



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Schlossberg, Brown, Carlson, Barofsky, and McRae
 FROM: Deborah Hart, CFO; Adam Rue, Fiscal Services Supervisor
 DATE: February 24, 2021
 SUBJECT: Water O&M Budget Amendment and Watershed Recovery Fee Amendment
 OBJECTIVE: Approval of Resolution No. 2105 and 2106

Issue

Per Board Policy EL-1, the approved budgets are the maximum level of expenditure authorized by the Board. Management is projecting costs will exceed budget for the Water Utility this year to fund watershed recovery efforts related to damage from the Holiday Farm Fire. Management is requesting Board approval of budget amendment and the proposed Watershed Recovery Fee to establish a Watershed Recovery Fund.

Background

In 2020 the Holiday Farm Fire caused damage to the watershed of Eugene’s sole source for drink water. In October 2020, the Board approved Resolution 2024 authorizing \$1,000,000 to implement immediate actions in response to the direct threat. Approximately \$500,000 of that work was delayed until 2021 and is included in the request below. Staff provided an updated McKenzie Watershed Recovery and Restoration Plan in February 2021. The plan leverages programs and partnerships developed in the implementation of the 10-year strategic plan to protect the watershed, which was approved by the board in 2018.

Discussion

In accordance with the February memo detailing the McKenzie Watershed Recovery and Restoration Plan, the Water Utility is requesting 2021 funding of \$3.95 million to fund watershed restoration. Key restoration categories discussed in the February Board meeting are highlighted in the table below.

Table 1: Budget Amendment Request

	<u>Water</u>
Approved Operations & Maintenance Budgets	\$20,200,000
<i><u>Proposed Investment Levels:</u></i>	
Risk Based	\$2,250,000
Resiliency	\$1,550,000
Strategic	\$150,000
Total Projected O&M Budget Amendment	\$3,950,000

Management is proposing the Watershed Restoration Fund be sourced from a flat monthly fee to EWEB customers (see Table 2 below). The initial 2020 budget amendment was funded through reserves.

Table 2: Proposed Retail Fee

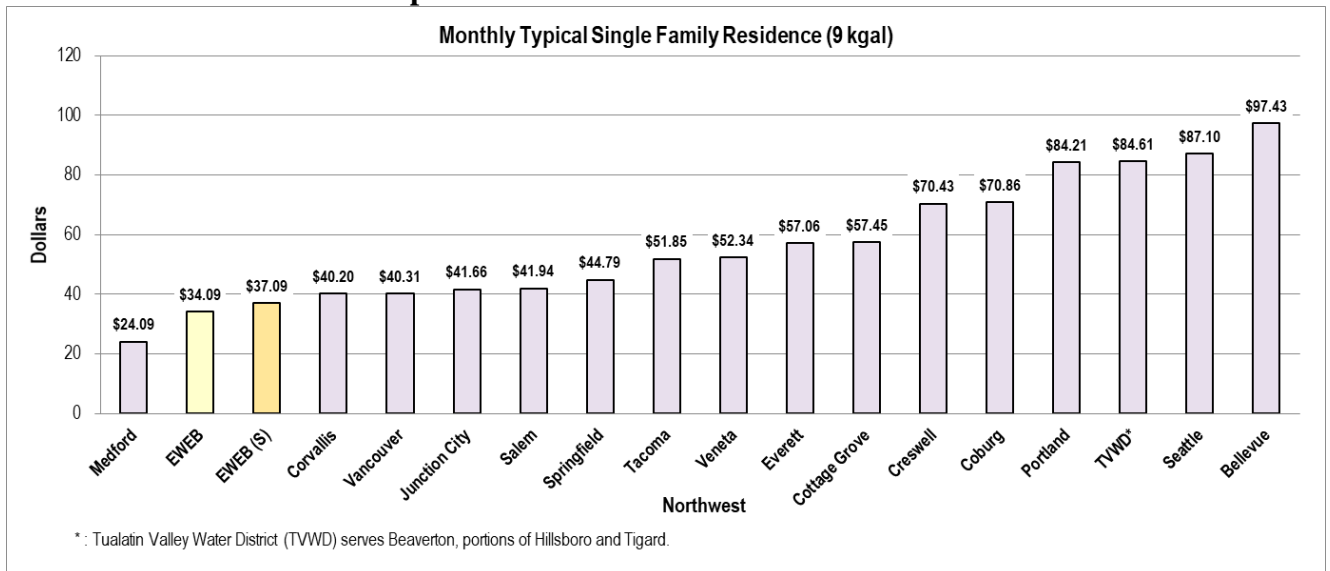
Meter Size	Monthly Surcharge
1 inch or less	\$3.00
1-1/2	\$4.50
2 inches	\$6.00
3 inches	\$9.00
4 inches	\$12.00
6 inches	\$18.00
8 inches	\$24.00
10+ inches	\$30.00

The charges to fund the Watershed Restoration Fund will also be passed along to contract customers in accordance with their contracts through an updated cost of service analysis. The costs will be passed through in a manner that best aligns with the contract terms, balanced with equity considerations with other EWEB customers. Staff will be returning with proposed rate adjustments for the contract customers.

The proposed fee would generate approximately \$2.4 million a year. In 2021 the proposed restoration work would be funded through working cash, until which time sufficient funding was collected to reimburse working cash. The proposed Watershed Recovery Fee will be implemented as soon as practical (likely summer) and will sunset after 60 months.

