

Meeting Logistics and Facility & Safety Awareness

MEETING LOGISTICS

Thank you for attending tonight's board meeting.

EWEB management and subject matter experts are present in the room and virtually. The meeting is being live streamed and recorded.

Public testimony is welcome, sign-up forms are available at the back of the room.

Give completed forms to Security staff.

When your name is called to provide testimony, please speak loudly and clearly so everyone can hear you.

FACILITY & SAFETY AWARENESS

Visitor access is limited to the board meeting room and restrooms.

Restrooms are located on the 1st floor; exit through the interior door at the back of the room and a Security Officer will direct you to the location.

In the event of an emergency, (such as a fire or security incident) follow all instructions given by staff.

If evacuation is required, please calmly proceed to the nearest safe exit as identified and directed by staff and evacuate away from the building to the farthest points in the parking lots to allow clear and immediate access for first responders.

PUBLIC INPUT

INSTRUCTIONS



Complete Request to Speak form.

- In person: Hand form to Security Officer or staff seated along the windows.
- Callers: Submit online form any time before 2:00 pm meeting day (eweb.org/x2936)



Board President announces amount of time each speaker will be offered to present their testimony.

When your name is called, in person speakers may stand or sit at the speaker table.



Callers don't forget to press *6 to unmute.

Clearly state your name, and optionally your address or ward. Share your views and opinions respectfully.



3 MIN

Keep track of time. In-person speakers can watch the timer at the front of room; all speakers can listen for an audio notification when time has lapsed.

CODE OF CONDUCT

The Board values relevant community input from diverse perspectives and requests that all persons share their views and opinions in a manner that is productive, respectful, and not disruptive. Speech of any kind that is disruptive will not be tolerated. Anyone who fails to meet this standard may be muted or removed from the meeting.

WHAT TO EXPECT

- After testimony is heard, each commissioner will have an opportunity to speak if they choose, although by policy, the Board does not engage in a back-and-forth dialog.
- Commissioners do not ordinarily provide responses to public testimony during the meeting; failure to comment does not indicate agreement or disagreement. Any individual commissioner's response is an expression of their own views, not necessarily the collective position of the entire Board.
- The Board may direct staff to respond to specific questions or comments posed by the public; those responses which are for the public good may be posted on EWEB's website.

EWEB Board Meeting

June 3, 2025

Call to Order and Agenda Check



Eugene Water & Electric Board

Rely on us.

Items from Board Members & Assistant General Manager

Correspondence

<u>#.</u>	<u>Item and key points</u>	<u>Authors</u>	<u>Objective</u>
1.	Annual Reserve Fund Status and Transfers/Use of Reserves <ul style="list-style-type: none">Recommendations for transfers based on EWEB's long-term financial plans, financial policies, and the Electric and Water Utilities' financial conditions	Deborah Hart, TiaMarie Harwood, Aaron Balmer, Rob Freytag, Matthew Miller	Guidance
2.	State Legislative Update <ul style="list-style-type: none">Revival of State Cap and Trade ProposalSB 1153/SB 427 Water Right Transfer Criteria (Neutral w/pending amendment)HB 3666 – Wildfire Safety Certification (Neutral due to amendment/substitution)SB 179 – Recreational Immunity (Removes Sunset on 2024 Restoration) (Support – passage pending)HB 2256 – Indemnifying for conservation purposes sellers of units of land not lawfully established (Support – passed)	Jason Heuser	Information

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Approval of Consent Calendar A

