

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
May 3, 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 <http://www.eweb.org/about-us/board-of-commissioners/2022board-agendas-and-minutes>.

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

Others Present: Frank Lawson, General Manager; Jonathan Hart, Power Trader; Deborah Hart, Chief Financial Officer; TiaMarie Harwood, Finance Manager; Aaron Balmer, General Accounting & Treasury Supervisor; Rod Price, Assistant General Manager; Matthew Schroettnig, Power Planning Supervisor

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

Agenda Check

There were no changes or additions to the agenda.

Items from Board Members and General Manager

Mr. Lawson introduced a new employee, Kelly Hoell, who was the new EWEB Climate Policy Analyst and Advisor. He also announced EWEB recently won two awards from the American Water Works Association: one for the Communications Team and EWEB's response to the Holiday Farm fire, and a second for EWEB's general support and leadership.

Vice President Carlson said she recently attended a Lane Council of Governments (LCOG) meeting, at which the challenges around a low-income program were discussed. She also reported attending a recent climate town hall with 350.org, and said she was glad to have seen members of EWEB staff in attendance.

Commissioner Barofsky said he had recently virtually attended the McKenzie Watershed Council meeting, adding the Watershed Council would be doing a tour of Deer Creek restoration this Thursday, May 5. He said he was planning on attending, and welcomed other EWEB Commissioners to do so.

Commissioner Schlossberg reported she had also attended the recent 350.org climate town hall, and that it was a very informative event.

President Brown said if any other Board members had an interest in taking a closer look at the Other Post-Employment Benefits (OPEB) portfolio, as the Board Liaison he would request that information.

City of Eugene Liaison Update

Mr. Lawson summarized a meeting he had attended with the Mayor of Eugene, the Eugene City Council President, the Eugene City Manager, and President Brown and Vice President Carlson.

Vice President Carlson said she did inquire about the opportunity to dedicate a portion of Eugene's Compensation in Lieu of Taxes (CILT) funds to a shared responsibility with EWEB surrounding climate change. She reported the response from the City was that they did not see the CILT funding as a windfall, because they forecasted operations on a five-year basis, and had already built this funding into their budget forecasting.

President Brown expressed frustration at the lack of any solid plan for the City and EWEB to move forward together, adding that it had taken months to set up the meeting.

Mr. Lawson said EWEB is mentioned frequently in Eugene's Climate Action Plan (CAP) 2.0, so staff is planning to analyze the CAP to see exactly what expectations or assumptions the City might have moving forward, and the results that EWEB has already achieved.

Commissioner Barofsky said EWEB should continue leaning into issues it deems of particular importance with the City.

Vice President Carlson said the Mayor said she was a member of a working group that is looking at State building codes, and there may be opportunities for collaboration there.

Commissioner Schlossberg encouraged the utility to look for all collaborative opportunities with the City, not just ones of great magnitude.

Public Input

Tom Peck of Eugene, thanked the utility for keeping Eugene homes and businesses electrified, also thanking EWEB for raising the net metering rate for solar energy production to 6.79 cents per kilowatt. He also thanked EWEB for considering expansion of local renewable and solar energy infrastructure.

Sandra Bishop of Eugene, wondered if the EWEB Board of Commissioners had received a recent update on the E. 40th and Hilyard water storage site, and she cited three questions regarding that project that she hoped would be included in the next update the Board received from staff:

1. What is the financial status of the project currently?
2. How much of the water rate increase will go directly to pay for the project?
3. What is the status of replacing the reservoirs at the College Hill site?

Will Rutherford of Vida, thanked EWEB for the recent Upriver Presentations meeting; he said the utility seemed well prepared, and the event went very smoothly. He said there was a need for further dialogue, and he and Commissioner Schlossberg were planning to hold less formal, roundtable-type discussions with members of the upriver community in the near future.

David Hilton of Eugene made a formal request for EWEB to postpone the Request for Proposals (RFP) for the EWEB headquarters building for one year. He said the property was too important an asset to be developed by a private developer, and it needed to remain in the control of the community. He suggested the property and buildings be used for a regional cultural activity center, adding that Eugene was one of the largest cities in the country without a museum or major cultural center.

Kimberly and Gary Parker submitted written testimony by email: They said their home and property line runs along Montgomery Creek and shares an area along the edge of the canal where the home sits. The property appears to be directly in line with the site of a proposed powerhouse, and they are very concerned about this option 3 proposal - Luffman Spillway Powerstation - and the negative impact that would have on properties that abut the canal. Lastly, they requested more information regarding the proposal.

Vice President Carlson said there was information in the current board meeting packet regarding the E. 40th project. She encouraged the public to review information found on EWEB's website for more information. In response to Mr. Rutherford's testimony, she explained that EWEB is still analyzing the costs for Leaburg alternatives, and that more information will be shared once it is available.

