

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION**

April 6, 2021

5:45 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; Travis Knabe, Chief Information Officer; Laura Farthing, Engineer (CE) Sr.; Deborah Hart, Chief Financial Officer; Anne Kah, Executive Assistant to the Board & General Manager; Karen Kelley, Water Operations Manager; Lena Kostopulos, Chief Workforce Officer; Rod Price, Chief Engineering and Operations Officer; Adam Rue, Fiscal Services Supervisor; Keith Simovic, Moss Adams

President Schlossberg called the Regular Session to order at 5:45 p.m.

Agenda Check

Mr. Lawson offered that Keith Simovic from Moss-Adams, who was scheduled to present to the Board later in the agenda, had a meeting prior to this one, and depending on if Mr. Simovic made it to the EWEB Board meeting by 7 p.m., the order of agenda items 8, 2020 Year-end Audited Financial Statements and Management Letter, and 9, Ratemaking Principles, might be switched.

Items from Board Members and General Manager

Vice President Brown said a constituent contacted him about the integrity of the two hazardous waste berms International Paper has above EWEB's intakes on 42nd Street and I-105 in Springfield; he wondered if there existed the potential for the berms to be breached, therefore contaminating the drinking water with effluent. Vice President Brown said there was at one time a robust plan for dealing with storm runoff on 42nd and 52nd Streets in Springfield and asked if said plan was still going forward.

Mr. Lawson said he would get back to Vice President Brown concerning his questions and added he would do a follow-up for the entire Board.

Mr. Lawson announced EWEB had a new employee, Susan Fricke, who was taking over Karl Morgenstern's previous role as the Water Resources and Quality Assurance Supervisor. He offered Ms. Fricke was the Water Quality Program Manager for the Karuk Tribe's, Tribal Department of Resources, where she worked in and around the Klamath River.

Public Input via Telephone/Public Input Reading

Sophia Trotter of Eugene, and representing Sunrise Eugene, and the Fossil Free Eugene Coalition, urged EWEB to take measures to completely remove fossil fuels from its energy portfolio, and to strive toward reaching 100% renewable energy by 2030; Ms. Trotter pointed to local renewable energy generation as key to this goal. She added that such generation projects would provide local, union-protected jobs in the clean, renewable energy sector.

Dylan Plummer of Eugene, and representing Cascadia Wildlands, and the Fossil Free Eugene Coalition, asked EWEB to halt the construction of new fracked gas infrastructure. He added the organizations were holding the City of Eugene accountable for their 2016 Climate Recovery Ordinance Goals, and they could not do that without the help of EWEB leadership. He urged EWEB to take measures to completely remove fossil fuels from its energy portfolio, and to strive toward reaching 100% renewable energy by 2030.

Sandra Bishop of Eugene asked the Board to postpone taking any action on the Final Siting Design Report for the E. 40th Water Storage Project. She asserted the “Record of Decision” mentioned in the agenda, was a pseudo-legal process, and the Board should not allow themselves to be rushed into any decision by said process.” Ms. Bishop wondered when the utility made the decision to build two tanks on the site, instead of moving forward as previously discussed, with one tank being built now, and a second to be built a decade later.

Twila Jacobsen of Eugene called for an end to the use of fossil fuels locally. She offered there were many alternative, green and renewable energy sources, such as hydro, solar, and even the newly-studied ocean wave electricity, and the Eugene area need not rely on fossil fuels any longer. Ms. Jacobsen urged EWEB to take measures to completely remove fossil fuels from its energy portfolio, and to strive toward reaching 100% renewable energy by 2030, including unionized labor in the renewable energy sector.

Stephen Anderson of Eugene said that EWEB was losing credibility where the E. 40th Water Storage Project was concerned. He said there had been a communication breakdown on EWEB’s part, and wondered why, all of a sudden, the plan was to install two tanks simultaneously, instead of the previous plan that would build the two storage tanks 10 years apart. Mr. Anderson said he, and his fellow E. 40th community members felt like they were being punished for questioning the original Water Storage Project.

