

**EUGENE WATER & ELECTRIC BOARD  
REGULAR SESSION  
EWEB BOARD ROOM  
500 EAST 4TH AVENUE  
February 6, 2018  
5:30 P.M.**

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

**Absent:** None

**Others Present:** Sue Fahey, Chief Financial Officer; Deborah Hart, Fiscal Services Supervisor; Chris Jones, Senior Project Manager; Frank Lawson, General Manager; Rod Price, Chief Engineering & Operations Officer

President Brown called the Regular Session to order at 5:29 p.m.

**Agenda Check**

There were no changes or additions to the Agenda.

**Items from Board Members and General Manager**

- Commissioner Helgeson apologized for his absence at the January meeting.
- Commissioner Mital announced that he had listened in on the customer phone lines; he encouraged his colleagues to do the same. He said that he had raised the issue of obtaining third-party reviews of EWEB's Capital Plan, and he had been in discussion with staff about moving forward.
- President Brown announced two upcoming Executive Sessions: March 6 at 4:45 p.m., and April 3 at 5 p.m. He thanked staff for informing the Board on proposed carbon cap-and-trade legislation.

**Public Input**

**Bill Kloos** of Eugene said he was representing a client who had a pending land-use application from the City of Eugene. He said his client needed a letter of financial commitment from EWEB.

**Darlene Kelly** of Eugene spoke in favor of the proposed Advanced Metering (AMI) program.

**Cindy Allen** of Eugene spoke in opposition to AMI.

**Joe LaFleur** of Eugene spoke in opposition to AMI.

**Dr. Paul Dart** of Eugene said that he didn't take particular exception to AMI, but was curious how it would be installed, and how it would work. He suggested the AMI meters not transmit data the utility is not ultimately going to use.

**Lisa Arkin** of Eugene spoke in opposition to AMI, especially the possible opt-out feature.

**Kent Mueller** of Eugene spoke in opposition to AMI.

**Tana Shepard** of Eugene, and representing School District 4J, offered the Board an update on the 4J-Bethel-Springfield program.

**Matt McRae** of Eugene spoke in favor of AMI.

**Webb Sussman** of Eugene spoke in favor of AMI, but reminded the Board that it was their responsibility to adequately address customers' health concerns with advanced metering.

**Bill Evans** of Eugene spoke in opposition to AMI.

**Maurya Kaarhus** of Eugene spoke in opposition to AMI.

**Eileen Erdelt** of Eugene spoke in opposition to AMI.

**Ingrid Edstrom** of Eugene spoke in opposition to AMI.

**Joshua Korn** of Eugene spoke in opposition to AMI.

**Kathy Ging** of Eugene spoke in opposition to AMI.

**Patricia Kortekaas** of Eugene spoke in opposition to AMI.

**Bill O'Brien** of Eugene spoke in opposition to AMI.

**Victor Odlivak** of Eugene spoke in opposition to AMI. He also challenged the Board to eliminate fossil fuels altogether.

Vice President Carlson offered appreciation to everyone who offered testimony. She said she was in favor of the AMI project, as it would offer safety from injury for the EWEB employees on the ground, reading meters. Vice President Carlson added that she felt AMI would improve the way in which the utility dealt with outages, such as those caused by inclement weather.

Commissioner Simpson reminded those present that an advanced meter was not going to be forced upon any customer, since there was a possible opt-out clause in the AMI

project. He added that the radiation smart meters would emit was miniscule. To those concerned about the loss of jobs, he offered that EWEB was not in the business of creating jobs; rather it was the utility's duty to deliver pure water and reliable electricity.

Commissioner Helgeson assured those in the audience that he, and the Board itself, considers very carefully the concerns raised by members of the public. He also said that he had done extensive research, and as of yet was unable to find any data, studies, etc. that persuaded him of the severe ill health effects perpetuated by smart meters.

