

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
December 6, 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 (via teleconference); 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; Jason Heuser, Public Policy and Government Affairs Program Manager; TiaMarie Harwood, Financial Services Manager; Karen Kelly, Chief Operations Officer; Lisa Krentz, Generation Manager; Rod Price, Assistant General Manager; Alicia Voorhees, Lead Financial Analyst; Mark Zinniker, Generation Engineering Supervisor

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

Agenda Check

There were no changes or additions to the agenda.

Items from Board Members and General Manager

Commissioner McRae announced that he recently met with Springfield Utility Board member John DeWenter, adding that it was the first time he had met with the gentleman.

Vice President Carlson thanked EWEB for a very successful Run to Stay Warm.

Mr. Lawson wished to bring to the Board's attention, questions EWEB had been asked relating to the attack on the energy grid in North Carolina. He said that staff would be putting together information for the Board, specifically surrounding EWEB's plans, precautions, and preventative measures in the event of this kind of attack.

Public Input

Bryce Cumpston of Eugene, spoke in favor of the decommissioning the Leaburg project.

William Smith of Eugene, provided written testimony and spoke to the Board about fiberoptics. He cited the cities of Hillsboro, Oregon, and Chattanooga, Tennessee, as having successes—both financial, and in serving their customers—with fiber optic

broadband networks. Mr. Smith pointed out another benefit to fiberoptic networks, was that wireless technologies were not needed.

Otto Poticha of Eugene, spoke to the Board about Resolution No. 2225, which authorized the EWEB General Manager to negotiate terms and conditions for the conveyance of the EWEB headquarters property. He asserted the Executive Session minutes on the subject offer no guidance or selection criteria whatsoever to the General Manager for the conveyance of the property. He implored the Board to rescind Resolution No. 2225, remove the headquarters property from the market, and provide the necessary time for the development of a more thorough proposal.

William Muenchau of Leaburg, spoke in opposition to the decommissioning of the Leaburg project. He said decommissioning was almost the same cost as a return-to-service option, and the loss of revenue from the facility would be \$500,000,000 over 50 years. He also pointed out that the numbers EWEB staff generated surrounding the options for Leaburg, were based on wholesale electricity prices, although EWEB sold their electricity at retail prices.

Robert Spencer of Vida, spoke in favor of the decommissioning of the Leaburg project. He said this action—the removal of the Leaburg dam—was what was best for the McKenzie River, adding the removal of the Leaburg and Walterville canals would also be beneficial to the river, as the current situation impedes human and fish navigation.

Marna Broekhoff of Eugene spoke to the Board about Resolution No. 2225. She asked the Board to wait to decide the disposition of the property, so that consideration could be given to making it into a possible community center. She said there had been very little community awareness of EWEB's plans to sell the property, adding her and others had put a grassroots survey into the community, to gauge interest in making the building a community arts center, and had already received over 200 responses from community members.

Grace Brahler of Eugene, spoke in favor of the decommissioning of the Leaburg project. She pointed out imperiled species and other wildlife which rely on the McKenzie River for life. She said she was sympathetic to those upriver irrigators who relied on the Leaburg and Walterville canals for irrigation, and suggested EWEB choose the option that would allow a gradual return to pre-project natural conditions, giving the aforementioned irrigators opportunity to seek out different water sources.

Tim Lewis granted his speaking time to Robert Spencer.

Robert Spencer of Vida, said that, as a victim of the Holiday Farm fire, he witnessed EWEB go above and beyond in every regard, including assistance programs, and work crews all along the McKenzie River. He said the utility was very helpful and very professional through the fire, and the rebuilding after the fire.

Written Testimony

Meg Townsend on behalf of The Center for Biological Diversity wrote in support of decommissioning Leaburg Dam and incrementally restoring the McKenzie River to pre-project conditions.

Daniel Noonan of Eugene wrote in support of Management's recommendation to remove Leaburg dam and restore the natural flow of the McKenzie River wherever feasible and in the public interest.

Piper Wyrick wrote in support of the removal of the McKenzie River dam and letting the river return to its natural state.

Abraham Kelso of Eugene wrote in support of staff's recommendation to decommission and remove the Leaburg dam.

Doug Heiken of Eugene, on behalf of Oregon Wild wrote in support of the General Manager's recommendation to decommission Leaburg Dam and restore as much of the affected waterways as possible to their natural condition.

Dustin Weisman of Laurel Hill Valley wrote to express the opinion that pricing for EWEB services for the next year should remain unchanged, if not lowered.

