

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
VIRTUAL MEETING
October 5, 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; Deborah Hart, Chief Financial Officer; Anne Kah, Administrative Services Manager; Karen Kelley, Chief Operations Officer; Wally McCullough, Water Engineering Supervisor; Adam Rue, Fiscal Services Supervisor

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

Agenda Check

President Schlossberg suggested 20 minutes be added just after the Public Input item, to give Commissioners a chance to talk about the recent Work Session EWEB shared with the Eugene City Council. The Board consented.

Items from Board Members and General Manager

Commissioner Carlson reported that she had recently attended the Lane Council of Governments' (LCOG) meeting, at which the topics of cybersecurity (she suggested EWEB staff reach out to LCOG to share information on the topic), and a survey to gauge public opinion about filling the Lane Community College (LCC) Board President position, as the current LCC Board President had indicated they were moving on after the upcoming year; she said that she would share the survey with EWEB Commissioners, and she suggested they in turn share it widely. Commissioner Carlson thanked staff for the tours the Commissioners had been taken on recently; she said they were most helpful.

Vice President Brown announced he would not be able to attend the Finn Rock Reach tour. He said he had witnessed an EWEB crew work on a substation in Eugene, and he was very impressed with the safety protocols and professionalism observed by the crew.

Commissioner McRae said he had met with EWEB staff as they were presenting to residents in the College Hill area about replacing the area's water infrastructure; he said

the presentation was accessible, and the staff members stayed until all the residents' questions were answered. Commissioner McRae thanked staff and President Schlossberg for their work surrounding the recent joint work session with the Eugene City Council.

Commissioner Barofsky said he recently attended a Fairmount Neighborhood Association (FNA) meeting, at which the new development going in atop Capitol Hill was discussed. He said he would be reaching out to staff concerning an agreement between EWEB and the developer, that infrastructure be put in to ensure an adequate water supply for the new development.

Mr. Lawson thanked the staff at the Hayden Bridge facility for a recent tour they hosted for Commissioners. He also thanked the University of Oregon's Soil Plant Atmosphere (SPA) Lab for a recent tour; Mr. Lawson said EWEB was working with the lab to study the long-term impacts of watershed and riparian restoration on carbon sequestration.

President Schlossberg also thanked the Hayden Bridge staff for their tour. She said she would strive to use other Commissioners' full names during the meeting for identification purposes, but she was also trying to be a little less formal, so she would only identify them (and herself) by their full names periodically during the meeting.

Public Input via Telephone

Mark Robinowitz of Eugene said he found it ironic that EWEB was putting in new water storage reservoirs at the E. 40th and Hilyard site, when that area contains a small wetland area. He added that he hoped EWEB mandated the dump truck drivers to and from their construction sites cover their trucks to prevent flying debris.

Jim Neu of Eugene said he felt encouraged by the recent joint Work Session with Eugene City Council, but hoped those joint meetings would be held more frequently than just quarterly. Mr. Neu said the Environmental Protection Agency (EPA) for the first time did not include gas appliances on the Energy Star list; he asserted no new gas appliances should be installed, and he said he trusted EWEB to come up with environmentally sound, and socially responsible energy policies into the future.

Linda Kelly of Eugene wondered why Mr. Lawson expressed interest in a dual-source heat pump at the recent joint Work Session; with natural gas on the way out as a source of energy, she thought it more appropriate for EWEB to pursue total electrification. Ms. Kelly said she had a recent conversation with the Lane County Rental Owners Association (LCROA) about the best way to support electric heat pumps in rentals; she said she learned that EWEB was a former member of the LCROA, and expressed disappointment that the utility was not taking advantage of LCROA to get electric heat pumps installed in rentals.

Phil Barnhart of Eugene urged the Board to heed the forecast of the Intergovernmental Panel on Climate Change (IPCC), which stated that the U.S. had to eliminate greenhouse gas emissions entirely by 2050. He said the relaxed response he had

witnessed from public agencies gave him pause, and he implored the utility to work with the City of Eugene to stop adding methane gas to the local energy mix.

Madeline Cowen of Eugene, and representing Cascadia Wildlands, asserted that the EWEB Board of Commissioners should publicly condemn General Manager Lawson's proposal at the joint meeting with Eugene City Council to expand natural gas infrastructure to more homes in Eugene which she believed to be a coordinated effort with NW Natural to help the latter avoid regulation. Finally, Ms. Cowen said it was apparent that climate change was no longer a threat, but a reality, and EWEB needed to do everything it could to get Eugene completely off of fossil fuels.

