

**EUGENE WATER & ELECTRIC BOARD
UPRIVER MEETING
MCKENZIE FIRE TRAINING CENTER
42870 McKenzie Highway
September 18, 2018
6:30 P.M.**

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

Others Present: Frank Lawson, General Manager; Mike McCann, Generation Manager; Lisa McLaughlin Environmental Supervisor; Rod Price, Chief Electric Engineering and Operations Officer; Tyler Nice, Systems Engineering Supervisor; Sue Fahey, Chief Financial Officer; Marianne McElroy, Business Line Manager; Patty Boyle, Principal Project Manager; Mark Zinniker, Generation Engineering Supervisor

Welcome and Meeting Overview

President Brown called the Upriver Meeting to order at 6:30 p.m. He asked Commissioners to introduce themselves, which they then did.

Commissioner Simpson recalled with pleasure and relish his tenure on the EWEB Board, especially when that position brought him into the upriver community.

Commissioner Carlson said she was excited to serve the upriver community.

President Brown said he appreciated representing the upriver community, and looked forward to doing so in the future.

Leaburg Substation and Holden Creek Project Updates & A-B Transmission Line Modification Project

Mr. Price and Mr. Nice offered those present an update and PowerPoint presentation on the Leaburg Substation, Holden Creek project and A-B transmission line modification.

Commissioner Simpson asked about operating Carmen-Smith in a partially loaded condition to supply power to only Blue River. He wondered if partial-load problems from Carmen-Smith would continue to be an issue after the rebuild and how are we looking into the capability in the future.

Mr. Nice replied that the major issues were mechanical in nature. Mr. Zinniker confirmed and went on to explain that low load conditions are damaging to the turbine blades which turn the generator. Low load operation creates cavitation which leads to vibration through the shaft. Currently, the equipment has an operational range that does not reach down as low as the Blue River load. Staff will need to conduct studies and evaluate options to ensure we do not cause damage to the equipment. New

components will be installed in 2021-2022 which will have a different operating range and staff will compare that to the Blue River load and evaluate possible solutions.

Advanced Meter Infrastructure

Ms. Fahey and Ms. McElroy offered those present a report and PowerPoint presentation on Advanced Meter Infrastructure.

Results of Increased River Flow Protocol at Walterville for Low-Water Years

Mr. McCann and Ms. McLaughlin offered those present a report and PowerPoint presentation on the results of increased river flow protocol at Walterville for low-water years.

Canal Maintenance

Mr. McCann and Mr. Zinniker offered those present a report and PowerPoint presentation on canal maintenance.

Carmen Smith Project Update

Mr. McCann, Ms. Boyle, and Mr. Zinniker offered those present an update and PowerPoint presentation on the Carmen Smith project.

General Question and Answer Session

Ken Engelman announced there was a new Interpretive Center being built at the fish hatchery. He spoke briefly about the history of the project.

Marilyn Cross thanked EWEB for sharing information with the upriver community. She said there were two things for EWEB to consider when scheduling outages: the worst time of year to do it, is between the beginning of fishing season and October, and the upriver residents need their power restored early in the morning.

Dana Burwell thanked EWEB for putting more money into the canal maintenance project.

Steve Schaefer thanked EWEB for lowering the flow of the river to allow removal of a very large old-growth Douglas Fir which had fallen across the river below Deer Creek.

Adjourn

President Brown adjourned the meeting at 8:10 p.m.

Assistant Secretary

President

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
500 EAST 4TH AVENUE
October 2, 2018
5:30 P.M.**

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

Commissioners Absent: Steve Mital

Others Present: Frank Lawson, General Manager; Matt Barton, Chief Information Officer; Raul Duato, Information Services Supervisor; Rene Gonzalez, Customer Solutions Manager; Sue Fahey, Chief Financial Officer, Deborah Hart, Interim Finance Manager; John Latourette, Line Supervisor; Jeanine Parisi, Customer Relationship Manager; Jerry Reller, Senior Financial Analyst; Adam Rue, Interim Fiscal Services Supervisor; Nate Schultz, Senior Financial Analyst

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

Agenda Check

Commissioner Simpson asked if the Break could be moved to position 8.5 on the Agenda, directly following the Public Hearing on the 2019 Budget Assumptions and the Long-Term Financial Plan (LTFP).

The Board agreed, and the Break was moved to position 8.5 on the agenda.

Items from Board Members and General Manager

- President Brown announced that Vice President Carlson would be Chairing the meeting. He said he was very pleased with the efforts after a recent outage, in which the street itself had to be dug up.
- Commissioner Helgeson thanked staff for their presentations at the recent upriver meeting. He announced he attended the recent NWPPA Board meeting in Walla Walla, Washington; he said the current CEO of the NWPPA, Anita Decker, would be retiring in May 2019, and he had accepted a position on the Interview and Selection team for a replacement CEO.
- Commissioner Simpson thanked EWEB for organizing the Health & Awareness Safety Day in September. He mentioned that this year's EWEB Family Day was a success. Commissioner Simpson thanked staff for their efforts on the Neighborhood Outreach program. He announced that he would be leaving the EWEB Board at the end of the year.

- Vice President Carlson thanked staff for their work on the BRING Home & Garden Tour, for their work on and at the upriver meeting, and for their work on EWEB Family Day. She commented that as we consider not housing our current space there may be an opportunity to look at other areas in the community where we could hold these kind of meetings, such as Bethel, the south hills or other areas that are accessible to other community groups and members. She said she had recently met with two Eugene City Councilors to talk about resiliency, rental efficiency investments, carbon policy, and the streamlining of permitting processes.
- Mr. Lawson said that he had enjoyed the Neighborhood Meetings he had thus far attended. He said he had received feedback from the Upriver meeting complimenting staff on their presentations.

