

EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
February 2, 2021
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/2021board-agendas-and-minutes>.

Commissioners Present: Mindy Schlossberg, President; John Brown, Vice President; John Barofsky, Sonya Carlson, Matt McRae, Commissioners

Others Present: Frank Lawson, General Manager; Patty Boyle, Generation Contract Supervisor; Deborah Hart, Chief Financial Officer; Karen Kelley, Water Operations Manager; Mike McCann, Generation Manager; Karl Morgenstern, Watershed Restoration Program Manager; Mark Zinniker, Generation Engineering Supervisor

President Schlossberg called the Regular Session to order at 5:30 p.m.

Agenda Check

Mr. Lawson said the agenda item titled "Leaburg/Waltermville Evaluation Project Update" was a combination of two different agenda items. He offered that originally, the agenda item was split into two separate items: one technical, and the other economic, but had since been combined into one agenda item.

Items from Board Members & General Manager

Commissioner Carlson reported that she had recently attended the regular Lane Council of Governments (LCOG) Board meeting, and that she was reelected to her position on the LCOG Executive Board. She thanked staff, the community, and all EWEB partners who made possible the recent upriver tour to examine restoration work in the wake of the Holiday Farm fire.

Commissioner Barofsky echoed Commissioner Carlson's sentiments regarding the upriver tour; he said it was very informative. He announced he had volunteered to be the EWEB liaison to the McKenzie Watershed Council (MWC), but his plan was to allow the staff member(s) now in that position to continue, so that he could audit the assignment, and take over when he felt comfortable.

Commissioner McRae also expressed appreciation for the recent upriver tour.

President Schlossberg added she thought staff time spent on setting up and executing the upriver tour was time well spent.

Mr. Lawson said he testified at the Eugene City Council public hearing on January 19, 2021 on behalf of EWEB. He explained the public hearing dealt with changes in the Eugene city code which impact EWEB's surplus property processes. He then offered the Board a COVID update.

Public Input

Jim Neu, of Eugene expressed dismay at the sheer amount of salvage logging happening in the McKenzie watershed after (and due to) the Holiday Farm fire. He said private timber companies, and the Bureau of Land Management (BLM) were engaged in a "clear-cut frenzy" in the watershed. Mr. Neu highlighted the importance of natural post-fire forest regeneration that was not being allowed to occur due to the excessive logging. He urged EWEB to: work with landowners, explore legal regulatory agreements and land acquisitions, and provide incentives for watershed-wise forest management.

Joe Moll, of Eugene, and representing the McKenzie River Trust (MRT), thanked EWEB for being the backbone of the recovery efforts happening in the McKenzie River Valley. He said there was broad ratepayer support for the utility, and he said MRT (and the upriver community) looked forward to working with EWEB on upriver investments.

Vice President Brown joined the meeting at 5:44 pm.

Rebecca White, of Eugene, and representing Cascadia Wildlands and Willamette Riverkeeper, addressed the Board concerning the massive amounts of clear-cut logging happening post-fire in the McKenzie watershed. She expressed concern specifically about a proposal from BLM to clear-cut over 1,500 acres within the watershed. Ms. White said she wanted to make sure EWEB was aware of BLM's proposal, and wanted EWEB's input on the clear-cutting already being planned in the McKenzie watershed.

Stephen Anderson, of Eugene addressed the Board concerning the 40th and Donald water storage project. He thanked staff for walking the property with him. Mr. Anderson asserted the community wanted the first storage reservoir tank placed on the area known as Site 2, and he thanked Commissioner McRae for contacting him, and for planning his own visit to the 40th and Donald site. Lastly, Mr. Anderson said it would be helpful for future visits by EWEB staff and Commissioners, if the rough outline of the storage tank were staked/flagged, to make the outline of it more obvious on the ground.

[Written testimony] **David Hausam**, of Eugene addressed the Board concerning the 40th and Donald water storage project. He encouraged EWEB to include the restoration of native Oak Savannah/Ponderosa Pine habitat in its plans for water storage tanks on the property. Mr. Hausam said this could be accomplished by eclipsing the advance of Douglas fir trees by creating snags and other methods when safety permits.

Joe Harwood for: Patricia Hathaway of Eugene, addressed the Board concerning the post-Holiday Farm fire clear-cut logging taking place in the McKenzie watershed. She believed that logging put the future health of the watershed at risk, which also put

Eugene's drinking water source at risk, not to mention the ecology of the region, from forests to fish.

Joe Harwood for: Chandra LeGue of Eugene, thanked EWEB's source water protection team for their innovative work in supporting natural solutions to climate change. She asserted the post-fire logging happening in the McKenzie watershed would present myriad new challenges for the source water protection team, and the utility as a whole. Ms. LeGue urged EWEB to take additional steps to secure increased riparian protections in the watershed.