Commissioner Barofsky said he hoped EWEB would rejoin the LCROA, as it was an excellent way to reach rental property owners about electrifying their rentals.

Mr. Lawson said he would look into why EWEB was no longer a member of the LCROA, and he would explore avenues to rejoin, as he agreed with Commissioner Barofsky about reaching rental property owners. He said he would follow up with the Board before the next meeting.

Commissioner Carlson assured Mr. Robinowitz that she and other EWEB Commissioners were paying attention to the project and making sure that it is as low impact to the residents as it can be.

President Schlossberg mentioned EWEB and Eugene City Council leaderships had discussed a second, more in-depth joint work session focused on electrification later in the autumn, or early winter.

Mr. Lawson said that while he was working in collaboration with NW Natural, and several other regional energy entities, he was not doing so in an attempt to undermine local climate action, but rather working jointly on several topics, including: renewable hydrogen, dual fuel heat pump technology, and the potential for carbon offset investments in the McKenzie Watershed. He added that EWEB has always supported electrification, and that fact is supported by the over 50 energy efficiency, conservation, and electrification programs EWEB has currently.

Joint Work Session with City of Eugene – Debriefing and Discussion

President Schlossberg posited some of the contention arising over the joint work session, was due to the difficulties of two separate entities participating in a Zoom meeting.

Commissioner Carlson stressed EWEB should have a specific electrification proposal to present to the Eugene City Council at their next joint meeting, rather than just a list of options.

Mr. Lawson pointed out that EWEB staff and the Eugene City Manager and her staff, had a great working relationship, and pointed to the awkwardness of the meeting format

as to causing frustration for participants and the public. He said, in retrospect, the presentation he offered at the joint work session was poorly timed, and possibly should not have been offered in that particular environment.

Vice President Brown said he took no issue with Mr. Lawson's presentation, saying he dreaded the time where it was not encouraged to explore several different avenues, and to ask questions concerning them. He added EWEB and the City itself would benefit the most from electrifying the transportation sector, and expressed surprise that no one had mentioned that at all in the joint work session. In response to earlier public comment he clarified that the EWEB Board and the City Council do not currently hold quarterly joint meetings. He added he sensed division between the City Council and the utility, and that it was very important the two entities work together.

Commissioner McRae agreed with his colleagues about the awkwardness and difficulty of Zoom meetings; he said he looked forward to returning to in-person meetings. He agreed specifically with Commissioner Carlson about putting together a proposal ahead of future joint work sessions.

Commissioner Barofsky suggested the relationship with the Eugene City Council should be that of a very responsible and valuable advisory committee to the City of Eugene in certain areas, and the relationship could be reciprocated by Eugene City staff to EWEB. He said when there is over a dozen elected officials all trying to make points at meetings like this, it does not work.

Commissioner Carlson proposed putting tangible, quantifiable carbon reduction goals into EWEB's Strategic Direction #15 (SD15) concerning climate change. She received confirmation from other Board members

Vice President Brown wondered if there would be a triple-bottom line (TBL) analysis done on SD15. He was uneasy with the suddenness of this decision, and lack of discussion leading up to and informing it.

Commissioner Carlson pointed out EWEB had passed a Resolution in 2011 affirming solid carbon reduction goals, and she was only asking to apply those goals to SD15.

Mr. Lawson said there were a couple of ways the Board could go about adding these goals to SD15: they could have staff return to them with the things the Board thinks are missing, or they could have a facilitated discussion about SD15 at a future Board meeting.

President Schlossberg asked if there were any open work session times available.

Mr. Lawson replied no, but they could possibly schedule a work session after the Holidays.

Commissioner Carlson pointed out that Board meeting packets are usually 400-500 pages due to the budget, and the Board might not have the bandwidth at that time to take on adding quantifiable carbon reduction goals to SD15.

Vice President Brown said he took no issue with extra meetings, as the subject matter was of the utmost importance, and it was the Board's job to address it.

Commissioner Barofsky said he was in support of pursuing this, but it was important that the subject matter be well thought out and concise beforehand.

Approval of Consent Calendar – A Minutes and Routine Contracts

MINUTES

- 1. a. August 3, 2021 Executive Session - Amended**
- b. September 7, 2021 Executive Session**
- c. September 7, 2021 Regular Session**

CONTRACTS

- 2. BCI Contracting, White's Tree Service LLC, and Brink Brothers Inc.** - for three contracts for Hazard Fuel Management. \$4,500,000 (between three contracts over 5 years) based on Formal Invitation to Bid.

