

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
500 EAST 4TH AVENUE
April 4, 2017
5:45 P.M.**

Commissioners Present: Dick Helgeson, President; John Brown, Vice President; Sonya Carlson, Steve Mital, John Simpson, Commissioners

Absent: None

Others Present: Aaron Balmer, Acting General Accounting & Treasury Supervisor; Mel Damewood, Chief Engineering & Operations Officer; Sue Fahey, Chief Financial Officer; Frank Lawson, General Manager; Mike McCann, Electric & Generation Operations Manager; Wally McCullough, Water Engineering Supervisor; Rod Price, Engineering Manager; Keith Simovic, Moss Adams

President Helgeson called the Regular Session to order at 5:47 p.m.

Agenda Check

There were no changes to the Agenda

Items from Board Members and General Manager

- President Helgeson reported that he attended the trustee's meeting of the NWPPA
- Vice President Brown wondered why House Bill (HB) 2020 wasn't on EWEB's Legislative Agenda, and why EWEB wasn't actively opposing HB 2020. Mr. Lawson assured Vice President Brown that EWEB was indeed opposed to HB 2020, and that he would bring it back to the Board just to make sure EWEB and the Board were on the same page vis-à-vis HB 2020. Vice President Brown read a text message that he had received from Mark Freeman, saying goodbye to the EWEB Board of Commissioners. He concluded that he was approached by a property owner with a high-producing water well, that may be interested in donating the well to EWEB.
- Mr. Lawson announced that EWEB had submitted the necessary paperwork to the Federal Emergency Management Agency (FEMA) for reimbursement after the ice storm. He added that EWEB had also applied for grants for future mitigation of inclement weather events. Mr. Lawson thanked Commissioners for their participation in the joint meeting between EWEB and Springfield Utility Board (SUB).

Public Input

Tim Cling of Eugene, and ShelterCare, reported to the Board that, due to inclement weather over the winter, ShelterCare experienced a highly damaging power surge. He

said that the organization asked EWEB for relief for their repairs, although the power surge was not EWEB's fault. Mr. Cling said that ultimately, EWEB did offer ShelterCare mitigating relief for the necessary repairs. He thanked the Board and the utility itself for their willingness to help.

2016 Year-End Audited Financial Statements and Management Letter

Keith Simovic of Moss Adams, offered the Board an audit report and Power Point presentation.

President Helgeson asked if the audit report represented a clean opinion.

Mr. Simovic said that it did.

Vice President Brown pointed out that the written audit report implied there was existing litigation against the EWEB Board of Commissioners; he asked if that was indeed the case.

Ms. Fahey responded that there was a liability claim currently filed against the utility, but not the Board.

Commissioner Simpson said that he was very pleased to be working with Moss Adams, and thanked them for their report.

President Helgeson echoed Commissioner Simpson's sentiment; he added that the report itself was very well put together and helpful.

BOARD ACTION ITEMS

Approval of Consent Calendar

MINUTES

1. a. March 7, 2017 Regular Session
- b. March 7, 2017 Executive Session

CONTRACTS

2. CH2M - for Engineering Services for the Hayden Bridge Treatment Plant Disinfection System Replacement Project \$565,000. Contact Person is Mel Damewood 541-685-7145

3. Habitat Contracting, Oregon Woods, and Integrated Resource Management - for vegetation management services \$400,000 (over 5 years, between three contracts). Contact Person is Mel Damewood 541-685-7145.

Commissioner Simpson moved to approve the Consent Calendar without Item 3. The motion carried unanimously 5:0.

Items Removed from Consent Calendar

Vice President Brown asked if the \$38-\$48 per hour for vegetation management was a prevailing wage.

Mr. Damewood said that he did not believe it was. He added that some of the vegetation maintenance was highly specialized, and went beyond ordinary duties such as mowing.

Commissioner Mital asked if there was a way to rough out a split between voluntary EWEB work, and Federal Energy Regulatory Commission (FERC)-mandated work.

