

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
500 E 4th AVENUE
December 3, 2019
5:45 P.M.**

Commissioners may pose questions to staff prior to the scheduled board meeting. To view Commissioners' pre-meeting questions and staff responses, visit <http://www.eweb.org/about-us/board-of-commissioners/2019-board-agendas-and-minutes>.

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

Others Present: Frank Lawson, General Manager; Susan Ackerman, Chief Energy Officer; Aaron Balmer, General Accounting Supervisor; Sue Fahey, Assistant General Manager/Chief Financial Officer; Deborah Hart, Financial Services Manager; Jason Heuser, Policy & Governance Program Manager; Lisa Krentz, Support Services Operations Manager; Adam Rue, Fiscal Services Supervisor; Nate Schultz, Senior Financial Analyst

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

Agenda Check

There were no changes or additions to the agenda.

Items from Commissioners and General Manager

President Carlson announced she had participated in the annual Run to Stay Warm, and it was a great event. She then recognized Sue Fahey for all of her hard work and dedication to EWEB over the eight plus years she had been with the utility.

Vice President Mital thanked Ms. Fahey for her service to the utility. He offered respect for Ms. Fahey's refinancing efforts which left EWEB in a much stronger financial position without hurting the utility in any way. Vice President Mital offered that—other than the two General Managers he had worked with during his tenure on the EWEB Board—he had learned the most from her.

Commissioner Helgeson recognized Ms. Fahey's service to the utility. He said that in his time as utility staff, and his time as an EWEB Board member, he rarely had the opportunity to work with someone as capable and dependable as her. Commissioner Helgeson also lauded Ms. Fahey's sense of humor.

Commissioner Brown deeply thanked Ms. Fahey for her service to EWEB, and he wished her good fortune in all of her future endeavors.

Commissioner Schlossberg offered that, although she had only been on the Board a short time, she was impressed with not only Ms. Fahey's work, but also her kindness and compassion. She added that Ms. Fahey has the uncanny ability to answer any question posed to her.

Mr. Lawson thanked Ms. Fahey for her hard work and dedication to EWEB; he offered that Ms. Fahey's personal side—the way she connects with people—was extraordinary. He said she made those around her better people.

Commissioner Schlossberg announced she had recently attended the Pacific Northwest Utilities Conference Committee (PNUCC) and the Public Power Council (PPC) meetings. She offered a salient topic of conversation at those meetings was resource adequacy and decarbonization across the region.

Commissioner Brown said one of the local representatives in State Legislature had proposed a bill to mandate conduits for 20% of the parking spaces in new multi-family units for electric vehicles (EVs); he thought the proposed legislation very forward-thinking, as it would reduce the amount of demolition required in the future to install EV infrastructure. Commissioner Brown pointed to a report released by LandWatch Oregon, a local land-use watchdog group, which talks about EWEB's programs on the McKenzie River. He said the report seems to indicate Lane County will be taking a larger, more substantial role in curtailing riparian degradation along the river.

Commissioner Helgeson offered that his most recent term as EWEB Commissioner would be coming to an end in approximately a year; he offered that he would not seek reelection. He said he had yet to see anyone file to run for his Board seat, and he asked those present to keep his position in mind if they knew anyone who might be interested in running for it.

Vice President Mital thanked Rod Price for accompanying him to a recent neighborhood meeting in his Ward. He thanked Mr. Price for dedicating several hours to answering questions and concerns raised by the meeting's attendees. Vice President Mital also thanked Jeanine Parisi et al., for their work on EWEB Education Grants. Finally, he informally nominated Commissioner Schlossberg for the position of EWEB Board Vice President, ahead of next month's meeting at which new Board leadership would be decided and announced.

President Carlson shared that the EWEB Board had received a Christmas card from the Springfield Utility Board (SUB).

Public Input

Pam Brandt of Eugene, and representing Bethel School District, thanked EWEB for their longstanding financial commitment to water education in the Bethel School District.

Tana Shepard of Eugene, and representing Eugene School District 4J, thanked EWEB for their financial contributions to School District 4J. She said that, moving into the next

grant cycle, she thought it important to shift the focus onto climate and disaster resilience. Finally, she passed out information on a sculpture the community would be receiving through the Parachutes for the Planet project, along with a few thank-yous and quotes offered by 4J kids.

Zachary Vishanoff of Eugene, opined that EWEB Board meetings should be smartphone-free zones. He said he recently had a Smart Meter removed from his apartment, and was frustrated to learn that in about five years, he would be charged \$30 a month for not having a Smart Meter. Mr. Vishanoff did not agree with the EWEB Board continually holding Executive Sessions concerning the real estate in which what he continually refers to as the “toxic waste dump” is. Finally, he suggested EWEB hold a Public Hearing at least once a year to address the transference of the riverfront property.