Public Input

Webb Sussman of Eugene described issues he experienced during a replacement of a water heater in his home. He described the issues as being told there was not a gas hot water heater option, and that EWEB had run out of the number of units they were allowed to replace. Mr. Sussman also pointed out there was no reason to break up PDF files on EWEB's website. He said he attended the recent tech event in downtown Eugene, and was impressed with EWEB's work on the fiber-to-residential program; he asked EWEB to expand, and accelerate that program.

Kaarin Knudson of Eugene, and the Better Housing Together Initiative. She thanked EWEB for addressing the local housing crisis. Ms. Knudson was especially appreciative of the EWEB Development Policy.

Commissioner Simpson thanked Ms. Knudson for her feedback on EWEB's role in mitigating the local housing crisis. He assured Mr. Sussman that the utility would look into the hot water heater program issues he brought to the Board's attention.

Commissioner Helgeson said he was surprised by Mr. Sussman's testimony about the hot water heater program, and he apologized on behalf of the utility for the missed opportunity. He thanked Ms. Knudson for the work of her organization, and posited that although he was usually conservative when it came to public subsidy, he had a couple of soft spots in that conservatism for the elderly, and for those having trouble finding affordable housing.

President Brown thanked both contributors for their testimonies. To Ms. Knudson, he called to her attention a couple of recent instances in the south hills, where the City has identified a lot of our buildable lands inventory. We were not able to serve that area with water because the Fire Marshal changed the fire flow regulations and two times we've heard people say they needed to sprinkle their buildings, but it was too cost prohibitive. He encouraged Ms. Knudson to maintain a connection with EWEB, as there

are some circumstances we cannot change and it will affect the true buildability of that land.

President Carlson wondered if the utility's reluctance to subsidize gas hot water heaters was a strategic move to incentivize electrification. She thanked Ms. Knudson for her work and dedication to the community.

Mr. Lawson said he did not believe EWEB had any limitations surrounding hot water heater replacement; he posited that it was possible it was a problem with the contractors themselves.

Commissioner Simpson asked Mr. Sussman to share the name of the hot water heater installation contractor with a staff person, so EWEB could follow up with them.

EWEB Development Policy

Mr. Gonzalez and Ms. Parisi offered the Board a report and Power Point presentation on EWEB Development Policy

Commissioner Simpson asked how extensive was the need to exchange documentation as customers are established. He also wondered if a portal might need to be set up on EWEB's website to facilitate a secure document exchange.

Ms. Parisi said she did not know. She said she would need to talk directly to the staffers engaged in direct interaction with developers.

Commissioner Simpson, quoting slide 10 from the presentation, asked what the next door neighbor of the tenant paying a \$150,000 capacity charge under the proposed electric network, would pay for a capacity charge.

Ms. Parisi replied that it would be determined using their proportional share of current load.

Commissioner Helgeson stated he was supportive of the presenters' current efforts as per Development Policy.

Regarding affordability and SDCs for housing units under 800 sq. ft., President Brown said that he is supportive, and if EWEB was going to do it, he also wanted to make sure that EWEB's other partners, who have SDC charges, were also willing to do the same.

Regarding the example in the presentation, he asked what would happen if a developer paid for half of the cost to increase the network's capacity and the need for remaining capacity did not come to fruition. He wondered if that remaining infrastructure cost would be spread over other ratepayers.

Ms. Parisi responded yes, EWEB would pay the costs up front and those costs may or may not be recouped by someone else who comes in and uses some of that capacity. Or, we would front that cost with the idea that everyone is benefitting from the redundancy; it would be viewed as a capital investment and would conform with our policy for projects outside of the downtown network.

President Brown said he hopes there would be consistency in the application so as not to burden other rate payers if future new projects do not move forward.

Vice President Carlson asked, in page 10's examples, were the numbers meant to be a flat rate, as opposed to a portion of capacity.

Ms. Parisi answered it was meant to be a proportion of capacity, but that was next to impossible due to the variances in EWEB's electrical system.

Vice President Carlson asked how accurate the design review estimates were.

Ms. Parisi said she did not know, although she imagined if EWEB was giving high-level estimates, the utility would tend to being conservative.

Approval of Consent Calendar

MINUTES

1. September 4, 2018 Regular Session

CONTRACTS

2. MWA Architects - for Architectural and Design Services for a Water Quality Laboratory and Backup Services Building. \$442,377.

3. R2 Resource Consultants, Inc. - for engineering services. \$205,000 (Resulting Cumulative Total \$315,000).

4. USI Insurance Services - for Health and Wellness Benefits Broker and Consulting Services. \$250,000 (over five years).

RESOLUTIONS

5. Resolution No. 1821 - Residential Electric Pricing Structure.

6. Resolution No. 1824 - Investment Policy Update

Commissioner Simpson moved to approve the Consent Calendar as presented. The motion passed unanimously 4:0.

Items Removed From Consent Calendar

None.

2019 Draft Electric & Water Budgets and Long-Term Financial Plans (LTFP) Update

Ms. Fahey, Ms. Hart, Mr. Rue, Mr. Schultz, and Mr. Reller offered the Board a report on 2019 Draft Electric and Water Budgets, and an update on the LTFP, with a Power Point presentation.

Public Hearing on 2019 Draft Electric & Water Budgets and Long-Term Financial Plans (LTFP) Update

There was no one who wished to speak during the Public Hearing.

2019 Draft Electric & Water Budgets and Long-Term Financial Plans (LTFP) Update - Direction

President Brown thanked the financial team for the presentation. He asked if the contribution risk margin of \$3 million was sufficient to cover 10% reduction of generation, 2.4% reduction in load or 47% wholesale price, if the first two were representative of a 10% reduction in generation *and* a 2% or all variable options.

Mr. Reller said the aforementioned items were mutually exclusive.

President Brown posited the time was nigh for a conversation about a potential Decommissioning Fund.

Commissioner Helgeson expressed support for the Draft Budgets and LTFP.

Commissioner Simpson said he too was in support of the Draft budgets and LTFP. He said he would like to see a year-by-year column graph showing EWEB annual budgets, at the November 6 Board meeting.

