

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
500 EAST 4TH AVENUE
January 9, 2018
5:30 P.M.**

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

Absent: Dick Helgeson, Commissioner

Others Present: Mel Damewood, Chief Water Engineering & Operations Officer; Frank Lawson, General Manager; Mike McCann, Generation Manager; Karl Morgenstern, Environmental Management Supervisor

Vice President Brown called the Regular Session to order at 5:31 p.m.

Agenda Check

There were no changes or additions to the Agenda.

Items from Board Members and General Manager

- Mr. Lawson introduced Susan Ackerman, EWEB's new Chief Energy Officer.
- Commissioner Carlson reported that she had attended the City of Eugene's State of the City Address.
- Commissioner Simpson thanked EWEB line crews for their hard work and dedication to the utility and its rate payers. He also announced that he would not be running for EWEB Commissioner again next year.
- Vice President Brown said that he would like to get Board consensus to direct the General Manager to hire a Board-appointed consultant for real estate and legal services.

Mr. Lawson said that he agreed with the suggestion.

Commissioner Simpson wondered what EWEB does for the aforementioned services currently, in the absence of said consultant.

Commissioner Mital stated his support for the suggestion, but he wondered about the process for looking at potential candidates for the auditor position.

- Vice President Brown announced a local golf course had recently been sold, and there were several wells on the property. He said that the owners donated to EWEB the highest producing well for emergency service purposes. Assuming EWEB wants the well, paperwork would need to be completed. The easement would have to be transferred from the entity who currently owns it, to EWEB.

Public Input

Bob Cassidy of Eugene expressed disappointment at not seeing any EWEB Commissioners at the recent City of Eugene State of the City Address. He also said he heard nothing about the utility in the Address itself.

Webb Sussman of Eugene said that he also did not hear mention of EWEB at Eugene's State of the City Address, nor was the utility mentioned in Lane County's State of the County Address. He suggested that the recent events in Puerto Rico would be a good signal event for EWEB's future planning.

Commissioner Carlson stated that she was at the State of the City Address, although she arrived late due to previous obligations. She announced that she met with Mayor Vinis in early December, and spoke with her about resiliency; the Mayor said she was planning on talking about resiliency during the State of the City Address.

Commissioner Simpson said he too was disappointed to hear that EWEB was not mentioned at the State of the City Address. He added that it was his plan to attend the Address, but could not, due to personal matters.

Vice President Brown thanked Mr. Cassidy for bringing the Board's attention to the lack of recognition at the State of the City Address. He said that in 2018, he was planning a focus on other, outside-the-utility entities trimming their budgets as EWEB had been doing.

BOARD ACTION ITEMS

Approval of Consent Calendar

MINUTES

1. December 5, 2017 Regular Session

CONTRACTS

- 2. Alstom Renewable, US LLC**, the hydro division of General Electric Renewable Energy - authorize the General Manager to approve a design-build contract for the rehabilitation of Carmen turbine generator units 1 and 2. \$19,750,000.
- 3. Federal Emergency Management Agency (FEMA) Hazard Mitigation Grants-** for Board acceptance of the Section 404 and Section 406 grants if awarded.
- 4. Luvaas Cobb for General Counsel Services.** \$750,000 (over 5 years).

RESOLUTIONS

- 5. Resolution No. 1801-** Western Generation Agency (WGA) Board Appointment.

6. **Resolution No. 1802** - Electric Utility Fee; Service Lateral Substructure Inspection Charge.
7. **Resolution No. 1803** - Annual Appointment of Supplemental Retirement Plan Committee.
8. **Resolution No. 1804** - Declaration of Surplus - River Loop Substation Site.
9. **Resolution No. 1805** - Declaration of Surplus - Hillaire Substation Site.
10. **Resolution No. 1806** - Declaration of Surplus - Shasta 1150 Pump Station Site.
11. **Resolution No. 1807** - Declaration of Surplus - Potter Lane Rock Pit.

Approval of Consent Calendar

Commissioner Mital moved to approve the Consent Calendar. The motion passed unanimously 4:0.

Items Removed From Consent Calendar

None.

2018 Election of Board Officers

Commissioner Simpson moved to nominate John Brown as President and Sonya Carlson as Vice President of the EWEB Board of Commissioners. The motion passed unanimously 4:0.

Commissioner Mital acknowledged Dick Helgeson's leadership as EWEB Board President. He said that he had spoken with Mr. Helgeson, and that he was in support of the above nominations.

2018 Appointment of Board Liaison Assignments & Committees

Commissioner Simpson announced that he was interested in continuing to serve as the LCOG liaison, and as an alternate for the Northwest Public Power Association (NWPPA).

Commissioner Simpson moved that he remain LCOG liaison, and that Vice President Carlson be the alternate. The motion passed unanimously 4:0.

Commissioner Simpson moved to be the primary liaison to Other Post-Employment Benefits (OPEB) with no alternate. The motion carried unanimously 4:0.

President Brown moved to ratify the appointments to the NWPPA as is, with Dick Helgeson as the primary and John Simpson as the alternate. The motion passed unanimously 4:0.

Mr. Lawson suggested the Board revisit the NWPPA appointments in April.

GENERAL BUSINESS ITEMS

Strategic Plan for Protecting the McKenzie Watershed

Mr. Damewood and Mr. Morgenstern offered the Board a report and Power Point presentation on the Strategic Plan for Protecting the McKenzie Watershed.