## **BOARD ACTION ITEMS**

### **Approval of Consent Calendar**

#### **MINUTES**

##### **1. January 9, 2018 Regular Session**

#### **CONTRACTS**

**2. Crown Technical Systems** - for purchase of Carmen power plant generator switchgear and bus equipment. \$890,000.

**3. Pacific Excavation, Inc.** - for replacement of the Golden Gardens Street water main. \$270,000.

#### **RESOLUTIONS**

**4. Resolution No. 1809** - Board Appointments, Committees, Outside Liaisons.

**5. Resolution No. 1810** - Resolution Amending Resolution No. 1324 Regarding Riverfront Surplus Property.

#### **OTHER**

**6. 2018 Organizational Performance Dashboard.**

### **Approval of Consent Calendar**

***Commissioner Simpson moved to approve the Consent Calendar. The motion passed unanimously 5:0.***

### **Items Removed From Consent Calendar**

None.

## **GENERAL BUSINESS ITEMS**

### **State of the Utility Address**

President Brown delivered the State of the Utility Address.

**Advanced Metering Deployment and Implementation Options, Resolution No. 1811, A Resolution Amending Resolution No. 1322 Regarding Advanced Metering Infrastructure**

Mr. Lawson, Mr. Jones, and Mr. Price offered the Board a report and Power Point presentation on advanced metering deployment and implementation options.

Vice President Carlson asked how often smart meters would transmit data.

Mr. Jones said the electric meters by default transmit data once an hour, 24 times per day, and the water meters transmit data six times a day, or once every four hours by default. He said the total transmission time was approximately 2-3 seconds per day, per meter for a typical meter.

Vice President Carlson wished to clarify that the selling of EWEB customer data was strictly prohibited.

Mr. Lawson said he was unsure if it is prohibited, but he knew that EWEB had no desire to sell customer data. He added if the Board wished to tighten up existing policy which could affect customer data, he and the staff would be happy to do it.

Vice President Carlson asked for clarification surrounding the potentiality of fires, and other hazards, with smart meters.

Mr. Jones replied that there were a number of reports in the media of meters correlated with fires. EWEB worked with the vendor, Sensus, to understand what might be causing those problems and the main thing we found that causes meter damage, even with our current generation - the legacy analog and digital meters, is faulty meter bases. Where the meter is placed on the meter socket there is a lug that goes into some jaws; if the jaws are not tight, some heat can be generated. He said the Sensus residential meters EWEB would be deploying had a feature that would detect high temperatures caused by a faulty meter base, and would cut off the power to protect the customer's property.

Commissioner Helgeson said that he was willing to consider an opt-out approach, rather than an opt-in approach, as long as no burden(s) would be placed on EWEB customers. He stressed the importance of customer communication.

Mr. Lawson stated that it was very important to communicate options to EWEB customers. He said it was impossible to switch from an opt-in system to an opt-out system overnight. Mr. Lawson said EWEB would not seek to charge those customers opting out of AMI for doing so until we really understood the true cost. If there is a cost difference, as a utility we need to be equitable in the costs, but it would be a number of years before we have the data to support what that would look like.

Commissioner Mital offered that in 2013, when AMI was first being discussed, the EWEB Commissioners all elected to have smart meters placed on their own homes so as to experience first-hand any possible situation arising from their use. He reminded those EWEB customers not in favor of AMI, did have the choice to opt out of the AMI program.

Commissioner Simpson asked if the smart meters would be able to profile the load of a specific appliance on the customer side of the meter.

Mr. Jones said they could not.

Commissioner Simpson asked if the analog meter technology currently employed was being phased out.

Mr. Price answered that in general, the analog meters were being phased out. Even if we replaced a meter with a non-smart meter, it would still be electronic.

Commissioner Simpson wanted to know why. He asked if the analog meters could be purchased.

Mr. Price said they could be purchased, but not a lot of them were being made anymore.

Commissioner Simpson asked if staff was considering meter reading charges for the opt-out customer class.

Mr. Lawson said yes, but not anytime soon.

Commissioner Simpson wished to go on record announcing his concurrence with Commissioner Helgeson concerning customer communication.

Mr. Lawson offered that only about 20% of meters in the United States were read manually.

President Brown asked if staff could speak to AMI's role in meeting carbon reduction goals, and how AMI might affect employment.