Robert Emmons of Fall Creek, on behalf of LandWatch Lane County wrote to advocate for the removal of Leaburg Dam, Leaburg Canal and Watterville Canal.

Katie Lynch on behalf of University of Oregon students enrolled in the course entitled Understanding Place: the McKenzie Watershed. Ms. Lynch compiled public comment from students who studied the watershed and four alternatives for the Leaburg Hydro Electric Project: Alternative 1, Decommissioning to Pre-Project Conditions; Alternative 2, Return to Full Service (Generation); Alternative 3, Partial Return to Service; and Alternative 4, Decommission to Storm Water Conveyance.

Julia Odenthal of Eugene wrote in support of Alternative 1.

Ethan Moser of Eugene wrote in support of Alternative 4.

Tyee Atkin of Eugene wrote in support of Alternative 4.

Carly Watters wrote in support of Alternative 1.

Ella Hopkins of Eugene wrote in support of Alternative 4.

Ashia Wilson of Eugene wrote in support of Alternative 4.

Gabrielle Pearse of Eugene wrote in support of Alternative 4.

Sara of Eugene wrote in support of Alternative 4.

Domenic DiGiulio wrote in support of Alternative 1.

Abby Franklin of Eugene wrote in support of Alternative 3.

Marina Thompson wrote in support of Alternative 1.

Liliana Ruiz wrote in support of Alternative 3.

Romy Bennett of Eugene wrote in support of Alternative 1.

Luca Arroyo wrote in support of Alternative 1.

Falon Trentham wrote in support of Alternative 3.

Anonymous Student wrote in support of decommissioning and removing Leaburg dam.

Anna Ward wrote in support of Alternative 1.

Chris Skawski of Eugene wrote in support of Alternative 1.

Maya Revell of Eugene wrote in support of Alternative 1.

Mr. Lawson offered that in order to rescind a Resolution, the Board would have to do so by Resolution; he added if the Board did decide to rescind Resolution No. 2225, and they did so by Board action, he would respect that decision until a resolution could be drawn up. He clarified that Resolution No. 2225 was passed in regular session; guidance relative to negotiation limits was discussed in executive session permissible by Oregon Revised Statutes.

Commissioner McRae said he thought it would be valuable to have a focused Board discussion about the headquarters property. The Board agreed, and Vice President Carlson requested that discussion be added to a future agenda.

Vice President Carlson asked if tonight's agenda might be amended to facilitate further discussion surrounding the headquarters property.

President Brown said they could potentially have that conversation right now, adding that he himself was against delaying the sale of the property any longer. He said if EWEB had a buyer at hand, they should seriously consider an offer.

Commissioner Barofsky wondered at the criteria EWEB staff was using to consider proposals about the headquarters property.

Mr. Lawson said the Board had specified the criteria to be used in this process, including the broad community value, and the economics of the situation. He asserted he had operated within those guidelines, and the Board had also given the General Manager full authority to negotiate and execute a sale.

Commissioner Barofsky said it was not his intention or wish to push the decision out into the future indefinitely, but at least wanted the Board to be involved in the discussion which laid out all the current proposals.

Mr. Lawson said that he would agree on record tonight that any offer, contingency, or purchase and sale agreement that he has discussed, would be contingent upon having a Board discussion, before any decisions were made.

Commissioner Schlossberg said the Board had set up a scoring matrix, and an ad-hoc committee surrounding the sale of the headquarters property, but none of the offers they received met their criteria, at which point they turned the power of the sale over to the General Manager, in the hopes the process would not drag on for several years.

Vice President Carlson noted the great deal of time invested in critically thinking about what was desired for the community but unfortunately that process did not yield the desired results. She posited there was still opportunity for community benefit in the sale, without delaying the process indefinitely. She added if there was a buyer which met all the criteria, and had adequate funding to move forward, EWEB should consider a sale, especially due to the number of large projects and decisions the utility was involved in currently.

On the Leaburg/Waltermville issue, Commissioner Barofsky said the Board was working very hard to balance what they have heard from the community, and what the Board needs to do for the EWEB ratepayers who elected them.

Vice President Carlson said there were some items cited in public testimony that could use more information and clarification, and asked staff to reach out to those speakers in order to correct any misinformation, and provide more clarity around the Leaburg dam and the significant issues that are closing down power generation at the project.

Approval of Consent Calendar – A, Minutes and Routine Contracts

Vice President Carlson said that due to the surfeit of materials the Board had to look over in preparation for this meeting, she did not get a chance to get through all the items from the set of minutes on the Consent Calendar and asked that voting on the minutes be postponed as there were a few things she wished to clarify.

