

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION**

June 4, 2024

6:15 pm

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

Others Present: Frank Lawson, EWEB General Manager; Rodney Price, Assistant General Manager; Deborah Hart, Assistant General Manager/Chief Financial Officer; Karen Kelley, Chief Operations Officer; Lisa Krentz, Generation Manager; Mark Zinniker, Generation Engineering Supervisor; and Patty Boyle, Generation Contracts Supervisor; Sarah Medary, Eugene City Manager; Twylla Miller, City of Eugene Chief Financial Officer; Matt Rodriguez, Assistant City Manager

REGULAR SESSION

Call to Order

Vice President Barofsky called the meeting to order at 6:15 pm.

Agenda Check

No changes to the agenda.

Items from Board Members and General Manager [0:2:33]

Commissioner Schlossberg took a tour of the College Hill site, and they also had their upriver meeting and river trip.

Commissioner Brown said he was on the Other Post Employment Benefits (OPEB) board in a non-voting position, and the retirement fund was doing well. He also attended the Lane Electric Co-op meeting and explained some of what he learned. He noted the volume of detailed information for EWEB they had received from staff in the last two days was dense and the review time too short.

Commissioner Carlson thanked staff for the upriver meeting. She said she went on the College Hill tour and attended the celebration.

Vice President Barosky said the upriver meeting and river trip went very well.

General Manager Lawson agreed with Commissioner Brown on the volume of information and limited time to review it. He said he wanted to poll the commissioners on the May 23rd letter regarding the potential sale of the Leaburg hydroelectric facility. He said EWEB could evaluate it, but as a FERC regulated facility there would be substantial regulatory requirements for any transfer of ownership. If the board endorsed evaluation of proposals for the potential sale, staff

would do so in the context of the original principles associated with the Record of Decision, for example to eliminate long-term risk.

Commissioner Brown believed it wouldn't be a good use of staff's time as if it didn't work for EWEB it would not work for another corporation. He added that EWEB would still have the stormwater obligation. He was not in favor.

A quorum of the Board agreed with Commissioner Brown.

Correspondence

None.

City of Eugene Potential Fees [0:10:21]

Sarah Medary, Eugene City Manager, Twila Miller, City of Eugene Chief Financial Officer; Matt Rodriguez, Assistant City Manager

Sarah Medary, Eugene City Manager, spoke to the Board on the potential new fees from the City of Eugene, she explained where they might add fees for customers and asked for feedback from the Board. Ms. Medary noted the public hearing on increases to the stormwater fee was on June 17th with potential action on the 24th. The fire service fee would have a proposal come in the fall.

Commissioner Brown knew they couldn't do anything about EWEB billing for stormwater, but his concern was the bill came from EWEB and two of four items on the bill were city fees. He explained he took issue with shutting power off when some of the money was for the city, not utilities. He said he would champion separate billing.

Commissioner Carlson didn't support separate billing due to increased cost but was against shutting off utilities for households unable to pay the city fees.

Commissioner Barofsky said he sat on the revenue committee and felt city staff heard his concerns on the cost to the customers.

Commissioner Carlson said two bills would be more costly than running it through one system.

There was a brief discussion between Commissioner Brown, Ms. Medary and Mr. Rodriguez, on University of Oregon payments into the potential fire safety fees.

Commissioner Schlossberg clarified that she didn't have an issue if the City decided to do its own billing, but if significant fees were added to the EWEB bill they should add something to the bill to account for city fees more clearly.

Mr. Lawson said he wanted to make it clear that the city was going through this process and their goal was to work with the city to know their options and more details will come to the board in the future.

Public Input [0:29:45]

The following testimony was provided to the EWEB Commissioners: The Board neither endorses nor opposes or is responsible for the accuracy of the content of testimony, including any links or references provided.

Kathy Ging, of Eugene OR, expressed opposition to smart meters, specifically stating they would not “be put out like spot fires” an analogy she related to EWEB’s attempts to mandate smart meters and shut off electricity for people who wished to keep their analog meters she demanded that they have a proper opt-out system.

Sabrina Siegel, of Eugene OR, expressed opposition to smart meters, specifically stating she was a plaintiff in the suit against EWEB, and some of them cannot have smart meters on their homes for health reasons. She wanted a proper opt-out.

Curtis Blankinship of Eugene OR, expressed support of a network geothermal heat pump system. He asked EWEB to investigate network geothermal power so they could stay off nuclear power.

Sarah Charlesworth of Eugene OR, offered commentary on the difficulty of finding information about the board meeting, the beauty of the EWEB facility, the short timespan on available board meeting information, storm water fees and use of the EWEB conference rooms.

Dan Patch, of Eugene Or, expressed opposition to smart meters, specifically stating the original smart meter agreement was opt-in, and demanded that EWEB listen to the community and honor the agreement that they made.

Aidan Bassett of Eugene OR, offered commentary on the Carmen-Smith project, he went over the history of the site and the lack of fish passage. He demanded that EWEB implement the fish passage measures they agreed to in 2008 and find a way to fund it.