Commissioner Carlson 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

- 3. Wolf Water Resources** - for Wetland Delineation and Hydraulic Modeling services. \$300,000 (over 5 years) based on Formal Request for Proposals using the Qualification Based Selection (QBS) process.

RESOLUTIONS

- 4. Resolution No. 2112-** Update to Board Policy GP10 Public Input.
- 5. Resolution No. 2114** - Annual Investment Policy Review.
- 6. Resolution No. 2116** - Update to Board Policy SD1, Mission, Vision, Values & Legacy and Amendment to Strategic Plan.

Commissioner Carlson moved to approve Consent Calendar B. The motion passed unanimously 5:0

2022 Draft Electric & Water Budgets and Long-Term Financial Plans - Update

Ms. Hart and Mr. Rue offered the Board an update on the draft 2022 electric and water budgets, and EWEB's long-term financial plans (LTFP).

Public Hearing on 2022 Budget Assumptions and LTFP

President Schlossberg opened the public hearing on 2022 budget assumptions and LTFP.

Mark Robinowitz of Eugene warned that in their efforts to electrify Eugene, EWEB might make it more difficult to focus on solar power in the city. He asserted this was especially true when much of the electricity being generated was done so through the burning of natural gas.

President Schlossberg closed the public hearing on 2022 budget assumptions and LTFP.

2022 Draft Electric & Water Budgets and Long-Term Financial Plans - Direction

Commissioner Carlson was curious about what factors staff used to account for inflation in the coming year.

Mr. Rue said they typically projected out a lot of the purchase power costs, separate than any of inflationary adjustments, so they look at individual power contracts or wholesale markets.

Commissioner Carlson asked if there was any wiggle room as far as where the model shows EWEB's debt service coverage ratio heading, and where it might actually go.

Mr. Rue said that staff had looked at how to balance any unknown future costs against the utility's most conservative budget assumptions.

Commissioner Carlson wondered if it would be better to budget higher to try and offset the various unknown costs.

Mr. Lawson said it was possible for EWEB staff to make adjustments, especially on the capital side of the utility, to mitigate the impacts of unknown costs. He added these mechanisms made it so staff did not have to come before the Board regularly for the Board to approve budget amendments.

Commissioner Barofsky asked about the inflationary pressures discussed on page 73 of the board packet that would result in rate increases. Referencing the scenario of a 5% inflationary increase for non-labor O&M, he inquired whether that meant a whole 5% higher than the 3% the utility was already budgeting for, or 2% higher than budgeted.

Mr. Rue said that it referred to a 5% inflationary increase instead of the currently budgeted 2% for non-labor O&M, and 3% for the capital plan.

Mr. Barofsky asked what effect drawing down the rate stabilization fund would have on rates.

Mr. Rue said the Finance Department would have to do some modeling specific to Commissioner Barofsky's question, and get back to him.

Commissioner McRae praised the amount of foresight required by EWEB to set up a rate stabilization fund in order to more easily moderate rates. He asked for the meaning of the key assumption that refers to "51 megawatt hours melded mid-market price curve".

Mr. Rue explained there were typically on- and off-peak prices the Finance Department staff looked at for wholesale power activity, and the melded price was the weighted average of those prices.

Commissioner McRae said in the future, he would like to see a discussion of bills alongside the discussion of rates. He felt keeping energy bills affordable was essential.

Commissioner Barofsky asked for clarification on the talking point of energy prices going down in the future, instead of rising.

Mr. Rue offered that although the energy sector has presented with volatile price fluctuations in the near-term, the long-term projections showed more consistency.

Break

President Schlossberg called for a break at 7:40. The meeting reconvened at 7:45.

Water Utility Second Source Project - Update/Planning

Ms. Kelley and Mr. McCullough offered the Board an update on the water utility second source project.

Commissioner Carlson asked if a meeting with the City of Springfield would be handled at the staff level, or would it behoove EWEB Commissioners to also participate.

Mr. McCullough said in the past, it had been General Manager-level discussions with City of Springfield.

Commissioner Carlson wondered if the plans for an EWEB plant on the Willamette River were still the same now as they were in 2017.

Mr. McCullough said it was the exact same plant.

