

**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

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a contract with **Associated Underwater Services, Inc.** for on-call diving services.

Board Meeting Date: July 7, 2020

Project Name/Contract #: On-Call Diving Services

Primary Contact: Rod Price Ext. 7122

Contract Amount:

Original Contract Amount: \$150,000 over 5 years

Additional \$ Previously Approved: \$0

Invoices over last approval: \$0

Percentage over last approval: %0

Amount this Request: \$150,000

Resulting Cumulative Total: \$150,000 over 5 years

Contracting Method:

Method of Solicitation: Formal Invitation to Bid

If applicable, basis for exemption: N/A

Term of Agreement: 1 Year, with the option to renew for 4 additional years.

Option to Renew? Yes

Approval for purchases “as needed” for the life of the Contract Yes ☒ No ☐

Proposals/Bids Received (Range): 4 / Based on hypothetical scenario - \$18,120 to \$21,939

(Low bid corrected to \$19,289)

Selection Basis: Lowest responsive and responsible bid

Narrative:

Operational Requirement and Alignment with Strategic Plan

EWEB facilities often require the assistance of experienced diving companies to perform inspections, cleaning tasks, and underwater construction. Often these services are in response to emergent issues and require a quick response. By having contracts in place with competitively bid rates, EWEB will be able to call upon qualified diving service providers for smaller jobs with reduced administrative efforts and a faster response time to emergent issues.

Contracted Goods or Services

The work allowed under this on-call contract includes, but is not limited to the following:

- Underwater inspections
- Underwater videos and photos

- Welding
- Parts and structural assembly
- Grout pouring and epoxy use
- Drilling, pressing, and cutting
- Demolition
- Debris removal and dredging
- Remotely Operated Vehicle rental and operations

Prior Contract Activities

None - New Contractor

Purchasing Process

In April 2020, EWEB issued a formal Invitation to Bid for on-call diving services over five years. The solicitation was publicly advertised on ORPIN. Four bids were received, and Associated Underwater Services provided the lowest bid to a hypothetical scenario and was deemed responsive and responsible. The contract will include the rates used in the scenario bid, as well as additional services/rates EWEB is likely to use in the future.

The Contract term is one year from final execution date, however, the Contract will automatically renew on the annual anniversary of its execution date unless otherwise terminated in accordance with the early termination provisions in the Contract. The maximum term for this Agreement shall not exceed five (5) years.

This contract is a task order based and not exclusive, however the intention is to request Associated Underwater Services and their contracted rates whenever possible and where most appropriate for the work required. EWEB reserves the right to collect bids from other companies at the discretion of EWEB in the interest of scheduling, quality, and/or cost. Additional back up contracts were awarded to Ballard, Advanced American Construction, and Harbor Offshore and are each expected to remain under the \$150,000 Board approval threshold.

Vendor Name	City, State	Offered Price	Ranking (for Request For Proposals)
Associated Underwater Services	Kenmore, WA	\$18,120 (corrected to \$19,289)	N/A
Ballard	Washougal, WA	\$20,762	N/A
Advanced American Construction	Portland, OR	\$21,530	N/A
Harbor Offshore	Benicia, CA	\$21,939	N/A

Competitive Fair Price (If less than 3 responses received)

N/A

ACTION REQUESTED:

Management requests the Board approve a contract with Associated Underwater Services, Inc. for on-call diving services. The primary user of this contract is Generation Operations. They have approximately \$30,000 per year planned for these services in the Generation Operations and Maintenance budget of \$10.2 Million. Variances will be managed within the budget process and Board policy.

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a construction contract with **H&J Construction** for East 19th Street Water Main Replacement from Agate to Villard Street.

Board Meeting Date: 7/7/2020

Project Name/Contract #: East 19th Street Water Main Replacement/ ITB 20-130-PW

Primary Contact: Rod Price Ext. 7122

Contract Amount:

Original Contract Amount: \$323,825

Additional \$ Previously Approved: \$0

Invoices over last approval: \$0

Percentage over last approval: 0%

Amount this Request: \$323,825

Resulting Cumulative Total: \$323,825

Contracting Method:

Method of Solicitation: Formal Invitation to Bid

If applicable, basis for exemption: N/A

Term of Agreement: One Time Purchase (Construction)

Option to Renew? No

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

Proposals/Bids Received (Range): Four (\$323,825 - \$394,500)

Selection Basis: Lowest Responsible and Responsive Bidder

Narrative:

Operational Requirement and Alignment with Strategic Plan

EWEB proactively addresses the aging water distribution system by annually replacing failing and/or inadequate water pipelines. The goal of this program is to reduce risks associated with water main breaks and increase the reliability and performance of the overall distribution system. In accordance with recommendations in the Water Master Plan, a risk model is used to prioritize and identify pipelines for replacement. In addition, new pipelines are installed to current standards using materials and methods to improve the resiliency to pipeline damage during an earthquake. Staff actively collaborate with the city of Eugene to replace high risk water mains ahead of the city's planned paving jobs when feasible. By partnering with the City, EWEB is able to reduce surface restoration costs incurred as well as reduce impacts to the community.