Vice President Carlson asked if the 2% allocated to health insurance was locked in?

Ms. Fahey said that was correct.

Mr. Lawson said that since the market itself has impacts on EWEB's long-term financial planning, EWEB had a hedging program that hedged out five years.

Vice President Carlson asked if there was hedging in the presented assumptions.

Ms. Fahey said that hedging had been used in the assumptions presented.

Break

Vice President Carlson called for a break at 7:04 p.m. The meeting resumed at 7:16 p.m.

Electric Outage Management Preparation

Mr. Barton, Mr. Latourette, and Mr. Duato offered the Board a report and PowerPoint presentation on electric outage management preparation.

Commissioner Simpson asked what was meant in the presentation by “command post.”

Mr. Latourette replied command posts were locations where different officials—such as the Public Information Officer—were stationed during an outage emergency.

Commissioner Simpson wondered how sturdy and dependable EWEB’s Responder system was.

Mr. Duato said it was constantly being upgraded.

Commissioner Simpson asked if the callbacks were automated.

Mr. Duato replied they were.

Commissioner Simpson asked if there was adequate coverage at EWEB’s Help Desk.

Mr. Barton said there was.

Commissioner Simpson asked if the different ICS groups (day, night, etc.) were handing shifts off to each other, or if the shifts were integrated.

Mr. Latourette said it was a bulk hand-off, but there were measures being taken to ensure a seamless shift change process.

Commissioner Helgeson wondered if there would be an ability within the customer communication piece to prevent repeat customer callbacks.

Mr. Duato said there was. He said that through the website, customers can remain informed after an initial call-in.

Commissioner Helgeson wanted to know if there was a way for ratepayers to access information online that would affirm that the utility was aware of their outage.

Mr. Duato said yes. He said that a customer contacting EWEB would receive a confirmation of that contact.

Vice President Carlson asked, as far as the hot washes were concerned, if there was a way to differentiate from a storm or another natural event which would knock out power, such as an earthquake.

Mr. Latourette said an integrated structure—one which would include both Electric and Water—had not yet been developed.

President Brown asked if EWEB was doing anything to make the ratepayers themselves better prepared for outages.

Mr. Barton responded that ratepayers were staying informed through EWEB's Disaster Preparedness outreach and programs.

Correspondence & Board Agendas

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

Commissioner Helgeson said he had a minor concern with EWEB's energy burden metric, because it was mostly out of the utility's control.

Mr. Lawson agreed that although EWEB had an influence on some parts of the metric, the other parts were completely out of the utility's control.

Ms. Kah stated the tentative time for a possible upcoming Executive Session was 4:30 p.m. She said some details of that were still to be determined.

Board Wrap Up

There was no Board Wrap-Up.

Adjourn

Vice President Carlson adjourned the meeting at 8:00 p.m.

Assistant Secretary

President

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a contract with Cushman & Wakefield and Commercial Quest NW, Inc. for Real Estate Broker Services.

Board Meeting Date: 11/6/2018

Project Name/Contract #: Real Estate Broker Services #033-2018

Primary Contact: Lisa McLaughlin Ext. 7450

Contract Amount:

Original Contract Amount: Not to Exceed \$150,000 each over 5 years

Additional \$ Previously Approved: \$0

Invoices over last approval: \$0

Percentage over last approval: 0%

Amount this Request: Not to Exceed \$150,000 each

Resulting Cumulative Total: Not to Exceed \$150,000 each over 5 years

Contracting Method:

Method of Solicitation: Formal Request for Proposals (RFP)

If applicable, basis for exemption: n/a

Term of Agreement: **Five Years**

Option to Renew? No

Approval for purchases "as needed" for the life of the Contract Yes No

Proposals/Bids Received (Range): Consulting Services - \$100 to \$350 per hour, Sales Commission – 5%

Selection Basis: Awarded based on evaluation criteria defined in the RFP

Narrative:

Operational Requirement and Alignment with Strategic Plan

Managing EWEB-owned properties to effectively meet customer needs directly aligns with the Strategic Plan initiatives related to cost improvement and safe and reliable delivery of services. This includes acquiring properties that are necessary to develop and/or maintain critical infrastructure. This work also aligns with the Property Department's Policy and Procedures and the Board direction to surplus and sell unused and un-needed properties. Although EWEB received valid RFP responses from these two firms, neither firm has offices nor brokers within EWEB's service area. Because local knowledge is beneficial when conducting real estate transactions, we determined that EWEB should also contract directly with a minimum of two local firms offering expertise in commercial and/or residential real estate. For transparency reasons, all four contracts will be presented for Board approval at the same time. Where larger more complex acquisitions or dispositions are contemplated, the regional/national marketing and consultation expertise provided by these two firms may be useful.

Contracted Goods or Services

These firms will provide real estate services on an as needed basis. Services may include commission based sales of surplus property, market analysis, lease negotiations, and acquisition of real property.

Prior Contract Activities

EWEB has not contracted with either firm in the past.

Purchasing Process

In July 2018, Staff issued a formal request for proposals seeking responses from firms interested in providing real estate broker services. Valid proposals were received from Commercial Quest NW, Inc., and Cushman and Wakefield. Staff anticipated multiple awards. After scoring based on evaluation criteria that included experience, key staff proposed, references, and pricing structure, the committee determined that Cushman and Wakefield and

Commercial Quest NW, Inc. are both contract awardees. This is a five-year contract with purchases made as-needed.

Bidder/Proposer Information

Commercial Quest NW
Cushman Wakefield

Bidder/Proposer Location

Bend, Oregon
Portland, Oregon

Fee schedules were provided by each firm. Consulting at hourly rates range from \$100 to \$350. Commission for sales and purchases of real property are 5% of sale price for properties up to \$5 Million. Lease commission rates depend on the type of lease and adjust as they apply to the first, second, or third 5-year terms. Commercial Quest/Carpenter Robbins includes commission on the first ten years only. Cushman and Wakefield sets a commission on up to three 5-year terms or 15 years total. The consulting fees and commission costs of these two firms are substantially higher than the payment terms from Windermere Real Estate and Evans, Elder, Brown & Seubert, Inc.