MINUTES

- 1. a. October 25, 2022 Work Session**
- b. November 1, 2022 Executive Session**
- c. November 1, 2022 Regular Session**

Commissioner Barofsky moved to postpone Consent Calendar – A until the January 2023 Regular Session. The motion passed unanimously 5:0.

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

CONTRACTS

2. Eurofins Eaton Analytical, LLC and Neilson Research Corporation – for price agreements for Water Quality Analytical Testing Services. \$200,000 (over 5 years) based on Formal Request for Proposals (2 bids per lot).

3. General Pacific Inc. – for Single Phase Polemounted transformers. \$2,000,000 based on Direct Negotiation (Sole Source).

4. McKenzie Watershed Alliance – for additional funds for Instream Large Wood Restoration Projects. \$700,000 (Original contract amount \$800,000, resulting cumulative total \$1,500,000) based on Direct Negotiation (Sole Source).

5. Palouse Power, LLC – for the Demolition and Construction of Currin Substation. \$7,100,000 based on Formal Invitation to Bid.

RESOLUTIONS

6. Resolution No. 2231 - EWEB Avoided Cost Prices Update.

7. Resolution No. 2232 - Electric and Water Utility 2022 Budget Amendments. ***Commissioner Barofsky moved to approve Consent Calendar – B. The motion passed unanimously 5:0.***

Upcoming-Year (2023) Proposed Budgets and Prices - Update

Ms. Hart, Ms. Harwood, Mr. Balmer, and Ms. Voorhees offered the Board an update and PowerPoint presentation on the proposed budgets and prices for 2023.

Public Hearing on Upcoming-Year (2023) Proposed Budgets and Prices

Vice President Carlson opened the public hearing at 6:37 p.m. Seeing no one who wished to speak, she closed the public hearing at 6:37 p.m.

Upcoming-Year (2023) Proposed Budgets and Prices - Action

President Brown said EWEB was very fortunate that it did not have to raise rates at all over the last five years, and that he would continue to fight to keep rates down as much as possible.

Commissioner Schlossberg said she was in support of the rate increase, but the utility had a responsibility to help those ratepayers for whom the increase would be a hardship.

Commissioner Barofsky said he was very happy EWEB staff took the Board's suggestions to heart and were able to stretch out the water rate increase over time. He supported the budgets and prices.

Vice President Carlson was in support of the budgets and prices, but, like Commissioner Schlossberg, wanted to make sure EWEB continued to offer assistance to the low-income ratepayers, who might have a harder time in the face of rate increases.

Commissioner Barofsky moved to approve Resolution No. 2227—the 2023 Budget. The motion passed unanimously 5:0.

Commissioner Barofsky moved to approve Resolution No. 2228—Electric Prices. The motion passed unanimously 5:0.

Commissioner Barofsky moved to approve Resolution No. 2229—Water Prices. The motion passed unanimously 5:0.

Resolution No. 2230, 2023 State Legislative Agenda (Board Policy GP13)

Mr. Heuser offered the Board a report and PowerPoint presentation on Resolution No. 2230, 2023 State Legislative Agenda (Board Policy GP13).

Commissioner Barofsky pointed out there were a lot of new people elected to the Oregon State Legislature, and he asked if Mr. Heuser had been in contact with the new State Representatives and Senators.

Mr. Heuser said he was planning to do that, but he wanted to see all the Committee assignments first, to know who among the new State Legislators would be best to meet with first.

President Brown said he remembered a past effort to get a bill passed that would require regular inspection of septic tanks within 100' of a waterway from which drinking water was drawn, and he asked if that was still being discussed in Salem.

Mr. Heuser recalled a past effort that attempted to tie septic inspections to home inspections at the time of sale. However, there was a bill that essentially preempted what local jurisdictions could do with regard to fees involved with real estate transactions, and there was a legal judgement that determined, because there was a cost for the inspection, it was prohibited under the state initiative. Mr. Heuser advised this was just his recollection and he would need to review his notes on the matter, but he believed it would be difficult to implement an inspection requirement in the way it was envisioned.

President Brown urged EWEB to try to rekindle that initiative in the future.

Mr. Heuser recalled a past meeting that he and Mr. Morgenstern had with the local realtor's association where they suggested it would be good business practice to recommend septic inspections to their clients who were purchasing a home, adding that staff could consider having that conversation again.