Mr. Jones replied that the overall deployment plan for AMI was eight years. He stated that currently, EWEB had 22 meter readers, and during the eight years of AMI deployment, that number would be reduced by approximately two meter reader positions per year. Over the past five years, the attrition rate in the meter reading department has been 3-4 people per year. At least six of those people moved on to other positions within EWEB.

Mr. Lawson responded that other than a few exceptions, EWEB's power portfolio consisted mostly of carbon-free resources.

Vice President Carlson wondered how many smart meters in the pilot program had detected customer issues.

Mr. Jones clarified that EWEB didn't have a pilot program; instead, they had been taking opt-in requests from customers. He added that of the first thousand or so homes to opt-in for smart water meters, approximately 10% of those meters detected leaks. Mr. Jones also stated that the electric meters had been transmitting outage data properly.

Commissioner Simpson asked how the smart meters would cut down on the theft of electricity.

Mr. Jones responded that the meters were equipped with a tamper alert feature.

Commissioner Simpson said he'd like staff to provide the Board with the survey in which 75% of EWEB customers were in favor of AMI.

Commissioner Simpson asked how long the batteries of the smart water meters would last.

Mr. Jones said approximately 20 years.

Commissioner Simpson asked if the water meters could detect water pressure data.

Mr. Jones said not yet.

Commissioner Helgeson said that, whether EWEB adopted an opt-in or opt-out to AMI, it was very important to him that customers be given a legitimate choice in the matter, and that they had advanced notification.

Commissioner Mital asked if the Board would still have access to review policies related to AMI.

Mr. Lawson said they would. He added that it was a requirement.

Commissioner Mital stressed the importance of maintaining transparency with EWEB customers throughout the AMI process.

Commissioner Mital asked what would happen if there was early failure of the advanced meters.

Mr. Jones said EWEB's contract with the meter vendor, there was a threshold stating that if more than 1% of the devices fail in the first year, the majority of the cost of replacement/repair would be covered by warranty by the vendor.

Commissioner Mital asked how long the warranty was valid.

Mr. Jones replied 15 years.

***Commissioner Mital moved to approve Board resolution 1811 amending Board resolution 1322.***

Commissioner Helgeson expressed reservations about the lack of policy language to replace the original principles. He also stressed the crucial nature of customer communication.

President Brown asked if any policy amendments could be unwound at future meetings.

Mr. Lawson said that was correct.

Commissioner Simpson stated that only the authorized account user should be allowed to opt in or out of AML.

Mr. Lawson agreed.

***The motion passed unanimously 5:0***

***Commissioner Simpson moved to instruct the General Manager to revise applicable EWEB policies impacted and/or related to advanced metering for Board approval.***

***Commissioner Helgeson moved to amend the previous motion to add the words, "in a manner consistent with the original principles of advanced metering" The amendment passed unanimously 5:0.***

***The original motion, as amended, passed unanimously.***

## **Break**

President Brown called for a break at 8:05 p.m.

## **Preliminary Use of Reserves**

Ms. Fahey and Ms. Hart offered the Board a report and Power Point presentation on preliminary use of reserves. Staff recommendation was that the Board defer action on using any reserves at this time.

Commissioner Simpson asked for clarification on tax exempt advanced refunding.

Ms. Fahey said that advanced refunding related only to paying down bonds early, and it wasn't related to any customer refunds.

Commissioner Simpson wished to go on record in support of the suggested deferral.

Commissioner Mital wondered if a decision about the use of reserves had to be reached at the current meeting.

Ms. Fahey said the presentation at this meeting was Information Only.

Commissioner Mital stated his support for the deferral with the caveat that he would like to entertain a refund to customers exclusively.

President Brown asked, as far as customer refunds were concerned, would the amount of the refund be dependent on the amount paid for utility service.

Ms. Fahey replied that had not yet been determined.

President Brown was concerned with the inequity created when a customer contributing nothing to the surplus receives a refund as well as the customer who did contribute. President Brown asked how much the refund would cost the utility.

Ms. Fahey reported the refund would cost in the \$40,000 range.

President Brown asked if that money could be used to weatherize EWEB's low-income inventory.

Ms. Fahey said that was unknown at this time.

Commissioner Helgeson offered that he too was happy to defer this discussion.

Mr. Lawson said he was looking forward to continuing this discussion with the Board.