Commissioner Barofsky commented on Mr. Hilton's testimony and acknowledged the weighty decisions that lie ahead for the Board regarding the headquarters property. He also recognized the carrying cost to EWEB rate payers, and will take that into consideration as well.

President Brown reminded other Commissioners that if there was going to be an effort to delay the EWEB headquarters RFP, protocol requires a motion from the Board.

General Manager Lawson stated that the E. 40th project is on track to be completed in 2023 and capital project updates would be shared later during the meeting as part of the Q1 Report.

Approval of Consent Calendar – A, Minutes and Routine Contracts

MINUTES

- 1. a. March 31, 2022 Executive Session #1**
- b. March 31, 2022 Executive Session #2**
- c. April 5, 2022 Executive Session #1**

- d. April 5, 2022 Executive Session #2
- e. April 5, 2022 Regular Session

CONTRACTS

2. Hamer Environmental – for Northern Spotted Owl Biological Analyses and Reviews. \$215,000 (over five years) based on Formal Request for Proposals.

3. Sure Power Consulting, LLC, Make It Happen, LLC, and Milestone Utility Services – for additional funds for as-needed Project Management and Business Analyst Services to supplement internal resources and mitigate staff vacancies; additional work needed includes EWEB Enterprise Solutions (EES), formerly referred to as ERP system, and transition to new AMI systems. Amount this Request: \$3,500,000; Resulting Cumulative Total \$4,500,000 (between three contracts over five years) based on a Formal Request For Proposals.

Commissioner Barofsky 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. Armorcast Products Company – for Voltek Vault Replacement Systems. \$605,000 (over five years) based on Direct Negotiation.

5. Fire Protection Specialists, LLC – for Fire Detection Systems. \$200,000 based on a Formal Invitation to Bid.

6. Larson Electronics – to authorize the General Manager to approve a contract after completion of contract negotiations – for the purchase of Single Phase Padmounted Transformers. \$3,500,000 based on Direct Negotiation.

7. Schnabel Engineering, LLC – for Safety Inspection Services for the Leaburg-Waltermville Hydroelectric Project. \$200,000 based on a Formal Request for Proposals.

8. Authorize the General Manager to approve a contract – for Switchgear Equipment. Not to Exceed \$550,000 based on a Formal Invitation to Bid.

RESOLUTIONS

9. Resolution No. 2212 - Annual Price Adjustment for Joint Use Fees and Charges.

OTHER

10. Amendment to Request for Proposals (RFP) for EWEB's HQ Riverfront Property.

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

Upriver Meeting Follow-Up Discussion

Vice President Carlson said she thought the meeting was a success, and she wondered if, in the future, they could do a more townhall-type meeting in Eugene also.

Commissioner Barofsky offered he felt like the overall tone of the meeting was friendly, due to the work EWEB and their partners had done in that community since the Holiday Farm fire. He added the plan for Leaburg that involved returning the facility to nature, so to speak, unnecessarily brought the most concern from the upriver community, as in his view that scenario would be at the extreme end of the spectrum.

Commissioner Schlossberg suggested having more informal reach-out and townhall-style meetings upriver, to relieve any tensions that may exist between EWEB and its commissioners, and the upriver people.

Commissioner McRae suggested scheduling another upriver meeting once the financial analysis of the various Leaburg options is complete.

Mr. Lawson thanked EWEB staff for their preparation for the upriver meeting. He announced there were Work Sessions scheduled for June 16 and August 2, at which the financials for the Leaburg project(s) will be discussed. Finally, Mr. Lawson said the fifth Commissioner position—the at-large position—was originally created to represent those outside of Eugene city limits, so there was indeed Board representation for the upriver community.

President Brown suggested the existing June meeting, which contains the Leaburg topic on the agenda, be held upriver.

Vice President Carlson said if the June 16 meeting were held upriver, she would not be able to attend.

President Schlossberg suggested perhaps a group virtual meeting with the upriver community might be possible.

Vice President Carlson pointed out that if the June meeting was a Work Session, that type of meeting has no agenda item allowing public input; she said Work Sessions were more for Board (and staff) discussion.

President Brown reminded everyone the August 2 Work Session agenda was already very dense.

Commissioner Barofsky suggested publicizing the topics for discussion of the Work Sessions, and how the upriver community members could tune into it. He suggested taking advantage of EWEB's upriver contacts and partners to spread the word in the community.

Commissioner McRae said meeting with the upriver community does not necessarily have to be coupled with an existing EWEB meeting, and perhaps some townhall-type meetings could be scheduled separately.

Mr. Lawson said there were plans in place to have informal meetings upriver with Commissioner Schlossberg and supporting staff. He also assured the Board EWEB would advertise the topics at these upcoming meetings in advance to the upriver community.

