

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
500 EAST 4TH AVENUE
April 3, 2018
5:45 P.M.**

** Audio file available to the public upon request.*

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

Absent: None

Others Present: Matt Barton, Chief Information Officer; Rachel Chilton, Communication Specialist; Mel Damewood, Chief Water Engineering & Operations Officer; Sue Fahey, Chief Financial Officer; Frank Lawson, General Manager; Rod Price, Chief Electric Engineering & Operations Officer; Keith Simovic, Moss Adams

President Brown called the Regular Session to order at 5:45 p.m.

Agenda Check

Commissioner Simpson stated he would like to move Agenda item 10, Annual Compensation Review for the General Manager, up in the Agenda, to just after item seven.

Mr. Lawson asked for an additional 15-30 minutes for Agenda item seven, Customer Service Policy Revisions and Advanced Metering, and in turn, a reduction of 15-30 minutes in Agenda item nine, Benchmarking and Review of Capital Improvement Plans.

Commissioner Simpson suggested moving item 10 to just after item six.

Items from Board Members and General Manager

- Commissioner Helgeson reported that he attended the Northwest Public Power Association (NWPPA) Board meeting last month. He also reminded those present that he was up for reelection to a second term on the board of NWPPA.
- Commissioner Simpson reported that he had been studying regional installed wind power capacity. He reported that the uptrend in wind power usage had reached a plateau.
- President Brown reported that he had met with the general manager and staff of Willamalane to work toward a solution to the illegal upriver camping issue. He wondered about the private contractor who recently installed EWEB water lines; he wished to follow up with staff

Mr. Lawson said that was on staff's radar.

President Brown reported that EWEB had obtained the well from the golf course at no cost to the utility.

- Commissioner Mital announced that he was disappointed in local coverage concerning the International Paper (IP) oil spill that was downstream of EWEB's intake.

Vice President Carlson said she was in possession of a response from the State Department to one of her constituents about the spill.

Mr. Lawson said he would like to see the State Department response.

Public Input

Webb Sussman of Eugene was concerned about the IP spill, citing that there should have been safety measures to prevent the spill. He offered that, in his personal experience in another part of the country, there are scores of undocumented outfalls through which pollutants could get into the water supply. Mr. Sussman said that he had found seven-gallon emergency water containers at Bi-Mart that he felt would be more appropriate for EWEB to distribute rather than the ones the utility currently uses.

Zach Mullholland of Eugene suggested the utility have its meetings available online, citing transparency and accessibility to the public.

Isaac McCoy-Sulentic of Eugene addressed the Board concerning climate change and renewable energy. He said he would like to see greater flexibility in where the utility gets its power to distribute. He also suggested a climate-use pricing model.

Kathy Ging of Eugene expressed frustration in the summary-driven way in which EWEB's meeting minutes are recorded. She requested the minutes be revised to include more detail, especially where public comments were concerned.

Commissioner Helgeson said that the minutes taken in the recent past did fall within the guidelines set forth by EWEB, although he felt it reasonable to ask the minutes recorder to go back to the minutes from February 6, and add a few sentences of description in the public comment section therein.

Commissioner Helgeson moved to ask the minutes recorder to redo the February 6 meeting minutes, adding a sentence or two to the comments in the public input section of the agenda.

Vice President Carlson said that she too would like to see the recordings of the meetings posted online.

President Brown warned against the slippery slope created by making these changes, which might lead members of the public to continuously demand their comments be changed in the minutes.

Commissioner Mital agreed with Commissioner Helgeson's motion, citing that AMI was an important issue.

The motion passed 4:1 with Commissioner Simpson voting against.

Approval of Consent Calendar

MINUTES

1. **a. March 6, 2018 Executive Session #1**
b. March 6, 2018 Executive Session #2
c. March 6, 2018 Regular Session

CONTRACTS

2. **CDW-G** - for the use of two cooperative contracts for computer hardware, software, and support. \$200,000 (for 2 years).
3. **CVE Technologies** - for the use of a cooperative contract for NetApp hardware and services. \$350,000 (for 2 years).
4. **Make it Happen** - for IT Project Management Services. \$20,000 (resulting cumulative total \$166,000).
5. **Maul Foster, & Alongi Inc.** - for remedial design engineering services. \$250,000 (resulting cumulative total \$670,000).
6. **Pacific Excavation, Inc.** - for replacement of the Larkspur Loop water main. \$230,000.
7. **Piper Jaffray & Co.** - for financial advisor services. \$250,000 (over 5 years).
8. **Schnabel Engineering** - for engineering services. \$155,000.
9. **WESCO Distribution** - for the use of a cooperative contract for various electrical products. \$500,000 (per year for electrical materials, for 2 years).
10. **Westates Flagman** - for traffic control and flagging services for maintenance work (non-BOLI). \$750,000 (over 5 years).