Joe Harwood for Dick Helgeson of Eugene said that he was fully in support of the Record of Decision for the E. 40th Water Storage Project. He asserted as they age, base-level reservoirs are subject to ongoing deterioration and are vulnerable seismically, which pose a major risk to the entire community. Mr. Helgeson acknowledged the project will have significant impacts on the site. and its adjacent neighbors but posited these impacts are necessary and unavoidable in order to address broader and critically important community health and safety needs.

Commissioner Carlson said she appreciated all the testimony, and offered that EWEB's electricity generation, and the power sources the utility owned, were relatively carbon-free; she said the main challenges for EWEB surrounding the cessation of fossil fuel dependence, came about during peaks or weather events, during which they had to buy energy from the market, not all of it clean.

Commissioner McRae said EWEB was committed to steering swiftly toward a fossil fuel-free future, and that many discussions were happening now within the utility and would continue into the future. Commissioner McRae said he hoped EWEB could find a way to lessen the significant impacts of the E. 40th Water Storage Project, and he felt EWEB staff was committed to finding the best solution possible.

Mr. Lawson reminded those tuned in there was a Board Work Session on Tuesday April 20, 2021, to initiate conversation around climate and energy.

President Schlossberg said representatives from EWEB have been meeting quarterly with the City of Eugene, hoping to help the City reach the goals in its Climate Action Plan (CAP).

Approval of Consent Calendar – A MINUTES AND ROUTINE CONTRACTS

MINUTES

- 1. a. February 16, 2021 Work Session**
- b. March 2, 2021 Regular Session**

CONTRACTS

- 2. Black & Veatch Corporation** - for engineering services for the replacement of switchgear at the EWEB-owned steam turbine generator system at the International Paper mill in Springfield. \$350,000 based on Formal Request for Proposals using the Qualification Based Selection (QBS) Process.
- 3. Core & Main, LP-** for provision of ductile iron pipe. \$1,700,000 (over five years) based on Formal Request for Proposals.
- 4. The Saunders Company, Inc.** - for Phase II of the 42" transmission main extension on the University of Oregon's riverfront property between Riverfront Parkway and East 8th Avenue. \$540,000 (Resulting Cumulative Total \$2,740,000) based on a Formal Invitation to Bid.

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

5. Bane Machinery, Inc. - for the purchase of two (2) mid-size hydraulic excavators. \$258,000 based on Cooperative Contract.

6. Lane Forest Products, Inc. - for landscape materials and drop box services. \$247,000 (over five years) based on Formal Invitation to Bid.

7. McKenzie River Trust - for the acquisition and management of floodway properties affected by the Holiday Farm Fire from willing sellers. \$1,500,000 (not to exceed) based on Grant to Facilitate Property Acquisition - Direct Negotiation.

INTERGOVERNMENTAL AGREEMENTS

8. Lane Council of Governments (LCOG) - to provide monitoring and consulting services for source water protection and Holiday Farm Fire response. \$600,000 (over five years) based on Direct Negotiation.

RESOLUTIONS

9. Resolution No. 2108 - EWEB Bylaw Amendment.

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

Record of Decision: Final Design Report (Siting) for E. 40th Water Storage Project
Mr. Lawson offered the Board a final siting design report for the E. 40th Water Storage Project.

Commissioner Carlson recalled the Board's last get together to review the site when she promised staff that she was going to grill them during this conversation, and now she intends to do so.

Commissioner Carlson said, according to conversations with staff and a site visit, the trees to be removed were going to be removed anyway as per the original plan (one tank at a time instead of two); she wondered if that was still the case.

Ms. Farthing said it was.

Commissioner Carlson asked staff if they could walk her through some of the analytical work they did to decide which trees to remove and which trees could stay.

Ms. Farthing offered that EWEB retained an arborist and an ecologist, to not only analyze the type, size, and health of each tree on the site, but also to evaluate the different habitats on the site. She added the oak trees are a strategy habitat prioritized

for preservation by the Oregon Department of Fish and Wildlife (ODFW), largely due to their resistance to drought and fire.

Commissioner Carlson asked if community outreach involving the types of animals on the site went into the siting work itself.

Ms. Farthing said that was correct.

