

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION**

June 6, 2023

5:30 PM

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

Others Present: Frank Lawson, EWEB General Manager; Rodney Price, EWEB Assistant General Manager; Deborah Hart, EWEB Chief Financial Officer; Kelly Hoell, EWEB Climate Policy Analyst & Advisor; Michelle Detwiler, Renewable Hydrogen Alliance Executive Director.

CALL TO ORDER

President Carlson called the Regular Session to order at 5:30 PM.

Agenda Check

There were no changes to the agenda.

Items from Board Members and General Manager [0:15]

Commissioner Brown noted that dewatering the Walterville canal created a lot of turbidity in the McKenzie River, and future efforts should be done slower to prevent that.

President Carlson asked if EWEB had an account on Nextdoor and noted that other local governing agencies had Nextdoor accounts.

Mr. Lawson said regarding the turbidity mentioned by Commissioner Brown, he would look at processes that took place and report back.

Correspondence [3:35]

Vice President Barofsky said regarding the system development charges (SDC), it would be nice if EWEB staff could notate how those charges compared to the current costs, and if there was any flexibility to offer incentives. He noted that new legislation meant that fees would be less for a smaller house and more for a larger house and said it would be good to know what the current fees were.

Mr. Lawson said it was intended that the overall charges would remain the same, and it could not be a direct comparison because one charge was based on meter size and the other was based on house size. SDC's were mandated by the state and those could not be waived. However, in some cases, projects that benefited the community could get grant funding, which could cover a portion of the SDC's. He noted that he would be prepared to discuss the different opportunities that would be available in the fall of 2023.

Public Input [5:42]

There was no public input.

BOARD ACTION ITEMS

Approval of Consent Calendar – A, Minutes and Routine Contracts [5:55]

MINUTES

1. May 2, 2023 Regular Session

CONTRACTS

2. Brenntag Pacific, Inc. - for the Purchase of Solar Salt for Sodium Hypochlorite Generation. \$300,000 (over 5.5 years) based on Formal Invitation to Bid.

3. Ferguson Enterprises, LLC - for Brass Fittings. \$1,420,000 (over 5 years) based on Formal Invitation to Bid.

4. Sensus USA Inc. – for additional funds for the Advanced Metering Infrastructure (AMI) Implementation project. \$10,000,000 (original contract amount \$20,500,000, additional previously approved \$2,600,000, resulting cumulative total \$33,100,000 over 10 years) based on Formal Request for Proposals.

MOTION: Vice President Barofsky moved to adopt Consent Calendar A. The motion passed unanimously, 5:0.

Approval of Consent Calendar – B, Non-routine Contracts and Other Consent Items [6:25]

CONTRACTS

5. Mountain View Tree Service – for Tree Removal Services. \$125,000 based on Formal Invitation to Bid.

6. USI Insurance Services NW - for Health and Wellness Benefits Broker and Consulting Services. \$259,000 (over 5 years) based on Direct Negotiation.

7. Westates Flagman - for Traffic Control and Flagging Services for Utility Line Clearance Work (non-BOLI prevailing wage rates). \$1,135,000 (over 5 years) based on Formal Invitation to Bid.

RESOLUTIONS

8. Reserve Fund Status and Transfers/Use of Reserves and Revisions to Financial Policies

a. Resolution No. 2311 - Highest & Best Use of Cash/Reserves/Transfers.

b. Resolution No. 2312 - Revisions to Financial Policies.

OTHER

9. McKenzie River Trust (MRT) – for a Mutual Funding and Collection Agreement for Mutual Funding of the Pure Water Partners (PWP). \$1,000,000 (over 5 years) based on Direct Negotiation.

10. McKenzie Watershed Alliance (MWA) – for a Mutual Funding and Collection Agreement for Mutual Funding of the Pure Water Partners (PWP). \$500,000 (over 5 years) based on Direct Negotiation.

11. Strategic Plan Update

12. Upper Willamette Soil and Water Conservation District (UWSWCD) – for a Mutual Funding and Collection Agreement for Mutual Funding of the Pure Water Partners (PWP). \$500,000 (over 5 years) based on Direct Negotiation.

President Carlson pulled item 11, Strategic Plan Update.

Vice President Barofsky pulled item 8, Reserve Fund Status and Transfers/Use of Reserves and Revisions to Financial Policies.

MOTION: Commissioner Schlossberg moved to adopt Consent Calendar B with the exception of numbers eight and eleven. The motion passed unanimously, 5:0.

Items Removed from Consent Calendar [7:15]

Item 8, Reserve Fund Status and Transfers/Use of Reserves and Revisions to Financial Policies: Vice President Barofsky said regarding the schedule of cash reserves, he was in favor of raising all of those limits. He asked about the procedure for working cash balances that are above target; he inquired when working cash would be allocated and what categories those funds would be allocated to.

Ms. Hart said that electric utility funds would be spent on capital later this year. The electric utility would postpone borrowing because of its strong financial position.