This project will replace approximately 1500 lineal feet of existing 8-inch steel and cast iron water pipelines constructed in the 1920's with new 8-inch diameter, zinc coated, ductile iron pipe. This project is scheduled to occur ahead of the city's planned reconstruction of the street. This existing pipeline and associated services are constructed of obsolete materials prone to breakage and have experienced multiple failures. The new pipeline, services, and hydrants will be more resilient and require less maintenance.

Contracted Goods or Services

H&J Construction and their subcontractors will provide construction services to complete the installation of the East 19th Water Main Replacement according to the project scope and design. The project is scheduled for completion in early 2021.

Prior Contract Activities

EWEB Contract No.	Project Name (Description)	Board Approval Date	Project Duration (Notice to proceed to close out).	Original Contract Amount	Final Contract Amount
007-2019	Willamette Street Main Replacement: 23 rd St	04/04/2019	09/2019-03/2020	\$900,000	\$1,048,340
046-2018	Drain & Pond Improvements at Hayden Bridge Water Filtration Plant	09/04/2018	09/2018-02/2019	\$426,500	\$505,262
057-2017	Hayden Bridge Filtration Plant Basin and Backwash Drain Improvements	N/A	10/2017-01/2018	\$89,950	\$85,287
1011-2016	Water Service Sleeve Installation on Harris Street	N/A	03/2016-05/2016	\$56,521	\$56,521
040-2015	Sewer Repair at 3141 Willamette St	N/A	09/2015-10/2015	\$19,950	\$19,950
028-2015	East 24 th Main Extension West of Hilyard	07/21/2015	07/2015-08/2015	\$285,500	\$294,371

Prior activities have been completed timely and with reasonable change orders.

Purchasing Process

Staff issued a formal Invitation to Bid in June 2020. Staff received four bids, the lowest responsive and responsible bid was received from H&J Construction of Eugene, Oregon.

Vendor Name	City, State	Offered Price
H & J Construction	Eugene, Oregon	\$323,825.00
The Saunders Company	Newberg, Oregon	\$348,750.00
Pacific Excavation	Eugene, Oregon	\$371,600.00
Wildish	Eugene, Oregon	\$394,500.00

ACTION REQUESTED:

Management requests the Board approve a Construction Contract with **H&J Construction** for the East 19th Water Main replacement. Approximately \$3.1M is allocated for main replacements, such as this contract, in the 2020 Water Capital budget of \$18 million for this project. Variances will be managed within the budget process and Board policy.

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a Construction Contract with **Jones Drilling Company** for South Eugene Emergency Water Wells.

Board Meeting Date: July 7, 2020
Project Name/Contract #: South Eugene Emergency Water Wells/ ITB 20-131-PW
Primary Contact: Rod Price Ext. 7122

Contract Amount:

Original Contract Amount: \$246,600
Additional \$ Previously Approved: \$0
Invoices over last approval: \$0
Percentage over last approval: 0 %
Amount this Request: \$246,600
Resulting Cumulative Total: \$246,600

Contracting Method:

Method of Solicitation: Formal Invitation to Bid
If applicable, basis for exemption: N/A
Term of Agreement: One Time Purchase (Construction)
Option to Renew? No
Approval for purchases “as needed” for the life of the Contract Yes ☐ No ☒
Proposals/Bids Received (Range): 3 (\$246,600 – \$522,046)
Selection Basis: Lowest Responsible and Responsive Bidder

Narrative:

Operational Requirement and Alignment with Strategic Plan

EWEB has been developing an emergency water supply program since 2012. The goal of this program is to continue to serve the community with drinking water should events occur which disrupt EWEB’s ability to deliver water from its sole water treatment plant or through its distribution system. The current efforts include establishing permanent water distribution sites supplied from existing or new groundwater wells. There are no viable wells available in the South Eugene area which requires the installation of a new groundwater well(s).

Contracted Goods or Services

Jones Drilling Company will provide construction services to complete the installation of emergency water wells in South Eugene. The contract assumes that two wells are required to produce the required yield of 60-gpm. If the required yield is obtained in one well, the final contract amount will be less. The project is scheduled for completion in early 2021.