The Board reached consensus on deferring the use of reserves discussion.

### **2017 Fourth Quarter Operating Dashboard/Goals**

Mr. Lawson offered the Board a report on the goals of the 2017 Fourth Quarter Operating Dashboard.

Commissioner Mital asked if SAIDI (System Average Interruption Duration Index) numbers spiked during the ice storm the previous winter.

Mr. Lawson said that was correct.



Commissioner Helgeson congratulated Mr. Lawson on the Safety Metric.

### **Board Wrap Up**

Commissioner Mital reported that he sat in on the EWEB phone lines for 90 minutes recently, and that it seemed like call volume had increased. He also said it was important that the Board be made aware of the changes in communication around disconnects. .

Vice President Carlson stated that she had been asking people to get involved with Cascadia Subduction Zone (CSZ) earthquake plans. She mentioned that a member of the 4J School District Board reached out to her in response. Vice President Carlson stressed the importance of sharing as much information as possible with local schools with CSZ earthquake preparedness.

Mr. Lawson said that EWEB was actively disseminating CSZ earthquake preparedness information in local schools.

Vice President Brown said that he would like to be kept in the loop of Pacific Excavation Inc.'s replacement of the Golden Gardens Street water main.

### **Adjourn**

President Brown adjourned the meeting at 8:57 p.m.

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Assistant Secretary

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President



**MEMORANDUM**  
EUGENE WATER & ELECTRIC BOARD  
*Rely on us.*

TO: Commissioners Brown, Carlson, Mital, Simpson and Helgeson  
FROM: Frank Lawson, General Manager  
DATE: February 28, 2018  
SUBJECT: Board Appointed Consultants  
OBJECTIVE: Board Consideration and Action

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**Issue**

At the January 2018 Board Meeting, Commissioners requested staff evaluate and present some options for Board-appointed real estate legal counsel, in addition to general counsel. Two candidates are presented for Board consideration.

**Background**

EWEB Public Contracting Rule 6-0130 designates Board Appointed Consultants as personal services that are not subject to competitive bidding requirements. The Board reviews and ratifies contracts with consultants awarded under Rule 6-0130 annually. The Board shall ratify use of Board Appointed Consultants at the beginning of every year that the contract is in effect.

There is no limit to the number of Board Appointed Consultants, and having at least two for real estate issues can be helpful because of potential conflicts with other parties. These consultants will provide professional services directly to the Board of Commissioners, or to the General Manager at the request of the Board.

**Discussion**

Real estate counsel provides advice and consultant services involving a varied and often highly complex set of activities centering on real estate matters including sales and acquisitions, title, land use, environmental, development, leasing, finance, joint ventures, restructuring and workouts, and litigation. After some initial research, the following two candidates are presented for Board consideration.

Firm	Arnold Gallagher	Watkinson Laird Rubenstein
Contact/Attorney	Becky Schwarzkopf	Jane Yates
Specialty	Business real estate & construction	Business law, real estate, & intellectual property
Attorney Response: <i>Describe your individual background and capabilities (areas of expertise and experience)?</i>	Commercial real estate has been the core of my legal practice since I entered practice in 2002, first at a national law firm in Boston and then, since 2006, here in Eugene at Arnold	My practice includes a significant amount of real estate work. I negotiate and document leases and sales of all sizes, including those for regional shopping centers, medical facilities, and