Approval of Consent Calendar B

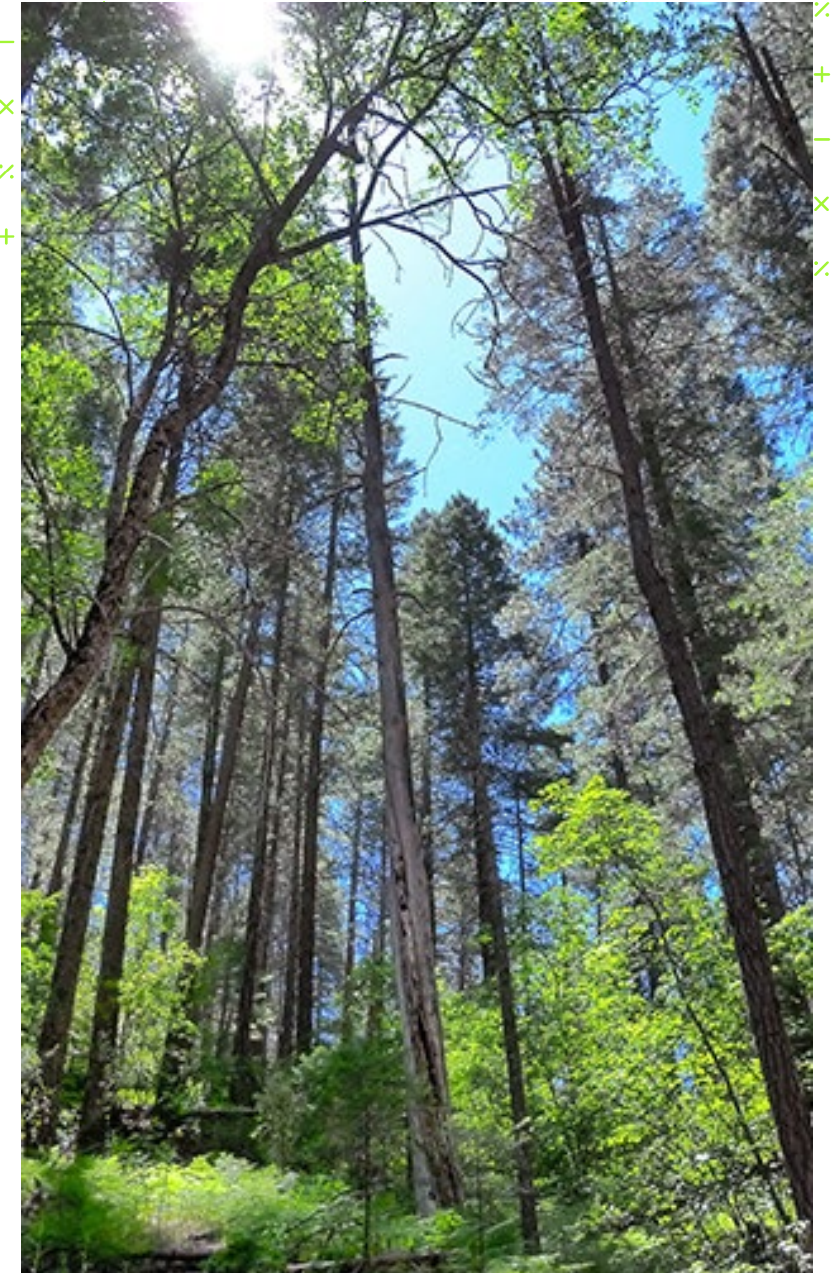
Items removed from Consent Calendar



Eugene Water & Electric Board

2024 Audit Results

June 3, 2025



Agenda

1. Engagement Team
2. Nature of Services Provided
3. Significant Audit Areas
4. Auditor Opinions / Reports
5. Required Communications



YOUR DEDICATED TEAM



KEITH SIMOVIC

Engagement Reviewer
Partner



Laurel Braschayko

Concurring Reviewer,
Senior Manager



Ayde Alvarado

Audit Manager



JD Menken

In-Charge Senior Auditor



Nature of Services Provided

1 Independent Auditors' Report on the individual and combined financial statements of Eugene Water & Electric Board

2 Assistance with, and technical review of the financial statements for compliance with GAAP

3 Report of Independent Auditors' on Internal Control Over Financial Reporting and on Compliance in Accordance with *Government Auditing Standards*

4 Disclosures and Independent Auditors' Comments Required by the Minimum Standards for Audits of Oregon Municipal Corporations

5 Report of independent auditors on compliance for the major federal programs and report on internal control over compliance as required by the Uniform Guidance