ACTION REQUESTED:

Management requests the Board approve a contract with Cushman Wakefield and Commercial Quest NW, Inc. for real estate broker services. Funds for anticipated work will be budgeted in the year in which the work is expected to occur. The total Energy Division O&M budget after removing Energy (purchased power) fuels and wheeling is \$17.5 Million.

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a contract with Evans, Elder, Brown & Seubert for real estate broker services.

Board Meeting Date: 11/6/2018

Project Name/Contract #: Real Estate Broker Services

Primary Contact: Lisa McLaughlin Ext. 7450

Contract Amount:

Original Contract Amount: Not to Exceed \$150,000 over 5 years

Additional \$ Previously Approved: \$0

Invoices over last approval: \$0

Percentage over last approval: 0%

Amount this Request: Not to Exceed \$150,000

Resulting Cumulative Total: Not to Exceed \$150,000 over 5 years

Contracting Method:

Method of Solicitation: Direct Negotiation

If applicable, basis for exemption: Exemption Rule 6-0110(1f)

Term of Agreement: **Five Years**

Option to Renew? No

Approval for purchases "as needed" for the life of the Contract Yes No

Proposals/Bids Received (Range): N/A

Selection Basis N/A

Narrative:

Operational Requirement and Alignment with Strategic Plan

Managing EWEB-owned properties to effectively meet customer needs directly aligns with the Strategic Plan initiatives related to cost improvement and safe and reliable delivery of services. This includes acquiring properties that are necessary to develop and/or maintain critical infrastructure. This work also aligns with the Property Department's Policy and Procedures and the Board direction to surplus and sell unused and un-needed properties. Although EWEB received two valid responses to an RFP, neither firm had offices or brokers within EWEB's service area. Because local knowledge is beneficial when conducting real estate transactions, we determined that EWEB should also contract directly with a minimum of two local firms offering expertise in commercial and/or residential real estate. For transparency reasons, all four contracts will be presented for Board approval at the same time.

Contracted Goods or Services

Evans, Elder, Brown & Seubert, Inc. will provide real estate services on an as needed basis. Services may include commission based sales of surplus property, market analysis, lease negotiations, and acquisition of real property.

Prior Contract Activities

Evans, Elder, Brown & Seubert, Inc. have previously conducted a market analysis and recommendation for EWEB's Headquarters Building, EGI/Philips lease renewal negotiations (in process), and represented EWEB in the purchase and disposition of a parcel on W. 3rd Street.

Purchasing Process

Evans, Elder, Brown & Seubert, Inc. is contracted through direct negotiation based on EWEB Rule 6-011-(1f), which allows a contract to be exempted from the solicitation process if the services are for the buying or selling of real estate. Direct Contracting with firms for consulting services not directly tied to purchase and/or sale transactions is also appropriate under the Personal Services rule.

Bidder/Proposer Information

Consulting services will be billed at \$200/hr. Commission for sales and purchases of real property will be 2% of the sale price. Lease commission is to be 5% of the aggregate revenue for the original term. Where Broker also represents the Lessee that rate will be reduced to 4%. These fees and commissions are lower than the costs of services as described within the proposals from the firms awarded contracts through the RFP.

ACTION REQUESTED:

Management requests the Board approve a contract with Evans, Elder, Brown & Seubert, Inc. for real estate broker services. Funds for anticipated work will be budgeted in the year in which the work is expected to occur. The total Energy Division O&M budget after removing Energy (purchased power) fuels and wheeling is \$17.5 Million.

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a contract with GE Prolec for a single substation transformer for the Holden Creek substation in Lane County.

Board Meeting Date: 11/6/2018

Project Name/Contract #: Transformer for Holden Creek Substation

Primary Contact: Rod Price Ext. 7122

Contract Amount:

Original Contract Amount: \$734,800

Additional \$ Previously Approved: \$0

Invoices over last approval: \$0

Percentage over last approval: 0%

Amount this Request: \$734,800

Resulting Cumulative Total: \$734,800

Contracting Method:

Method of Solicitation: Formal Request for Proposals

If applicable, basis for exemption: N/A

Term of Agreement: **One Time Purchase (Goods)**

Option to Renew? No

Approval for purchases "as needed" for the life of the Contract Yes No

Proposals/Bids Received (Range): 7 Proposals ranging from \$619,954 to \$792,745

Selection Basis: Highest Ranked Proposer

Narrative:

Operational Requirement and Alignment with Strategic Plan

The Holden Creek Substation was originally designed and commissioned in early 2018 with one 20MVA distribution power transformer, with provisions for installation of a second in the future. After commissioning, further distribution system reliability studies were completed to determine the effects of various failure modes and operating constraints for the station for upriver distribution customers. Based on the study results, it was determined a second power transformer would be needed at Holden creek to meet EWEB reliability standards.

Contracted Goods or Services

One transformer for EWEB's Holden Creek substation along McKenzie Highway.

Prior Contract Activities

N/A

Purchasing Process

In September 2018, EWEB issued a Formal Request for Proposals (RFP) for the transformer. Forty (40) entities reviewed the RFP, which was posted on the State of Oregon's procurement site (ORPIN). Staff also proactively reached out to several firms in advance of the closing date. EWEB received seven (7) responses: 1) Virginia Transformer of Pocatello, Idaho, 2) SPX Transformer Solution of Goldsboro, North Carolina, 3) Prolec (GE) of Conover, North Carolina, 4) Howard Industries of Laurel, Missouri, 5) OTC Services of Louisville, Ohio, 6) Pennsylvania Transformer Technology of Canonsburg, Pennsylvania, and 7) WEG Transformers of Washington, Missouri. The responses were evaluated by a cross-functional team based on the weighted criteria stated in the RFP which consisted of Compliance with EWEB Specifications (65%), the Degree of Proposed Changes to the Contract (15%), and Price Proposal (20%). After evaluating and scoring the responses, the Evaluation Team

reached consensus that GE Prolec provided the best overall value for EWEB.

