

EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
August 2, 2022
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/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; Aaron Bush, Energy Resource Analyst; Megan Capper, Energy Resources Manager; Deborah Hart, Chief Financial Officer; Greg Kelleher, Customer Operations Manager; Lisa Krentz, Generation Manager; Julie McGaughey, Chief Customer Officer; Rod Price, Assistant General Manager; Angelique Reel, Customer Service Supervisor; Marianne McElroy, Billing Operations Manager; Jeremy Somogye, Generation Engineering Planner IV; Ben Ulrich, Senior Energy Resource Analyst; Mark Zinniker, Generation Engineering Supervisor

President Brown called the Regular Session to order at 5:54 p.m.

Agenda Check

There were no changes or additions to the agenda.

Items from Board Members and General Manager

Commissioner Schlossberg said she recently attended two upriver listening sessions, and she said it was very beneficial for her as an EWEB Commissioner to sit in on those sessions and talk to people in the upriver community.

Commissioner McRae said that with the City of Eugene's conversation about natural gas going into new construction, it would be prudent to be on the lookout for potential misinformation about EWEB's role or capabilities, and he encouraged staff to continue to be proactive with communications to address any misinformation.

President Brown reported that the Other Post-Employment Benefits (OPEB) Board met recently, and that the organization's portfolio was down approximately \$2 million. He also said there was an encampment of individuals on International Paper (IP) property just above the utility's water intake, and that Mr. Lawson had a meeting on August 23, with IP leadership.

Mr. Lawson said the last few weeks had presented many opportunities for EWEB ambassadors to mingle and talk with the community, and that staff had been excellent

in that regard. He said he looked forward to the meeting with IP, hoping that it would produce ideas for long-term solutions to the camping above EWEB's intake issue.

Public Input

Gerry Aster of Vida spoke to the Board concerning the possible removal of Leaburg Dam. She asserted if the dam, and subsequently, Leaburg Lake were removed, it would have a devastating effect on an area already reeling ecologically and socioeconomically from the Holiday Farm Fire of 2020. Ms. Aster also said the removal of Leaburg Lake would have a large adverse effect on local tourism—the primary industry of the McKenzie River Valley. Finally, she offered that local property values were enhanced by the lake, and asked the Board to consider options that would preserve Leaburg Lake.

Approval of Consent Calendar – A, Minutes and Routine Contracts

MINUTES

- 1. a. June 16, 2022 Work Session**
- b. July 5, 2022 Executive Session #1**
- c. July 5, 2022 Executive Session #2**
- d. July 5, 2022 Regular Session**

CONTRACTS

2. Professional Underground Services, Inc. – for On-Call Boring and Potholing Services to support the Water Utility. \$1,000,000 (over 5 years) based on Formal Invitation to Bid.

Vice President 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. Catholic Community Services – for additional funds for Bill Assistance Income Verification Services. \$350,000 (over 5 years) based on Direct Negotiation (Original contract amount was \$140,000 and not previously approved by the Board).

4. General Pacific Inc. – for Single Phase Padmounted Transformers. \$250,000 based on Direct Negotiation / Sole Source.

5. Jones Drilling Co., Inc. – for the construction, development, testing, and commissioning of new Water Wells in West Eugene. \$245,270 based on Formal Invitation to Bid.

6. Pacific Excavation, Inc. – for the construction of a new Potable Water Pump Station. \$842,000 based on Formal Invitation to Bid.

7. Western Utility/Telecom, Inc. – for a Dead-End Structure for Currin Substation. \$289,000 based on Formal Invitation to Bid.

8. Wildish Construction, Co. – for the construction of an Access Road at EWEB's Proposed Second Water Treatment Plant Property in Glenwood. \$261,000 based on Formal Invitation to Bid.

RESOLUTIONS

9. Resolution No. 2217 – Board Policy Update – GP15 New Commissioner Orientation.

10. Resolutions for the Appointment of Assistant Treasurer and Financial Depositories:

Resolution No. 2218 – Appointment of Assistant Treasurer

Resolution No. 2219 – Update to EWEB Signatories for Trust and Custodial Depositories

Resolution No. 2220 – Update to EWEB Signatories for Local Depositories

Resolution No. 2221 - Update to EWEB Signatories for Operational Depositories

Vice President Carlson moved to approve Consent Calendar – B without Items 3 and 7. The motion passed unanimously 5:0.

Items Removed from the Consent Calendar

Commissioner McRae wished to pull Items 3 and 7 from Consent Calendar – B. He wondered how many ratepayers EWEB was assisting with their energy bills, and how many requests for assistance were being denied.