Kaarin Knudson of Eugene, and representing Better Housing Together, thanked EWEB for their partnership in the work of housing affordability in the area. She encouraged the utility Board to adopt a reduced System Development Charge (SDC) for Accessory Dwelling Units (ADUs). Finally, she asked EWEB to formalize their decision around waving SDCs for low-income housing.

John Simpson of Eugene, thanked the utility for holding its rates in check. He also lauded the quality and reliability of EWEB’s water, and for their progress on the work at Carmen Smith. Mr. Simpson said he had no idea that Ms. Fahey was retiring, and he thanked her deeply for her service to the utility. Finally, he thanked EWEB for its approval of the 0% loan, which allowed him to repair electrical components within his home.

Vice President Mital said he was familiar with proposals in the board packet to waive SDCs for low-income housing, but he did not remember seeing anything about ADUs.

Mr. Lawson said EWEB did in fact have reduced fees for ADUs relative to SDC charges; it is both ADUs and limited income, they are separate but related issues.

Approval of Consent Calendar MINUTES

- 1. a November 5, 2019, Executive Session**
- 1. b November 5, 2019, Regular Session**

CONTRACTS

- 2. Cascade Truck Body & Trailer Sales** - for the purchase, installation, and repair of vehicle related bodies, components and accessories. \$700,000 (5-year estimate).
- 3. CH2M Hill Engineers, Inc. dba Jacobs** - for Task Order U-2 for engineering services for the Carmen-Smith upstream fish passage facilities at Trail Bridge powerhouse. \$1,073,382 (Resulting cumulative total \$1,403,467).

4. Eugene Sand Construction - for asphalt concrete patching services for the FEMA funded Hazardous Mitigation Projects at Blanton Road and Saratoga/Donald Streets. \$175,000.

5. FEI Testing & Inspection - for on-call construction testing and inspection services. \$225,000.

BUDGET AMENDMENTS

6. Resolution No. 1943 - Electric and Water O&M and Capital Budget Amendments.

INTERGOVERNMENTAL AGREEMENTS

7. EWEB Education Grant Program for 2020-2025 - for Eugene 4J, Bethel, Springfield and McKenzie School Districts.

RESOLUTIONS

8. Resolution No. 1939 - Authorizing General Manager to Execute Memorandum of Understanding related to real property.

Commissioner Brown moved to approve the Consent Calendar as presented. The motion passed unanimously 5:0

Items removed from the Consent Calendar

None

2020 Proposed Budgets and Prices – Information

Ms. Fahey, Ms. Hart, Mr. Schultz, and Mr. Rue offered the Board an update and a Power Point presentation on 2020 Proposed Budgets and Prices.

Commissioner Brown inquired whether the approval threshold for the Water Manager was per project or in aggregate, e.g. if there were 10 projects at \$45,000 each, could the Water Manager waive \$450,000 in SDC fees without any input.

Ms. Hart replied, in that scenario, when the Water Manager gets to the third \$45,000 application it would be over the \$100,000 threshold and would be presented to the General Manager for consideration. She clarified it was \$100,000 in cumulative waivers.

Commissioner Brown asked if, in the future, EWEB saw a period of economic challenges, would they still be able to afford the aforementioned waivers.

Ms. Hart said that was dependent on the utility having sufficient working cash.

Vice President Mital asked for clarification of the practical effect(s) of the proposed changes surrounding ADUs.

Ms. Hart responded that the new policy language allows EWEB to manually calculate the ADU (defined as a dwelling that is 800 ft² or less) rate.

Vice President Mital wanted to know the difference in cost before and after the implementation of the new policy.

Ms. Hart said currently EWEB did not distinguish between an ADU and any single-family home, and also the cost would be contingent upon where they live in the city and elevation, because SDCs were calculated using the elevation of the property.

Mr. Lawson asked for staff to clarify what the SDC charge for a 1" or less meter would be. He posited that ADU SDCs would probably be approximately 50-70% of that figure.

Ms. Hart said a standard 1" meter at the base level was \$2,276, and that charge would increase about \$250 for elevation gains.

Commissioner Schlossberg asked about FEMA reimbursement funds; she wondered how long it usually took to receive those funds, and if they were usually close to what the utility expected to receive.

Ms. Hart answered that staff was confident in their documentation that the reimbursement funds would come close to the \$3.5 million mark. She added they were wrapping up the paperwork for the reimbursement funds currently, but expected that work to continue into 2020.

Commissioner Helgeson clarified he believed the SDC considerations for low-income housing were not truly waivers, but offsets. He asked his fellow Board members if they were comfortable with the change in policy wherein the General Manager would be making the decisions on waivers/offsets, instead of the Board making those decisions.

Commissioner Mital asked if there might be an annual short report on the ADU SDCs and low-income SDCs from the General Manager to the Board, for transparency's sake.