ACTION REQUESTED:

Management requests the Board approve a contract with GE Prolec for a single substation transformer for the Holden Creek substation in Lane County. Funds for this purchase are being spent out of the existing Electric Division budget. The Total Electric Division draft budget for 2019 is \$ \$37.3 Million.

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve new price agreements with OEG and L.R. Brabham Inc. for electrical services.

Board Meeting Date: 11/6/2018

Project Name/Contract #: Electrical Services, ITB 060-2018

Primary Contact: Rod Price Ext. 7122

Contract Amount:

Original Contract Amount: \$600,000 over 5 years between two contracts

Additional \$ Previously Approved: \$N/A

Invoices over last approval: \$N/A

Percentage over last approval: N/A%

Amount this Request: \$600,000

Resulting Cumulative Total: \$600,000 over 5 years between two contracts

Contracting Method:

Method of Solicitation: Formal ITB

If applicable, basis for exemption: N/A

Term of Agreement: **November 7, 2018 – November 6, 2023**

Option to Renew? Annually up to five years

Approval for purchases "as needed" for the life of the Contract Yes No

Proposals/Bids Received (Range): 3 (\$154,420 - \$208,406.30)

Selection Basis: Multiple Awards to Lowest Responsive/Responsible Bidders

Narrative:

Operational Requirement and Alignment with Strategic Plan

EWEB requires electrical services from multiple electric contractors to perform modifications and/or repairs to EWEB's customer-owned and EWEB facilities, to support EWEB's Advanced Metering Infrastructure (AMI) project, Public Utility Commission (PUC) programs, and maintenance to EWEB-owned infrastructure.

Contracted Goods or Services

OEG and L.R. Brabham Inc. will be assigned work amongst the following areas: Modification of EWEB's customer-owned overhead served equipment via equipment relocation; modification of EWEB owned underground service facilities and associated EWEB's customer-owned equipment, if required; repair or replacement of EWEB Customers' meter clip or meter base or service conductors on an as needed basis.

Prior Contract Activities

In 2013, the board approved a five year contract with OEG for Commercial Electrical Installation and Repair Services for EWEB facilities. In 2017, OEG was awarded a contract based on an informal solicitation for security improvements at Carmen Smith. In 2016, L.R. Brabham, Inc. was awarded a contract based on a quote process for Seismic Sensor work at Leaburg. In 2015, L.R. Brabham was awarded a contract based on an informal ITB for electric service relocations in connection with the LTD EmX project. In addition to these contracts, both Contractors have been issued small dollar purchase orders for miscellaneous electrical service projects over the years.

Purchasing Process

In October 2018, EWEB issued a Formal Invitation to Bid (ITB) for electrical services with the potential for multiple awards to be made as a result of the solicitation process. Three bids were received from: Christenson Electric Inc., L.R. Brabham, Inc., and OEG. The bids were reviewed and contracts have been offered to the two lowest responsive and responsible bids. Contract hourly rates and estimated hours for these services suggest that the

total amount for both contracts will be approximately \$600,000 over the total five year period. The contract amounts will be monitored and the Board will be requested to approve increases according to the Board Approval Policy for change orders. The annual cost will be within the amount budgeted for that specific year.

Bidder/Proposer Information

L.R. Brabham, Inc.
OEG
Christenson Electric Inc.

Bidder/Proposer Location

Springfield, OR
Springfield, OR
Portland, OR

Competitive Fair Price (If less than 3 responses received)

N/A

ACTION REQUESTED:

Management requests the Board approve two new price agreements with OEG and L.R. Brabham, Inc. for Electrical Services. Funds for these services were budgeted for 2018 and will be budgeted annually. Total Electric Operations and Maintenance Budget for 2018 is \$22.3 Million.

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a contract with Wesco Distribution for extension of the prefabricated control house and switchgear at the Holden Creek substation in Lane County.

Board Meeting Date: 11/6/2018

Project Name/Contract #: Holden Creek Control House & Switchgear Expansion

Primary Contact: Rod Price Ext. 7122

Contract Amount:

Original Contract Amount: \$437,000

Additional \$ Previously Approved: \$0

Invoices over last approval: \$0

Percentage over last approval: 0%

Amount this Request: \$437,000

Resulting Cumulative Total: \$437,000

Contracting Method:

Method of Solicitation: Direct Negotiation

If applicable, basis for exemption: N/A

Term of Agreement: **One Time Purchase (Goods)**

Option to Renew? No

Approval for purchases "as needed" for the life of the Contract Yes No

Proposals/Bids Received (Range): N/A

Selection Basis: N/A

Narrative:

Operational Requirement and Alignment with Strategic Plan

This contract request coincides with the purchase of a new 20MVA transformer for Holden Creek substation that is being completed with a separate RFP procurement. With the planned installation of a second transformer at Holden Creek substation, an expansion will be required to the existing prefabricated control house to accommodate the new transformer connections.

The Holden Creek Substation was originally designed and commissioned in early 2018 with one 20MVA distribution power transformer, with provisions for installation of a second in the future. After commissioning, further distribution system reliability studies were completed to determine the effects of various failure modes and operating constraints for the station for upriver distribution customers. These studies indicated a second power transformer will be needed to meet all of EWEB's reliability requirements.

Contracted Goods or Services

Design and materials for the expansion of the existing prefabricated Control House at EWEB's Holden Creek substation along McKenzie Highway. This includes new switchgear breakers, associated controls and protection to connect the new 20MVA transformer.

Prior Contract Activities

The existing Control House was purchased in 2015 and delivered to the site in 2017 as part of the overall substation construction. The equipment purchased was done using the RFP process, with EATON being awarded the contract based on the scored bids.