	Gallagher P.C. My practice includes acquisitions and sales, leasing, contract and easement negotiation, and many other aspects of real estate law. My practice also includes construction contracting and some estate planning. I believe my strength lies in articulating issues and potential solutions with both attention to detail and to the big picture.	natural resource companies. In addition, I guide clients through the due diligence process; form strategies for dealing with defects, including access, title, and environmental issues; and develop letters of intent for the transaction structure. In the interest of efficiency, my approach to transactions is collaborative, but I take a more aggressive stance when necessary.
Attorney Response: <i>What's your firm's background and bench strength in the real estate area?</i>	Real estate work is a foundational component of our firm. We represent numerous owners and developers of real estate locally and regionally, some of whom we have represented for decades. Our goal as a firm is to provide full service representation to our clients on real estate matters, both transactional and litigation. Eight of our current lawyers have expertise in the real estate area and are available to make sure we are able to respond to our clients' real estate needs in a timely and efficient manner.	Our bench is strong. Kevin Burgess and Derek Simmons have ample experience in lease and sales transactions. Jim Dole and Clark Rasche have litigated all types of real estate disputes. Julia Manela has significant experience with secured transactions. Sarah Subias and Heather Walloch can provide expertise when trusts or estates are involved in transactions. Our firm benefitted from a long association with John Watkinson (recently retired), whose expertise in real estate law is well known in Oregon. Due to his expertise and reputation, we worked on projects that might have normally gone to a larger regional firm. All members of the firm have benefitted from his tutelage.
Rate(s)	\$280 (Attorney)	\$305 – 15% (\$259.25)

### Recommendation

Management recommends that the Board ratify Arnold Gallagher, via Becky Schwarzkopf, and Watkinson Laird Rubenstein, via Jane Yates, as Board Appointed Consultants for real estate counsel, directing staff to pursue contracts accordingly. Management also recommends that the Board ratify Luvaas Cobb as a Board Appointed Consultant for general counsel.

### Requested Board Action

As a consent item, approval will direct staff to execute personal services contracts with Arnold Gallagher, Watkinson Laird Rubenstein, and Luvaas Cobb as Board Appointed Consultants.

## **EWEB Board Consent Calendar Request**

*For Contract Awards, Renewals, and Increases*

The Board is being asked to authorize a Personal Services Contract with **Luvaas Cobb Attorneys at Law** for **General Counsel Services for the EWEB Board of Commissioners**, and two (2) Personal Services Contracts with **Arnold Gallagher P.C.**, and **Watkinson Laird Rubenstein P.C. for Real Estate Legal Counsel**.

Board Meeting Date: March 6, 2018

Project Name/Contract#: PSC 2653 / General Counsel Services for EWEB Board of Commissioners

PSC 2656 / Real Estate Legal Counsel Services for EWEB Board of Commissioners

PSC 2657 / Real Estate Legal Counsel Services for EWEB Board of Commissioners

Primary Contact: Frank Lawson Ext. 7621

Purchasing Contact: Collin Logan Ext. 7426

### **Contract Amount:**

Contract Amount (PSC 2653): \$50,000 (over five years)

Contract Amount (PSC 2656): \$50,000 (over five years)

Contract Amount (PSC 2657): \$50,000 (over five years)

Additional \$ Previously Approved: \$0

Invoices over last approval: \$0

Percentage over last approval: 0 %

### **Contracting Method:**

Method of Solicitation: Direct Negotiation

If applicable, basis for exemption: Rule 6-0130 Board Appointed Consultants & Retained Professionals

Term of Agreement (PSC 2653): Through January 2023 Board Meeting with annual ratification

Term of Agreement (PSC 2656): Through January 2023 Board Meeting with annual ratification

Term of Agreement (PSC 2657): Through January 2023 Board Meeting with annual ratification

Option to Renew? Yes, with annual ratification

Approval for purchases "as needed" for the life of the contract Yes

Proposals/Bids Received (Range): \$n/a

Selection Basis: Direct Negotiation

### **General Counsel Services**

The Board is being asked to authorize contracts with **Luvaas Cobb Attorneys at Law** for **General Counsel Services for Board activities**.

Staff was directed by the General Manager's office to negotiate a Personal Services Contract for General Counsel Legal Services for the Board. Staff have developed the contract, services to include legal advice and consultation, research and interpret laws that affect EWEB business, draft or review resolutions and memoranda, provide guidance on policy and policy development, attend work sessions and meetings with EWEB's Board of Commissioners, and other general advice and litigation as needed.

### **Real Estate Legal Counsel**

The Board is being asked to consider for authorization Personal Services Contracts for **Real Estate Legal Counsel for Board Activities**. If approved by the Board, Staff will negotiate two (2) new Personal Services Contract for real estate legal counsel to support the Board's activities. Services available under these contracts include assistance with property leases, right of ways, easements, etc.