6 Communication to Those Charged with Governance



Significant Audit Areas



**WORK ORDERS-
CLASSIFICATION**



SAP CONVERSION



**SINGLE AUDIT
OVER FEDERAL
FUNDS RECEIVED**



**REVENUE AND
EXPENSES OVER
POWER TRADING**



**ADOPTION OF
GASB STATEMENT
NO. 101 –
COMPENSATED
ABSENCES**





Audit Opinion/ Reports

Financial
Statements

Unmodified
(clean) opinion
on financial
statement

Government
Auditing
Standards
Report

No findings

Oregon
Minimum Audit
Standards
Report

No findings

Single Audit
Report

No findings



Required Communication

- Auditor's responsibility under auditing standards
- **Significant accounting policies**
 - GASB No. 101 – Compensated Absences
 - No other significant changes
- Management judgments & accounting estimates
- **Audit adjustments made – None**
- **Proposed audit adjustments – None**
- No disagreements with management
- No difficulties in performing the audit
- **Audit observations and recommendations – No material weaknesses or best practices noted**



Acknowledgements

Thank you to the entire EWEB team for their excellent facilitation of the audit process.

- The audit progressed on time and in an orderly fashion; all requested schedules and draft financial statements were received on a timely basis.
- All personnel across all departments were courteous, responsive, and fulfilled all our requests in a timely manner.
- ‘Tone at the Top’ and attitude from management was one of helpfulness, candor, and openness in response to audit requests and discussion points.



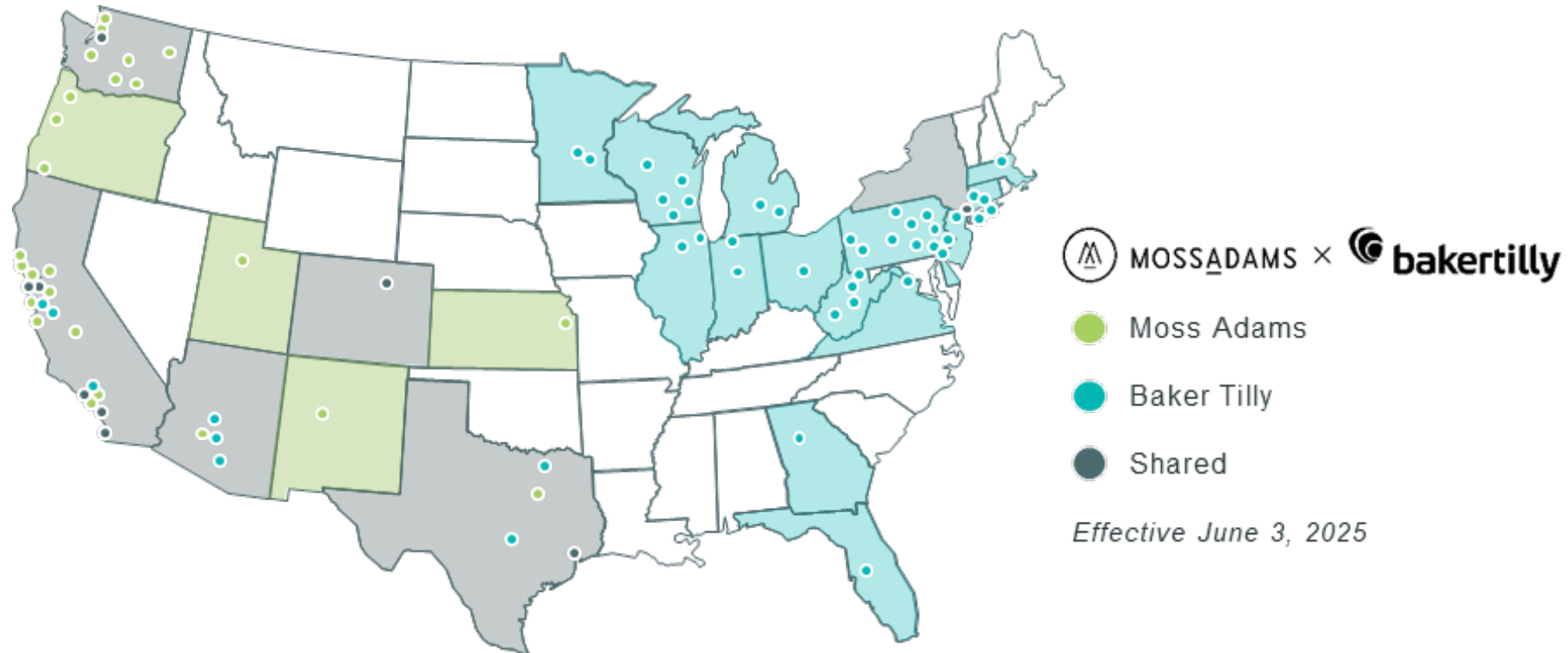


More Than A Merger. A Multiplier.