Vice President Barofsky asked if it would be beyond the 15 million already being moved to capital reserves.

Ms. Hart said yes.

Vice President Barofsky asked if that was in the budget.

Ms. Hart said all of the capital spending was currently approved and included in the budget. Rather than borrowing additional funds, EWEB had cash on hand to pay for most of those projects. She noted that all of the spending was already approved.

Vice President Barofsky asked what the policy for funds above the target in working cash was and if those were internally directed or directed by the board. If they were directed by the board, would that be done during the regular budgeting process.

Ms. Hart said the board would direct reserve transfers. If funds were moved into a capital improvement reserve, the funds must be used for capital unless the board made a subsequent decision to the contrary.

Mr. Lawson said working cash specifically had inflows and outflows. If high or low abnormalities were discovered, EWEB staff would seek board approval for a transfer of cash. The only money being spent was what was approved by the board in the budget. Working cash gave the budget flexibility. If that money was moved into capital, it would only be used for capital. He asked if working cash impacted debt service coverage.

Ms. Hart said debt service was EWEB revenue. EWEB paid bills with the working cash and could be reimbursed through either bond funds, capital reserves, or a board approved rate stabilization fund.

There were no other comments or questions.

Strategic Plan Update: President Carlson said regarding the Strategic Plan, she thought safety and security should be listed first. If other board members felt the same, she proposed switching item A and item B in section 4.1 of the Strategic Plan.

Board members were in agreeance.

Vice President Barofsky said the sentence in section F that stated, "EWEB would develop generating resources capable of maintaining emergency power" seemed misleading and asked if it should be revised to say, "EWEB would look into the possibility of developing generating resources capable of maintaining emergency power."

Mr. Lawson said that sentence pertained to partnership efforts.

Vice President Barofsky said it should say, "EWEB would seek opportunities to develop generating resources."

Commissioner Schlossberg asked if those partnerships would be in place by 2024.

Mr. Lawson said he suspected that some would be in place. The other option was the ability to black start units, which would include EWEB generation as well as collaboration with partners.

Vice President Barofsky asked if the language could be worked on and presented in the next consent calendar.

Mr. Lawson said an appropriate way to phrase it would be, "evaluating and developing the generating capabilities".

There were no other comments or questions.

MOTION: Commissioner Schlossberg moved to approve the remainder of Consent Calendar B, minus item 11. President Carlson clarified by asking for all in favor of Consent Calendar B, item 8 to say aye.

The motion passed unanimously, 5:0.

MOTION: Vice President Barofsky moved to adopt the Strategic Plan with the following amendments:

- Move Safety and Security to Item A in Section 4.1
- Change the Language of a Sentence in Section F from "develop generating resources capable of maintaining emergency power" to "evaluating and developing the generating resource capabilities" or equivalent language.

The motion passed unanimously, 5:0.

GENERAL BUSINESS ITEMS

Hydrogen (H2) Technology and Interests [20:25]

Michelle Detwiler, Renewable Hydrogen Alliance Executive Director; Kelly Hoell, EWEB Climate Policy Analyst & Advisor; and Frank Lawson, EWEB General Manager provided a PowerPoint presentation and answered questions from the Board. Ms. Hoell's presentation focused on hydrogen basics including chemistry and equipment, terminology and carbon intensity, and storage; Ms. Detwiler spoke about the renewable hydrogen policy and project landscape; and Mr. Lawson described EWEB's interest in hydrogen.

Upriver Meeting Follow-up Discussion [01:26]

Commissioners and Mr. Lawson discussed their observations of the May 16, 2023 board meeting with the McKenzie Valley community and considerations for future meetings.

President Carlson suggested publishing an article in McKenzie River Reflections to address the inaccuracies stated by members of the public.

Mr. Lawson said he would consult with the EWEB communication team to determine the best way to engage the community.

Draft Resiliency Board Policy [1:52:05]

Mr. Lawson provided an overview of the draft policy and received feedback from commissioners. It was agreed that a refined draft would be brought back to the board for further discussion at a future meeting.

Break [2:19]

President Carlson called for a 10-minute break.

Annual Capital Improvement Plan [2:29:25]

Frank Lawson, General Manager and Rod Price, Assistant General Manager provided a PowerPoint presentation describing EWEB's financial planning process, the business and economic forecast, and the strategic and operational assumptions and priorities pertaining to the Capital Improvement Plan. They answered questions and received feedback from the board.

Future Board Agendas [2:56:50]

Vice President Barofsky asked if there would be an opportunity for a discussion on Carmen re-licensing and the Trail Bridge Reservoir.

Mr. Lawson said that could be added to a September 2023, meeting agenda.

Board Wrap Up [3:00:08]

President Carlson said the board received an invitation to the EWEB-hosted First Friday event and was curious about information regarding future events hosted by other entities.

Mr. Price said he would share that information with the board.

Adjournment

President Carlson adjourned the Regular Session at 8:30 PM.

Recorded by Diana Pamir Tisdale, LCOG

Assistant Secretary

President