Commissioner Schlossberg moved to approve Resolution No. 2230, 2023 State Legislative Agenda (Board Policy GP13). The motion passed unanimously 5:0.

Goal #3(a): General Manager's Recommendation - Leaburg Canal TBL & Strategic Assessment Final Findings

Mr. Lawson, Ms. Kelley, and Ms. Krentz offered the Board a report and PowerPoint presentation on the General Manager's recommendation for the future disposition of the Leaburg hydroelectric project.

President Brown said he was very pleased with the General Manager's recommendation. He wondered if the dam was removed, would the fish hatchery also be removed.

Ms. Krentz answered that it would be difficult to get water from the Leaburg Canal all the way down to the salmon hatchery, so staff is proposing to partner with the fish hatchery, to determine if they have other sources of water.

President Brown asked what would happen to Lloyd Knox Park if the Leaburg dam were removed.

Ms. Krentz replied that although it was too early to say definitively, as part of the license surrender process, EWEB would likely have to provide recreation opportunities, and as such, would have discussions with stakeholders and other interested parties about the future of Lloyd Knox Park.

Commissioner Schlossberg asked for clarification surrounding the maintaining of the surrounding canals for water conveyance alone.

Mr. Lawson said the initial recommendation to continue to use the canals for stormwater conveyance was based on the economic advantage that it had over the full decommissioning option. He explained that if EWEB could obtain environmental recovery funds, that led to full decommissioning of the canal, there would be advantages such as removing the ongoing O&M obligation. He closed by saying the initial recommendation is the most practical way to start unless we learn otherwise.

Commissioner Schlossberg wondered at what point the utility would start to be proactive with residents who live along Leaburg Lake, to mitigate the extreme shift in their property.

Mr. Lawson said EWEB had baked into its planning around Leaburg, outreach to interested parties, adding that the entire process was a collaborative effort with said parties, and all stakeholders.

Mr. Somogye said one of the first things staff would do once the record of decision was implemented would be to have another stakeholder engagement plan, to get the word out and reassure the community that this would be a long-term process with a long time to negotiate and mitigate the issues.

Commissioner Barofsky asked if EWEB told the Federal Energy Regulatory Commission (FERC) they were going to surrender the Leaburg license, was staff confident FERC would let EWEB keep the Walterville Canal until at least 2040.

Ms. Krentz said staff was confident EWEB would be able to keep Walterville until at least 2040.

Commissioner Barofsky asked who the regulatory body for stormwater conveyance would be.

Mr. Zinniker replied the State of Oregon.

Ms. Krentz assured those present that, should EWEB decide to decommission Leaburg dam, the dam itself would not be removed right away, stating that it would probably be a decade until that time.

Commissioner McRae announced he was in agreement with the recommendation, and he appreciated the time and effort EWEB staff, and the Board of Commissioners had put into this decision.

Vice President Carlson reiterated that cost was a big driver for her. She said it was imperative the utility be as transparent as possible about the process, so ratepayers will understand the reasons for the decision the Board makes, and that it was the best choice of bad options. She reaffirmed she wished they could keep the Leaburg dam, but she realized it was tied to power generation which is very costly and risky.

Commissioner Barofsky stated—if EWEB moved forward with a decommissioning scenario—he was in favor of returning the entire corridor around what is now Leaburg Lake, back to a pre-dam, pre-lake state.

President Brown said similar things had happened along the Rogue River—where dams had been removed, rendering lakefront homes, riverfront homes; he hoped EWEB could draw from that work as they move forward their plans for Leaburg. He wondered—in a return-to-service (RTS) scenario—if the EWEB facility was to be shut down in the future due to waterflows, etc., on top of the \$250M to get the project running, would the utility then have to spend an additional couple hundred million to decommission.

Mr. Lawson confirmed that was correct.

President Brown reiterated the huge financial risk of returning to service, as there would be a possibility that the project could later be shut down resulting in double the cost for rate payers. He said this liability weighed heavily on him.

Commissioner Schlossberg said that if EWEB moves in the direction of decommissioning, she too leans toward looking at full decommissioning to pre-project conditions.

Commissioner McRae concurred.

Mr. Lawson said he would direct staff to incorporate in the record of decision, that EWEB is preserving the option to pursue full decommissioning if that turns out to be practical and feasible.

Commissioner Carlson noted the cost difference for full decommissioning, while also acknowledging that option would have less liability in the long term.

Commissioner Barofsky asked if regular timeline check-ins with the Board, including decision points, could be a part of the record of decision.

Mr. Lawson said that it was possible to build regular reporting regimes to the record of decision.