RESOLUTIONS

11. **Resolution No. 1812** - PERS Employer Incentive Fund Application to Make Deposit.

OTHER

12. Use of Plaza for Community Event.

Commissioner Mital pulled Item 3, CVE Technologies.

Approval of Consent Calendar

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

Items Removed From Consent Calendar

Commissioner Mital asked for additional information on CVE Technologies and NetApp hardware.

Mr. Barton said that EWEB stores its information on a Storage Area Network (SAN), and this expansion was to address additional storage needs. He clarified that NetApp was the name of a vendor and product EWEB used for digital storage.

Commissioner Mital moved to approve Consent Calendar Item 3. The motion passed unanimously 5:0.

2017 Year-End Audited Financial Statements and Management Letter

Ms. Fahey and Mr. Simovic offered the Board a report and Power Point presentation on 2017 year-end audited financial statements and management letter.

The only non-compliance found in the report was due to the utility not reporting new bank accounts to the State Treasurer within the 3-day required timeframe.

Commissioner Simpson wondered how Mr. Simovic's organization gained access to EWEB's financial records.

Mr. Simovic assured Commissioner Simpson that permission was granted by individuals at EWEB with authorization to do so.

Commissioner Helgeson wanted more information from staff about how EWEB manages its IT Applications permissions. He also wanted to know how EWEB remained current on changes in laws and regulations, and were there any consequences to the utility's late filing of its new bank accounts report.

Ms. Fahey answered that EWEB watches the legislative changes every year, this statute happened to change about eight or nine years ago and EWEB had not opened any new bank accounts since then, and it fell off our radar. She added there was no consequence from the Treasurer's Office.

President Brown wondered if the procedural issues found during the audit were on-going issues that were not detected in the past, or if they were new occurrences specifically, the audit adjustments presented on slide six of the Power Point.

Mr. Simovic replied that the accrued payroll adjustment was a one-off occurrence; and the adjustment concerning closing work orders had been noted from time to time over the past few years during the audits his organization performed of the utility. The one that was found in the recent audit, was a past adjustment. Management has done a lot of work in that area, nothing that they found is material or significant anymore.

Mr. Lawson added that it was at staff's request that Moss Adams looked deeper and with more expertise into the utility's IT issues.

Commissioner Mital asked a process question; he wondered if there was an expectation on EWEB's part that Moss Adams would respond to the Chief Information Officer's explanation of access and controls in WAM, or if it is up to commissioners to decide if they are satisfied with the response to the issue which was raised in the audit.

Mr. Simovic responded that it was for the utility's information, and it would fall to the EWEB Board to decide what actions to take on the matter.

Annual Compensation Review for the General Manager

President Brown announced that the average of comparators for a utility's salary for general managers is roughly \$280,000. He stressed that the Board had an obligation to keep the GM's salary competitive in the industry. President Brown suggested an 8% increase in Mr. Lawson's salary.

Commissioner Helgeson announced that the month previous, the Board had completed the general manager's annual review. He agreed that Mr. Lawson's salary should be brought to the average of the comparators.

Commissioner Simpson offered that Mr. Lawson was leading EWEB in the direction the Board wanted and he not only took instruction well from the Board, he gave good instruction to the Board, which he felt was equally as important. He was in support of bringing Mr. Lawson's salary up to the average of the comparators.

Commissioner Mital reminded those present that the Board was on record to move to increase the general manager's salary to meet the comparator average.

Commissioner Mital moved to increase the general manager's salary by 8%, in order to keep the general manager's salary equal to the average of comparators.

Vice President Carlson offered that the Board had previously promised this pay increase to Mr. Lawson, so they should do so. She expressed reservations with how the

community might perceive such a seemingly high salary, but she assured Mr. Lawson and those present that the 8% increase was warranted.

Commissioner Simpson moved to amend Commissioner Mital's motion to increase the general manager's salary by 10% instead of 8%.

Commissioner Simpson explained that he felt an 8% increase was not sufficient.

Commissioner Helgeson said he was comfortable with the 8% pay increase, but not 10%, as the higher amount was outside of the metric employed by the Board.

The amendment to the motion failed 1:4, with Commissioner Simpson the sole aye vote.

The original motion to increase the general manager's salary by 8%, in order to keep the general manager's salary equal to the average of comparators, passed unanimously 5:0.

Break

President Brown called a break at 7:02 p.m.

