating in a brainstorming session with other Commissioners on how best to move forward with the illegal camping situation.
- Commissioner Brown thanked Mr. Ebbage for his dedication to the Energy Management Program at LCC. He continued that 50% of EWEB employment were going to rollover in the next 5-7 years.
- President Simpson thanked Commissioner Brown for his dedication to river cleanup, and thanked also Mr. Devine for bringing the issue of illegal camping enforcement before the Board. He thanked Mr. White for coming in as a former student to let the Board know how things were going at LCC.

BOARD ACTION ITEMS

APPROVAL OF CONSENT CALENDAR

MINUTES

1.
 - a. May 25, 2016 Executive Session
 - b. May 26, 2016 Regular Session
 - c. June 7, 2016 Regular Session
 - d. June 21, 2016 Regular Session

CONTRACTS

3. **SSP Innovations** – for Geodatabase Replatform Services. \$250,000. Information Services, Contact Person is Matt Barton, 541-685-7109. 4. USDA Forest Service, Willamette National Forest.

RESOLUTIONS

4. **Resolution No. 1618** – Appointment of Board Liaison to the Water Utility New Filtration Plant Team, Contact Person is Mel Damewood, Engineering Manager, 541-685-7145.

Commissioner Brown moved to approve the consent calendar. The motion passed unanimously. (4-0, Steve Mital absent)

ITEMS REMOVED FROM CONSENT CALENDAR

2. **Rittal Corporation** – for Server Cabinet Maintenance. \$206,000 (over 5 years). Electric Operations, Contact Person is Todd Simmons, 541-685-7373

ELECTRIC & WATER 10-YEAR CAPITAL IMPROVEMENT PLANS

Mr. Lawson and Mr. McCullough offered the Board a presentation outlining water and electric Capital Improvement Plans (CIP), 2017-2026.

Mr. Lawson stated that although the original plan called for budgetary approval for 2017 and 2018, they were only asking for budgetary approval for 2017.

President Simpson inquired if Mr. Lawson expected efficiencies to change.

Mr. Lawson said he did.

Mr. Lawson asked the Board for approval of the first five years of the water and electric 10-year capital plans. He also asked for approval of the 2017 numbers and projections only.

President Simpson asked what timeframe for approval of the 2018 numbers and projections was expected.

Mr. Lawson answered that it was not a critical issue at that time, and that there was no rush on the 2018 figures.

Commissioner Brown thanked Mr. Lawson and Mr. McCullough for their presentation. He asked if EWEB was done with LTD and EMX by the end of this year.

Mr. Lawson said they would be.

President Simpson asked Mr. Lawson if he would like a motion that is separated into three different parts, or would one motion be sufficient.

Mr. Lawson replied that one motion would be sufficient.

Commissioner Manning moved to approve the first five years for both the water and electric 10-year capital plans, and to approve the 2017 numbers and projections only. The motion passed unanimously. (4-0, Steve Mital absent)

GENERAL BUSINESS ITEMS

ELECTRIC & WATER LONG-TERM FINANCIAL PLAN (LTFP) UPDATE & 2017 BUDGET ASSUMPTIONS

Ms. Fahey, Ms. Hart, Mr. Reller, and Mr. Schultz offered the Board a presentation updating the Electric & Water Long-Term Financial Plan (LTFP). The presentation also included 2017 Budget Assumptions.

Ms. Fahey pointed out that some changes had been made to the LTFP.

Ms. Hart pointed out to the Board that EWEB's average billing rates were very competitive when compared to those of neighboring utility providers.

Mr. Reller offered the Board the LTFP Assumptions for the electric side of the utility.

Mr. Shultz offered the Board the LTFP Assumptions for the water side of the utility.

President Simpson thanked the Budget Group for their hard work, and the thoroughness and clarity of their presentation.

Public Hearing on LTFP and 2017 Budget Assumptions

Hearing no public testimony, President Simpson closed the Public Hearing.

Electric & Water LTFP Update & 2017 Budget Assumptions Discussion.

Ms. Fahey reiterated that Budget Group was seeking clear direction from the Board.

President Simpson, referencing projections from 2022, wondered if something that far into the future should influence any Board feedback at present.

Ms. Fahey answered that what they were really seeking was direction on the 2017 Budget.

Commissioner Brown asked how much time the Board had for this agenda item.

President Simpson suggested the Board stick to the normal protocol of 3 minutes per Commissioner.

Commissioner Brown wondered why the wage increase is at 2.4% rather than 3% or 2%. He also asked if there was any data available of the Finance Department's performance.

Ms. Fahey responded that since the IPW contract has a floor of 2%, the Finance Department decided to bump the wage up to 2.4%. She continued that they had been performing better than projected on the expense side.

Commissioner Helgeson asked why EWEB would common-plate Cost of Service Analysis (COSA) rate changes on the electric side of the utility, when EWEB is not anticipating the need to change rates.

Ms. Fahey responded that some of EWEB's contracts require that rates be set using COSA. She added that she did not expect any new rate design.

President Simpson asked if running a COSA couldn't be done in real time.

Ms. Fahey responded that the COSA was run to determine what EWEB's class rate actions will be.

Commissioner Manning asked how the recordable injury rate would factor into spending.

Ms. Fahey returned that once the audit was completed, the Finance Department would come back before the Board with a full report.

President Simpson expressed interest in educating the public as per EWEB's rate structuring.

Correspondence & Board Agendas

Mr. Lawson stated that, as per the Board's request, upcoming workshops, as well as some planned strategic work, had been added to the calendar. He added that there could potentially be an Executive Session in August concerning real estate opportunities. Mr. Lawson opined that it would be good to have the Executive Session before the meeting, in case Board action is required.

Mr. Lawson said that EWEB would follow up on the citizens' testimony as it pertained to Source Water Protection and good water source stewardship.

Board Wrap Up

President Simpson asked Mr. Lawson if he would be interested in having a space set aside on future meeting agendas for General Manager correspondence.

Mr. Lawson said that he would.

Commissioner Brown reiterated the importance of the filtration plant summary.

President Simpson said that members of the Eugene City Council as well as members of the EWEB Board of Commissioners were interested in touring the fiber projects downtown. He wondered if it might be an opportunity for a tandem City Council meeting.

Commissioner Manning reiterated his support for Board recognition of Laurie Muggy for her service and dedication to EWEB.

President Simpson adjourned the Regular Session at 7:49 p.m.

Assistant Secretary

President