Purchasing Process

Staff recommends purchasing the expansion of the prefabricated control house and switchgear by means of direct

negotiation from the original manufacturer, EATON, thru their contractor, WESCO Distribution. A sole source justification was approved by management on October 1, 2018. (SS-370), due to the recognition that purchasing the expansion from a manufacturer other than EATON would result in the following increased business risks to EWEB:

- Higher costs due to reverse engineering needed by a company that is not the original manufacturer. It is anticipated that a third party engineer outside of EATON would also add additional contingency (increasing cost) to an expansion design because of some limitations of available information due to EATON proprietary methods. This would result in EWEB paying not only for the additional design step, but also for additional design and materials needed to limit the liability to the third party designer.
- Longer lead times for equipment due to information gathering and additional design needed by a third party designer. This would be in the form of additional site visits, measurements and design reviews needed for a third party designer and manufacturer.
- Exposing EWEB to a complicated and disputable equipment warranty. If another company completed the expansion, any warranty claims would be easily disputed by both suppliers due to unclear lines of delineation and could result in stranded costs for EWEB and extended outages for customers upriver.

WESCO is the sole representative of EATON's Omaha Power Center in this area. Sole sourcing this purchase is only for the expansion required at Holden Creek. Any further purchases of substation prefabricated control house with integrated medium-voltage switchgear would go through a competitive bidding process.

ACTION REQUESTED:

Management requests the Board approve a contract with WESCO Distribution for expansion of the prefabricated control house and switchgear at the Holden Creek substation in Lane County. Funds for this purchase were budgeted for 2019. Total Electric Division Capital division draft budget for 2019 is \$ 37.3 Million.

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a contract with Windermere Real Estate for real estate broker services.

Board Meeting Date: 11/6/2018

Project Name/Contract #: Real Estate Broker Services

Primary Contact: Lisa McLaughlin Ext. 7450

Contract Amount:

Original Contract Amount: Not to Exceed \$150,000 over 5 years

Additional \$ Previously Approved: \$0

Invoices over last approval: \$0

Percentage over last approval: 0%

Amount this Request: Not to Exceed \$150,000

Resulting Cumulative Total: Not to Exceed \$150,000 over 5 years

Contracting Method:

Method of Solicitation: Direct Negotiation

If applicable, basis for exemption: Exemption Rule 6-0110(1f)

Term of Agreement: **Five Years**

Option to Renew? No

Approval for purchases "*as needed*" for the life of the Contract Yes No

Proposals/Bids Received (Range): N/A

Selection Basis N/A

Narrative:

Operational Requirement and Alignment with Strategic Plan

Managing EWEB-owned properties to effectively meet customer needs directly aligns with the Strategic Plan initiatives related to cost improvement and safe and reliable delivery of services. This includes acquiring properties that are necessary to develop and/or maintain critical infrastructure. This work also aligns with the Property Department's Policy and Procedures and the Board direction to surplus and sell unused and un-needed properties. Although EWEB received two valid responses to an RFP, neither firm had offices or brokers within EWEB's service area. Because local knowledge is beneficial when conducting real estate transactions, we determined that EWEB should also contract directly with a minimum of two local firms offering expertise in commercial and/or residential real estate. For transparency reasons, all four contracts will be presented for Board approval at the same time.

Contracted Goods or Services

Windermere Real Estate will provide real estate services on an as needed basis. Services may include commission based sales of surplus property, market analysis, lease negotiations, and acquisition of real property.

Prior Contract Activities

None.

Purchasing Process

Windermere Real Estate is contracted through direct negotiation based on EWEB Rule 6-011-(1f), which allows a contract to be exempted from the solicitation process if the services are for the buying or selling of real estate.

Direct Contracting with firms for consulting services not directly tied to purchase and/or sale transactions is also appropriate under the Personal Services rule.

Bidder/Proposer Information

Windermere Real Estate did not provide an hourly rate for consultation. The Commission rate quoted for sales and

purchases of real property will be 2.5% of sale price. Lease commission will be 2.5% of the aggregate revenue for the original term. The commission rates provided are lower than the costs of services as described within the proposals from the firms awarded contracts through the RFP and slightly higher than those provided by Evans, Elder, Brown and Seubert, Inc.

ACTION REQUESTED:

Management requests the Board approve a contract with Windermere Real Estate for real estate broker services. Funds for anticipated work will be budgeted in the year in which the work is expected to occur. The total Energy Division O&M budget after removing Energy (purchased power) fuels and wheeling is \$17.5 Million.



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

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

FROM: Deborah Hart, Interim Financial Services Manager; Susan Eicher, Trojan Operating Committee Member; Debbie Blanquie, Accounting Analyst II

DATE: October 26, 2018

SUBJECT: Resolution No. 1825: 2019 Trojan Annual Operating Budget

OBJECTIVE: Board approval of Revised 2018 and Proposed 2019 Budgets for the Trojan Nuclear Plant

Issue

EWEB is required to approve the annual Trojan budget for the upcoming budget year, and amended annual budget for the current year at least 45 days before the new budget year, which begins on January 1, 2019. In accordance with the Three-Party Net Billing Agreement, dated October 5, 1970, Bonneville Power Administration (BPA) pays all EWEB costs related to the Trojan nuclear plant.

Background

The Trojan nuclear plant was constructed in the early 1970's by Portland General Electric (PGE), EWEB, and Pacific Power & Light Company, with EWEB owning a 30 percent share. Trojan operated from 1976 until 1993 when the owners agreed to shut down and decommission the facility.

In 1981, EWEB and BPA entered into an agreement whereby EWEB assigned its rights to the project's future power in return for BPA paying all EWEB costs related to project operation, maintenance, and decommissioning, as well as internal costs related to oversight and administration. Since then BPA has been paying, and will continue to pay, EWEB's share of the costs in accordance with the agreement.

Trojan is now classified as an Independent Spent Fuel Storage Installation (ISFISI) site. The spent fuel has been transferred to a long-term storage facility at the Trojan site, and will remain there until such time as it can be relocated to a federal waste repository. Remaining costs primarily relate to the spent fuel storage and site relicensing activities. Trojan expects to receive a renewal of the ISFISI license for the site in 2019.

