

EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
October 6, 2022
6:30 P.M.

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

Others Present: Frank Lawson, General Manager; Aaron Balmer, Fiscal Services Supervisor; Deborah Hart, Chief Financial Officer; TiaMarie Harwood, Financial Services Manager; Anne Kah Administrative Services Manager; Lisa Krentz, Generation Manager; Alicia Voorhees, Lead Financial Analyst

President Brown called the Regular Session to order at 6:30 p.m.

Agenda Check

There were no changes or additions to the agenda.

Items from Board Members and General Manager

Mr. Lawson congratulated the EWEB employees who recently graduated from the Western Energy Institute's Business Acumen for Emerging Leaders program. He also thanked Commissioner Barofsky and Susan Fricke, Water Resources & Quality Assurance Supervisor for their participation in the Fairmount Neighborhood Association meeting.

Commissioner Barofsky said the recent neighborhood meeting he and some EWEB staff members attended went very well; he said two of the topics of conversation were: water resiliency and electrification.

Commissioner Schlossberg thanked staff for putting together the Leaburg presentations for the recent listening session she attended.

President Brown expressed concern at not hearing from the majority of EWEB ratepayers about the Board's Leaburg decision. He asked if it was possible for the utility to help him take out an ad in the Register Guard, laying out the four possible paths for Leaburg, and inviting community questions.

Mr. Lawson mentioned a survey the utility had done, but he was not sure how the information gathered from it was parsed out. He said that he would work with the Communications Team, to get something out to the general public about Leaburg.

Public Input

Will Rutherford of Vida praised the EWEB Communications Team for their execution during the listening sessions that have been ongoing since the beginning of summer. He said the team was well-prepared, and laid out the issue perfectly.

Tana Shepard of Eugene, and representing School District 4J reported the salmon workshops were in full swing, with 65 tanks out in 4J classrooms. She thanked EWEB for their support, which makes these invaluable programs possible in School District 4J schools.

Mr. Rutherford said another member of the upriver community was supposed to be at this meeting with more signed petitions to save Leaburg Lake, and he asked if the Board would accommodate them if and when they arrived.

Approval of Consent Calendar – A, Minutes and Routine Contracts

MINUTES

- 1. a. September 6, 2022 Executive Session #1**
- b. September 6, 2022 Executive Session #2**
- c. September 6, 2022 Regular Session**

CONTRACTS

2. MacKay Sposito, Inc. – for additional funds to the personal services agreement for task orders for Recreation Design Services at Carmen-Smith Project. \$395,000 this request based on Requests for Proposals using the Qualifications Based Selection process (original contract amount \$650,000, plus additional amount approved \$362,000 resulting in a cumulative total, including this request, of \$1,407,000).

Vice President Carlson moved to approve Consent Calendar – A, with the exception of Item #2. The motion passed unanimously 5:0.

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

CONTRACTS

3. Cable Huston, LLP – for Special Counsel Services. \$7,650,000 based on Formal Request for Proposal (original contract amount \$3,200,000, resulting cumulative total \$10,850,000).

RESOLUTIONS

4. Resolution No. 2223 - Proposed Updates to Board Policy SD1, Mission, Vision, Values, and Legacy and Approval of Strategic Plan Revision.

5. Resolution No. 2224 - Annual Investment Policy Review.

6. Resolution No. 2225 – EWEB Riverfront Property; Authorize the General Manager to Negotiate and Execute Real Property Transaction within Certain Guidance Parameters.

Vice President Carlson moved to approve Consent Calendar – B, with the exception of Item #3. The motion passed unanimously 5:0.

Items Removed from the Consent Calendar

President Brown wished to pull Consent Calendar – A, Item #2, MacKay Sposito, Inc. He had a question about the \$100,000 for sign management called for in the Consent Calendar item.

Ms. Krentz said the Sign Management program was a part of EWEB’s Recreation & Aesthetics Management Plan under the Carmen-Smith license. She said it covered many different kinds of signage, including interpretive, and cultural signage.

President Brown asked if the aforementioned amount was over the 40-year life of the license, or over the five-year life of the contract.