We're joining forces with Baker Tilly to
redefine accounting and advisory services
for the middle market.



Our Combined Footprint





INTERNATIONAL CAPABILITIES

Our partnership with Baker Tilly International will enable us to meet any growing international needs.

EXPANDED NATIONAL FOOTPRINT

We will have a larger pool of clients in not-for-profit to give you access to more best practices and benchmarking. Our scale and evolved business model will help us attract and retain top talent to better serve you.

STRATEGIC INDUSTRY RESOURCE

You will gain access to a wider range of insights through our combined expertise and expanded services offerings.

OUR PROMISE

Leadership you have come to appreciate will assume similar roles in the newly merged firm. We don't anticipate any changes to the teams that currently serve you unless it presents an opportunity for improved service.

Contact Us



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Thank You

EWEB Billing and Collection of Non-Utility Fees

Break

(10 minutes)

Capital Improvement Plan (CIP) Assumptions

Deborah Hart, Assistant General Manager/CFO

Karen Kelley, Chief Operations Officer

June 3, 2025

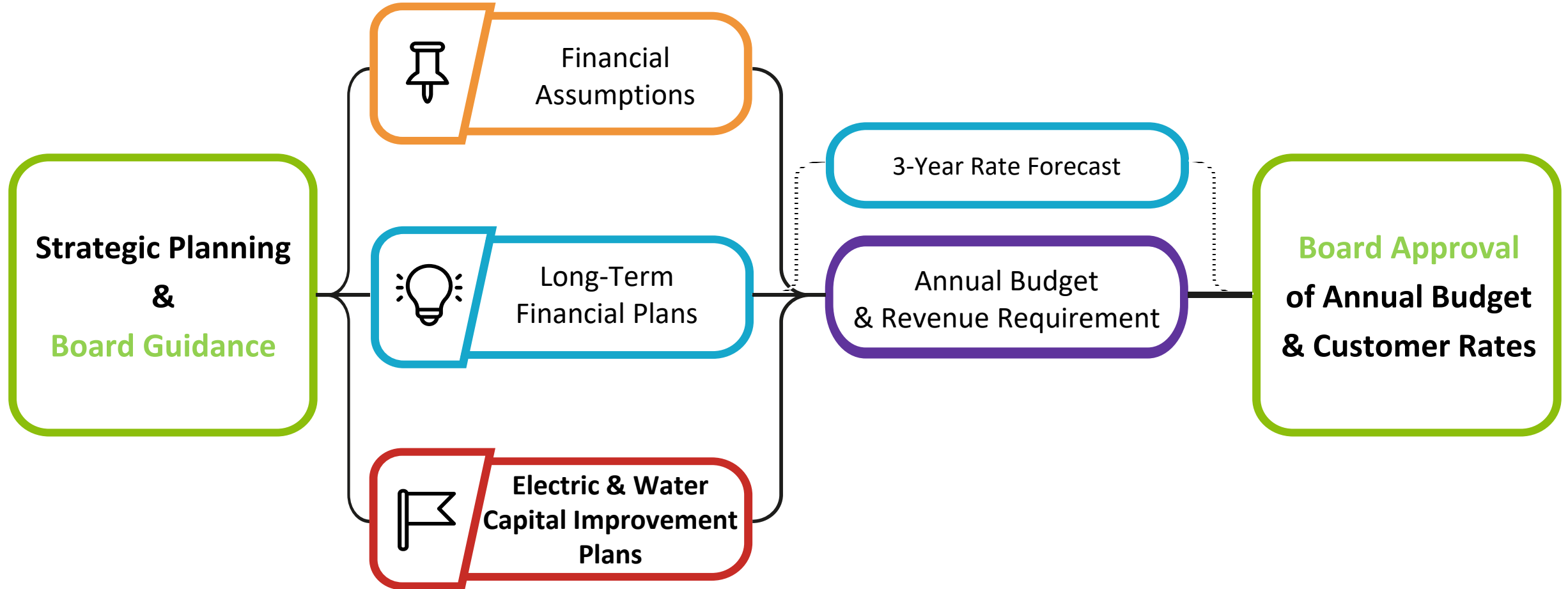
EUGENE WATER & ELECTRIC BOARD



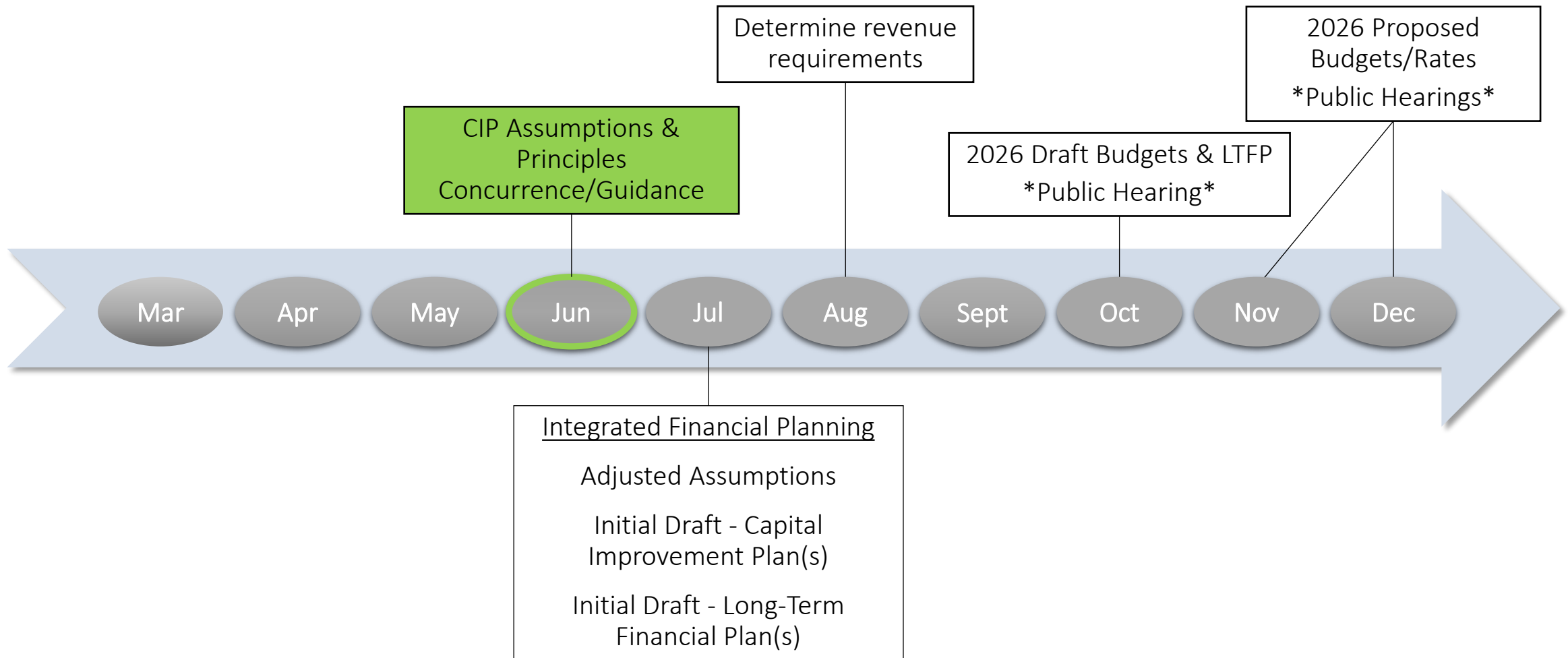
Agenda

- EWEB Financial Planning Process Overview & Board's Role
- Business and Economic Forecast Assumptions & Concerns
- Investment Priorities: Electric, Water, & Shared Services
- CIP Challenges & Risks
- Questions & Discussion