Discussion

Each fall, PGE prepares and proposes the Trojan Project operating budget for the upcoming budget year, and a revised budget for the current year which are submitted to the co-owners for review and approval. The EWEB budget for Trojan includes 30% of the PGE budgeted expenses, and EWEB's projected direct expenses for labor, legal, and other expenses. While BPA is reviewing the proposed Trojan project budgets, they are not a voting member and will pay 100% of EWEB's share of the costs

under the net billing agreement. The largest single budget item relates to the spent fuel storage which is \$1.88 million of the \$1.96 million budgeted as EWEB’s share of expenses. The revised 2018 budget is lower due EWEB legal costs being lower than projected. The 2019 budget is comparable to the revised 2018 budget. PGE’s approval of the proposed budget is expected prior to the end of this year.

The Trojan co-owners took legal action to require the federal government to pay some or all of the costs of maintaining the spent fuel storage site, due to the federal government’s failure to take responsibility for spent fuel storage at a central repository. The Court ruled in favor of payment by the federal government in July 2013. The ensuing settlement agreement with the Department of Energy (DOE) obligated the DOE to cover some costs incurred through 2015. The agreement has been extended through 2019 and additional extensions will be requested as necessary. If the extension is not granted, BPA will still be responsible for paying EWEB’s share of costs. The following payments have been received by EWEB and passed through to BPA.

Department of Energy Spent Fuel Storage Payments

Received	Years Covered	Amount
9/10/2013	1998-2009	\$ 24,400,000
8/11/2014	2010-2012	2,600,000
12/5/2014	2013	946,000
11/19/2015	2014	966,000
3/16/17	2015	1,132,648
1/12/18	2016	1,219,763
		<hr/>
		\$ 31,264,411

Requested Board Action

Management recommends Board approval of resolution 1825 for the Revised 2018 and Proposed 2019 Trojan Annual Operating Budgets is requested.

- Attachment 1- 2018 Revised Trojan Budget
- Attachment 2- 2019 Proposed Trojan Budget

EUGENE WATER & ELECTRIC BOARD
TROJAN NUCLEAR PLANT
2018 ANNUAL OPERATING BUDGET - FINAL
(In Thousands of Dollars)

	<u>2018 Revised</u>	<u>2018 Approved</u>	<u>Increase/ (Decrease)</u>
EWEB's share of operation costs	\$59	\$59	\$0
EWEB's share of decommissioning costs	1,910	1,910	0
EWEB's share of capital additions	0	0	0
TOTAL EWEB SHARE OF PGE COSTS	<u>1,969</u>	<u>1,969</u>	<u>0</u>
EWEB's direct costs	17	89	(72)
TOTAL OTHER COSTS	<u>17</u>	<u>89</u>	<u>(72)</u>
TOTAL ANNUAL OPERATING COSTS	<u>1,986</u>	<u>2,058</u>	<u>(72)</u>
LESS:			
Prior year general fund carry-over	(313)	(305)	(8)
General fund interest income	(6)	(4)	(2)
PLUS:			
Year end general fund balance	307	300	7
TOTAL REQUIREMENT	<u>1,974</u>	<u>2,049</u>	<u>(75)</u>
TOTAL AMOUNT TO BE NET BILLED	<u><u>1,974</u></u>	<u><u>2,049</u></u>	<u><u>(75)</u></u>
ANNUAL FINANCING			
Beginning general fund balance	313	305	8
Net billings	1,974	2,049	(75)
Interest earnings on gen fund invest	6	4	2
TOTAL FUNDS AVAILABLE	<u>2,293</u>	<u>2,358</u>	<u>(65)</u>
TOTAL ANNUAL OPERATING COSTS	<u>1,986</u>	<u>2,058</u>	<u>(72)</u>
ENDING GENERAL FUND BALANCE	<u><u>\$307</u></u>	<u><u>\$300</u></u>	<u><u>\$7</u></u>

**EUGENE WATER & ELECTRIC BOARD
TROJAN NUCLEAR PLANT
2018 ANNUAL OPERATING BUDGET - FINAL
(In Thousands of Dollars)**

DECOMMISSIONING COSTS

	<u>2018 Revised</u>	<u>2018 Approved</u>	<u>Increase/ (Decrease)</u>
USDOE Litigation Costs	\$10	\$10	\$0
ISFSI	<u>\$6,357</u>	<u>\$6,357</u>	<u>\$0</u>
DECOMMISSIONING COSTS	<u>6,367</u>	<u>6,367</u>	<u>0</u>
EWEB'S SHARE OF DECOMMISSIONING COSTS	<u>\$1,910</u>	<u>\$1,910</u>	<u>\$0</u>

CAPITAL ADDITIONS

	<u>2018 Revised</u>	<u>2018 Approved</u>	<u>Increase/ (Decrease)</u>
Capital Jobs	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
EWEB'S SHARE OF CAPITAL ADDITIONS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Trojan Nuclear Plant

2018 Final Budget

EWEB Direct Costs

	2017 expenses paid in 2018	8 Months Actual	4 Months Forecast	Full Year
Labor	2,033	1,428	2,539	6,000
Overhead-10% Of above charges	203	143	254	600
Bank Fee	61	148	0	209
Other	0	0	0	0
Legal	0	0	10,000	10,000
EWEB DIRECT COSTS	<u>2,297</u>	<u>1,719</u>	<u>12,793</u>	<u>16,809</u>

Overhead forecast at 10%

Amounts are calculated based on a review of actual charges for 2018. Summarized for ease of use in budget.
Costs are in both EWEB and Trojan records.

