EWEB

The following questions have been posed by Commissioners prior to the scheduled Board Meeting on July 7, 2020. Staff responses are included below and are sorted by Agenda topic.

Consent Calendar

CONTRACTS

McKenzie Watershed Alliance – contract amendment for managing timber harvest for logging and related services at the Deer Creek transmission line. – (PRICE) We have relied on LIDAR extensively for mapping and evaluating the health of the riparian areas on the McKenzie as well as a lot of other applications. If that technology can be off as much as 40% how can we rely on the technology?

How do we verify what a contractor says when it contradicts our information? Do we just take their word for it? This seems a bit challenging for me to accept as I would have thought contractors would have toured the site and this should have come up before we left the contract.

RESPONSE: *As this contract was awarded based on a per unit bid, the LIDAR estimates provided by the Forest Service and McKenzie Watershed Alliance (MWA), using their calculation methods, were seen as an acceptable means to estimate bid quantities. This allowed the bid process to proceed in a timely manner and support EWEB's collaboration with the Forest Service and MWA on their habitat enhancement project in Deer Creek. While the LIDAR count was accurate with the large trees (within 10%), the number of smaller trees and consequently slash to be cut and managed was not determined until the onsite survey was conducted. We agree that a timber cruise would have provided more accurate bid quantities from the outset, but would not have changed the resulting actual cost.*

We have had past experience with this contractor and reviewed the details and feel confident that the revisions in work units is valid. In addition, McKenzie Watershed Alliance has onsite project management providing oversight and verifying actual quantities.

RESOLUTIONS

Resolution No. 2021 – Transfer of Business Growth & Retention Reserves. - (HART) Since we will be maintaining the Business Expansion and Retention Program, but eliminating its dedicated source of funds, how (from what source) will future loans be funded?

RESPONSE: *EWEB's other loan programs are budgeted based on the anticipated loans, less scheduled repayments. This program could be managed in the same way.*

If another source is used, what potential risks or adverse impacts could result if/when funds used for loans are not available for other purposes they are otherwise intended for?

RESPONSE: *Net outflows from loans would be considered as a part of the budgeting process along with other expenses and in that way funds would be allocated and lending should not interfere with other planned uses of cash. Loans would be made based on what was budgeted for that activity and our loan programs are based on availability of funding.*

What is our largest potential loan exposure? Am I correct that staff has considered this and has no related concerns, or considers related risks to be small and manageable?

RESPONSE: *Seven years ago, shortly after the program was developed, EWEB made a loan of $285,000 to one customer and $375,000 to another. The next largest loan was for $35,000 and the average has been $7000. Large loans are atypical and the total outstanding balance in this program is only $36,000. Defaults in our loans are very uncommon (less than 1%) and this particular program has had zero. Loans over $10,000 are collateralized, and the risk to the utility is essentially the same if it comes from working cash or a separate fund.*