EWEB Corporate Planning Process



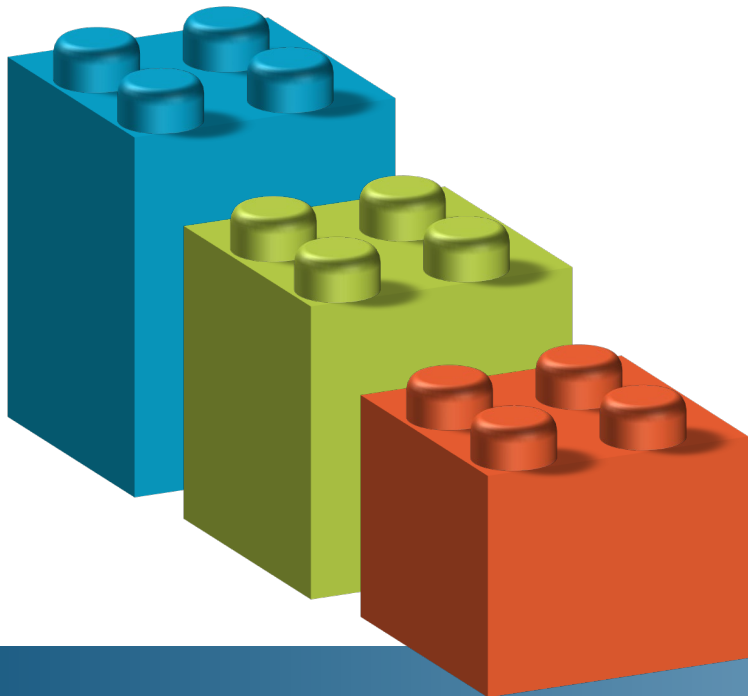
Integrated CIP/LTFP Planning Timeline



CIP Terminology

Projects are categorized as one of the following:

- **Type 1 – General Capital Renewal & Replacement**
 - Primarily funded by Rates
- **Type 2 – Infrastructure Rehabilitation & Expansion**
 - Can be funded by either Rates or Bonds, or a combination thereof



Compulsory

Required, regulatory or customer-driven, with specific timelines.

Strategic

Alignment with Strategic Plan, prioritized and approved by the Board.

Risk-Based

Driven by asset management plans; aligned with long-term financial constraints and conditions.