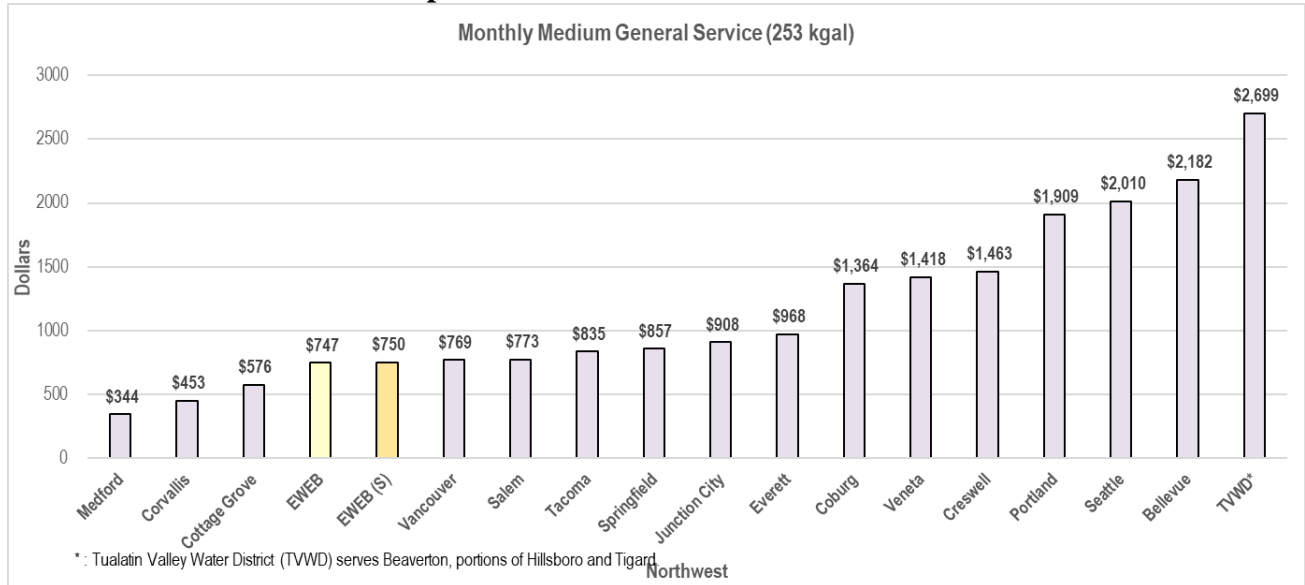
The impact to residential customers increases the typical bill by \$3.00 per month, which maintains EWEB’s position among its bill comparators as shown in Table 3.

Table 3: Residential Bill Comparator



The impact to commercial customers increases the typical bill between \$3.00 and \$30.00 per month, based on the size of the meter. This increase maintains EWEB’s position among its bill comparators as shown in Table 4.

Table 4: Commercial Bill Comparator



Requested Board Action

Management recommends and requests that the Board approve Resolution No. 2105 to increase the Water O&M budget by \$3.95 million and approve Resolution No. 2106 to implement the Watershed Recovery Fee in accordance with Table 2 above to fund the Watershed Restoration Fund.

**RESOLUTION NO. 2105
MARCH 2021**

**EUGENE WATER & ELECTRIC BOARD
2021 BUDGET AMMENDMENT**

WHEREAS, the Eugene Water & Electric Board (EWEB) is the body designated by the City of Eugene Charter and Code to administer the Eugene Electric and Water Utilities;

WHEREAS, Oregon Revised Statute 225.230 requires municipal utilities to make an annual written estimate of probable expenses to establish spending authority;

WHEREAS, the Eugene Water & Electric Board anticipates expenditures in excess of that authority;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves an increase to the Water Utility Operations & Maintenance budget of \$3.95 million.

Dated this 2nd day of March 2021.

THE CITY OF EUGENE, OREGON
Acting by and through the
Eugene Water & Electric Board

President

I, ANNE M. KAH, the duly appointed, qualified, and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the Resolution adopted by the Board at its March 2, 2021 Regular Board meeting.

Assistant Secretary

**RESOLUTION NO. 2106
MARCH 2021**

**EUGENE WATER & ELECTRIC BOARD
MARCH 2021 WATERSHED RECOVERY FEE**

WHEREAS, the Eugene Water & Electric Board (EWEB) is a customer-owned municipal utility chartered to operate and maintain the Water Utility system;

WHEREAS, EWEB sets its prices based in part on the cost of service;

WHEREAS, the Board wishes to establish a Watershed Recover Fund;

WHEREAS, the Watershed Recovery Fee will support the Watershed Recovery Fund;

WHEREAS, the Watershed Recovery Fee will be collected for a period of 60 months;

NOW, THEREFORE, BE IT RESOLVED that the Eugene Water & Electric Board hereby authorizes the General Manager to establish a fee and reflect that fee in updated Policies and Procedures as recommended in the March 2021 Watershed Recovery Fee presented at and approved at the March Board meeting.

Dated this 2nd day of March 2021.

THE CITY OF EUGENE, OREGON
Acting by and through the
Eugene Water & Electric Board

President

I, ANNE M. KAH, the duly appointed, qualified, and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the Resolution adopted by the Board at its March 2, 2021 Board meeting.

Assistant Secretary