Ms. Krentz said it was for the five-year contract interval.

Commissioner Brown moved to approve Consent Calendar – A, Item #2. The motion passed unanimously 5:0.

Commissioner Barofsky wished to pull Consent Calendar – B, Item #3, Cable Huston, LLP. He asked if the amount for special counsel specified in the Consent Calendar item was included in the prices of the different Leaburg options.

Ms. Krentz said it was included in the Leaburg project price totals.

Commissioner Barofsky moved to approve Consent Calendar – B, Item #3. The motion passed unanimously 5:0

City of Eugene Liaison Update

Mr. Lawson offered the Board an update on the meeting between EWEB and City of Eugene Leadership.

Vice President Carlson asked about the residential study that was done by Good Company recently.

Mr. Lawson said that he would follow up with her on that study.

Commissioner Schlossberg asked if it would be possible for the Eugene City Council to help get the word out about the Leaburg issue.

President Brown agreed, adding that he would like to see more input from the over 80 thousand EWEB ratepayers in the city.

Commissioner Barofsky wondered if it would be advantageous to schedule the next joint meeting with City of Eugene leadership close to the first of the year, in order to dovetail EWEB's legislative agenda, with that of the City of Eugene.

Mr. Lawson said he could ask the EWEB liaison to the State Legislature, Jason Heuser, to add any commonalities the EWEB Board of Commissioners might have with the Eugene City Council to his next legislative report. He also said there was an opportunity to explore legislative agenda commonalities at the staff level and potentially at the Board and Council leadership levels. Mr. Lawson reported there was an upcoming legislative memo the Board should be looking for in November.

President Brown said, in his experience, it is quite challenging to coordinate meetings with Eugene City Council leadership, adding that only one of the two members of Council leadership was present at the last such meeting.

Vice President Carlson suggested that perhaps legislators would have more time to meet with the EWEB Board in advance of the legislative session.

Mr. Lawson stated a primary issue with the utility right now, was the loss of water rights when it comes to hydrogeneration. He said the proposed legislation has a sponsor, and the final language of it was being drafted currently

Draft Upcoming-Year (2023) Electric & Water Budgets and Long-Term Financial Plans Update

Ms. Harwood, Mr. Balmer, and Ms. Voorhees offered the Board an update and PowerPoint presentation on the Drafts of the 2023 Electric & Water Budgets and Long-Term Financial Plans (LTFP).

Commissioner Schlossberg asked if it were possible to choose the middle range of projected costs of all four Leaburg options, in order to project how much the rates would increase. She also wondered how long—once a plan forward with Leaburg was chosen—it would be before the costs of the adopted plan were incurred.

Mr. Lawson said those costs would not be incurred until the early-mid 2030s. He said they would not start borrowing for the decided-upon project until the end of the 2020s-beginning of the 2030s.

Commissioner Barofsky asked if staff could give him a dollar amount on an average bill, as representative of the rate increases in water and electric. He also wanted to know why the shared service costs on the water side of the utility went up so much.

Mr. Balmer and Ms. Hart explained that it was due to a reallocation of costs between the electric and water utilities.

In response to Commissioner Barofsky's question around rate stabilization funds, Ms. Voorhees explained that in order to fund the Capital Plan, monies were being taken from the Rate Stabilization Fund.

Commissioner Barofsky wondered what the balance of the Rate Stabilization Fund would be after funding the Capital Plan.

Ms. Voorhees replied the balance would be at target—\$5 million. To Commissioner Barofsky's first question concerning the average cost of the rate increases, Ms. Voorhees said she would bring that information back at the November Board meeting.

Commissioner McRae asked if there was a downside to pre-funding some of the Leaburg work.

Ms. Hart offered the utility currently had the capacity to borrow, and to take advantage of paying it back over a 30-year period.

Commissioner McRae said he noticed the general rate increase forecast shows the rate increase rising and falling, and he wondered if it was a goal of the utility's to smooth that out.

Ms. Voorhees referred to the bottom rows of the Electric LTFP Table which showed a 2.5% BPA increase every other year; when taken into account results in a smoothing effect to the overall rate increases.