Policy and Economic Forecast Assumptions

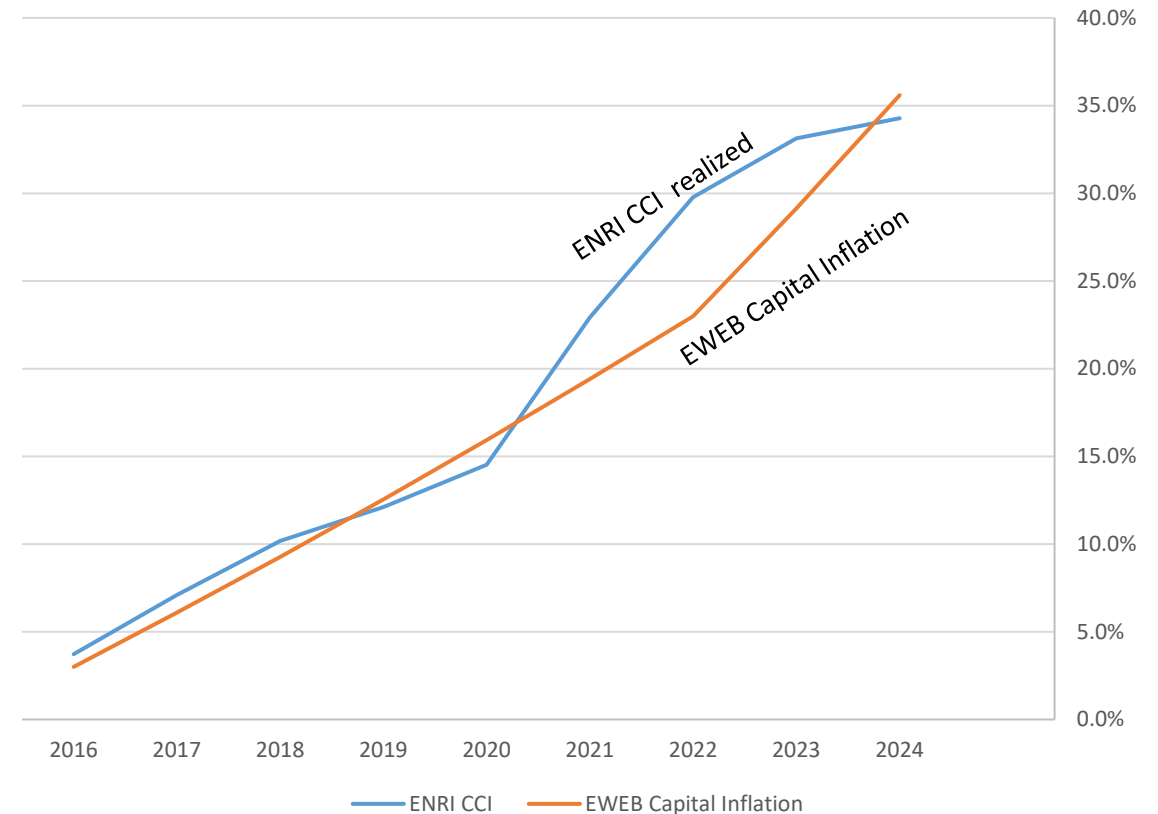
Policy Assumptions

- Budget Policy (SD6): *The authorized annual spending plan will be balanced such that resources meet or exceed requirements in each fiscal year*
- Financial Metrics stay within Board Financial Policy (Working Cash, Debt Service Coverage, Days Cash)
- Capital Reserves – Board Policy
 - Based on estimated yearly depreciation amounts
 - Water is \$9 million/year
 - Electric is \$26 million/year (recommended \$27 million)

General Economic Assumptions

- Labor Cost Escalation – Indexed/paced by inflation factors and labor market comparators.
- Non-Labor Escalation – 2.0% (2026-2035)
- Capital Escalation – 5.0% (2026-2027), 4.0% (2028-2029), 3.0% (2030-2035)

Cumulative Inflation Comparison



ENRI CCI – Engineering News-Records Cost Construction Index

Business Assumptions



$$\text{CIP Investment Rate} = \frac{\text{10-Year CIP Total}}{\text{Capital Reserve Target} * 10}$$


The Capital Reserve Targets track with annual depreciation expense

- Water's target is \$9 million/year, or \$90 million over ten-year period
- Electric's target is \$27 million/year, or \$270 million over ten-year period

Historically, 2.5x the 10-year average annual depreciation amount provided a reasonable balance between reliability and affordability.

In 2021, both Water and Electric investment rates were increased, with the goals to maintain reliability and boost resiliency.

- Water's investment rate  from 3.5 to 4.5
- Electric's investment rate  from 1.6 to 2.1

CIP Years	Water Annual Capital Investment Rate	Electric Annual Capital Investment Rate
2016-2025	3.2	2.0
2017-2026	3.3	1.6
2018-2027	2.3	1.5
2019-2028	3.0	1.4
2020-2029	3.5	1.5
2021-2030	3.5	1.6
2022-2031	 4.5	 2.1
2023-2032	4.3	2.4
2024-2033	3.8	2.4
2025-2034	4.0	2.4
2026-2035	5.3	2.6

Electric Investment Priorities

Age of system in 2020 62%, currently at 55%, Metric target is <60%
Goal is to increase investments in capital and lower AoS to 50% by 2030.

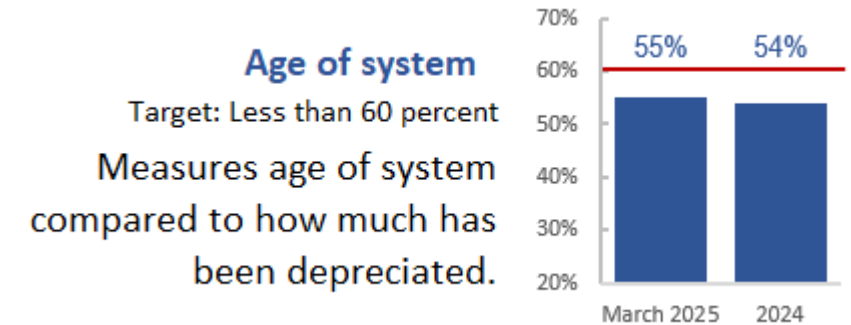
Current CIP Investment Drivers

Compulsory and Risk based investment rate continues at 1.5x to 3.0x (\$63 million/year average over 10 years)

- Leaburg Canal Mitigation (Decommissioning in mid-2030s)
- Dam Safety Compliance (Walterville and Trail Bridge)
- Substation, Cable and related Transmission and Distribution investments
- Increased Compulsory Spending - “Simultaneous Aging” of infrastructure (1960s/1970s buildout), equipment failures