Mr. Kelleher said that EWEB assists approximately 4,200 ratepayers a year, and only denies around 30 per year. He added that EWEB uses the same system for customers who are using limited income incentives for weatherization and approximately 100 customers per year go through that program.

In response to Vice President Carlson's question, Mr. Kelleher replied there were two entities who provided that service for EWEB: Catholic Community Services, and the City of Eugene through Campbell Community Center, to which EWEB paid a flat amount per income qualification.

Commissioner McRae asked if the dead-end structure planned for Currin Substation was something that needed to be replaced anyway and was not for aesthetic purposes only.

Mr. Lawson said that was correct.

Commissioner McRae moved to approve Consent Calendar – B, Items 3 and 7. The motion passed unanimously 5:0.

Goal #3(a): Leaburg Canal TBL & Strategic Assessment Update

Ms. Krentz, Mr. Zinniker, and Mr. Somogye offered the Board an update and PowerPoint presentation on Goal #3(a): Leaburg Canal TBL and strategic assessment.

President Brown asked if EWEB was seeking a 20-year, or 40-year license for Leaburg.

Mr. Zinniker replied EWEB was seeking a 40-year license.

President Brown asked if the Walterville project was also included in the licensure sought by EWEB.

Ms. Krentz said that was correct; Walterville and Leaburg were under the same license, although, staff had kept their analyses focused on Leaburg.

Mr. Zinniker added that there would be separate but similar analyses done on the Walterville project.

Ms. Krentz said there was a fair amount of uncertainty at this point, and that staff had made assumptions for this strategic assessment of Leaburg surrounding the length of the license term EWEB would be able to obtain under the return-to-service option, as that is a negotiated process with a number of stakeholders and regulatory agencies.

Vice President Carlson posited that Walterville and Leaburg being dealt with together was a very large issue, and she appreciated staff shedding light on it.

Commissioner McRae wondered if the Board would receive more information about the link between Walterville and Leaburg, and the implications of licensure, ahead of the October Board meeting.

Mr. Zinniker said staff would explain some of the implications the Leaburg decision would have on Walterville.

President Brown asked if the expense incurred with this project would jeopardize the utility's bond rating or their debt service coverage.

Ms. Hart said that any time EWEB borrows money, it affects their debt service coverage, but the EWEB Finance Department had spoken with financial consultants, who did not express concerns with EWEB borrowing on a non-revenue generating property.

Mr. Lawson said that rates are driven by a number of things including EWEB's need to generate revenue to maintain its debt service coverage requirements.

Referring to the slide which showed the compounded rates and incremental funding, Commissioner Barofsky asked for clarification about the projected rate impacts.

Mr. Lawson replied that the rates are compounded, and the 83 percent increase averaged over that period of time would be about 3.5 percent per year. He added that EWEB's normal capital projections aim to be in the three percent range, and the Leaburg alternatives would add on top of the aforementioned projections.

Commissioner Barofsky said it would be helpful to understand the industry's regional projections for rate increases and how that compares to EWEB's forecast.

Mr. Lawson said staff could provide that information.

President Brown said he would like an assessment and a recommendation from staff on Leaburg/Waltermville, adding that it was very important for him that the utility continue to reflect community values.

Commissioner Schlossberg offered that it really helped her to hear what staff thought of the process.

Commissioner Barofsky agreed with President Brown regarding an assessment and recommendation(s) from staff, adding that it would be even better for him if the staff recommendations were ranked.

Goal #5: Integrated Resource Planning Resource Profiles & Performance

Ms. Capper, Mr. Bush, and Mr. Ulrich offered the Board a report and PowerPoint presentation on Goal #5: Integrated Resource Planning (IRP) Resource Profiles & Performance.

Commissioner McRae said he believed a conservation potential assessment, and demand response potential would both be very valuable.

Commissioner Schlossberg wondered if it were possible for the EWEB Board of Commissioners to meet its goal of 95% carbon-free electricity.

Ms. Capper said staff would only bring things that met the 95% carbon-free criteria before the Board.

President Brown said that nuclear power plants did not currently exist in the area, and would take a decade or maybe two, to come online; he wondered why EWEB was considering them as resources in the IRP.

Ms. Capper said if there was a gap in EWEB's resource portfolio, and if a nuclear module was the appropriate resource to fill that gap, they would go out and look at the options closely and determine if EWEB had existing transmission capability to bring it home.