Commissioner Carlson wondered how many additional truckloads of rocks and backfill would be removed from the site if EWEB were to go with the previous version of this plan, in which both tanks would not be put in simultaneously.

Ms. Farthing replied the two-tank installation would reduce the amount of rock and backfill removed from the site by approximately 2,000 truckloads.

Commissioner Carlson concluded that staff did a very good job of figuring out how best to consider the ecological and social impacts, while also taking costs into consideration. She added this was not something EWEB staff did lightly, and they did their due diligence by keeping the Board and the public in the loop throughout the entire process. Commissioner Carlson thanked staff for their work on this project.

Commissioner Barofsky said that, being the EWEB Commissioner representing this Ward, he had looked very deeply at this project and its impacts. He admitted to having a problem with the switch from a one-tank-at-a-time construction to the installation of both tanks at the same time, as the public was under the impression the former plan would be the one EWEB followed. Commissioner Barofsky posited that if EWEB had approached the public with the idea of installing both tanks at the same time from the very beginning, the public response would be very different.

Mr. Lawson thanked Commissioner Barofsky for his comments on the matter, and he assumed responsibility for the switch from one tank at a time, to both tanks at once. He said after the Holiday Farm fire, the utility realized that installing both storage tanks at the same time, added critical flexibility from a capacity and storage perspective. Mr. Lawson added he originally approached the Board about installing both tanks about four months ago, and after a thorough analysis, the two tanks approach was shown to be beneficial to the utility and the community it serves. He admitted the communication with the public could have been better, and he said it was something for him to adjust and learn from going forward.

Commissioner Barofsky wondered what EWEB's options would be if the State refused to allow College Hill reservoir to continue functioning.

Ms. Kelley, pointing to her 15 years of experience working with the Oregon Health Authority's (OHA) Drinking Water Service (DWS), offered that most likely what would happen in this situation, is DWS would put EWEB under a bilateral compliance

agreement in which EWEB would have to provide a new action plan with new dates, for the taking College Hill offline.

Vice President Brown said he was glad there were two options for tank siting, and that he was in support of the Record of Decision.

Commissioner McRae said the report the Board was provided was very well-executed and very thorough, and through this report, he felt comfortable the decision to install both tanks simultaneously was the correct one. He sympathized with the people living adjacent to this project, and asked staff to come up with ideas to reduce and then offset impacts of three years of construction.

President Schlossberg expressed empathy for the community members who would be impacted by the installation of the tanks. She believed this course of action was the more efficient choice and would also serve to not stretch out neighborhood construction any longer than it needed to be.

Mr. Lawson agreed with Commissioner McRae concerning staff work aimed at mitigating the effects of the construction on the neighborhood. He reported the installation of both tanks simultaneously was definitely within the scope and the affordability range of both the Capital Improvement Plan, and the Long-Term Financial Plan.

Commissioner Carlson reiterated that she is very sympathetic to the neighbors. She acknowledged this is going to be a significant impact and she is sorry for those that live around there. She noted that in the long term, EWEB will be a good neighbor as the space will remain primarily trees and the rest of the property would not be developed with housing. She said we want to be apprised when things are not going well there. She also stressed the importance of communication with the community regarding blasting to ensure the impacts are known and planned for in advance.

President Schlossberg asked the Board for a show of hands to endorse the Record of Decision.

The Board gave its unanimous endorsement.

2020 Year-end Audited Financial Statements and Management Letter

Mr. Simovic offered the Board a report and PowerPoint presentation on 2020 year-end audited financial statements and management letter.

Regarding the recommendation to regularly review SOC reports, Commissioner Barofsky asked about the number of third-party vendors currently performing services for EWEB.

Mr. Simovic said that while he did not know the exact number, he believed it was less than 50.

Mr. Lawson explained that EWEB currently prioritizes the systems which involve the most risk, such as those related to billing.

Mr. Knabe said that EWEB has identified four or five systems. EWEB hosts the majority of its systems on premise and is using only a few SaaS tools currently.

Vice President Brown, stating the utility did not receive monies from FEMA every year, asked if the additional cost for accounting for those years in which EWEB *did* receive FEMA funds, could be quantified. He also wondered what it would take for the closing of accounts to not be a recurring finding of audits of the utility.