Mr. Lawson replied that SDC waivers would be available in the Quarterly Reports.

Break

President Carlson called for a break at 6:39 p.m. The meeting was resumed at 6:50 p.m.

2020 Proposed Budgets and Prices – Public Hearing

President Carlson opened the Public Hearing at 6:50 p.m.

Zachary Vishanoff of Eugene posited EWEB ratepayers would gladly pay more for a cleanup of the "toxic waste site," and ultimately, a cleaner development on that site. He warned against integrating into a "smart riverfront" development, which would include low-income housing and EV charging stations. Mr. Vishanoff said he was sad to see the architects behind this riverfront project describe it as "medium-density", and without any proper remediation. He said if there were no development(s) planned for the riverfront, it

would decrease the chances of a flooding disaster in that region. Finally, Mr. Vishanoff asked EWEB to back off of this development, and put the issue to the public.

President Carlson closed the Public Hearing at 6:55 p.m.

Commissioner Helgeson offered he found an anomaly in the proposed SDC policy revisions. He offered there was a vestige of some earlier action that remained in the new documentation stating that “EWEB is using an average index rather than a city-specific index to provide a smoother trend, avoiding City specific susceptibility to price spikes”. He asked if the aforementioned language could be stricken, and replaced instead with a simple list of charges.

Ms. Hart said that language could be removed.

Mr. Rue agreed.

Commissioner Helgeson moved to modify the proposal for SDC revisions in Section D, such that in addition to striking the first sentence that is already shown on the red-line document as being removed, that the second sentence that he read aloud, also be struck. The motion passed unanimously 5:0.

2020 Proposed Budgets and Prices, including updates for Water System Development Charges, Electric Business Growth and Retention Credit, Partial Requirements Service Pricing, and Distributed Generation Prices - Action

Commissioner Mital moved to approve Resolution No. 1929, Water System Development Charges. The motion passed unanimously 5:0.

Commissioner Mital moved to approve Resolution No. 1933, 2020 Budgets. The motion passed unanimously 5:0.

Commissioner Mital moved to approve Resolution No. 1934, February 2020 Revised Water Prices. The motion passed unanimously 5:0.

Commissioner Mital moved to approve Resolution No. 1935, Electric Customer Service Charges & Prices. The motion passed unanimously 5:0.

Bond Financing

Ms. Fahey, Ms. Hart, and Mr. Balmer offered the Board a report and PowerPoint presentation on bond financing.

President Carlson asked about volatility in the taxable debt. She specifically wondered about the NPV savings.

Ms. Hart clarified the Net Present Value (NPV) savings were \$1.3 million and \$1.2 million for electric and water, respectively. She did say staff had numbers that were

about a month newer than those in the presentation, and the new numbers were closer to \$2 million in NPV savings for each side of the utility.

President Carlson wondered about the actual process of bond issuance between now and when the bonds are sold.

Ms. Fahey offered that the State required EWEB have a 3% NPV savings before they would let EWEB issue the refunding bonds, but the utility could still issue other bonds for new construction.

President Carlson asked if NPV savings numbers were to dip due to the aforementioned volatility, would they have to start this process completely over.

Ms. Fahey answered once they received Board and Eugene City Council approval, it would allow the Treasurer and Assistant Treasurer to issue bonds and get professional consultants, although issuance costs could be accrued during that process.

President Carlson wondered what the impact of going into a recession would be on the rates.

Ms. Fahey said she did not know, but the risk would be the rates would go up.

Commissioner Helgeson asked what staff saw as the downsides to long-term debt burden, and should EWEB be paying attention to how heavily leveraged they are.

Ms. Hart said staff did model these numbers in the long-term financial plan, and debt service coverage did remain above 2.0, even with the additional debt for both sides of the utility. She added there was a substantial borrowing on the water side of the utility to account for the possibility they would be building a second water treatment facility.

Ms. Fahey said, based on what they were hearing, in January, Resolutions would be brought before the Board to authorize staff to go before Eugene City Council to request bond issuance approval.

Mr. Lawson said there was a Work Session scheduled for the Eugene City Council on January 27, 2020, at which representatives from EWEB would fill the Council in on this process.

Commissioner Helgeson wondered if an EWEB Board Officer would attend the aforementioned Work Session of the Eugene City Council.

Mr. Lawson said yes. He suggested the Board President at that time be involved in that conversation.

Vice President Mital asked for the approval schedule of this agenda item.

Mr. Balmer said in January, the Board would receive the aforementioned Resolutions on the Consent Calendar, and in February, if everything goes smoothly with the City Council, staff would return to the Board for final approval.

Commissioner Helgeson asked if he could find a schedule of outstanding debt and debt service in the budget document.

Ms. Fahey said yes, it was in one of the attachments to the budget document.