Attachment 2

**EUGENE WATER & ELECTRIC BOARD
TROJAN NUCLEAR PLANT
2019 ANNUAL OPERATING BUDGET- PRELIMINARY
(In Thousands of Dollars)**

	2019 Budget	2018 Revised	Increase/ (Decrease)
EWEB's share of operation costs	\$46	\$59	(\$13)
EWEB's share of decommissioning costs	1,884	1,910	(26)
EWEB's share of capital additions	0	0	0
TOTAL EWEB SHARE OF PGE COSTS	1,930	1,969	(39)
EWEB's direct costs	31	17	14
TOTAL OTHER COSTS	31	17	14
TOTAL ANNUAL OPERATING COSTS	1,961	1,986	(25)
LESS:			
Prior year general fund carry-over	(307)	(313)	6
General fund interest income	(8)	(6)	(2)
PLUS:			
Year end general fund balance	300	307	(7)
TOTAL REQUIREMENT	1,946	1,974	(28)
TOTAL AMOUNT TO BE NET BILLED	1,946	1,974	(28)
ANNUAL FINANCING			
Beginning general fund balance	307	313	(6)
Net billings	1,946	1,974	(28)
Interest earnings on gen fund invest	8	6	2
TOTAL FUNDS AVAILABLE	2,261	2,293	(32)
TOTAL ANNUAL OPERATING COSTS	1,961	1,986	(25)
ENDING GENERAL FUND BALANCE	\$300	\$307	(\$7)

**EUGENE WATER & ELECTRIC BOARD
TROJAN NUCLEAR PLANT
2019 ANNUAL OPERATING BUDGET- PRELIMINARY
(In Thousands of Dollars)**

DECOMMISSIONING COSTS

	<u>2019 Budget</u>	<u>2018 Revised</u>	<u>Increase/ (Decrease)</u>
USDOE Litigation Costs	\$0	\$10	(\$10)
ISFSI	<u>\$6,280</u>	<u>\$6,357</u>	<u>(\$76)</u>
DECOMMISSIONING COSTS	<u>6,280</u>	<u>6,367</u>	<u>(86)</u>
EWEB'S SHARE OF DECOMMISSIONING COSTS	<u>\$1,884</u>	<u>\$1,910</u>	<u>(\$26)</u>

CAPITAL ADDITIONS

	<u>2019 Budget</u>	<u>2018 Revised</u>	<u>Increase/ (Decrease)</u>
Capital Jobs	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
EWEB'S SHARE OF CAPITAL ADDITIONS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

EUGENE WATER & ELECTRIC BOARD
TROJAN NUCLEAR PLANT
2019 ANNUAL OPERATING BUDGET- PRELIMINARY
(In Thousands of Dollars)

OPERATION & OTHER COSTS

	<u>2019</u> <u>Budget</u>	<u>2018</u> <u>Revised</u>	<u>Increase/</u> <u>(Decrease)</u>
Administrative & General	\$0	\$0	\$0
Property Insurance	9	9	(0)
Injuries and Damages	2	3	(0)
Employee Benefits	17	23	(6)
Misc. General Expenses	<u>130</u>	<u>163</u>	<u>(34)</u>
<i>OPERATIONS</i>	<u>158</u>	<u>198</u>	<u>(41)</u>
Payroll taxes	5	6	(1)
Other interest expense/Rental Revenue	<u>(10)</u>	<u>(9)</u>	<u>(1)</u>
<i>OTHER</i>	<u>(5)</u>	<u>(3)</u>	<u>(2)</u>
<i>OTHER WORKING CAPITAL CHANGE</i>	<u>0</u>	<u>0</u>	<u>0</u>
 TOTAL OPERATION & OTHER	 <u><u>153</u></u>	 <u><u>195</u></u>	 <u><u>(42)</u></u>
 EWEB'S SHARE OF O & M COSTS	 <u><u>46</u></u>	 <u><u>59</u></u>	 <u><u>(13)</u></u>

**EUGENE WATER & ELECTRIC BOARD
TROJAN NUCLEAR PLANT
2019 ANNUAL OPERATING BUDGET- PRELIMINARY**

EWEB DIRECT COSTS

	<u>2019 Budget</u>	<u>2018 Revised</u>	<u>Increase/ (Decrease)</u>
Labor	\$10,000	\$6,000	\$4,000
Overhead	1,000	600	400
LABOR & OVERHEAD	<u>11,000</u>	<u>6,600</u>	<u>4,400</u>
Legal	20,000	10,000	10,000
Bank Fee	0	209	(209)
OTHER	<u>20,000</u>	<u>10,209</u>	<u>9,791</u>
EWEB DIRECT COSTS	<u><u>\$31,000</u></u>	<u><u>\$16,809</u></u>	<u><u>\$14,191</u></u>

RESOLUTION NO 1825
November 2018

EUGENE WATER & ELECTRIC BOARD
2018 Revised and 2019 Trojan Budgets

WHEREAS, the Eugene Water & Electric Board is the body designated by the Eugene City Charter and City Code to administer the Electric and Water utilities of the City of Eugene;

WHEREAS, the Trojan nuclear plant was constructed in the early 1970's by Portland General Electric, EWEB and Pacific Power & Light Company with EWEB owning a 30 percent share;

WHEREAS, the owners agreed to shut down and decommission the facility after operating it from 1976 – 1993;

WHEREAS, EWEB and Bonneville Power Administration entered into an agreement whereby EWEB assigned its rights to power to the project in return for Bonneville Power Administration paying all EWEB costs related to project operation, maintenance and decommissioning, as well as EWEB internal costs related to oversight;

WHEREAS, the co-owners review and approve the Trojan Project operating budget annually as prepared and proposed by Portland General Electric;

NOW, THEREFORE, BE IT RESOLVED by the Eugene Water & Electric Board that:

1. The Board hereby has reviewed and approves the 2018 revised and 2019 proposed Trojan Budgets.

DATED this 6th day of November 2018.

THE CITY OF EUGENE, OREGON
Acting by and through the
Eugene Water & Electric Board

President

I, ANNE M. KAH, the duly appointed, qualified, and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the Resolution adopted by the Board at its November 6, 2018 Board Meeting.

Assistant Secretary