Break

Vice President Carlson called for a break at 8:10 p.m. The meeting reconvened at 8:20 p.m.

Upcoming-Year (2023) Organizational Goals Development

Mr. Lawson and Mr. Price offered the Board a report and PowerPoint presentation on the Upcoming-Year (2023) Organizational Goals Development.

Commissioner McRae said he would like to see the diversity, equity, and inclusion (DEI) part of the Organizational Goals applied more broadly, and not just to the workforce itself.

Vice President Carlson agreed with Commissioner McRae's DEI sentiment. She said she liked the Goal's succinctness.

On the Strategic Plan (SP) Commissioner Barofsky said the utility should be adding things to its SP each year, but they also should be working to complete and remove items from the SP each year.

Annual Board Policy Review (policies changed within one year) – 2022 Roster: SD15 Climate Change Policy, GP7 Parliamentary Procedures, EL4 Compensation & Benefits, GP15 New Commissioner Orientation

Mr. Lawson offered the Board a review and PowerPoint presentation on the Annual Board Policy Review (policies changed within one year) – 2022 Roster: SD15 Climate Change Policy, GP7 Parliamentary Procedures, EL4 Compensation & Benefits, GP15 New Commissioner Orientation.

Commissioner McRae said he was in favor of reducing the amount of detail in the meeting minutes, especially with current technology. Regarding the Purchasing Controls policy (EL2), he noted the current policy was adopted in 2017 and has a threshold of \$150,000 (that triggers board approval); he suggested building in an escalation to the threshold over time.

Mr. Lawson said that staff take all procurement seriously regardless of the cost threshold. He said the Board could decide what level they are comfortable with, adding that all contracts above \$40,000, that do not require board approval, are reported.

President Brown spoke to the importance of oversight, referencing a past Consent Calendar item in which the Board was asked to approve a \$77,000 contract for grass planting, but with their authority, the Board questioned that amount, and eventually—thanks to purchasing controls—they cut that cost in half. He added that he was not concerned about the dollar threshold as he also reviews the quarterly reports, noting that little contracts are as important to him as the big ones.

Commissioner Barofsky agreed with President Brown regarding the importance of being good stewards when spending any amount of money and said that he was fine with leaving the purchasing control amount at \$150,000.

Commissioner Schlossberg said she would like to make sure that as a Board they are using best practices and are aware of how they can improve diversity, equity, and inclusion.

Commissioner Barofsky said Board Policy EL4 (Compensation and Benefits), gave him some pause, due to the State Law saying if an organization offers a bonus to one employee, every other employee in that class must be offered the same bonus.

Mr. Lawson assured the Board that any compensation or benefits paid by EWEB had all been legally reviewed and deemed legal and appropriate.

Vice President Carlson said she felt the Environmental and Sustainability policies could be combined. She also wondered if policies that had since concluded, might be removed. Finally, Vice President Carlson said she was in favor of reducing the detail of the minutes.

Commissioner Barofsky said he would like to know what the greenhouse gas reduction number was between 2009 and 2010.

Commissioner McRae said he was strongly in favor of an EWEB resiliency policy, perhaps baking in items such as building seismic standards and the localness of EWEB's energy generation.

Commissioner Barofsky asked how staff would go about coming up with a resiliency policy.

Mr. Lawson pointed out a resiliency policy would be a Board-level policy, rather than an operational policy, and as such, should provide Board guidance to staff that will help them answer specific questions in the areas of: infrastructure, workforce, and finance.

Correspondence & Board Agendas

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

Commissioner McRae said the draft Integrated Resource Plan (IRP), which was now public, was very helpful, and he said he was eager to hear more from staff on ratepayer outreach surrounding the IRP.

Mr. Lawson said it was staff's intent to provide Board members with materials so they can speak to their constituents about the IRP, Leaburg, funding for second source, etc.

Commissioner Barofsky said that despite the past joint meeting with the Eugene City Council not being very successful, EWEB should still reach out to them to try to work collaboratively since the utility and the City have so much overlap.

Commissioner Schlossberg said that as the at-large EWEB Commissioner, she would be happy to accompany other Commissioners to customer meetings in their respective wards.

Board Wrap Up

Mr. Lawson thanked the Board for their dedication to their posts in 2022. He said their care for the community, and their community engagement were both noteworthy.

Vice President Carlson thanked President Brown for his leadership in 2022.

Vice President Carlson adjourned the Regular Session at 9:15 p.m.

Recorded by Rodney Cimburke

Assistant Secretary

President