Commissioner McRae asked what EWEB's greatest financial risk exposure was.

Ms. Hart said she, and the EWEB Finance Team continued to look at not only inflation, but the actions of the Fed as a whole. She added that continuing supply chain issues continue to be a problem.

Vice President Carlson asked how the Leaburg decision would affect the proposed budget, both of which are up for a vote in December.

Ms. Hart said the significant costs for Leaburg are not expected until the late 2020's and early 2030's. She clarified that the 2023 budget includes \$2 million for anticipated emergent costs for Leaburg. She added that the long-term financial plan does not include the large costs associated with the Board's upcoming decision.

President Brown asked if the \$7 million budget amendment was in this budget they were voting on tonight

Ms. Hart answered yes.

Referring to the "2023 Electric Draft and PY Budget" slide, President Brown inquired how much debt was served by the \$17.3M allocated for debt service.

Public Hearing on Draft Upcoming-Year (2023) Electric & Water Budgets and Long-Term Financial Plans Update

President Brown opened the public hearing at 7:31 p.m., and seeing no one signed up to speak, closed the public hearing at 7:31 p.m.

Draft Upcoming-Year (2023) Electric & Water Budgets and Long-Term Financial Plans Update: Direction

Commissioner Schlossberg offered that she was willing to wait until July 2023, when the Board would be given a clearer picture of EWEB's LTFP.

Commissioner Barofsky said he was comfortable with the Finance team moving ahead with the numbers as presented. He said he realized the budget would be larger, because of the Leaburg project, but he was interested in looking for ways to lessen that impact on EWEB ratepayers.

The Board thanked the Finance Team for their work on the draft budgets; they were very appreciative of the Finance Team presenting the complex budgetary information in easy-to-understand terms.

In response to President Brown's earlier question, Ms. Hart said \$240 million of debt was being served by the \$17.3M debt service.

Correspondence & Board Agendas

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

Vice President Carlson said she would like more information about the individual items that make up the Leaburg triple bottom line (TBL) rating system.

Mr. Lawson said the list items were relative to one another, and that more information on them was forthcoming.

Mr. Lawson suggested canceling the October 18 Work Session, but keeping the October 25 Work Session, because it was publicized.

President Brown, referencing the Dam Safety Report, wondered if EWEB should be concerned by the number of sinkholes mentioned in said report.

Ms. Krentz said the sinkholes at the Carmen-Smith site had been there for years, and they believed would be easy to remediate. She added they were still investigating the sinkholes in Trail Bridge Reservoir.

Commissioner McRae said he would like to have more information regarding lessons learned from the recent public safety power shutoff and wondered if there were potential policy issues for the Board to consider. Noting the December correspondence regarding

a potential program to incentivize undergrounding and generators in high-risk areas, he suggested these items be combined.

Ms. Kah said the December correspondence originally stemmed from the Wildfire Mitigation work session, and staff's intention was to provide the Board with more information about potential programs.

Commissioner McRae sought Board consensus to set aside a small block of time in a future meeting to have a presentation on the hydrogen pilot project EWEB was undertaking with Northwest Natural. The Board consented.

Vice President Carlson stated it would be a good idea to make it clear on meeting agendas that the times for public hearings, etc. may vary, just to ensure members of the public wishing to weigh in, would have a chance to do so.

In the event a meeting is ahead of schedule, President Brown indicated that those wishing to provide testimony would be honored at the published public input or public hearing time.

Mr. Lawson said he would work with appropriate staff on an agenda disclaimer to that effect.

Commissioner Barofsky inquired how it was determined whether a subject would be correspondence or scheduled as meeting agenda.

Mr. Lawson replied that generally agenda items were related to policy, direction, and action. Correspondence items were provided for information and feedback; the difference with the latter being no presentation by staff. He encouraged the Board to ask questions and discuss correspondence during the agenda time reserved for Correspondence and Board Agendas.

President Brown adjourned the Regular Session at 8:01 p.m.

Recorded by Rodney Cimburke

Assistant Secretary

President