Joe Harwood for: Mike Brinkley of Eugene, addressed the Board concerning the post-Holiday Farm fire clear-cut logging taking place in the McKenzie watershed. He asserted the logging would add sedimentation to the river, damaging fish habitat, and threatening drinking water. Mr. Brinkley asked EWEB to restrict this post-fire clear-cut logging in the McKenzie watershed.

Joe Harwood for: Mary Kelly of Eugene addressed the Board concerning the post-Holiday Farm fire clear-cut logging taking place in the McKenzie watershed. She cited studies performed at Oregon State University, which demonstrate this type of post-fire clear cut logging can be more detrimental to the river and the watershed, than the fire itself.

Commissioner Carlson, operating on the assumption that the majority of the McKenzie watershed land damaged by the Holiday Farm fire was private land, asked if EWEB had any legal standing or influence on or about said lands.

Commissioner McRae thanked the community members for their testimony, and he said the Board and staff were going to address some of the concerns surrounding the work currently underway in the McKenzie watershed in the wake of the Holiday Farm fire.

Commissioner Barofsky said, as an EWEB Commissioner, he hoped it was in the utility's purview to influence and mitigate the impacts of the logging taking place in the McKenzie watershed.

President Schlossberg thanked the public for their testimonies. She also thanked staff for their hard work and diligence with the 40th and Donald project, especially where communication with the community was concerned. President Schlossberg wondered if there were any regulatory or legislative work being put forth to address clear-cut logging.

Approval of Consent Calendar - A MINUTES AND ROUTINE CONTRACTS

MINUTES

1. January 5, 2021 Regular Session

CONTRACTS

2. Jacobs dba CH2M Hill Engineers Inc. - for Task Order (B3) Phase 2 engineering services for the 800 CFS Bypass project - 30% design. \$472,028 (Original contract \$10,000,000. Resulting cumulative Task Order total \$6,508,528 based on Qualifications Based Selection (QBS).

3. Wildish Building Company - Task Order for construction services for the Carmen-Smith spawning channel. \$1,551,180 based on Construction Manager/General Contractor (CM/GC) Guaranteed Maximum Price.

Vice President Brown moved to approve Consent Calendar - A. The motion passed unanimously 5:0.

Approval of Consent Calendar - B

NON-ROUTINE CONTRACTS AND OTHER CONSENT ITEMS

CONTRACTS

4. Aviat Networks - for multiple microwave radio projects. \$311,000 based on a cooperative contract.

5. Peterson Truck - for the purchase of a 12/15-yard dump truck. \$170,000 based on a cooperative contract.

INTERGOVERNMENTAL AGREEMENTS

6. U.S. Department of Interior, U.S. Geological Survey (USGS) - to provide monitoring and consulting services for source water protection. \$257,000 based on direct negotiation-Intergovernmental agreement.

RESOLUTIONS

7. Resolution No. 2102 - Board Appointments, Committees, Outside Liaisons.

8. Resolution No. 2103 - Joint Use Wireless Fee Schedule - Addition of Communication and Transmission Structure Fees.

9. Resolution No. 2104 - Update to Board Policy GP8, Meetings and Executive Sessions.

Vice President Brown moved to approve Consent Calendar - B. The motion passed unanimously 5:0.

Items Removed from the Consent Calendar

There were no items removed from the Consent Calendar.

Leaburg/Waltermville Evaluation Project Update

Mr. Lawson, Ms. Boyle, Mr. McCann, and Mr. Zinniker offered the Board an update and Power Point presentation on the Leaburg/Waltermville Evaluation Project.

Commissioner Carlson asked if it was correct the reason decommissioning costs were not factored into the convert from stormwater conveyance net present value (NPV), was due to not having a clear sense of what the decommissioning costs are.

Ms. Boyle said that was correct.

Commissioner Barofsky asked where the capital that had already been spent on the generation facilities was figured into NPV calculations.

Ms. Boyle answered that NPVs were calculated from the present moment forward until the end of Federal Energy Regulatory Commission (FERC) licensure, which, for the Leaburg Canal, was 2040.

President Schlossberg wondered how EWEB would know the ways in which the Leaburg facility's decommissioning would impact the utility's contract with the Bonneville Power Administration (BPA).

Mr. Lawson replied a conversation with BPA surrounding replacing power lost with the decommissioning of the Leaburg and Waltermville facilities would need to happen sooner rather than later, and that the utility's power planning group was investigating it.

Vice President Brown offered the financial implications for EWEB were considerable, and he asked that, when a financial analysis is done, that every single thing be taken into consideration.

Commissioner Carlson said the utility should move forward with the scenarios laid out in the presentation, including decommissioning, but she felt they as a Board, and as a utility, were not to that decision-making stage yet, as they were still gathering information.