Commissioner Simpson asked for information regarding urban runoff trends over the last 15 years.

Mr. Morgenstern answered that the urban runoff trends had been fairly flat.

Commissioner Simpson asked why the Bonneville Power Administration (BPA) wasn't offering more funds currently, when their projected contribution for 2020 was 10 times what it was at present.

Mr. Morgenstern replied that EWEB was engaging more landowners at present than the utility had in the past, and there was more opportunity for conservation easements, and BPA liked to take advantage of said easements for wildlife credits, so BPA would be making their investments in that way.

Commissioner Simpson wondered if staff had taken advantage of EWEB systems for callouts.

Mr. Damewood replied that the ARCOS system was used for callouts internally.

Vice President Carlson wondered if EWEB should be supporting the City of Eugene's housing-first initiative to combat homelessness. She also wondered about the septic system rate.

Mr. Morgenstern said they were continuing to focus on septic systems, especially along the McKenzie, but he said he did not know if they would be able to look at all 4100 of them.

Vice President Carlson wondered if there was a sense of which septic systems were the most important to focus on.

Mr. Morgenstern replied that staff felt like they were addressing the important septic systems, but were not able to address every system.

Vice President Carlson asked how long it took to rid the river of pollution from a hazardous spill.

Mr. Morgenstern answered hazardous substances wash through the river usually in a matter of days, but some residual bleeding out was also common.

Vice President Carlson wondered how much storage was available at the Hayden Bridge facility.

Mr. Damewood said that in winter, the system could hold approximately three days' worth of stored water; in the summer it was closer to a day's worth.

Mr. Morgenstern offered that EWEB's intake was on the bottom of the river, and most petroleum products floated.

Commissioner Mital wondered about the connection between electric generation and source protection.

Mr. Morgenstern replied there were connections between the two in: EWEB's Emergency Response System, and within the Pure Water Partners (PWP) program.

Mr. Mital asked for clarification on the portion of the Revised Source Protection Program Goal, which stated: "To measure the balance between watershed health and human use over time..."

Mr. Morgenstern said that they were not only studying quality of the water in the river, but the quality of human habitation along the river.

President Brown inquired if the statistics are still correct, that about a million gallons of effluent per day goes into the McKenzie Valley and about 25% of those systems are failing.

Mr. Morgenstern replied yes, in general terms.

President Brown summarized by saying so about a quarter of a million gallons of untreated effluent out of septic tanks are going into our aquifer.

President Brown offered that he would like to see more dedications of time and resources to mitigate that issue.

Commissioner Simpson said that he was in support of more funding for the homeless camping mitigation effort.

Commissioner Mital asked if EWEB's PWP commitment was \$1 million a year.

Mr. Morgenstern said that it was between \$200,000 and \$250,000.

Proposed 2018 Organizational Performance Dashboard

Mr. Lawson offered the Board a report and Power point presentation on the proposed 2018 Organizational Performance Dashboard.

Commissioner Simpson asked Mr. Lawson to bring this topic to the one-on-one lunch on January 10, 2018.

Vice President Carlson wondered how the fee structure would fit into Customer Confidence.

Mr. Lawson replied that staff was looking dutifully at price versus cost surrounding Products and Services, and Customer Confidence.

President Brown asked what the plans were as far as intentionally over-hiring and cross training employees in order to offset retirements.

Mr. Lawson responded that over-hiring and cross training of employees was a fairly standard practice in the public utility world.

Break

President Brown called a break at 7:15 p.m. He reconvened the meeting at 7:25 p.m.

City Auditor Ballot Measure

Mr. Lawson offered the Board an overview of the upcoming City of Eugene ballot measure.

Commissioner Mital posited a Board discussion was in order before deciding to accept and invite a City auditor, or to reject the idea.

Commissioner Simpson offered that EWEB ran a tight ship, and would have nothing to hide from a City auditor, although he personally didn't like the way this ballot measure was brought about. He added that cost was the major determining factor for him.

President Brown said he was concerned about how an outside auditor would deal with the complexity of EWEB operations, acronyms, etc.

Vice President Carlson said that she saw little benefit to opposing the ballot measure, although she was not personally supportive of it.

Commissioner Mital stressed the importance of letting the public know the different functions of different auditors—namely the differences between internal audits of the utility, and an audit performed by an outside auditor.

President Brown offered that the \$700,000 cost of the City's possible audit of EWEB, only represented a part of the total cost of a city-wide audit, which could include several entities operating within city limits besides EWEB.

Mr. Lawson assured the Board that staff would be looking at cost impacts of the audit.

Correspondence & Board Agendas

Mr. Lawson offered the Board a report on correspondence and Board agendas.

President Brown said that he appreciated staff performing the Lower McKenzie River Water Temperature Study. He wondered what could be done if they found the river temps in Walterville to remain warm in the future as they were at present.

Mr. McCann said there were many factors involved in the warm water temperatures in Walterville, but EWEB would continue to monitor those temps into the future.

Commissioner Simpson wondered if EWEB could leverage a partnership with the Army Corps of Engineers (COE).

Mr. McCann said that the COE followed their own rule curve when determining discharge from dams.

Board Wrap Up

Vice President Carlson wondered if the upcoming Carbon Meeting would be recorded.

Mr. Lawson said they had not planned on it, although it might be a good idea.

Adjourn

President Brown adjourned the meeting at 8:00 p.m.

Assistant Secretary

President