Reserve Fund Status and Transfers/Use of Reserves

Ms. Hart, Ms. Harwood, and Mr. Balmer offered the Board a report and PowerPoint presentation on the status of reserve funds, and transfers/use of reserves.

Commissioner Barofsky asked if the types of surpluses pointed to in the presentation were normal, or if they were out of the ordinary.

Ms. Hart said the utility had really strong back-to-back years, and that's why the surpluses are so large.

Commissioner Barofsky asked why the rate stabilization fund went from the target of \$5 million, to \$26.6 million in the "balance after" column.

Ms. Hart said the original seed money had been cash-on-hand intended for use at the Carmen Smith project. The Board had asked staff to defray future borrowing costs with that money, and EWEB had intended to do that this year with the nine-million-dollar draw, but because of supply chain issues they do not need the money for that site at this time, therefore that money will now be modeled for a future use.

Mr. Lawson added EWEB redid its bond covenants a few years ago, and the utility was able to transfer money into the rate stabilization fund without a sacrifice to debt service coverage.

Commissioner Barofsky asked if staff was planning to refinance debt now, while interest rates were relatively low.

Ms. Hart clarified the greatest part of EWEB's debt was refunded a couple of years ago; she assured the Board that EWEB has examined and there is not a savings at this juncture. She said the Board could expect reductions on what the utility would have needed to borrow for some of the large projects, and management will look for strategic timing of those uses to smooth the rate trajectory.

Referring to the Leaburg project, President Brown said there was a gap between the \$80 million EWEB was currently servicing debt on, and the lack of revenue generated by what the debt is for, and he wondered how that gap figured into the utility's overall budget. He inquired about the \$9-10 million originally set aside for electric that will not be used this year.

Mr. Hart said that EWEB considers what its future borrowing costs will be, and there have been times when the Board has used a large sum of money to refund debt because that produced the best overall benefit. She went on to say that EWEB could use the \$9-10 million to pay off existing debt, but that would most likely result in paying more to borrow on one of EWEB's large projects in the future. She added they would have more information for the Board on this in July.

Commissioner McRae pointed out that much of EWEB's current budget surpluses were because the large projects for which EWEB has those funds, were put on hold, adding those funds would still be needed for those projects in the future.

Ms. Hart explained this decision was based on a unique opportunity EWEB currently had to make deposits to the rate stabilization fund now, without impacting the utility's debt service coverage.

Commissioner Barofsky asked where exactly the Leaburg project would fall within the utility.

Mr. Lawson said it was a project of the electric side of the utility, which employed a mix of Capital and Operation and Maintenance (O&M).

Annual Strategic Plan Review

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

Vice President Carlson was in favor of intentionally calling out both physical and psychological health, as it directs EWEB's focus. She also liked the vague reference to community as it could include both the EWEB community and the external community.

Commissioner Barofsky asked if it were actually possible to have a Regional Transmission Operator (RTO) by 2024.

Mr. Lawson admitted that figure was optimistic, but it was really more of a monitor on how EWEB would be working with Bonneville Power Administration (BPA), and other partners moving forward

Break

President Brown called for a break at 7:08 pm. The meeting reconvened at 7:18.

EWEB Water Supply Forecasting for Electric Generation Resources

Mr. Hart and Mr. Schroettnig offered the Board a report and PowerPoint presentation on the utility's water supply forecasting for electric generation resources.

With regard to the hydro generation output range and risk factors, Vice President Carlson asked if there would be a need to increase the range that EWEB input over time due to climate change and temperatures.

Mr. Hart said EWEB recognizes that over time water supply can shift due to things like climate conditions, although these are not currently modeled in the long-term financial plan. BPA is starting to build this into their financial planning process. At this time the ranges are based on long-standing historical data sets that BPA remodels every year with current operating regimes.

President Brown asked, with the high snowpack levels, and copious recent precipitation, but the inability to use the excess water to generate electricity, due to nitrogen saturation, how would EWEB's budget be affected.

Mr. Hart said river operations were factored into EWEB's generation forecasts every year, and one thing that has changed is the federal government has shifted spill regimes given environmental concerns. Bonneville's study, which is updated every year, contains that information, and it is worked into EWEB's budget.

President Brown inquired about the status of the treaty with Canada concerning water.

Mr. Schroettig reported that although Canada had not made a move on the water treaty, there was a standard 10-year window from the time of notification until the treaty would be terminated.

Mr. Lawson said it is EWEB's intent to encourage our State department to issue the notice of termination, because we are overpaying the Canadian government, the purpose was to pay Canada for construction of the dams upriver. The flood control piece will be changed in 2024, and those costs are a risk factor for EWEB.

Commissioner Schlossberg asked how accurate the forecasting usually was.