Commissioner McRae thanked staff for the analysis and the PowerPoint presentation, as both were very clear and helpful. He thought it important that EWEB begin reaching out to those community members who would be affected by any upriver infrastructure projects right away. As far as decommissioning was concerned, Commissioner McRae stated with all things being equal, he expressed support for whatever option was most beneficial to restoring native salmon runs.

Commissioner Barofsky spoke in support of a return-to-service scenario for the upriver facilities. He said any decommissioning upriver, would be decommissioning renewable energy at a time when renewable energy is at a premium.

President Schlossberg asked about power planning; she wondered what the general timeline for decision-making was.

Mr. McCann said FERC was looking to EWEB to make safety improvements to the Leaburg Canal that would benefit either a return-to-service scenario, or a stormwater conveyance scenario. He added that after this meeting, staff would begin work with their consultants and regulators, to figure out what the aforementioned safety improvements would be, and they should have a better idea of what they were going to be doing on or in the canal by midyear. Mr. McCann concluded his comments by saying it would likely be approximately five years or perhaps more before EWEB would even be able to think about either a return to service, or stormwater conveyance for the Canal.

President Schlossberg opined that several Work Sessions would be required on this topic in order to get all the information required before making any final decisions about the future of the Canal.

Mr. Lawson agreed. He said staff would put together timelines and Work Sessions for the Board on this topic.

Mr. Lawson took a moment to appreciate the 18 years of service and dedication to EWEB by Mike McCann, who was retiring from EWEB.

Mr. McCann said it was an honor and a pleasure to have worked for EWEB.

Break

President Schlossberg called for a break at 7:29 p.m. She reconvened the meeting at 7:36 p.m.

State of the McKenzie Watershed Annual Report and McKenzie Watershed Recovery and Restoration Plan

Ms. Kelley and Mr. Morgenstern offered the Board a report and PowerPoint presentation on the state of the McKenzie Watershed and the McKenzie Watershed Recovery and Restoration Plan.

Commissioner McRae asked about the surcharge for risk-based and resiliency projects mentioned in the presentation. He wondered if the average of \$3-per-meter was an annual figure. He also wondered if there were any large (i.e. industrial) customers that would see large surcharges.

Ms. Hart clarified the average amount of \$3 for the surcharge, would be per month. She said how that surcharge would be applied was still in the works, and staff would have a reasonable proposal for that at next month's Board meeting.

Commissioner McRae wondered if any of the recovery and restoration of the watershed could be paid for with bonds.

Ms. Hart said up to \$17 million in strategic work talked about in the presentation would be looked at for bond funding.

Vice President Brown asked if the utility would be able to make debt coverage ratio requirements for bonding, considering there was \$50-\$70 million in spending teed up for an alternative water source (AWS).

Ms. Hart offered that part of limiting EWEB's borrowing, was to preserve capacity for an AWS.

Commissioner Carlson asked if EWEB had any influence on the clear-cut logging happening in the McKenzie Watershed post-Holiday Farm fire.

Mr. Morgenstern said much of the land being logged was private, so the utility really did not have a say on those particular private lands. He added many of said landowners were worried if they didn't get the timber cut and removed as soon as possible, it would lose value.

Commissioner Barofsky wondered if the \$3 surcharge were in place for longer than five years, could monies generated from it be used to offset bond costs.

Ms. Hart said that is something the Board could decide to do, either from the beginning, or as the original three- to five-year threshold was approached.

Commissioner Barofsky added that he would have no issues with the surcharge being higher than the original \$3.

President Schlossberg expressed her support of the McKenzie Watershed Recovery & Restoration plan. She asked if included in the plan was a shoring-up of resiliency in case of similar events in the future.

Mr. Morgenstern said resiliency was built into the plan; he offered the flood plain projects of the plan for an example. He said those projects in and of themselves offered saturated ground that could act as a firebreak in the event of another wildfire in the area.

Vice President Brown asserted that EWEB should not pass on opportunities to acquire land in the wake of the Holiday Farm fire, whether it be through conservation easements or other avenues.

Commissioner McRae offered that surcharge surveys of the upriver community would be helpful in the Board's decision-making. He also said it would be helpful to have some idea of the cost of the plan that would be reimbursed through the Federal Emergency Management Agency (FEMA), etc.

Mr. Morgenstern replied that out of the \$1 million already spent on restoration and recovery, EWEB would most likely get \$500-\$700 thousand reimbursed.

Correspondence & Board Agendas

Mr. Lawson offered the Board a report on correspondence and Board agendas.

Board Wrap-Up

Vice President Brown suggested his fellow commissioners to visit Seneca, and he added that he would like to see the new biomass generating facility in Junction City.

President Schlossberg announced there was a Board retreat coming up on February 21, 2021, which would be held via Zoom.

Vice President Brown corrected the date of the Board retreat, which is actually Monday, February 22, 2021.

President Schlossberg adjourned the meeting at 8:29 p.m.

Recorded by Rodney Cimburke

Assistant Secretary

President