Mr. Simovic said he did not have a definite answer to Vice President Brown's first question at this time.

Mr. Lawson assured Vice President Brown that he was having some discussions with engineering and also our accounting departments to see if there were ways to automatically trigger some kind of a closing based on when an asset is actually put into commercial operation.

Regarding costs related to the FEMA reimbursements, Ms. Hart interjected that this year a single audit covered two programs and was \$22,000 (the first program was 12 thousand and the additional program was 10 thousand).

President Schlossberg asked Mr. Simovic if he was planning, in next year's audit, to look back to see what the utility had done in the year as far as recommended best practices were concerned.

Mr. Simovic said yes.

Break

President Schlossberg called for a break at 7:35 pm. She resumed the meeting at 7:40 pm.

Ratemaking Principles

Ms. Hart and Mr. Rue offered the Board a report and PowerPoint presentation on EWEB ratemaking principles.

Vice President Brown wondered how the utility was to employ gradualism, while there existed a steep financial curve to climb, due to the addition of a second water source.

Mr. Rue said that was what staff was trying to get at with a multi-year cost of service analysis (COSA); he said they were trying to incorporate the impacts of future years rate pressure on current years and looking to potentially pre-fund some of the large capital expenditures.

Vice President Brown asked if a similar process would be used to fund whatever EWEB decided to do with Leaburg.

Ms. Hart said the utility could use gradualism in conjunction with a multi-year COSA for that type of expenditure; she added the latter would inform the trajectory of the former, and also provide staff with detailed information they could then pass on to the Board.

Commissioner Carlson, citing the COVID pandemic and the Holiday Farm fire, asked how volatility was built into ratemaking principles.

Ms. Hart said efficiency was a place within the ratemaking principles where volatility could be addressed. She said the utility kept reserves for such volatility, and if the need arose to use those reserves, staff would have a conversation with the Board in the following ratemaking period.

Commissioner Barofsky wondered at what point the utility would look at internal efficiencies as they affect cost of service.

Mr. Rue said EWEB's annual budgeting process would be instrumental in looking at internal efficiencies, and staff usually offered their first glimpse of the following year's budget in July.

General Manager's Annual Performance Evaluation and Merit Discussion for Year 2020

President Schlossberg offered those present feedback the Board had received from other EWEB employees, praising Mr. Lawson for his adept role as EWEB General Manager. She too thanked Mr. Lawson for his dedication to the utility.

Commissioner McRae thanked Mr. Lawson for a job well done as EWEB General Manager.

Vice President Brown echoed Commissioner McRae's sentiment; he added that even when faced with the COVID pandemic, and the Holiday Farm fire, Mr. Lawson had done—and is doing—an exemplary job as GM.

Commissioner Carlson asked if the utility had done a comparator study in 2020 where the GM's salary was concerned.

Ms. Kostopulos said no.

Commissioner Carlson asked if it had been decided that merit pay increases would not be given.

Ms. Kostopulos said instead, the utility had employed a method known as "progression," in which progressive pay increases parallel an employee's proficiency at their job. She added the goal of this method was to move employees into the center of the customary

salary range of their position. Progression adjustments were made this year, however pure recognition, or merit awards, were withheld due to economic realities.

Vice President Brown said he would like to know what other local utilities did vis-à-vis general manager salaries, so the Board would have as much useful data as possible to make these kinds of decisions going forward.

Ms. Kostopulos suggested the Board give staff a couple of months to gather that data and added that any decision came to in light of said data, could be issued retroactively, with the Board issuing a retroactive effective date.

Commissioner Carlson said given that the General Manager did not receive any salary adjustment last year, it seemed fair and equitable to do something this year to recognize that. She also pointed out that other staff received an increase last year while he did not. She added—without collecting the data from other utility providers in the area—EWEB could choose an increase figure as recognition and reward for the way in which Mr. Lawson handled the rigors of his position during a year that included a global health crisis, and a devastating local forest fire.