Resolution No. 1938, EWEB's 2020 State Legislative Agenda

Ms. Ackerman and Mr. Heuser offered the Board a report and PowerPoint presentation on Resolution No. 1938.

Commissioner Brown said that although the presentation talked about EWEB taking a position on EV charging investment, there had been no Board discussion on said position, and he was worried about process in this situation.

Mr. Heuser clarified what was meant by that, was the decision itself needed to be made in the EWEB Board room. He further explained the mandate would take the form of a dedicated surcharge that EWEB would be required to collect, and to use only on the buildout of EV charging infrastructure. Mr. Heuser reiterated the final decision on the issue should and would be left to the Board.

President Carlson wondered if the Oregon Public Utility Commission (OPUC) workshops on utility standards scheduled for 2020 could end up having spillover benefits for EWEB ratepayers.

Ms. Ackerman clarified the OPUC did not have legal authority to approve anything in rates, save hard costs associated with customer service. She posited if investor-owned utilities were finally able to invest in EV charging, it might help the statewide perception of the viability of EVs.

Mr. Heuser further clarified that it was enabling legislation only.

President Carlson asked if the EWEB Board would need to take a position on Commissioner Brown's earlier point about EV infrastructure as it appears in the Bill put forth by Representative Weldy.

Ms. Ackerman offered that it was very difficult to predict where things would develop during a legislative session. She added this resolution was meant to inform Mr. Heuser going forward that the most important thing was to preserve local control.

Commissioner Schlossberg stated she was undecided on the issue of local control, because, in some cases, local control could hinder progress. She offered that if municipalities or other local entities wished to retain local control, it could end up going against the broader, common good.

Mr. Heuser stressed that local control was merely a principle, and not a universal law. He further explained the principal of local control was not the solution to everything, and he said there had been many times in the past where local control had been forfeited for a larger, statewide benefit.

Mr. Heuser suggested a prepared memo for the February EWEB Board meeting, which would give the Board an updated legislative landscape. He said it could be an item of Correspondence only, but if the Board wished to have it on the agenda proper, he would be available in February to come back before the Board.

Vice President Mital moved to approve Resolution No. 1938, EWEB's 2020 State Legislative Agenda. The motion passed unanimously 5:0

Amended Employment Agreement for General Manager

Vice President Mital moved to approve the amended employment agreement for the General Manager. The motion passed unanimously 5:0

Correspondence & Board Agendas

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

Vice President Mital asked what approach the City of Eugene was using for its reporting on greenhouse gasses (GHG): a location-based approach, or a market-based approach.

A member of the public audience said the City used both for its reporting. Ms. Krentz added that, as of a couple of years ago, EWEB also uses both approaches for its GHG reporting.

Vice President Mital said it was important to him that EWEB be consistent in their GHG reporting methodology.

President Carlson offered that she would like to see the GHG inventory Correspondence item as a regular agenda item, with a full report.

Mr. Lawson said that agenda item could be included in the year-end report, which would come before the Board in either February or March.

Commissioner Helgeson said he did not care for the location-based reporting technique, as it grossly overstates the regional carbon footprint contributions made by EWEB operations.

Mr. Lawson admitted this was a very nuanced conversation. He said the State of Oregon was changing their carbon reporting standards for generation and Operations.

Commissioner Schlossberg asserted that she too would like to see this as a full agenda item.

Ms. Krentz said staff would be thrilled to bring this conversation back before the Board in the form of an agenda item. She lauded EWEB's fleet manager for his work in emissions reduction through changing fuel usage.

Commissioner Brown asked for and received Board consensus to bring the GHG inventory discussion back as a full agenda item.

Board Wrap-Up

Commissioner Brown announced he recently attended a meeting on Other Post Employment Benefits (OPEB), and he reported that OPEB was in good financial health.

Vice President Mital posited that it would behoove EWEB to have a security discussion surrounding backpacks brought in, and sometimes left unattended, by members of the public attending EWEB meetings.

Mr. Lawson said he and staff would look into advanced security protocols for EWEB meetings, and bring it back to the Board soon.

Mr. Lawson reported that Springfield Utility Board (SUB) had expressed interest in purchasing part of an EWEB-owned property in Glenwood near their transmission lines. He sought Board consensus to look into the matter, and potentially bring back to the Board a declaration of surplus property that could facilitate that sale.

Commissioner Helgeson hoped there was some quid pro quo on SUB's part surrounding the possible property sale in question.

Commissioner Helgeson said that he would like to step out of his role on the Northwest Public Power Association (NWPPA) Board, and he asked his colleagues to think about which, if any of them, might be interested in stepping into that role.

President Carlson announced this meeting was her final full EWEB Board meeting as Board President, and she thanked the Board and staff for their work during her tenure as Board President.

Adjourn

President Carlson adjourned the Regular Session at 8:13 p.m.

Assistant Secretary

President