Prior Contract Activities

None.

Purchasing Process

Staff issued a formal Invitation to Bid in June 2020. Staff received three bids and the lowest responsive and responsible bid was received from Jones Well Drilling of Lebanon, Oregon.

Vendor Name	City, State	Offered Price
Jones Drilling Company	Lebanon, OR	\$246,600
Jensen Drilling Company	Eugene, OR	\$295,060
Holt Services Inc.	Vancouver, WA	\$522,046

ACTION REQUESTED:

Management requests the Board approve an Construction Contract with **Jones Drilling Company** for **South Eugene Emergency Water Wells**. Approximately \$400,000 was planned for emergency water supply efforts in the 2020 Water capital budget of \$18 Million. Variances will be managed within the budget process and Board policy.

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a new contract with **Osmose Utilities Services, Inc.** for Pole Inspection, Test, & Treat, and NESC and Joint Use Inspections.

Board Meeting Date: 7/7/20

Project Name/Contract #: RFP 20-081-S Pole Inspection, Test & Treat, and NESC and Joint Use Inspections

Primary Contact: Rod Price Ext. 7122

Contract Amount:

Original Contract Amount: \$560,000 (estimated over 5 year period)

Additional \$ Previously Approved: N/A

Invoices over last approval: N/A

Percentage over last approval: N/A

Amount this Request: \$560,000 (estimated over 5 year period)

Resulting Cumulative Total: \$560,000 (estimated over 5 year period)

Contracting Method:

Method of Solicitation: Formal RFP

If applicable, basis for exemption: N/A

Term of Agreement: **1 year, with option to renew up to 5 years**

Option to Renew? Annually up to five years

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

Proposals/Bids Received: 3

Selection Basis: Highest Ranked Proposer

Narrative:

Operational Requirement and Alignment with Strategic Plan

EWEB is required to maintain poles in our transmission and distribution systems for regulatory compliance with Federal Energy Regulatory Commission (FERC), National Electrical Safety Codes (NESC) and Oregon Public Utility Commission (OPUC) requirements for system component quality and safety.

Contracted Goods or Services

Services under the contract include: Wood Pole Inspection, Test and Treatment services, National Electrical Safety Code (NESC) Inspection, with an option to provide joint inspections at a later date, of up to an estimated 2,800 wood transmission and distribution poles, and 1,100 non-wood transmission and distribution poles (i.e. steel, concrete, fiberglass, ductile iron, etc.) each year.

Wood Pole inspections will locate damage caused by decay, fungi, insects, woodpeckers, fire, machinery, or other causes. The condition of crossarms and attachments including insulators, bolts, guy wires, and ground wires will be observed and reported. Inspection services include visual observations, excavating, drilling, and climbing activities. For wood poles that pass the inspections, fumigant treatment will be applied. For poles that are rejected during the inspection, EWEB staff will assess for repair or replacement.

NESC and Joint Use Pole Inspection will include detailed visual inspections on all poles and attachments for compliance with NESC and Oregon Public Utility Commission Safety Rules.

Prior Contract Activities

EWEB previously contracted with Osmose Utilities Services for Inspection and Coating of 13 Steel Lattice Towers under EWEB Contract 1032-2018. The contractor was responsive to all needs and completed the work on time.

Purchasing Process

In April 2020, EWEB issued a formal Request for Proposals (RFP 20-081-S) for pole inspection, test and treatment, and NESC and Joint-Use Inspection Services. This solicitation was advertised on the Oregon Procurement Information Network (ORPIN).

Three proposals were evaluated and scored. Criteria and weighting included: ability and capability to perform the services (45%); project approach and reporting (25%); and pricing (30%). Osmose Utilities Services was selected as the highest ranked, responsive and responsible proposer. Osmose personnel assigned to this project are from the Eugene/Springfield and Portland areas.

Vendor Name	City, State	Offered Price	Ranking (for Request For Proposals)
Osmose Utilities Services	Peachtree City, GA	\$111,000 annually	1
National Wood Treating Co.	Albany, OR	\$109,000 annually	2
Jensen's Tree Service	Winston, OR	\$168,000 annually	3

Competitive Fair Price (If less than 3 responses received)

N/A

ACTION REQUESTED:

Management requests the Board approve a new contract with Osmose Utilities Services for Pole Inspection, Test, & Treat, and NESC and Joint Use Inspections. Approximately \$100,000 was planned for these services in the Electric O&M 2020 budget of \$221.0 million. Variances will be managed within the budget process and Board policy.