Bethany Cotton, Eugene OR, Ward 7, offered commentary on the delay EWEB had on the Carmen-Smith projects and the fish passage. She said the update failed to explain why the passage had been delayed and demanded they comply with the environmental laws.

Joshua Korn of Eugene OR, expressed opposition to smart meters, specifically stating there was retaliation against him by EWEB and that he had been forced to get a transmitting smart meter against his will.

Alan Gormezano of Eugene OR, expressed opposition to smart meters and the added fees on bills, specifically stating that very few people wanted smart meters and the system was vulnerable and posed health risks.

Board Action and General Business Items [1:01:27]

Approval of Consent Calendar – A (Minutes and Routine Contracts)

1. Minutes

- a. May 7, 2024 Executive Session
- b. May 7, 2024 Regular Session

CONTRACTS

- 2. **Miller Nash LLP** - for Legal Counsel for Human Resource Related Matters. \$600,000 (over 5 years) based on Formal Request for Proposals.

MOTION: Commissioner Brown moved to approve Consent Calendar A.
The motion passed unanimously 4:0. (President McRae's vote was not audible via remote connection.)

Approval of Consent Calendar – B (Nonroutine Contracts and Other Consent Items)

CONTRACTS

- 3. **College Hill Storage Tanks – Demolition and Earthwork** – authorize General Manager to approve new contract for the College Hill Storage Tanks – Demolition and Earthwork. \$5.5 to \$6.4 million (Range between three offers) based on Formal Invitation to Bid.
- 4. **McKenzie River Trust** – for use of additional funding under the existing Memorandum of Agreement to support the Acquisition and Management of an additional 644-acres adjacent to the existing Finn Rock Reach Conservation Area. \$400,000 based on Direct Negotiation – Memorandum of Agreement (MOA) (Original contract amount \$1.5 million, resulting cumulative total \$1.9 million).
- 5. **Wildish Building Company** – for a Construction Task Order for construction services for the Reconstruction of Smith Reservoir Recreation Area. \$1.7 million based on Construction Manager/General Contractor (CM/GC) Guaranteed Maximum Price.

RESOLUTIONS

- 6. **Reserve Fund Status and Transfers** – Use of Reserves and Revisions to Financial Policies.
 - a. Resolution No. 2407 - Highest & Best Use of Cash/Reserves/Transfers.
 - b. Resolution No. 2408 - Updates to Financial Policies.
- 7. **Update to Customer Fees, Rates, and Charges**
 - a. Resolution No. 2409 (Electric)
 - b. Resolution No. 2410 (Water)

MOTION: Commissioner Brown moved to approve Consent Calendar B, minus item 5, Wildish Building Company.
The motion passed unanimously 5:0.

Items removed from Consent Calendar

Commissioner Brown was concerned about the cost discrepancies on the project associated with item 5, Wildish Building Company.

Ms. Kelley said the estimate was based on a prior campground project in 2021, and that was what was seen in the budget. She explained the scope changed over time and the new engineer's estimate came in after the primary budgeting cycle for 2024. She added that the cost increase was due to inflation and also change of scope.

Commissioner Brown expressed concern the cost would continue to increase, and he emphasized cost control.

Ms. Krentz explained it was hard to estimate these projects, particularly with the effect of inflation. She said they did go back and do value engineering on this project. The original estimate was \$3 million; she explained they reduced the scope and the estimate returned was \$950K, so when they received an updated engineer's estimate, they were pleased with the \$1.7 million that came from the contract.

MOTION: Brown moved to adopt item Number 5.

The motion passed unanimously 5:0.

GENERAL BUSINESS ITEMS [1:06:23]

Annual Capital Improvement Plan Assumptions and Priorities [1:06:23]

Rod Price, Assistant General Manager and Frank Lawson, General Manager gave a presentation on the Annual Capital Improvement Plan (CIP) Assumptions and Priorities via PowerPoint, answered questions, and received feedback from the board.

Topics of discussion included CIP Terms and Planning Process, Business and Economic forecast assumptions, Electric Investment Priorities, Water and Shared Services Investment Priorities, and CIP risks.

Carmen-Smith Update [1:59:53]

Lisa Krentz, Generation Manager; Mark Zinniker, Generation Engineering Supervisor; and Patty Boyle, Generation Contracts Supervisor; gave a presentation on the Carmen-Smith License Deployment via PowerPoint and answered questions from the Board.

Topics of discussion included the License and Settlement Agreement, the permanent fish passage delays, the Federal Energy Regulatory Commission (FERC), the noncompliance letters, mitigation for the impact on the fish, project status and cause of delays, and the number of projects.

Ms. Boyle spoke on 2024 construction including spawning channel habitat improvements, Lakes End Campground, the Smith Day Use Area, and completed projects.