**ACTION REQUESTED:**

The General Manager's office requests the Board authorize Personal Services Contracts with **Luvaas Cobb Attorneys at Law, Arnold Gallagher P.C., and Watkinson Laird Rubenstein P.C.**

**SIGNATURES:**

Project Coordinator: \_\_\_\_\_

Manager: \_\_\_\_\_

Purchasing Manager: \_\_\_\_\_

Board Approval Date: \_\_\_\_\_

## **EWEB Board Consent Calendar Request**

*For Contract Awards, Renewals, and Increases*

The Board is being asked to approve a contract with **WESCO Distribution** for the periodic purchase of Three Phase Submersible Transformers (as needed to replenish stock).

Board Meeting Date: March 6, 2018

Project Name/Contract#: 3 Phase Submersible Transformers / ITB 007-2018

Primary Contact: Rod Price Ext. 7122

Purchasing Contact: Ramie Alkire Ext. 7413

### **Contract Amount:**

Original Contract Amount: \$ 170,000 (Over 5 years)

Additional \$ Previously Approved: \$ N/A

Invoices over last approval: \$ N/A

Percentage over last approval: N/A %

Amount this Request: \$ 170,000

**Resulting Cumulative Total:** \$ 170,000

### **Contracting Method:**

Method of Solicitation: Formal Bid

If applicable, basis for exemption: N/A

Term of Agreement: March 6, 2018 – March 5, 2023

Option to Renew? Annually up to 5 years

Approval for purchases “as needed” for the life of the contract Yes

Proposals/Bids Received (Range): 3 (\$169,118 – \$230,852)

Selection Basis: Lowest responsive, responsible bidder

The Board is being asked to approve a new price agreement with **WESCO Distribution** of Portland, OR for the purchase of Three Phase Submersible Transformers on an as needed basis.

In January 2018, EWEB issued a formal invitation to bid to establish a price agreement for the purchase of Three Phase Submersible Transformers. Three (3) responses were received and evaluated. Responses were received by General Pacific, Inc. of Fairview, Oregon, WESCO Distribution of Portland, Oregon, and Dexter Lake Solutions, LLC of Lowell, Oregon. WESCO Distribution was determined to be the lowest responsive and responsible bidder.

Historical procurement data suggests that the total contract amount will be approximately \$170,000 over the total five-year period. The actual total dollar amount, however, is unknown and may be more or less than the estimated volume. Purchases will be based on need and not on any specific annual quantity. The annual cost will be within the amount budgeted for that specific year.

If approved, staff will purchase required Three Phase Submersible Transformers at the established prices over the life of the contract. The contract is for five years.

### **ACTION REQUESTED:**

Management requests the Board approve a new contract with **WESCO Distribution** of Portland, OR for the periodic purchase of Three Phase Submersible Transformers. The Electric Operation and Maintenance budget is \$22.3 million for 2018. This item will be budgeted annually.

**SIGNATURES:**

Project Coordinator: \_\_\_\_\_

Manager: \_\_\_\_\_

Purchasing Supervisor: \_\_\_\_\_

Executive Officer: \_\_\_\_\_

Board Approval Date: \_\_\_\_\_

## EWEB Board Consent Calendar Request

*For Contract Awards, Renewals, and Increases*

The Board is being asked to approve a Construction Contract with **Wildish Building Company** for **Construction Services**.

Board Meeting Date: March 6, 2018  
Project Name/Contract#: Smith Dam Debris Booms 010-2018  
Primary Contact: Susan Ackerman Ext. 7185  
Purchasing Contact: Sandra Hahn Ext. 7163

### Contract Amount:

Original Contract Amount: \$ 426,000  
Additional \$ Previously Approved: \$ N/A  
Invoices over last approval: \$ N/A  
Percentage over last approval: N/A %  
Amount this Request: \$ 426,000  
**Resulting Cumulative Total:** \$ 426,000

### Contracting Method:

Method of Solicitation: Invitation to bid  
If applicable, basis for exemption: N/A  
Term of Agreement: December 31, 2018  
Option to Renew? No  
Approval for purchases "as needed" for the life of the contract No  
Proposals/Bids Received (Range): **Eight bids received, ranging from \$426,000 to \$1,432,900**  
Selection Basis: **Low bid**

### Narrative:

Smith Dam is equipped with only one spillway gate for use during flood conditions. The gate is susceptible to blockage by debris during severe storm conditions. To improve dam safety, EWEB has committed to the Federal Energy Regulatory Commission (FERC) to protect the spillway gate from debris buildup. This project is in the capital improvement plan for 2018.

