

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION (Virtual)
500 E 4th AVENUE
JUNE 2, 2020
5:30 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/2020board-agendas-and-minutes>.

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

Others Present: Frank Lawson, General Manager, Rod Price, Chief Engineering & Operations Officer

President Mital called the Regular Session to order at 5:30 p.m. The meeting was held virtually via Microsoft Teams.

Agenda Check

There were no changes or additions to the agenda.

Items from Commissioners and General Manager

Vice President Schlossberg thanked EWEB staff for its work during this time of uncertainty. She spoke about attending a recent Lane Resiliency Collaboration meeting. She congratulated commissioners-elect for recent wins in the primary election.

Commissioner Carlson also expressed appreciation to staff.

Commissioner Helgeson mentioned receiving information from staff regarding components of the EWEB compensation plan, particularly as it relates to the General Manager's compensation.

President Mital congratulated the primary election winners. He also expressed appreciation to staff, and informed commissioners he will miss the July board meeting. He will soon meet with the president of the Springfield Utility Board (SUB) to discuss general issues.

Commissioner Brown also congratulated the winners of the primary election. He and General Manager Lawson are continuing discussions with SUB concerning real estate matters. He hopes the board will soon discuss the headquarters building situation.

Mr. Lawson extended congratulations to Commissioner Carlson and the “presumptive commissioners-elect” for election results. He said EWEB officials will meet with the new commissioners later this year. He thanked finance staff for their recent work on bond issuance duties and congratulated the water utility for an American Water Works Association award.

Public Input

There was no Public Input.

Approval of Consent Calendar “A” - Minutes and Routine Contracts

MINUTES

1. **a. May 5, 2020 Executive Session 1**
- b. May 5, 2020 Executive Session 2**
- c. May 5, 2020 Regular Session**

CONTRACTS

2. **Eugene Sand Construction Inc.** – additional funds for the contract for asphalt patching services for the FEMA funded Hazardous Mitigation Projects at Blanton Road and Saratoga/Donald Streets. \$135,000 (resulting cumulative total \$310,000).
3. **Quikcrete QPS** – a contract for polymer cold mix asphalt. \$252,000 (over five years).

Approval of Consent Calendar “B” - Nonroutine Contracts and Other Consent Items

CONTRACTS

4. **CH2M Hill Engineers, Inc. dba Jacobs** – an amendment to a task order for engineering services for the Carmen-Smith fish passage facilities at Trail Bridge Powerhouse; Amendment 1 to Task Order D-2, Trail Bridge Spillway, Gate and Hoist Modifications Project. \$497,983 (resulting cumulative total \$4,114,416).
5. **CH2M Hill Engineers, Inc. dba Jacobs** – a task order for engineering services for the Carmen-Smith fish passage facilities at Trail Bridge Powerhouse; Task Order B-1, Bypass Valve and Smith PMF Evaluation. \$525,346 (resulting cumulative total \$4,639,762).
6. **General Pacific, Inc.** – a contract for Douglas fir crossarms. \$230,000 (over five years).
7. **McKenzie Watershed Alliance** – a contract for managing timber harvest for logging and related services at the Deer Creek transmission line. \$254,000.

RESOLUTIONS

8. Resolution No. 2020 - Reserve Transfers.

Items removed from the Consent Calendar

No items were removed from the consent calendars.

Commissioner Carlson moved to approve Consent Calendar “A”. The motion passed unanimously 5:0.

It was moved by Commissioner Brown to approve Consent Calendar “B”. The motion passed unanimously 5:0.

COVID-19 Financial Position/Customer Lifelines

Mr. Lawson offered the Board an update and slideshow presentation on EWEB’s pandemic-economy planning. He told commissioners to expect additional information in July on the utility’s financial and budget assumptions, as well as more details regarding the Capital Improvement Plan.

Mr. Lawson said EWEB assumes there will be economic fallout from the pandemic. He added that despite economic challenges it appears EWEB will be capable of remaining on its rate trajectory through 2023.

Mr. Lawson discussed EWEB’s comprehensive COVID-19 planning; recovery principles; economic forecasting; forecast-based planning goals; revenue-requirement plans; potential cost reductions and savings; and capital investment financial capacity.

Mr. Lawson also detailed enhanced customer assistance “lifelines.” Some of those measures are in place, such as flexible payment arrangements and the temporary suspension of shutoffs for nonpayment and late fees.

Mr. Lawson said strategic and 2020 goals remain intact at this time. EWEB has identified financial tools and cost savings available to partially fill a 3.5-year budgetary gap of \$16-31 million.

In regard to a slide detailing capital investment financial capacity for electric, Commissioner Carlson asked if compounded rate impacts are based on what had been forecasted last October.