Mr. Zinniker spoke on the powerplant improvements, the Carmen substation rebuild, the Trail Bridge powerplant electrical and controls, the Carmen turbine generator overhaul, emergent dam safety issues including the sinkholes at Carmen Diversion, seismic discoveries, and the Trail Bridge sink holes.

Ms. Krentz spoke on the economic changes to the project. She stated the final budget was now projected to be \$194 million and the previous 2017 estimate was \$139 million.

Commissioner Carlson asked about the specific timeline for fish passage and expressed concern over the letters, the changing requirements, fish movement, and the dam safety issues.

Ms. Krentz described in detail the history of fish passage requirements and the measures EWEB has implemented to date.

Commissioner Brown recalled that the engineers struggled with the design of a fish ladder in that space when the discussion originally took place due to the length of the passage and dam safety concerns and he asked if that had changed. He asked about potential impacts of sinkhole mitigation on the habitat improvements in the spawning channel.

Ms. Krentz explained the general change to understanding of dam safety vulnerabilities has caused all the habitat projects to be subject to dam safety review.

Commissioner Schlossberg asked when they would have the higher-level discussion about Carmen-Smith in the context of EWEB's portfolio and challenges such as the rising costs, environmental issues, fire danger, and dam safety.

Mr. Lawson said there would be a conversation in the Fall around EWEB's business model and the trade-offs of operating and owning generation, and this would inform decisions around the Bonneville contract. He added that would not remove EWEB's obligation under the present license.

President McRae asked if Ms. Krentz could point to the trigger that required fish passage and wanted to know how it related to their relicensing and the endangered species act.

Ms. Krentz replied when the project was originally built in the 1950's there were not mandatory prescriptive authorities. She said the trigger for fish passage, and federal agency's authority to require it, was under the Federal Power Act, Section 18 Fishway Prescriptions.

President McRae wanted to know the timeline for fish passage, and he was curious about what their plan was to meet the requirements that FERC and the federal fish agencies are putting forth given that it was difficult due to the seismic issues and other challenges.

Ms. Krentz said the conversation around fish passage began in the early 2000's in preparation for the final license application, and ultimately the 2008 settlement agreement. Then renegotiation of fish passage methods began in 2015 for a renegotiated settlement agreement that was submitted in 2017. She said EWEB is committed to looking at things that can be done

differently or better. She added that review time from dam safety and others prohibits expediting the schedule beyond what we currently anticipate as there are significant and concerning dam safety and regulatory review processes that we must go through.

Ms. Boyle added that EWEB is advancing the other license requirements as expeditiously as possible, including habitat projects.

Vice-President Barofsky said they had worked to care for the fish in their watershed and explained their commitment to the recovery of the run was genuine. He noted the changing regulatory conditions, and asked about the probable maximum flood (PMF) level they had to build to, and if there were smolts from upstream coming through the downward spill. He also had concerns around the agencies that said they were pulling out of the settlement and the scenarios they are advocating for.

Mr. Zinniker said the PMF level was extremely low probability but high consequence.

In response to his question around fish, Ms. Krentz replied that since there is a temporary trap and haul facility at the spawning channel, ideally there will be a lot of fish which would be moved above Trail Bridge dam.

Upriver Meeting Follow-Up Discussion [3:03:13]

Mr. Lawson spoke on the upriver meeting and talked about how they had changed the format. He thanked staff for the organization of it and asked if the board had any input.

Commissioner Schlossberg thought it went well and liked the format. She appreciated talking to people one on one.

Commissioner Brown appreciated the meeting and felt it went well. He would have liked to interact with more people.

President McRae appreciated the change in format and had no changes to suggest. He believed residents felt more heard than in the past.

Vice-President Barofsky felt it went well, and a lot of the questions he was asked he could answer, but staff needed to make sure the new commissioner was well informed and prepared when they came on board so they will be prepared for potential questions at future meetings.

Commissioner Schlossberg said she interacted with folks concerned about Leaburg dam and something that she noticed was that EWEB could have responded to their concerns in a better way. She felt there were better opportunities to communicate with others.

Mr. Lawson said it sounded like commissioners appreciated the format and it facilitated more people to interact.

Future Board Agendas [3:11:50]

Mr. Lawson said they had a meeting scheduled for July 2 and asked if that was a good day or if they should push it to the 9th.

The Commissioners chose to move the next meeting to July 9.

Board Wrap Up [3:14:26]

Commissioner Brown said six months ago they had a contract to remove trees and it was removed from the consent calendar.

Ms. Boyle said after the wildfire they pulled that effort off the table and reassessed what was needed to complete regulatory compliance; that work was completed in April. She added they would watch over the next several years to see if further removal would be necessary.

Commissioner Carlson appreciated the extra time given to her for questions on the Carmen-Smith project.

Deborah Hart, Assistant General Manager/Chief Financial Officer, gave an update on bond pricing for the electric utility.

Adjourn

The Meeting was adjourned at 9:34 pm.

Recorded by Lydia Harvey, LCOG

Assistant Secretary

President