The work includes construction of boom cable anchor structures, installation of a new 400-foot-long primary debris boom, and relocation of the existing boom for use as a secondary boom. The new debris boom is designed to withstand probable maximum flood conditions and will be located approximately 250 feet upstream from the Smith Dam spillway.

Staff issued an invitation to bid in January, 2018. EWEB received eight bids, the lowest responsive and responsible bid was received from Wildish Building Company of Eugene, Oregon. Bids were received from Wildish Building Company of Eugene, Oregon; Marine Industrial Construction of Wilsonville, OR, Suulutaaq, Inc. of Suisun City, CA, North Bank of Vancouver, WA, Ballard Marine Construction of Washougal, WA, JR Merit of Vancouver, WA, R&G Excavating of Scio, OR, and RSCI of Boise, ID. If approved, Wildish Building Company will provide construction services as specified in the solicitation documents.



**ACTION REQUESTED:**

Management requests the Board approve a construction contract with Wildish Building Company for **construction of the Smith Dam Debris Booms**. Funds for this work were budgeted for 2018, the total Electric Department Capital Budget for 2018 is \$33.4 million.

**SIGNATURES:**

Project Coordinator: \_\_\_\_\_

Manager: \_\_\_\_\_

Executive Officer: \_\_\_\_\_

Purchasing Supervisor: \_\_\_\_\_

Board Approval Date: \_\_\_\_\_



# MEMORANDUM

## EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Brown, Carlson, Mital, Simpson and Helgeson

FROM: Rod Price, Chief Engineering & Operations Officer, Tyler Nice, Systems Engineering Supervisor and Matt Ibaraki, Engineer

DATE: February 28, 2018

SUBJECT: Supplemental Information: Worley Parsons Procurement Request - Grid Edge "Microgrid" Project – Quick Facts

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### **Purpose**

To provide a quick basis of understanding behind the Grid Edge Microgrid Project details to be installed at Howard Elementary.

### **Background**

This project is supporting two of EWEB's strategic objectives – increasing emergency preparedness & disaster recovery, and providing research and development to make informed electric resource decisions in the future. This initial microgrid installation is the kickoff to a program of projects to install these systems at five schools in five years. Deployments of these backup power systems are coordinated with the Water Engineering Department's emergency water initiative such that water treatment and pumping equipment will be retrofitted on the site, or coordination will result in a full installation simultaneously. This initial project will be to install backup electrical equipment only integrated with Howard Elementary School.

The Grid Edge Microgrid Project will have immediate resiliency benefits by providing backup electric power to Howard Elementary during a grid level outage, and will supply data which will provide modeling capability to determine future uses of dispatched power on EWEB's distribution system.

In late 2015 EWEB applied for and was awarded a grant which partially funds this project. Goals of the project are to supply the national laboratories with operational data to be used for several use cases, with a minimum installation capacity of 1,000 kWh. Execution of this contract and installation will result in EWEB satisfying these requirements, in addition to progressing EWEB's strategic objectives as discussed above.

### **Project Information**

#### **EWEB Scope**

- Howard Elementary School (located at 700 Howard Ave). Site currently has installed

approximately 50 kW of solar generation (owned by 4j) which will be integrated with this system and will be used for charging the battery system during a long term islanding event.

- A total of 500 kW/ 1,000 kWh battery capacity to be installed.
- Grant requirements for microgrid minimum functions, Sandia National Lab (primary grant funder) access to microgrid system data.

#### **Schedule**

- To be commissioned by end of Labor Day 2018 (9/3).