Mr. Lawson clarified that any resource identified in the IRP would be available in the 10-year planning window.

Commissioner Barofsky asked what exactly his role as an EWEB Commissioner was in the IRP. He felt EWEB staff was way more qualified to make these kinds of decisions than him personally.

Ms. Capper said EWEB staff would need the Board to give them a direction in which to concentrate their efforts.

Commissioner Barofsky asked if there was any specific reason hydrogen generation would not be an available resource option for the next 10 years. He added there was a large storage potential for hydrogen as well.

Mr. Ulrich said in the future, it was likely that hydrogen would be an emerging resource in the clean firm generation category.

Locations for In-Person Customer Service & Payment Services

Mr. Kelleher, Ms. Reel, and Ms. McElroy offered the Board a report and PowerPoint presentation on possible locations for an in-person customer and payment services center.

Commissioner Schlossberg wondered how many EWEB customers paid in cash.

Mr. Kelleher said that staff would get those answers and get back to the Board, but as far as he knew at the time, the number of EWEB customers paying cash was very small.

Commissioner Schlossberg was concerned that if EWEB in-person locations did not accept cash, it would inconvenience the utility's cash-paying customers.

Mr. Kelleher said that was where the kiosk would come in.

Ms. McElroy reported that EWEB received only approximately 10 cash payments per day on average, and the utility has only scheduled less than 20 appointments for in-person cash payments so far this year.

President Brown expressed concern over large amounts of downtime with the EWEB in-person customer service staff.

Mr. Kelleher said they would have their laptops with them, and they would also be fielding phone calls.

President Brown pointed out that EWEB customer service had been doing this now without a location for two years, and he wondered what the drive was to reinstate in-person customer service now.

Mr. Kelleher clarified they were not hiring any new staff, that these customer service staff had been working at EWEB, and the Full-Time Equivalent for them was the same. He explained the new location was intended to replace Headquarters, where these customers have previously been served. He added that customers have expressed a desire for expanded service that would result in 75 visits per month.

In the context of selling the Headquarters property, President Brown posited staff should consider staying in the headquarters building, and renting space for in-person customer service if such an agreement could possibly help a non-profit organization in the event they wished to buy the building and space was available for a period of time.

Vice President Carlson said that a central downtown location would be perfect, largely because of its proximity to the Lane Transit District's (LTD) Eugene Station. She also asked if EWEB might be able to rent space at the Eugene Public Library for in-person customer service.

Mr. Kelleher said they had not considered a customer service center inside the Eugene Library.

Vice President Carlson referenced EWEB payments being accepted at Walmart, and she wondered if it was dedicated Walmart staff who would be handling EWEB payments, or if any Walmart staff person could take an EWEB payment.

Ms. McElroy said it would be specifically the Walmart Customer Service employees behind the Customer Service desk, who would be handling EWEB bill payments.

Commissioner McRae agreed with Vice President Carlson about the effectiveness of a central downtown location near the bus station.

Commissioner Barofsky offered caution around public restrooms in the downtown core, saying they can be problematic if staff are not present to keep an eye on the facilities. He also suggested a partnership with the City of Eugene or Lane County, pointing out there was currently plenty of room in the Lane County Public Services building, since the City of Eugene had moved out of the building some time ago.

Mr. Lawson reminded those present this discussion was to respond to a present need quickly, and broader, longer conversations would happen in the near future for a more permanent EWEB Customer Service site.

Finally, President Brown affirmed that he and the Board were fine with the scoring criteria set forth in the presentation.

Break

President Brown called for a break at 7:48; the meeting reconvened at 7:58

Potential Deed Restriction for EWEB Riverfront Property

Mr. Lawson offered the Board a brief update on the potential deed restrictions for the EWEB riverfront property.

President Brown asked those present their thoughts on adding a reversion clause to the sale of the riverfront property, which would allow EWEB to buy the property back from the original buyer, under a triggering event, such as if the buyer goes out of business.

Vice President Carlson was in favor of adding a first right of refusal; specifically, she mentioned deviations from the business's proposed plan, or failed business venture as possible criteria for EWEB to buy the riverfront property back. She cautioned there would need to be parameters to distinguish what was considered a deviation from a proposed plan. She added that she was in favor of a reversion clause to the sale.

Commissioner Schlossberg agreed with President Brown and Vice President Carlson, and asked for clarification on what would constitute a business deviating from their business plan.

President Brown said it could be any number of things, but the Board would of course discuss those in more detail when the time arrived. He added that the Board would need to be careful when considering restrictions as that could impact a buyer's ability to finance the property.

