

EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
January 4, 2022
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 <https://www.eweb.org/about-us/board-of-commissioners/2022-board-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; Anne Kah, Administrative Services Manager; Rodney Price, Assistant General Manager

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

Agenda Check

Mr. Lawson said that Commissioners had shown interest in adding time to agenda item 12—Board discussion about the solicitation process of the EWEB Headquarters property.

President Schlossberg mentioned the Board retreat dinner was coming up in a couple of weeks.

Vice President Brown said he hoped the Commissioners would be able to have the retreat dinner; he suggested—due to the omicron variant of COVID—Commissioners hold that date, and see if everyone felt comfortable before committing to have the dinner or not.

The other Commissioners agreed.

Items from Board Members and General Manager

Commissioner McRae thanked Laura Farthing et al. for a recent tour of the E. 40th and Hilyard water storage project; he said if other Commissioners had a chance, they should definitely tour the site.

Commissioner Carlson thanked EWEB staff for their hard work and dedication during the recent snowstorm.

Commissioner Barofsky thanked President Schlossberg for her work as Board President, adding that she did an excellent job shepherding the new Commissioners through the meeting process.

Vice President Brown agreed with Commissioner Barofsky regarding President Schlossberg's leadership. He also thanked EWEB staff for their response and restoration of power outages during the recent snowstorm.

Mr. Lawson praised EWEB crews and their support staff for their work during the recent snowstorm. He pointed out the event took place during a Holiday, and staff was able to deal with power outages and water disruptions very quickly. He said that the General Manager of Emerald People's Utility District (EPUD), Scott Coe, had retired at the end of 2021, and he recognized Mr. Coe's service to that utility and its ratepayers.

President Schlossberg appreciated the recent EWEB Pledge to Prepare email she received.

Approval of Consent Calendar – A, Minutes and Routine Contracts

MINUTES

1. a. December 7, 2021 Regular Session

CONTRACTS

2. Riverbend Materials – for additional funds for ¾" minus gravel. \$330,000 (resulting cumulative total \$580,000) based on a Formal Invitation to Bid.

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

Approval of Consent Calendar – B, Non-Routine Contracts and Other Consent Items

CONTRACTS

3. Dowl LLC – for engineering and related services for Carmen Bridge seismic upgrades. \$220,000 based on a Formal Request for Proposals/Qualifications Based Selection (QBS) Process.

4. Kevin Cohen Plumbing, Inc. DBA Accurate Underground – for plumbing service reconnection work. \$371,000 based on a Formal Invitation to Bid.

5. Mitsubishi Electric Power Products, Inc. – for 115/230 kV circuit breakers. \$2,400,000 based on a Formal Request for Proposals.

RESOLUTIONS

6. Resolution No. 2202 - Western Generation Agency (WGA) Board Appointment.

7. Resolution No. 2203 - Declaring Surplus Property for Utility Corridor Adjacent to Beltline.

8. Resolution No. 2205 - Annual Appointment of Supplemental Retirement Plan Committee.

RATIFICATION OF BOARD APPOINTED CONSULTANTS

- a. General Counsel** - Luvaas Cobb Law Office (Eric DeFreest Primary Contact)
- b. Supplemental General Counsel** – Harrang Long Gary Rudnick P.C.
- c. Real Estate Legal Counsel** – Arnold Gallagher P.C.

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

2022 Election of Officers

Commissioner Carlson nominated John Brown for Board President, seconded by Commissioner Barofsky. The nomination passed 4:0, with President Brown abstaining.

Commissioner Barofsky nominated Commissioner Carlson for Board Vice President, seconded by President Brown. The nomination passed 4:0, with Vice President Carlson abstaining.

2022 Appointment of Board Liaison Assignments & Committees

Lane Council of Governments

President Brown said that Vice President Carlson had expressed interest in remaining in the liaison position with Lane Council of Governments (LCOG); he added that Commissioner Barofsky was currently in the alternate position for this assignment, and asked if anyone else would like to be considered for those positions. Hearing no one else, President Brown congratulated Vice President Carlson on her continued role with LCOG

McKenzie Watershed Council

Commissioner Barofsky said he had enjoyed his time with the McKenzie Watershed Council (MWC), and was willing to remain in that role, but would step aside if another Commissioner wanted to take it on.

Commissioner Barofsky continued in his role as Board liaison with the MWC.

Other Post-Employment Benefits

President Brown continued in his role as Board liaison with Other Post-Employment Benefits (OPEB).

Springfield Utility Board

Commissioner McRae said he would like to be the liaison with the Springfield Utility Board (SUB).

President Brown congratulated Commissioner McRae on the assignment.

Lane Electric Co-Op

Commissioner Schlossberg continued in the role of Lane Electric Co-Op liaison.

City of Eugene

President Brown and Vice President Carlson—as discussed by the Board at the last meeting—would be the liaisons to the City of Eugene.

Board Policy SD15 Climate Change: Resolution No. 2204

Mr. Lawson offered the Board a report and PowerPoint presentation of EWEB Board Policy SD15, dealing with climate change.

