



TO: Commissioners McRae, Barofsky, Schlossberg, Brown, and Carlson
 FROM: Anne Kah, Administrative Services Manager; Frank Lawson, General Manager
 DATE: November 27, 2024 (December 3, 2024 Board Meeting)
 SUBJECT: Board Officer and Liaison Positions
 OBJECTIVE: Prepare for Election of Officers and Appointment of Liaisons at January Board Meeting

Issue/Background

The EWEB Bylaws, Article V, Section 1 state that the board president and vice president will be elected annually. According to Board Policy GP4, during the first meeting of each calendar year, an election of Board officers and other routine annual business will be performed.

In accordance with Board Policy GP12, the Board may use committees, outside appointments, and liaisons to staff work as a means of gathering and disseminating information, representing the Board, and providing preliminary input to Board decisions. Furthermore, the policy provides directives for establishing said assignments. A copy of the policy is attached herein.

For reference, an account of current Officers and Appointments is provided below.

2024 Board Appointments

2024 Election of Board Officers

President Matt McRae
 Vice President John Barofsky

2024 Appointment of Commissioners

Lane Council of Governments (LCOG)	Sonya Carlson (primary) John Barofsky (alternate)
Provides coordination among Lane County governmental agencies. Term of organization is ongoing. Term of appointment is annual.	

McKenzie Watershed Council	John Barofsky No designated commissioner as alternate
Fosters better stewardship of the McKenzie Watershed resources through voluntary partnerships and collaboration. Term of organization is ongoing. Term of appointment is annual.	

McKenzie Watershed Alliance (MWA) Executive Board	Designated EWEB Staff No designated commissioner alternate
The 501c3 oversees the McKenzie Watershed Council. The board is responsible for matters such	

as reviewing contracts and grants, and supervision of the Executive Director. The board position may be filled by an EWEB Commissioner or EWEB staff member. Term of organization is ongoing. Term of appointment is annual.

Other Post-Employment Benefits (OPEB)

John Brown

No designated commissioner as alternate

A Commissioner is not a voting member of the Section 115 Trust that has been set up to oversee EWEB contributions to the trust, the investment of funds, and measurement of the unfunded liabilities of the retiree medical plan. Term of appointment is ongoing.

Springfield Utility Board (SUB)

Matt McRae

No designated commissioner as alternate

EWEB is interested in partnering with SUB to build a long-term resilient approach to managing multiple water sources in the metropolitan area. The SUB liaison will assist the General Manager with the exploration of strategic water opportunities. Term of assignment is ongoing. Term of appointment is annual.

Lane Electric Cooperative

John Brown

No designated commissioner as alternate

The liaison will partner with the General Manager on future discussions and collaboration with Lane Electric Cooperative. Term of assignment is ongoing. Term of appointment is annual.

City of Eugene

Matt McRae, President

John Barofsky, Vice President

The liaison role is between EWEB and the City of Eugene Leadership on areas of mutual interest. It is the Board's desire to partner and exchange information with the City of Eugene on a variety of matters, including but not limited to EWEB's role in decarbonization, resiliency, and emergency preparedness. The liaisons will collaborate with the City of Eugene leadership and provide the Board periodic reports on discussions with the City of Eugene. The term of assignment is ongoing. Term of appointment is annual.

City of Springfield

Mindy Schlossberg (primary)

John Brown (alternate)

It is the Board's desire to foster a long-term partnership with the City of Springfield Leadership as we improve water resiliency for our connected communities through a second water source on the Willamette River, as well as other potential projects. The liaison will collaborate with the City of Springfield leadership and provide the Board periodic reports on discussions with the City of Springfield. Term of assignment is ongoing. Term of appointment is annual.

Requested Board Action

No action is requested at this time. An agenda item is scheduled for January 7, 2025, at which time Commissioners will have the opportunity to discuss and take action on the 2025 election of officers and board appointments. Following the Board's decisions, staff will prepare a resolution for formal adoption of these appointments on the February 2025 consent calendar.