#### **Budget**

- ~\$1.2M including \$295k in reimbursable grants (net EWEB cost ~\$900,000)

### **Contract Information**

#### **Details**

- RFP solicitation
- Resulted in one proposer that would meet the scope and schedule requirements. Future prices are expected to fall, and future deployments should be less expensive due to further development of the technology. Based on what EWEB has learned during this procurement, more competitive interest will be garnered for future sites.
- Type – Design-build, turnkey commissioning
- Cost – \$990,000 (~\$990/kWh).
- Duration – Contract approval to October 2018

#### **Subcontractors**

- NEC – Battery provider, AEROS controller. US location Westborough, MA.
- Advanced Energy Systems (AES) – Construction. Located in Eugene, OR.

### **Microgrid Usage Information**

- Resiliency – Unit is sized for and positioned to back up the entire building. At full output (500kW), 2 hours of runtime. For 10HP (7.46kW) pump motor for well functionality, 134 hours of runtime. With the approximately 50 kW of site solar, these numbers can stretch further, especially if just running the pump motor during a mildly sunny day.
- Research & Development - EWEB will use the controls of this system interfaced with the main SCADA control center and dispatch to offset peak load or assist with ramping.

## EWEB Board Consent Calendar Request

*For Contract Awards, Renewals, and Increases*

The Board is being asked to approve a Design-Build Contract with WorleyParsons for a Battery Energy Storage System.

Board Meeting Date: March 6, 2018

Project Name/Contract#: Design-Build Services for Battery Energy Storage System/065-2017

Primary Contact: Rod Price Ext.7122      

Purchasing Contact: Sandra Hahn Ext.7163      

### Contract Amount:

Original Contract Amount: \$990,000

Additional \$ Previously Approved: \$                     

Invoices over last approval: \$                     

Percentage over last approval:                      %

Amount this Request: \$990,000

**Resulting Cumulative Total:** \$990,000

### Contracting Method:

Method of Solicitation: RFP #065-2017

If applicable, basis for exemption:                                     

Term of Agreement: March 6, 2018 to October 5, 2018

Option to Renew? No

Approval for purchases "as needed" for the life of the contract No

Proposals/Bids Received (Range): One bid for \$1,360,000

Selection Basis: RFP Evaluation

### Narrative:

The Board is being asked to approve a new contract with **WorleyParsons** of Chattanooga, TN for the purchase of a battery energy storage system (sometimes referred to as a "microgrid system".)

EWEB requires a battery energy storage system for use in its community resiliency initiative. Deployment of a microgrid system is a 2018 electric division goal in line with the strategic objective of increasing resiliency and emergency preparedness. In preparation for future disasters like the Cascadia Earthquake, EWEB is working to ensure that water, one of the necessities for survival, is readily available to the public by building new wells powered by battery energy storage systems. Community sites such as schools with well availability have been targeted for this program. These systems will allow public access to water for an extended duration of time in the event of a wide-spread power outage. The battery energy storage system, combined with on-site renewables like solar energy, are expected to have capabilities of powering the well pumps for several months into an outage. This contract is to install a 1000kWh battery storage system at Howard Elementary School. This project is coordinated with the Water Department such that it is planned that a well will be installed at this site in 2019 to create a backup power and water distribution station which is operational without main grid power.

At the March 2017 Board meeting, staff requested approval to pursue an alternative procurement process and subsequently issued a Request for Proposals (RFP) for the purchase of design-build services for battery energy storage systems. The solicitation was issued in December 2017 and reviewed

by seventeen companies. One (1) response was received. (A survey was taken of prospective contractors that had attended the pre-bid meeting and it was determined that most did not submit a proposal due to the smaller size of the project or because they anticipated that they would not be able to meet the required timeline.) Based on input from Sandia National Labs and external references, staff have determined the cost of this project on a per kWh basis is competitive considering the desired timeline, scope and relative capacity of the system. WorleyParsons was determined to be a responsive and responsible proposer. After value engineering the scope of work, the price was negotiated to \$990,000 over the contract period.

**ACTION REQUESTED:**

Management requests the Board approve a contract with **WorleyParsons for the purchase of a battery energy storage system**. Funds for this purchase were budgeted for 2018; total department budget for 2018 is \$33.4 million.

**SIGNATURES:**

Project Manager:	_____
Supervisor:	_____
Purchasing Supervisor:	_____
Executive Officer:	_____
Board Approval Date:	_____