Commissioner Barofsky said they should add a timeframe component to any deed restrictions the Board decided on, he specifically expressed concerns around deed restrictions pertaining to deviations from the business plan recognizing that situations could change with time. He also wondered if the utility would actually be in a position to buy the property back as per the reversion clause, and if so, what would the price look like.

President Brown said he too took issue with how the Board would define a "deviation from the business plan" as part of a deed restriction.

Commissioner McRae said he was not in favor of any deed restrictions to be imposed by EWEB, but he would like a first right of refusal on the property for 10 years.

President Brown said he would agree to no deed restrictions and a 10-year first right of refusal. He noted that a first right of refusal would not obligate EWEB to purchase the property.

Commissioner Barofsky offered the EWEB riverfront property was probably one of the highest-valued properties in the area, and the cost alone would discourage any businesses that might not align with community values.

President Brown stated for the record his position was to not put any deed restrictions on the property, but to impose a 10-year right of first refusal in the event the building was to be sold to a third party. He polled the Board for consensus.

Commissioner McRae agreed with President Brown's proposal.

Commissioner Schlossberg agreed with President Brown's proposal.

Commissioner Barofsky asked about the cost of buying the property back as part of the first right of refusal.

President Brown said EWEB would get to match any offer on the property.

In response to Commissioner Barofsky's sentiments, President Brown clarified that a first right of refusal would be negotiable, if someone who wanted to buy the property balked at the 10-year first right of refusal, EWEB would have to drop it from the sale agreement.

Mr. Lawson offered that a triggering event for a first right of refusal could include "flipping" the property, or a substantial failure to perform such as a deceptive deviation from the proposed future intended use.

Vice President Carlson said that she would like some kind of deed restriction(s) in place, to ensure that the property was used in a way that would enrich the community, especially if EWEB accepted a lower priced offer in exchange for community benefits. She also expressed concern for the possibility the utility's customer-owners would lose money on the sale if the buyer "flipped" the property for a higher sale price.

President Brown suggested that adding some language to the sale that would hold any potential buyer to a standard agreed upon by the Board was a tool at the Board's disposal, but he also suggested this not be mandated, and rather a negotiated stipulation of the sale agreement itself.

Commissioner Schlossberg supported President Brown's suggestion.

President Brown clarified the Board would impose no deed restrictions or reversion clause on the sale of the riverfront property, but they would have the aforementioned language as a bargaining tool for the sale.

Mr. Lawson said that was clear, and added that in future discussions the Board could talk about the mechanics of this matter and explore whether there are certain things, such as "flipping" that the Board may desire in a deed restriction with a timeline.

Quarterly Operational & Strategic Goals Report for Q2

Mr. Lawson offered the Board a quarterly operational and strategic goals report for Q2, with an accompanying PowerPoint presentation.

Commissioner Barofsky wondered who would be initiating the upcoming Public Facilities Service Plan (PFSP) as it pertained to the second water treatment plant.

Mr. Lawson said he would look into that and get back to Commissioner Barofsky, He said he did know it would be an effort involving multiple entities including the Cities of Eugene and Springfield and EWEB.

Commissioner Schlossberg asked for clarification on what was meant by 50% of target in the customer programs for energy efficiency.

Mr. Lawson explained the target was in megawatt hours (MWh) saved, which were based on a first-year savings projection. He added that currently, the utility's target was 10,000 MWh per year.

Correspondence & Board Agendas

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

Vice President Carlson pointed out how the State Legislative updates given to the EWEB Board by Jason Heuser, are always on the December regular session Board meeting agenda; she said it made sense to have Mr. Heuser meet with the Board earlier in the year, so the EWEB Board could be proactive as far as end-of-year legislation in Salem.

Mr. Lawson said he would like to talk to Vice President Carlson offline to determine what that might eventually look like.

Commissioner Schlossberg asked if there was a Work Session scheduled for August.

Mr. Lawson said no.

Board Wrap-Up

Commissioner Barofsky expressed deep appreciation for the hard, tireless work of the EWEB staff, and he added he was looking forward to the Board dinner next week.

President Brown announced that he would be joining the December 2022 Board meeting remotely, as he will be on vacation. He also expressed concern about water quality in the McKenzie and the Willamette, and directed staff to not lose sight of that very important issue.

President Brown adjourned the Regular Session at 8:39 p.m.

Recorded by Rodney Cimburke

Assistant Secretary

President