Attachment: Board Policy GP12



Governance Process Policies (GP Policies)

GP12 Board Committees, Outside Appointments, Liaisons to Staff Projects & Advisory Committees
Effective Date February 6, 2024

The Board may use committees, outside appointments and liaisons to staff work as a means of gathering and disseminating information, representing the Board, and providing preliminary input to board decisions. Specifically,

- The Board may choose to appoint standing (permanent) and temporary committees.
 - All committees will be created and defined by Board Resolution and formally adopted by the Board. The resolution will state the purpose, composition, membership (term and succession), and in the case of temporary committees, the expected dissolution date. Committees may include members from outside the organization if the Board so chooses.
 - Committees will be used to discuss and refine information and to make recommendations to the full board.
 - All committee meetings (except where exempt under Oregon Revised Statutes) shall be open to the public.
 - When board committees are used, commissioners will be assigned so as to reinforce the wholeness of the Board's job and so as never to interfere with delegation from board to the General Manager.
- The Board may appoint a commissioner to an outside organization or entity.
 - All outside appointments will be made by Board Resolution and formally adopted by the Board. The resolution will state the purpose of the appointment, the nature of the commissioner's role, the term of the appointment and the succession if applicable.
 - As an appointee to an outside organization, it is the responsibility of the commissioner to represent policies and resolutions adopted by the Board. If an issue arises in which the Board has not previously taken a position, it is the responsibility of the commissioner to represent what they believe the Board majority would be. Should the majority of the Board decide that any action taken by an appointee did not represent the view of the majority; the Board can send a written notice modifying the previous action.
- The Board may designate commissioners to act as formal or informal liaisons to staff managed projects or work assignments.



- All liaison assignments will be made by Board Resolution and formally adopted by the Board. The resolution will state the purpose of the liaison assignment, the term of the assignment and the expected completion date.
- As a liaison to a staff managed project or work assignment, commissioners will participate as other project team members, with no more or less authority than other team members. It is the responsibility of the Commissioner to bring important information back to the full board and to represent the views of the Board, to the best of the Commissioner's ability.
- Commissioners assigned, as formal or informal liaisons will not direct staff or manage the work of the team or group. Decisions requiring action from the Board will be brought to the full board in accordance with the Bylaws.
- The Board may designate commissioners to participate in outside advisory committees whose purpose is to gather information from the community on projects or work currently engaged by or under consideration by the utility.
 - All advisory assignments will be made by Board Resolution and formally adopted by the Board. The resolution will state the purpose of the advisory committee, the term of the assignment and the expected completion date.
 - As a member of a community advisory committee, commissioners will participate as other committee members, with no more or less authority than other members. It is the responsibility of the commissioners to bring important information back to the full board and to represent the views of the Board, to the best of the commissioners ability.

Source: John Carver/Patrick Lanning, Board, Board Approved 10/03/06; Revised 02/06/24, Resolution No. 2403.



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners McRae, Barofsky, Schlossberg, Brown, and Carlson

FROM: Julie McGaughey, Chief Customer Officer; Jennifer Connors, Communications and Marketing Supervisor

DATE: December 3, 2024

SUBJECT: Education Grants

OBJECTIVE: Direction

Issue

The EWEB Education Grant Program provides funding for water and energy education in four local school districts within EWEB’s service and operational territories: Eugene 4J, Bethel, Springfield, and McKenzie. The current five (5) year Inter-Governmental Agreements (IGAs) with each school district are set to expire in August 2025. This memorandum notifies the board of proposed changes to the education grant program.

Background

EWEB has a long-standing track record of providing direct support to area schools dating back to the 1940s. While the funding structure and amounts have changed over the years, the commitment to youth education focused on the responsible use of energy and water resources has endured and is a prime example of how public power benefits the community.

Proposed Changes to the Education Grant Program

As we prepare for a future with increasingly complex challenges related to water and energy resources, staff recommend a continued evolution of the education grant program to promote responsible stewardship. The changes are proposed in two phases:

Phase I: Extend the current framework for two more years, with a slight adjustment to long-standing educational priorities (outlined below).

Phase II: Refresh educational priorities and consult with grant coordinators to discuss how curricula could be better tailored to local challenges for the next five-year grant term starting in 2027.

Phase I: Educational Priorities and Implementation Plan

Consistent with the 2020-2025 framework, EWEB will release a Request for Proposals (RFP) for the truncated 2025-2027 grant cycle. School districts will be asked to source curricula that align with the long-standing educational priorities outlined below. To ensure transparency and maximize the value

of these resources, school districts will continue to be required to make education materials publicly accessible, enabling all educators and students to benefit from the curricula selected through this process.