Vice President Carlson moved to approve Resolution 2204, EWEB Board Policy SD15. The motion passed unanimously 5:0.

Proposed 2022 Strategic Goals/Organizational Performance Measures

Mr. Lawson and Mr. Price offered the Board a report and PowerPoint presentation on Proposed 2022 Strategic Goals/Organizational Performance Measures.

Commissioner Schlossberg offered the goals and measures looked great, but she reiterated that it was important for the Board to take advantage of the time allotted for Work Sessions, considering the density of the material coming up for the EWEB Board in the coming year.

Commissioner McRae pointed out the Board was queuing up what appeared to be several revisions to board policy, and he felt policy revision should be included in the next round of goals and measures.

Commissioner Barofsky supported the goals and measures, saying that he would like to see cost numbers on Leaburg, and the second water source project. He said those numbers would be crucial heading into a multi-year rate design plan.

President Brown wondered about the first goal, which states EWEB would be integrating and using advanced metering (AMI) data. He asked how that would be possible since the utility had postponed advanced metering work.

Mr. Lawson said that the AMI project was not fully accomplished in previous organizational goals due to supply chain issues, but as soon as those issues were resolved, EWEB would launch fully back into AMI deployment and operationalizing the data. The 2022 goal is intended to use the technology as deployment allows.

Vice President Carlson moved to approve the 2022 Strategic Goals/Organizational Performance Measures as presented. The motion passed unanimously 5:0.

EWEB HQ Property Solicitation Process

Mr. Lawson and Ms. Kah offered the Board a report and PowerPoint presentation on the EWEB Headquarters (HQ) property solicitation process.

Will the Board liaison(s) fully participate as team members on the Project Team and the Evaluation Team, or does the board or any (liaisons) wish to limit participation in certain activities?

Vice President Carlson offered it was important to have liaisons on both Project and Evaluation Teams, and she advocated they be different Commissioners for each, promoting diversity and more Board involvement.

Commissioners Schlossberg and McRae agreed, the latter adding that however the liaisons were set up, attention needed to be paid to time management. He said Commissioners needed the bandwidth to make all the decisions they are already called upon to make.

Commissioner Barofsky also agreed, reminding his colleagues that all decisions would be brought before the entire Board, and not decided from the liaison position(s).

Mr. Lawson said that there would be a total of four liaisons (two per the Project Team, and two per the Evaluation Team), and reiterated that the decision-making would always be at the discretion of the entire Board.

Vice President Carlson and Commissioner Barofsky volunteered for the Project Team, and President Brown and Commissioner Schlossberg volunteered for the Evaluation Team.

What are the Board's goals for disposition of the HQ property?

- **Are any important elements missing from the proposed criteria?**
- **The proposed criteria should reflect the Board's values and goals.**
- **The weighting should accurately reflect the Board's priorities.**

Does the Board wish to eliminate any of the following options for acceptable offers?

- **Long-term lease**
- **Trade**
- **Combination of purchase/lease/trade**

Vice President Carlson said it was important to her the property benefitted the community in some way, even if that meant the process might take a little longer.

President Brown felt the utility should not enter a long-term lease, and said a cash sale would allow EWEB to pay off debt that is accruing interest daily.

President Brown expressed concern regarding a statement about the property that was in the backgrounder on this agenda item; specifically, due to market uncertainty, he cautioned against any language that claimed EWEB's property value would go up because of City of Eugene's projects.

Ms. Kah thanked President Brown for his input, and said she would strike that language from the backgrounder.

Commissioner Barofsky said he would be amenable to a short-term lease-to-buy combination; he added that for any kind of long-term lease situation, he would have to see the financials of the entity interested in a lease.

Mr. Lawson clarified EWEB was under no legal obligation to use funds raised by the sale of the HQ property for debt service; instead, the funds would be put to current highest and best uses of cash.

Commissioner McRae posited all options/possible buyers should be left on the table, instead of deferring to cash sale options only.

Vice President Carlson asked if the Board could apply rankings to the evaluation criteria.

Mr. Lawson said they could.

Commissioner Schlossberg cautioned the Board about this process possibly mushrooming and dragging on, when the body already had no shortage of important decisions to make. She was in favor of firming up the boundaries on the closing date, instead of leaving it open-ended.

Commissioner McRae agreed with Commissioner Schlossberg, saying an open-ended closing date encouraged a longer, ever-more complex process.

Vice President Carlson asked for clarification about the scoring and selection process.

Mr. Lawson said if the process involved a competitive range, then the top few possible buyers for the HQ property would be brought to the Board, giving Commissioners the opportunity to advance two or three of them to the next step, which could be a final offer proposal.

Vice President Carlson said she was supportive of a competitive range.

Commissioner Barofsky said he too was in favor of a competitive range, adding that he thought 90 days would not be long enough for the type of interest the utility will most likely be gleaming on the property.

President Brown asked if a potential buyer asked a clarifying question, and the answer from EWEB was information not in the original packet, would they then have to disseminate that information to all potential buyers.

Mr. Lawson said he did not have an answer to that question right off the top of his head, but he would get back to the Board with those types of clarifications.