Mr. Lawson said they represent how capital investments would impact the rate trajectories.

Commissioner Helgeson also sought clarifying information about the presentation. He asked if the projected savings needed to maintain rate trajectory relate to projected revenue reductions.

Mr. Lawson said the targeted savings cover most of what is needed to maintain rate trajectory.

Commissioner Helgeson commented it would be helpful to him to see “raw” numbers detailing any rate-percentage adjustments made to baseline assumptions.

Mr. Lawson responded to several questions from Commissioner Brown about projected construction costs and water rate increases; and how the Leaburg situation factors into the financial picture.

Mr. Lawson said EWEB has modeled a loss in revenue, but not all potential costs associated with canal repairs. A work session on the topic is planned.

Vice President Schlossberg commented on how it appears some of the largest rate increases will occur during the economic downturn. She expressed concern about impacts on customers facing financial difficulties. She also asked to learn how much money a 4.2-percent rate increase on the electric side would cost the average family.

Mr. Lawson said he could provide additional information, and that the average electric bill is approximately \$1,750/year.

President Mital said capital work had been deferred during a previous budget crunch, and asked if EWEB planned to again evaluate that possibility. He also said it would be helpful to get more information about the state of the local economy as the board considers financial decisions.

Mr. Lawson said officials do not want to delay needed projects but will consider that possibility as part of the financial planning process. He told commissioners they had given him enough direction to proceed with financial planning.

Break

President Mital called for a five-minute break at 6:38 p.m. The meeting resumed at 6:43 p.m.

Capital Improvement Plan Assumptions and Priorities

Rod Price offered the Board a slideshow presentation overview of the proposed 2021-30 Capital Improvement Plan.

On the water side, the 10-year, \$250-million capital plan focus is on compulsory projects such as the College Hill project; strategic work including installation of emergency water stations; and risk-based projects including those that modernize local and remote controls.

The focus of the 10-year, \$356-million capital plan for electric includes compulsory work covering needs such as emergent repairs; strategic projects including those that work to modernize and automate systems; and risk-based projects such as transmission and substation rebuilds.

Mr. Price said projects could be deferred if needed as part of an economic response.

Commissioner Carlson asked for more information regarding substation “degradation” and funding. She also asked why Advanced Meter Infrastructure (AMI) was not included in the resiliency project list.

Mr. Price said he would get additional information about substations, and that the AMI project is on-track.

Commissioner Brown offered he does not want to defer projects, but asked why the Alternative Water Source (AWS) project is in the budget when uncertainty about it remains. He asked if the project could be deferred in light of the fact that it has rate implications.

Mr. Price said EWEB wants to have a “placeholder” in the budget as discussions about the project continue.

Vice President Schlossberg said she generally does not support deferring resiliency projects. If the Board is asked to defer projects, she hopes board members will be able to review information detailing the potential impacts of doing so.

Mr. Price said that could be accomplished.

Commissioner Helgeson echoed Commissioner Brown’s comments on the AWS project, and commented that the Board has not had much discussion regarding project details. He added that, as a Board member, he is interested in reviewing completed work as well as project spending.

Mr. Price said he would talk to Mr. Lawson about preparing an AWS update for the Board. He said he would consider how to address Commissioner Helgeson’s comments on reporting.

President Mital commented that while he understands why a placeholder for the AWS project is in the budget, EWEB has not formally decided to proceed with the project.

Mr. Price and Mr. Lawson both expressed appreciation for the board’s feedback.

Correspondence & Board Agendas

Mr. Lawson offered the Board a report on correspondence and Board agendas. The only piece of correspondence was EWEB’s 2019 Oregon Renewable Portfolio Standard (RPS) Report.

Commissioner Helgeson mentioned the RPS report shows an increase in obligations in the future. Mr. Lawson acknowledged increases in 2020 and 2025.

Mr. Lawson mentioned agenda items for the June 16 work session, and said the July 7 meeting will kick off the financial planning process. The board will review electrification study results in August.

Board Wrap Up

Vice President Schlossberg thanked EWEB’s IT department for facilitating these virtual meetings.

Commissioner Helgeson commented that EWEB has worked hard to maintain financial stability and flexibility, and that he hopes actions taken in response to COVID-19 do not undermine that previous work.

Commissioner Brown asked Mr. Lawson about recent public outreach to people in the College Hill area; and commented the McKenzie snowpack is 35 percent of normal.

Mr. Lawson said he will make sure Commissioner Brown's concerns are addressed in regard to outreach in the College Hill area.

President Mital thanked members of the public for attending the virtual meeting.

Adjourn

President Mital adjourned the Regular Session at 7:26 p.m.

Assistant Secretary

President