



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

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

FROM: Mike McCann, Generation Manager, Lisa McLaughlin, Environmental and Property Supervisor, and Jared Rubin, Principal Environmental Specialist

DATE: February 22, 2019

SUBJECT: EWEB MGP Property – Settlement Negotiations with Entities Responsible for Legacy Contamination

OBJECTIVE: Authorization for GM to Enter into a Settlement Agreement with Cascade and PacifiCorp

Background

Staff from the Eugene Water & Electric Board (EWEB) have been working cooperatively with the Cascade Natural Gas Corporation (Cascade) and PacifiCorp, the entities responsible for the legacy contamination at the Former Manufactured Gas Plant (MGP) located on EWEB property east of the Willamette Substation and the Steam Plant. EWEB, Cascade and PacifiCorp (the Parties) have been operating under a Participation Agreement for cost sharing and cooperation that extends through the remedial design phase of the project. In January of 2015 the Oregon Department of Environmental Quality (DEQ) issued their final Record of Decision defining the scope of the needed remediation at the MGP Site. Recent efforts with Cascade and PacifiCorp have focused on the finalization of the Remedial Design reports for the clean-up of the uplands and the stabilization of the riverbank.

Issue

With the completion of the Remedial Design reports for the upland and the riverbank, the Parties seek to negotiate a settlement, and eventually amend the Participation Agreement amongst the Parties, so that the remedial actions planned for the MGP Site can be implemented. EWEB staff have made significant progress on the negotiation of a Settlement Agreement with Cascade and PacifiCorp. The terms that have been negotiated are consistent with the guidance that staff received previously from EWEB's Board of Commissioners and EWEB's Executive Team. The settlement terms under consideration are to be further vetted with EWEB's Board of Commissioners during the Executive Session scheduled for March 5, 2019. Once the Settlement Agreement is finalized, the Participation Agreement with the Parties will be amended so that the remedial work can proceed as early as 2019.

Management will propose for your consideration a Resolution (No. 1905) that would grant General Manager Lawson the authority to enter into a Settlement Agreement with Cascade and PacifiCorp on behalf of EWEB provided the final terms of the settlement are consistent with the guiding principles that were discussed with the Board of Commissioners during the March 5th Executive Session.

Discussion

As the owner of the MGP property, EWEB has the responsibility to implement the remedy described in the DEQ's Record of Decision for the Former MGP Site in order to protect human health and the environment. Before the remedy can be implemented, it is first necessary to reach a Settlement

Agreement with Cascade and PacifiCorp. Due to the confidential nature of these settlement negotiations, the terms of the Settlement Agreement will be discussed with EWEB's Board of Commissioners during executive session, consistent with the Oregon rules governing executive sessions (ORS 192.660(2)(f)).

Recommendation

Management recommends the approval of Resolution 1905 which would grant EWEB's General Manager the authority to enter into a Settlement Agreement with Cascade and PacifiCorp, with settlement terms consistent with the guiding principles discussed during executive session, permissible under ORS 192.660(2)(f).

Attachment: Resolution No. 1905; Authorizing the General Manager to enter into a Settlement Agreement with the Cascade Natural Gas Corporation and PacifiCorp for the remediation and long term maintenance of the Former Manufactured Gas Plant located on EWEB property

**RESOLUTION NO. 1905
MARCH 2019**

EUGENE WATER & ELECTRIC BOARD

**AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A SETTLEMENT
AGREEMENT WITH THE CASCADE NATURAL GAS CORPORATION AND PACIFICORP
FOR THE REMEDIATION AND LONG TERM MAINTENANCE OF THE FORMER
MANUFACTURED GAS PLANT LOCATED ON EWEB PROPERTY**

WHEREAS, EWEB owns a parcel of land located to the east of the Willamette Substation extending from the riverbank to the City of Eugene's cul-de-sac and bounded to the east by property owned by the University of Oregon. Said property was acquired by EWEB in 1976.

WHEREAS, this property was used historically as part of a Manufactured Gas Plant (MGP) where coal, oil or coke was heated to produce gas that was purified, condensed and stored in large aboveground holder prior to distribution. The MGP operated at this location from 1907-1950.

WHEREAS, EWEB has been working cooperatively with the Oregon Department of Environmental Quality (DEQ) and the Cascade Natural Gas Corporation (Cascade) and PacifiCorp, two private entities representing the historic owners of the MGP, to investigate the contamination present at the Former MGP and to formulate a plan for the cleanup and long term management of the Site.

WHEREAS, in January of 2015 the DEQ issued their Record of Decision that prescribes the remedial action for the Site necessary to meet the remedial action objectives and to protect human health and the environment.

WHEREAS, EWEB, Cascade and PacifiCorp have submitted the final Remedial Design Reports to the DEQ for the planned remedial activities on the upland and riverbank portions of the Former MGP.

WHEREAS, EWEB, Cascade and PacifiCorp have been negotiating a Settlement Agreement governing the implementation of the remedial action and the long-term maintenance of the remedy.

WHEREAS, the Board has discussed with EWEB staff the terms of the proposed settlement agreement with Cascade and PacifiCorp for the remediation and long-term maintenance of the Former MGP located on EWEB property.

NOW, THEREFORE, BE IT RESOLVED, that the Eugene Water & Electric Board authorizes the General Manager or designee to enter into a Settlement Agreement with Cascade and PacifiCorp for the remediation and long-term maintenance of the Former MGP Site located on EWEB Property consistent with the terms discussed with the EWEB Board during Executive Session and to take any such other actions, as needed, to implement the terms of the Settlement Agreement.

DATED this 5th day of March, 2019.

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 true and exact copy of the Resolution adopted by the Board in its March 5th, 2019 Regular Board Meeting.

Assistant Secretary