Commissioner Carlson said she was in support of moving forward with the second source facility.

Vice President Brown asked if there was a way to position the EWEB intake on the second water source facility, so that it was above the confluence of the Coast Fork of the Willamette. He said this was to avoid dealing with effluent from other municipalities.

Mr. McCullough said in order to move the intake upstream, it would have to be placed in the Middle Fork of the Willamette, which presented challenges, including a reduced capacity.

Vice President Brown asked if water temperature would be an issue.

Mr. McCullough, recalling the past preliminary design efforts, said that had not been an issue as far as blending water into EWEB's system.

Vice President Brown asked if there is risk in the utility moving forward with site and building design, permitting, etc. before the land-use issues are settled.

Mr. McCullough concurred that EWEB must start working on land use matters as soon as possible. He said that both potential sites have similar constraints, including land use requirements, and involving the Public Facility Services Plan, as well as required amendments to the Glenwood Refinement Plan, et cetera. He offered an advantage to the second site, that was negotiated with the Springfield Utility Board, was that it would result in a consolidated utility footprint.

Vice President Brown asked if there were plans to work jointly with SUB on watershed management, similar to what EWEB does in the McKenzie Watershed.

Mr. McCullough said it was far too early in the process to address the management of the Willamette Watershed.

Ms. Kelley offered that it is certainly our hope to partner with SUB and other agencies who are interested in protecting that source.

Commissioner Barofsky asked if the facility would be gravity-fed or pumped.

Mr. McCullough said it would be pumped, similar to EWEB's Hayden Bridge facility.

Commissioner Barofsky asked if the new facility were pumping five million gallons of water a day (mgd), and the South Eugene area did not consume that much. Would all that water come from the new facility on the Willamette.

Mr. McCullough said, depending on the time of year, between 40 and 80% of the 5 mgd would be Willamette water.

Commissioner McRae asked about the 2013 water permit mentioned in the presentation. He wondered if that was in addition to EWEB's pre-1909 water right.

Mr. McCullough said it was, and it basically mimicked that original water right.

President Schlossberg asked if the second source facility would be built to more modern seismic standards than older EWEB facilities, like the Hayden Bridge facility.

Mr. Mccullough said it was being built to be operational no more than 24 hours after the Cascadia earthquake.

EWEB Headquarters Property Disposition

Mr. Lawson and Ms. Kah offered the Board a report and PowerPoint presentation on the disposition of the EWEB headquarters property.

Commissioner Barofsky said it was his hope the headquarters property be utilized to the utmost, and not end up sitting empty.

Vice President Brown said he hoped the property dealings could be settled quickly, and not drawn out like other large properties in Eugene.

Mr. Lawson opined to the Board that the old headquarters property be sold outright, as opposed to renting/leasing, putting EWEB in a landlord position.

Commissioner Carlson said she too hoped the property would be occupied, and utilized in a way which benefitted the community.

Commissioner McRae said EWEB should continue to pursue selling the property to a public entity.

President Schlossberg said she was looking forward to getting the information from the local school district, SD4J, about how they dealt with an old property of theirs.

Correspondence & Board Agendas

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

Board Wrap Up

Vice President Brown said if EWEB were to raise rates, it would be a financial windfall to the City of Eugene because of the benefit they would get from Contributions in Lieu of Taxes CILT. He said the utility should suggest to the City that a portion of that money be used to achieve their climate recovery goals.

Commissioner Barofsky said he would like the opportunity to spend more time on important topics such as the second water source project. He said he hoped to come out to the Roosevelt Operations Center (ROC), to spend a little more time on such topics. He added that he would like to meet with Ms. Hart and the EWEB Finance Department before the budget comes out.

Mr. Lawson assured Commissioner Barofsky, and the entire Board, if there was a Commissioner who wished to take a deeper dive on any subject, staff time would be dedicated to it.

Commissioner Carlson said it helped her a great deal to be able to send questions to staff outside of a Board meeting. She said she always received thorough responses.

President Schlossberg agreed with Commissioner Barofsky about the importance of one-on-one time between Commissioners and staff, and wondered at the feasibility of these types of meetings with staff before a Board meeting.

Mr. Lawson said there were several avenues the board and staff could take; he mentioned that often large, more complex, and significant topics were stretched out over several months of Board meetings, to allow the Board to better digest them.

President Schlossberg adjourned the meeting at 8:57 p.m.

Recorded by Rodney Cimburke

Assistant Secretary

President