Mr. Hart said it was hard to answer conclusively how accurate EWEB's forecasting was in a single year, but he said using historical data to forecast—with so many variables in place, including weather—was increasingly inefficient, and the conversation around forecasting was ongoing.

Commissioner McRae asked how the utility was backfilling generation shortfalls.

Mr. Lawson offered that BPA—as EWEB's balancing authority—has the responsibility to balance EWEB and other utilities.

Commissioner McRae asked if they were witnessing regional increases in diversification of generating resources.

Mr. Hart answered there was no new generation infrastructure being built in the region, and the Pacific Northwest was actually becoming more reliant on resources which still remain, namely hydro.

Mr. Lawson said he was in possession of a regional forecast that he would share with the Board; in it, he said, there was a significant difference between the level of retirement versus the planned replenishment of energy infrastructure.

Commissioner McRae said he hoped as they were looking at diversifying the Integrated Resource Plan (IRP), so the utility was not as dependent on hydro.

Vice President Carlson said she would like to see what EWEB budgeted for electrical generation, versus what the utility ended up losing. She also asked to see those figures over time, including expected ranges.

Quarterly Operational & Strategic Goals Report for Q1

Mr. Lawson and Mr. Price offered the Board a report and PowerPoint presentation on EWEB's quarterly operational and strategic goals for Q1 2022.

In reference to a pre-meeting question about the E. 40th Project, Vice President Carlson pointed out there was a strategic decision and an approved budget to change the scope of the project, although the reporting made it appear the utility was double over budget. She suggested that in the future, it be noted that the Board took a different position, and there was no significant price increase according to the Board-approved change.

Mr. Lawson praised staff for the work they put into this report, especially thanking Rod Price, and the executive and management teams specifically.

Commissioner McRae asked if there was a conventional way to flag and document any changes in project scope, for transparency's sake.

Mr. Lawson agreed that was a really important point, and he and staff would explore options for doing just that.

Commissioner Barofsky encouraged EWEB procurement—given recent supply chain issues—to buy things they needed when they were available, and to store them for future use, citing the speed with which availability and prices change.

Correspondence & Board Agendas

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

Commissioner Barofsky asked if the smart meter opt-out fee was a monthly or yearly fee.

Mr. Lawson said it was a monthly fee.

Commissioner Barofsky said although he was on board with the opt-out fee, it was crucial that EWEB communicate this to the ratepayers.

Mr. Price offered that was why it was being discussed now, before they picked up smart meter installation again.

Commissioner Barofsky asked when staff anticipated those fees being applied to ratepayers.

Mr. Lawson said either next year, or after full deployment.

Commissioner Schlossberg asked if a building was a multi-family dwelling, would the opt-out fee be imposed on each separate family.

Mr. Lawson said the individual account holder would make that decision.

Commissioner McRae expressed concern about the opt-out fee, and he wondered if there was another way to read ratepayers' meters without using wireless technology.

Mr. Lawson said the options were to manually read the meter, to use a drive-by reading option - which was as costly or more costly, or to use the automated AMI approach.

President Brown agreed with his colleagues' sentiments surrounding the opt-out fee, and suggested EWEB public relations get out ahead of it as much as possible.

Although voicing support, Vice President Carlson said she was curious about the cost of advanced metering (AMI) over time. She added that it was important for EWEB to make sure it had the capacity to fulfill orders for smart meters before the fee was implemented. Vice President Carlson asked if the Board could receive regular weekly notices about upcoming events that Commissioners may want to attend.

Mr. Lawson said that was a reasonable request, and he and staff would address it right away. He said it was a good idea to assess what the costs of AMI would be, dependent on participation rates.

Mr. Price clarified there were enough meters for the day-to-day operations of AMI, but they did not have enough to launch into full deployment.

Board Wrap-Up

Commissioner Barofsky said he would like to see the public back attending these meetings, and he was worried moving the Board meetings to the Roosevelt Operations Center (ROC) might make it more difficult for the public to attend.

President Brown asked if someone wanted to make a motion to honor the ask from David Hilton (in public input) to postpone the RFP for the headquarters building for at least one year, so the Board could discuss it.

Vice President Carlson said she did not wish to make a motion to that end at this time; she said she wanted to see how the RFP process played out, and the actual requests that EWEB would receive.

Commissioner McRae said he could not understand how anyone involved in the local real estate market would not know the headquarters building was coming up for sale.

Mr. Lawson said the RFPs for the headquarters property would not close until August.

President Brown agreed with Vice President Carlson; he wished to see the RFP process play out.

Mr. Lawson announced the McKenzie tour was on May 20, 2022.

Commissioner Barofsky mentioned the EWEB Board of Commissioners might be able to use the Eugene City Council's space on the Lane Community College campus for Board meetings.

President Brown adjourned the Regular Session at 8:46 p.m.

Recorded by Rodney Cimburke

Assistant Secretary

President