- **Water:** Local sources, watershed protection, water quality, conservation.
- **Energy:** Pacific Northwest power supply mix, options for the future, and pros and cons of different energy technologies.
- **Climate change:** Science, expected regional impacts, and carbon reduction strategies.

Plus, a new/renewed focus on:

- **Safety & Emergency Preparedness:** Educate kids on electrical safety and staying away from downed power lines. Talk about Emergency Water Stations and other elements of personal preparedness for large-scale disruptions.
- **EV Challenge:** Learn the differences between electric and gas-powered cars. Participate in an engineering challenge that teaches the effects of friction, drag, inertia, speed, momentum, and gravity on car performance, as well as the importance of design and precision of craftsmanship.

The RFP will be released in January and IGAs will be brought to the Board for review and approval in late spring of 2025.

Phase II: Educational Priorities and Implementation Plan

Staff will work both internally and with external grant coordinators to develop a refreshed list of educational priorities starting in late 2025. Staff will then work with grant coordinators to discuss how curricula could be sourced or developed to meet educational priorities, comply with district requirements, and be tailored to local concerns. This will also give the team a chance to standardize curricula across school districts to the extent possible so that all participating schools and students have access to the same resources. Phase II work will be completed in parallel with the truncated grant cycle with the goal of launching a new grant framework in 2027.

Discussion

This phased approach is meant to provide essential continuity to participating schools in the short term while optimizing education grant funding for the future. We look forward to the next successful iteration of the education grant program and as we continue to empower students to become informed stewards of local natural resources.

Requested Board Action

Seeking direction or agreement with proposed priorities and approach.



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners McRae, Barofsky, Schlossberg, Brown, and Carlson
FROM: Deborah Hart, Assistant General Manager/CFO; Aaron Balmer, AIC Financial Services Manager; Rob Freytag, General Accounting and Treasury Supervisor
DATE: November 27, 2024
SUBJECT: 2024 Year-end Audit Planning
OBJECTIVE: Information Only

Issue

EWEB is required to have annual financial statement audits, audits related to the expenditure of federal funds, and audits of the EWEB Retirement Benefits Trust. The Board has contracted with Moss Adams to perform these services.

Discussion

In September, Moss Adams performed interim audit procedures as part of the annual financial statement audit. This preliminary audit work provides Moss Adams with an understanding of EWEB and its business environment. Interim audit procedures included testing internal controls on both manual and system processes. Areas tested included, but were not limited to, revenues, disbursements, payroll, plant assets, and financial reporting. The interim audit work helps determine the amount of final audit work required when the auditors finish fieldwork in May 2025. Final fieldwork is scheduled later due to the implementation of EWEB Enterprise Solutions. Staff will be closing the books in the new system and more time is allotted for the close process this year.

During final fieldwork, the auditors will review supporting documentation such as bank statements and invoices, request independent verification of account balances, and receive representations from attorneys and management. The auditors will also analyze transactions for trends versus expectations based on their knowledge of EWEB and the utility industry. Audit plans also include other tests and inquiries to address controls of the new system as well as fraud risk. At the conclusion of the audit, Moss Adams will communicate in a management letter any significant matters they become aware of through the course of their inquiry and procedures. They also will issue an opinion stating whether the Board's financial statements are presented fairly in accordance with generally accepted accounting principles.

The audited financial statements and management letter will be presented to the Board at the June 2025 meeting.

Requested Board Action

This item is provided as information only.

Attachment – Correspondence letter from Moss Adams



Board of Commissioners
Eugene Water & Electric Board
4200 Roosevelt Blvd
Eugene, OR 97402

Re: Audit Communications

In connection with our engagement to audit the financial statements of Eugene Water & Electric Board (“EWEB”) as of and for the year ended December 31, 2024, professional standards require that we communicate with you certain items including our responsibilities with regard to the financial statement audit and the planned scope and timing of our audit. If requested, we would also appreciate the opportunity to meet with you to discuss this information further since two-way communication can provide valuable information in the audit process.