Ms. Kostopulos said she took the liberty of looking up EWEB's average employee salary increase for those receiving recognition awards last year, and that figure was just under 2%. She also said staff was happy to gather the GM salary data from other local utilities, adding they could expedite the process.

Commissioner Carlson suggested they give that same percentage of just under 2% to Mr. Lawson.

Commissioner Barofsky agreed with Commissioner Carlson as to rewarding Mr. Lawson the aforementioned 2% salary increase, and furthered that he would also be okay with a 3% increase.

Vice President Brown agreed with a 3% increase.

Commissioner Carlson moved to add a 3% increase to General Manager Lawson's base salary. The motion passed unanimously 5:0.

Correspondence

Mr. Lawson offered the Board a report on this month's Correspondence.

Commissioner Barofsky asked if there was a time limit for parking and plugging into one of the electric vehicles (EV) charging stations. He wondered, because there were charging stations that an EV would have to remain plugged into all day to charge up, and he thought it a better practice to have charging stations which could charge an EV in about a half an hour.

Mr. Lawson said staff would look at bringing those types of quick-charging stations online, after gathering data on consumption patterns.

Future Board Agendas

a. McKenzie Valley Meeting

Mr. Lawson and Ms. Kah offered the Board a brief report and PowerPoint presentation on the upcoming McKenzie Valley meeting.

President Schlossberg felt the presentations planned for the McKenzie Valley meeting were a bit stiff and formal, and she thought it would be more appropriate—and more helpful to the community members who will attend the meeting—if the presentations, while still retaining the pertinent information, were a bit less formal, and left room for those community members to add their voices. She also wondered if the list of agenda topics for the meeting had been vetted by any upriver community members.

Mr. Lawson said staff's intent was to vet a list with some of EWEB's key contacts inside the upriver community. He added there were no PowerPoint presentations planned for the meeting; instead, there will be a handout with more detailed information available for those who need or want it, but the overall tone of the meeting will be informal.

Commissioner McRae offered the meeting topics were quite dense, and he wanted to make sure that the utility was very clear with the community members in attendance about the content of the meeting, and EWEB's capabilities as far as answering their questions was concerned.

Commissioner Carlson stressed the importance of making sure everyone at the meeting is able to hear the questions and the answers. She said she might be inclined to switch the order of the meeting agenda, so a potential price increase is not the last thing discussed at the meeting. Commissioner Carlson added this year was not the year to introduce an upriver price increase and said she would like to hear what her fellow commissioners thought about that idea before it was added to the McKenzie Valley meeting agenda.

Mr. Lawson said the order of the agenda items was not set. It was anticipated that customers may inquire about the topic of the COSA and potential price increase proactively. This item could be removed and instead wait for possible inquiries. He indicated this is something we can gage with the public.

Commissioner Barofsky said that since the topic conversations by EWEB would be truncated and informal at this meeting, it might be appropriate to have a second McKenzie Valley meeting in late summer—when EWEB's plans have been made clearer—at which the utility could expound on the topics of the previous meeting.

Mr. Lawson said a large part of communication issues between the utility and the upriver community was the mandated use of a virtual format, due to COVID. He said he hoped that by autumn, in-person meetings would be possible again.

President Schlossberg said she agreed with Commissioner Barofsky about having a second upriver meeting.

Mr. Lawson assured the Board this community meeting process would be refined further, and staff would reach out to the community and get back to the Board concerning the community's input.

Board Wrap-Up

Vice President Brown asked if, when EWEB decided on the per meter charge for the upriver restoration, the utility had received finalization from other water providers such as River Road Water District and Veneta as to their contributions to the restoration project.

Ms. Hart offered that the water districts' contracts do not allow EWEB to bill the water districts' customers directly, however they were in negotiations with the water districts to pass through that total charge so, in the end, everyone would be paying the same amount.

President Schlossberg pointed out how long this meeting was and reiterated her previous ask of breaking big meetings up into two smaller ones.

Mr. Lawson acknowledged President Schlossberg's request, and said he would dedicate time to figuring that out.

President Schlossberg adjourned the meeting at 9:05 p.m.

Recorded by Rodney Cimburke

Assistant Secretary

President