Mr. Damewood replied that he had already begun compiling a list of work activities and whether they were EWEB jobs, or FERC-mandated jobs.

Vice President Brown moved to approve Habitat Contracting, Oregon Woods, and Integrated Resource Management - for vegetation management services. The motion carried unanimously 5:0.

Electric & Water 2017 Capital True Up and Budget Amendments

Mr. Price offered the Board a Power Point presentation on the 2017 Capital Improvement Plan, April True-Up.

Commissioner Carlson asked for some examples of customer-driven projects, and she also wondered why those were in decline.

Mr. Price answered that they were not actually in decline, but those projects—such as new connections—vary from year to year, and are measured using historical data.

Commissioner Carlson asked if the \$600,000 which was a part of fiber work, was a different phase, or part of the current project.

Mr. Price said it was part of the current project.

Commissioner Carlson wondered why the fleet budget was being reduced by \$500,000.

Mr. Price answered that rather than spend money on new vehicles, they would use current fleet budgets to maintain existing company vehicles.

Vice President Brown asked if EWEB was sure it could use the land that would be purchased for a second water source for that use specifically.

Mr. Damewood responded that EWEB would need to get the property through the Metro Plan Amendment Process in order to use the property as a second water source.

Commissioner Mital asked if EWEB was legally obligated to purchase the property in question.

Mr. McCullough said that he was not sure at this time.

Commissioner Simpson moved to approve Budget Amendment No. 1. 2017 Electric Utility Capital Budget, and Budget Amendment No. 2. 2017 Water Utility Capital Budget. The motion carried 4:1, with Vice President Brown voting against.

Annual Compensation Review for General Manager

Commissioner Simpson moved to allow General Manager Lawson a pay increase of 2.1%.

Commissioner Simpson said that although his review was positive, and deserving of a pay increase, Mr. Lawson has not been in the position for a complete year, so instead of the industry standard 5% increase after a year, he thought it appropriate to adjust the pay increase to 2.1%. He added that the 2.1% was on a par with 2017 budgetary assumptions.

Commissioner Simpson's previous motion carried unanimously 5:0

Break

President Helgeson called for a break at 6:56 p.m., and reconvened the meeting at 7:11 p.m.

Resolution No 1707, Authorizing the General Manager to Execute Purchase and Sale Agreement for Riverfront Property

Vice President Brown moved to approve Resolution No. 1707, Authorizing the General Manager to Execute Purchase and Sale Agreement for Riverfront Property. The motion carried unanimously 5:0

GENERAL BUSINESS ITEMS

Correspondence & Board Agendas

Mr. Lawson offered the Board an update on the FERC Carmen Smith relicensing process.

Commissioner Mital wondered why EWEB was not already in possession of said license.

Mr. McCann answered that the relicensing process was ongoing.

Mr. Lawson reported that there were a couple of Pricing Committee meetings added to EWEB's schedule. He added the joint meeting with City of Eugene had been postponed, and will take place in three weeks to a month. Mr. Lawson said he would like to target the May 2 Board Meeting to reveal the After Action Report on the ice storm.

Commissioner Simpson wondered if there was an upcoming wind farm tour.

Mr. Lawson replied that there was Board interest, but not consensus; he said he would look into it.

Board Wrap Up

Commissioner Simpson stated that he appreciated the brevity and pace of recent meetings. He thanked EWEB staff, especially the Board Secretary, and he thanked President Helgeson for holding Board meetings to schedule.

Commissioner Carlson asked for a follow-up on the SUB meeting.

Mr. Lawson said the joint meeting with SUB was a good meeting that had opened a channel of communication between EWEB and SUB.

Commissioner Simpson said it was his understanding that the general consensus was for the EWEB Board to schedule another joint meeting with SUB for the fall.

Commissioner Mital offered that he hoped another joint meeting with SUB would not be scheduled until after Mr. Lawson has had time to plan for said meeting.

Adjournment

President Helgeson adjourned the Regular Session at 7:37 p.m.

Assistant Secretary

President