As stated in our engagement letter dated October 30, 2024, we are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* for the purpose of forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

We will also report on whether the schedule of expenditures of federal awards, presented as supplementary information, is fairly stated, in all material respects, in relation to the financial statements as a whole. Our responsibility for the supplementary information accompanying the financial statements is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or regulations that are attributable to EWEB or to acts by management or employees acting on behalf of EWEB. We will communicate to you at the conclusion of our audit, significant matters that we believe are relevant to your responsibilities in overseeing the financial reporting process, including any internal control related matters that are required to be communicated under professional standards.

We began our audit on September 23, 2024 and expect to issue our report in May 2025.

During the planning of the audit we have identified the following significant risks:

- Power trading – revenue and expense
- Complex hand calculated revenue accounts
- Management override of controls
- IT system conversion

Your client service team includes:

- Keith Simovic, Partner
- Laurel Braschayko, Senior Manager
- Mike Mills, IT Audit Manager
- Ayde Alvarado, Manager
- JD Menkens, Senior
- Alden Battaglia, Senior
- Chris Armstrong, Staff
- Justin Nguyen, Staff

This information is intended solely for the information and use of the Board of Commissioners and management of EWEB and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Moss Adams LLP". The signature is written in a cursive, flowing style.

Portland, Oregon
November 6, 2024



TO: Commissioners McRae, Barofsky, Schlossberg, Brown, and Carlson
FROM: Frank Lawson, CEO & General Manager
DATE: November 25, 2024 (December 3, 2024, Board Meeting)
SUBJECT: 2025 Organizational Goals – Initial Themes (Priorities)
OBJECTIVE: Discussion and Direction

Issue

The purpose of this correspondence is to solicit initial Commissioner perspectives on priorities for incorporation into the organization’s annual goals that will be presented by Management for the Board’s consideration in January.

Background

Organizational goals will be established annually that represent the General Manager’s interpretation of the priorities as defined by the Board (Board Policy BL5). Board Policy provides that the Board has responsibility for establishing its priorities for the coming year and providing that direction to the General Manager, who will draft new annual goals. The Board shall identify and define those results or conditions that are acceptable and not acceptable to the Board and communicate them in the form of policy, strategic plans, annual organizational goals, and annual budgets which are based on assumptions outlined in Long-Term Financial Plans and Capital Improvement Plans.

Discussion

Annual goals are a mechanism to prioritize and focus the organization’s investments and resources on maintaining critical ongoing “perennial” business fundamentals, addressing discrete gaps or weaknesses, or positioning the utility for strategic success.

EWEB’s Strategic Plan was originally adopted by the Board of Commissioners on August 2, 2017, and recently updated on September 6, 2024. By 2028, the goal of the strategic work is to increase the organization’s resiliency and “to effectively integrate new supply resources, resilient delivery systems (i.e., spines), and flexible customer consumption”. Creating operational and consumption flexibility tools, including demand response capabilities, will improve our ability to negotiate and manage supply contracts, integrate clean-energy resources, develop backup and emergency systems, and respond to unanticipated events. The objective of this phase is to build resilient foundational pieces that facilitate ongoing organizational effectiveness. As further described in the plan, EWEB needs to:

1. Continue to Foster Customer Confidence through ongoing optimization of operations, while maintaining appropriate compliance.
2. Strategically position the organization for flexibility by building “the foundational pieces that facilitate ongoing organizational effectiveness” including deploying advanced metering, using an energy resources study to inform resource choices (including Bonneville Power Administration contract), modernizing information systems, positioning rate design for future products, and making water and electric resiliency investments.

The elements above are near-term strategic building blocks. To facilitate the translation of the strategic plan to the tactical level, the Board and General Manager will provide annual organizational goals.

Organizational Goal Considerations

As the Board considers organizational priorities, there are some basic characteristics to consider:

- Goals can address “on-going” operational opportunities to ensure EWEB is operating within Board and public expectations. Operational deficiencies or gaps can be included as areas of focus for improvement. (Are we operating outside of desired performance metric limits? Does the goal address overall areas of focus, such as customer response, needed to keep Fostering Customer Confidence?)
- Ongoing goals can have a yearly focus in areas such as workforce culture or projects enabling long term resiliency goals.
- For overall workforce alignment, all goals should tie to operational effectiveness, the strategic plan, or a specific Board policy.
- Goals should be at a level that the Board can influence through existing mechanisms (i.e., budgets and rate approvals, project procurements and contracts, Community influence)
- Goals need to be primarily in EWEB’s control (i.e., carbon reduction goals for our operations vs. other agency’s GHG target goals)
- To help focus, the number of goals should be manageable (typically 4-6) within a particular year.
- Goal clarity will focus and inspire employee performance.
- All Goals need to align with the Organizational Values, which cannot be compromised for convenience, short term gain or strategic purpose, including the following:

SAFE: We value the safety, physical and psychological wellness, of our workforce and the public, the security and integrity of cyber assets and data, and the protection of our customers’ assets.