Commissioner Simpson left the meeting at 7:02 p.m.

President Brown reconvened the meeting at 7:14 p.m.

Customer Service Policy Revisions and Advanced Metering

Ms. Fahey and Ms. Chilton offered the Board a report and Power Point presentation on customer service policy revisions and advanced metering.

Ms. Fahey asked the following question from the presentation: In general, do the proposed revisions sufficiently capture the 2013 statement of principles concepts?

Commissioner Helgeson stated that he did not see anything in the draft that would be inconsistent with the aforementioned statement of principles.

Vice President Carlson stressed the importance of it not being difficult for EWEB customers to opt out of AMI if they so desired.

Commissioner Mital said he was okay with the customer service language update. He suggested emphasizing privacy, data security, and safety, as he felt that was the point EWEB customers seemed most concerned with. Commissioner Mital suggested more clarity surrounding customers' ability to refuse the installation of a smart meter, citing the fact that the smart meter itself will be installed, but the customer reserves the right to decide whether the meter is in communicating mode or not.

Commissioner Mital offered that the emphasis in the language is on EWEB not selling any data collected from smart meters, but should be clarified to include any data sharing that would occur, and who the data would be shared with.

Vice President Carlson wondered if there was a way to capture a previous conversation which stated that advanced meters would only transmit that data that was absolutely necessary.

Ms. Fahey replied that it was intended to be included under the bullet point Privacy, Data Security, and Safety in the presentation.

Ms. Carlson said she was not sure the bullet point accurately captured what was discussed in the previous conversation she mentioned.

President Brown wondered what data a smart meter would transmit other than that data pertinent to usage billing.

Mr. Lawson said the issue of what data is captured by AMI needed to be addressed head-on by the Board and staff.

Commissioner Mital opined that EWEB needed to be prescriptive in its language surrounding AMI, in order to avoid future difficulties.

Ms. Fahey and Ms. Chilton continued the Power Point, switching the focus to Account Service Decisions.

Commissioner Helgeson asked if the account holder was the individual the utility was in a contractual relationship with.

Ms. Fahey said that was correct.

President Brown asked if the account holder could request the way in which a smart meter is being used.

Ms. Fahey said yes.

The Board concurred that the Account Holder should be the decision-maker as per the use of a smart meter.

Ms. Fahey and Ms. Chilton continued the Power Point, switching the focus to disconnections.

Commissioner Mital wondered if the other utilities used in the data generation of the presentation were public and located in the Pacific Northwest.

Ms. Fahey answered they were.

President Brown was in favor of waiting until a following Monday to interrupt service for non-payment instead of performing disconnections until noon on Fridays.

Commissioner Mital said that he believed AMI would help with disconnects and reconnection.

Vice President Carlson asked if disconnecting/reconnecting service would involve an EWEB vehicle going to the location.

Ms. Fahey said that was correct.

Vice President Carlson said it made more sense to incentivize the customers to install smart meters to alleviate the time and cost of a house call.

Benchmarking and Review of Capital Improvement Plans

Mr. Barton, Mr. Damewood, and Mr. Price offered the Board a report and Power Point presentation on benchmarking and a review of Capital Improvement Plans.

Commissioner Mital noted that in 2013, during a budget crisis, EWEB looked to raise rates significantly, but Operations stepped forward and saved the day by taking approximately \$80 million from the following year's Capital Plan.

Vice President Carlson asked how EWEB benchmarks were different than industry benchmarks.

Mr. Price replied that EWEB's benchmarks were equivalent to industry benchmarks.

Vice President Carlson wondered what the different Levels outlined in the Power point entailed.

Mr. Barton replied that the Level 1, was basically following Best Practices, whereas Level 2—Deep Dive on CIP, Review of O&M Activities, and Asset Management, he felt, would be more accurate for IT.

Mr. Lawson stated EWEB employed several benchmarks already around many different elements of the utility.

Mr. Lawson asked the Board if they would be comfortable with staff bringing back some of the initial benchmarks when they present this year's Capital Plan.

The Board agreed with Mr. Lawson's suggestion.

Correspondence & Board Agendas

Mr. Lawson offered the Board a report on Correspondence & Board Agendas.

Board Wrap Up

Vice President Carlson said she wanted more information on recording meetings and posting them online.

Commissioner Helgeson agreed with Vice President Carlson.

Mr. Lawson offered that now EWEB has a new website that could easier facilitate meeting recordings.

Commissioner Mital said that it would be prudent if staff could find a way to not only post meeting audio online, but to index the recordings for ease of use

Adjourn

President Brown adjourned the meeting at 8:46 p.m.

Assistant Secretary

President