Vice President Carlson stressed the importance of community involvement, saying that, although the 90-day window was short, it was important the community did not perceive the Board making all these huge property decisions behind closed doors, as proposals may be under a non-disclosure agreement and discussed in executive session.

Mr. Lawson assured Vice President Carlson that staff would look into the public communications piece surrounding the sale of the property.

Mr. Lawson asked the Board if they would be interested in selling a very small section of the property (approximately 3,450 ft²) at the southeast corner of the parcel to either the City of Eugene, or the Urban Renewal Agency ahead of the sale of the entire property.

Commissioner Barofsky said he was okay with selling this small piece to the City of Eugene, but wondered if it could be used as a bargaining chip to release EWEB from giving the Urban Renewal Agency right of first refusal.

Mr. Lawson said that might be possible, but the language would need to be included in the purchase and sale agreement.

Vice President Carlson wondered what would happen if Eugene decided they did not in fact want to purchase the piece of the parcel, and how long they would have to do that.

Mr. Lawson said lot line adjustment processes were long and included many administrative steps; he added this small piece of the property would be excluded before any lot line adjustments were made. Mr. Lawson also said EWEB would give City of Eugene a set amount of time to make a decision.

Vice President Carlson asked if 90 days was feasible.

Mr. Lawson said that, typically with surplus declarations, the City was given 30 days to respond, so he did not believe 90 days would be necessary.

President Brown said he did not see the benefit of selling this small piece to the City, instead suggesting that whoever buys the entire property, can decide to sell this piece to Eugene themselves. He furthered that selling this piece to the City of Eugene would restrict the utility in the sale of the entire property, and also restrict the tenant of the building.

Break

President Brown called for a break at 7:24. The meeting reconvened at 7:34.

Annual Board Policy Review

Mr. Lawson offered the Board a report and PowerPoint presentation on the annual Board policy review.

Commissioner Barofsky thanked Mr. Lawson for the review, as it helped identify areas into which the Commissioner needed to dive deeper.

Commissioner McRae was curious about the Board parliamentary procedures surrounding Board vacancies.

Mr. Lawson said he would look deeper into them, as they were not something he had spent a lot of time on in the past.

Commissioner Schlossberg was in agreement with the equity policy, and she was supportive of EWEB taking a look at other utilities' equity policies. She also wanted to revisit the rule about a Board member forfeiting their position if they miss three or more meetings; she suggested the Board consider the ability to participate virtually and how that capability might affect the policy because there may be a Commissioner or Commissioners who are not comfortable with in-person meetings in the future.

Mr. Lawson said that was a very important aspect, and he and staff had been looking at what they are calling the dynamic workforce model, that would address this concern, and modernize the utility's workforce.

Correspondence & Board Agendas

Commissioner Barofsky offered that since the City of Eugene's Compensation in Lieu of Taxes (CILT) would be increased by almost \$300,000 annually as a result of EWEB rate increases, the utility should make a formal suggestion to Eugene, that the CILT monies be applied to their climate action plan, potentially rendering unnecessary a bond or levy on the citizens of Eugene.

Vice President Carlson expressed unease at the \$300,000 windfall the City of Eugene would receive from EWEB's rate increase, and she agreed with Commissioner Barofsky's sentiment. She said she would like to see how that money is allocated, and how much the utility actually pays them.

Commissioner Schlossberg said she would like to see some type of pilot program implemented between the City of Eugene and EWEB, which used the aforementioned CILT increase to work toward goals the two entities had in common.

President Brown asserted that the 6% CILT was twice as much as the original intention of CILT itself. He said that, even if the Board decided to not formally make suggestions to Eugene on how they spend the \$300,000, he would do so as an individual.

Mr. Lawson said a discussion of topics on the docket for the Board President and Vice President's liaisonship to the City of Eugene was scheduled on the March Board meeting agenda, but it could be moved up to a February Work Session, if the Board wished, in order to give more opportunity for discussion on the matter.

President Brown pointed out there were many EWEB ratepayers who lived outside of Eugene city limits, and would see no benefit from the extra \$300,000, although—through paying EWEB rates—they contribute to it.

Commissioner Barofsky agreed with Commissioner Schlossberg about a mutually-beneficial program which utilized the CILT windfall.

Board Wrap-Up

Mr. Lawson said later in the week, the Board of Commissioners would be receiving a jointly-crafted memo from the Springfield Utility Board’s (SUB) General Manager, and himself; he said the memo was in regard to the Resolution passed jointly a couple of years ago by SUB and EWEB. Mr. Lawson also mentioned that Commissioners would be receiving the summary of their self-evaluation by the end of this week.

Commissioner Barofsky asked if staff could draft a Board memo, updating them on how the recent winter storm had affected EWEB operations.

Mr. Lawson said yes.

Commissioner Barofsky asked if it was appropriate for the EWEB Board of Commissioners to send a card to Scott Coe, commemorating his retirement from the General Manager position at EPUD.

Mr. Lawson said it would be.

President Brown adjourned the Regular Session at 8:07 p.m.

Recorded by Rodney Cimburke

Assistant Secretary

President