RELIABLE: We value the continuous on-demand delivery of drinking water and electricity, and the dependability of our response to our customers.

AFFORDABLE: We value and respect our customer-owners’ financial resources by making wise investments and controlling costs and rates

ENVIRONMENTAL: We value the prudent and sustainable stewardship of the environment and natural resources, including preserving our watershed, and our role in reducing the greenhouse gases (GHGs) contributing to Climate Change.

COMMUNITY/CULTURE: We value a culture of intentional actions and outcomes, continuous improvement, diverse perspectives, that is trustworthy, respectful, equitable, and inclusive to employees and community members. We are dedicated to our public service, professions, local governance, and commitment to serve our community honestly and with integrity.

2024 Areas of Opportunity

EWEB’s organizational goals are monitored and reported quarterly using defined performance metrics. While EWEB will achieve most 2024 goals, there are “operational” areas of opportunity that will be discussed in January. Achieving our resiliency targets, and our goals to align energy supply with consumption, are foundational to our strategy.

Potential 2025 Organizational “Themes”

The following business priorities are consistent with EWEB’s operational and strategic objectives.

EWEB’s Business Priorities

Business Continuity - Compliant with regulations, statutes, policies and values, maintain/improve the operational performance of the organization.

Energy Delivery Optimization - Effectively synchronize supply, delivery, and consumption in order to create long-term value for customers, which will require increasing consumption-side management.

Resiliency - Reduce the likelihood, magnitude, and duration of sudden or gradual disruptive events through risk mitigation, emergency preparedness and response, and recovery strategies.

In order to achieve these business priorities, maintain critical ongoing “perennial” business fundamentals, address discrete gaps or weaknesses, and position the utility for strategic success, the following “themes” are offered for Board consideration and discussion. “Themes” are not stated goals but identify specific opportunities or outcomes for consideration in the goals development process

Themes for Discussion (December Board Meeting)

- 1. Ongoing Operational Efficiency & Effectiveness*** – *As a prerequisite to our strategic priorities and initiatives, highlight specific/intentional Continuous Improvement opportunities within the organization.*
- 2. EWEB Enterprise Solutions (EES)*** – *Implement Continuous Improvements of recently launched Customer and Financial Systems, while preparing for modernization and improvement of Asset Management and Field Work Management systems.*
- 3. Asset Management Planning*** – *In support/preparation for a new/modern system (EES), as well as resiliency and modernization efforts, develop and/or refine Asset Management Plans (i.e., “Master Plans”).*
- 4. Strategic Project Prioritization/Management*** - *Improve our large project prioritization and effectiveness of our product delivery business models as indicated through key metrics.*
- 5. Energy Delivery Optimization*** – *use improved understanding of overall business impacts (i.e., “Business Model”) to guide energy resource planning, BPA contract choices/negotiation, data/information priorities, pricing and programs design (“rate design”), and business planning (finance, workforce, operations, assets, IS, etc.).*
- 6. Resiliency*** – *Focus administration, operations, and infrastructure investments on resiliency improvements, emphasizing workforce practices.*

Monitoring and Reporting

Generally, management works with staff to determine the best tactical milestones, or key process indicators (KPIs) needed to gauge progress and/or determine success. Once final organizational goals are approved, these defined measurement metrics will be developed and the progress toward achievement of these goals will be reported quarterly to the Board and public. Additionally, the General Manager includes organizational goal progress/attainment as part of his annual self-evaluation.

Requested Board Action

No Board Action is required. Management is requesting guidance and feedback on the potential 2025 organizational “Themes”, along with the Board’s priorities for incorporation into the organization’s annual goals that will be presented by Management for the Board’s consideration in January.