



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Brown, Carlson, Mital, Simpson and Helgeson
FROM: Frank Lawson, General Manager
DATE: October 31, 2018
SUBJECT: EWEB Headquarters Surplus Property
OBJECTIVE: Board Action

Issue

Management will propose for your consideration that Eugene Water & Electric Board (EWEB) declare the headquarters buildings and property surplus for ongoing utility purposes, with potential conditions of disposition discussed in executive session, permissible under ORS 192.660(2)(e).

Discussion

According to Eugene City Code 2.195, “the (EWEB) board shall have entire control of the water and electric utilities of the city, and all property connected therewith”.

Management is proposing for your consideration that EWEB declare EWEB’s entire Headquarters Building Complex and associated property surplus for utility purposes with a plan and guidelines for disposition, and the establishment of criteria for negotiations with the City of Eugene if they express interest in purchasing the property per Eugene City Code 2.196. Applicable City Code is provided for your reference as Appendix A.

Under your guidance, we have made significant strides in the development and execution of a strategy that emphasizes operational performance to build customer confidence. As an example, we have improved our affordability by controlling costs while investing in strategic projects to improve our service and resiliency.

Going forward, we have identified ways to continue to become more efficient, and utilize our customer’s assets more effectively. We are proud to manage over \$1.05 billion of assets for this community. As we have consolidated people and functions at our Roosevelt Operations Center (ROC), EWEB’s Headquarters Building (HQ) no longer serves as our operational hub, and mainly serves as a customer service depot. Non-ROC operations have specific functions tied to the location, including Hayden Bridge (Water Treatment), Carmen Smith (Power Generation), and city center (customer support).

Even with a leasing tenant, the HQ facility is underutilized, and therefore wasteful. As you reminded Management in September, the Board Room is used occasionally for training, but is underutilized and other options to share Board room space with other local entities are available throughout Eugene. We believe that the building has potential for other purposes, and can either become a revenue stream for EWEB (sale or lease) and/or be put to better public use through a sale to a public-serving entity. A Declaration of Surplus does not disposition the property for sale, but

provides the Board flexibility if you decide to instruct me to initiate a process consistent with Eugene City Code 2.196.

Management wishes the Board to consider a Declaration of Surplus of the EWEB Headquarters Building and associated property, with a disposition plan that includes almost complete consolidation of EWEB staff at the Roosevelt Operations Center (ROC). This consolidation at the ROC will be complete in 2019 with the following two exceptions:

Customer-Facing Account Services (Approximately 10-15 employees)

Electric Systems Dispatch & Data Center (6 employees)

Depending on the ultimate disposition of the property, these two groups can be relocated to other sites to fulfill their specific functions, the schedule of the Customer-Facing Account Services group being more flexible. It is desirable for the Electric Systems Dispatch and Data Center to remain in the Headquarters Building for several years.

Recommendation

Management recommends declaring the EWEB HQ Building Complex surplus for utility purposes in accordance with the conditions of Resolution 1826, with a disposition plan consistent with criteria identified in executive session, permissible under ORS 192.660(2)(e).

Requested Action

Proposed Motion (for consideration): *“I move to approve Resolution 1826, and authorize the General Manager to negotiate and execute all documents on behalf of EWEB necessary for closing the surplus property sale transaction and dispose of the surplus property in accordance with Board policies and terms identified in executive session, permissible under ORS 192.660(2)(e).”*

Attachments: Appendix A – Relevant Eugene City Code

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- 2.195** **Eugene Water & Electric Board - Duties and Powers.** The board shall have entire control of the water and electric utilities of the city, and all property connected therewith. It shall be the duty of the board to operate the entire system and make extensions to the same when deemed advisable, and have entire control of all water and electric funds and disbursements thereof and keep an account of the same at all times to show the true cost of the system, its extensions, and yearly operation, the amount of outstanding bonds and current bills, and the disposition of the revenues of the system. The board shall make semi-annual reports to the council and other reports as may be called for by the council.
- 2.196** **Eugene Water & Electric Board - Disposition of Real Property.** The board may dispose of real property not needed for utility purposes in accordance with state law. In the event the board or its designee determines that real property is not needed for utility purposes, it shall afford the city the opportunity to obtain the property for other municipal purposes by notifying the city manager of its availability. If the city desires to obtain the property, the city manager shall request negotiation within thirty (30) days of the notification. As soon as possible after notification, the city manager and the board's general manager shall negotiate an agreement to compensate the board for the property transferred in accordance with agreed criteria. Any agreed transfer to the city and compensation to the board shall be completed within five (5) years from the date of notification. The board may dispose of the property by such means and terms as it deems appropriate if the city manager fails to request negotiations within thirty (30) days of notification of availability or if the property transfer is not completed within five (5) years of that notification.

(Section 2.196 added by Ordinance No. 19465, enacted April 22, 1987.)