Strategic Investments push investment rates up to 3.8x in early years (\$86 million/year average in first 5 years)

- Carmen Smith Relicensing



Danebo Substation – Pre Capital Improvement



Water and Shared Services Investment Priorities

Water Investment Priorities

Age of System around 39%, remaining steady, reflecting historic investment strategy

Compulsory and Risk based investments: reliability and College Hill average investment rate of around 3.2x

- Base-Level Water Storage (College Hill, Santa Clara & Hawkins)
- Interconnecting In-Town Transmission pipes

Strategic investment increases investment rate to average 7.5 in next five years

- Willamette River Treatment Plant and related transmission

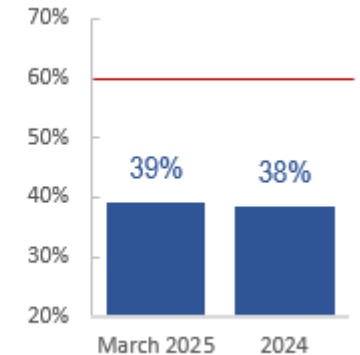
Shared Services Investment Priorities

- Advanced Metering Infrastructure – remaining upriver E/W meters
- EWEB Enterprise Solutions (EES) – Legacy information systems replacement/modernization
- ROC facility upgrades, earthquake durability and northeast property development

Age of system

Target: Less than 60 percent

Measures age of system compared to how much has been depreciated.

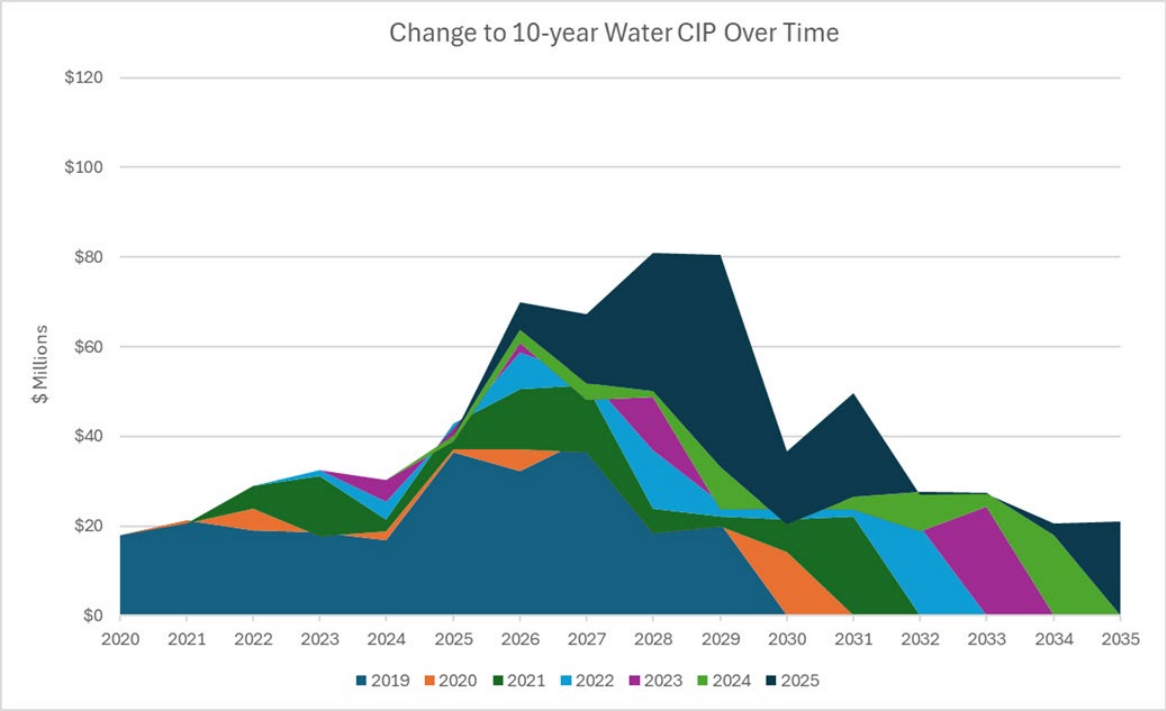
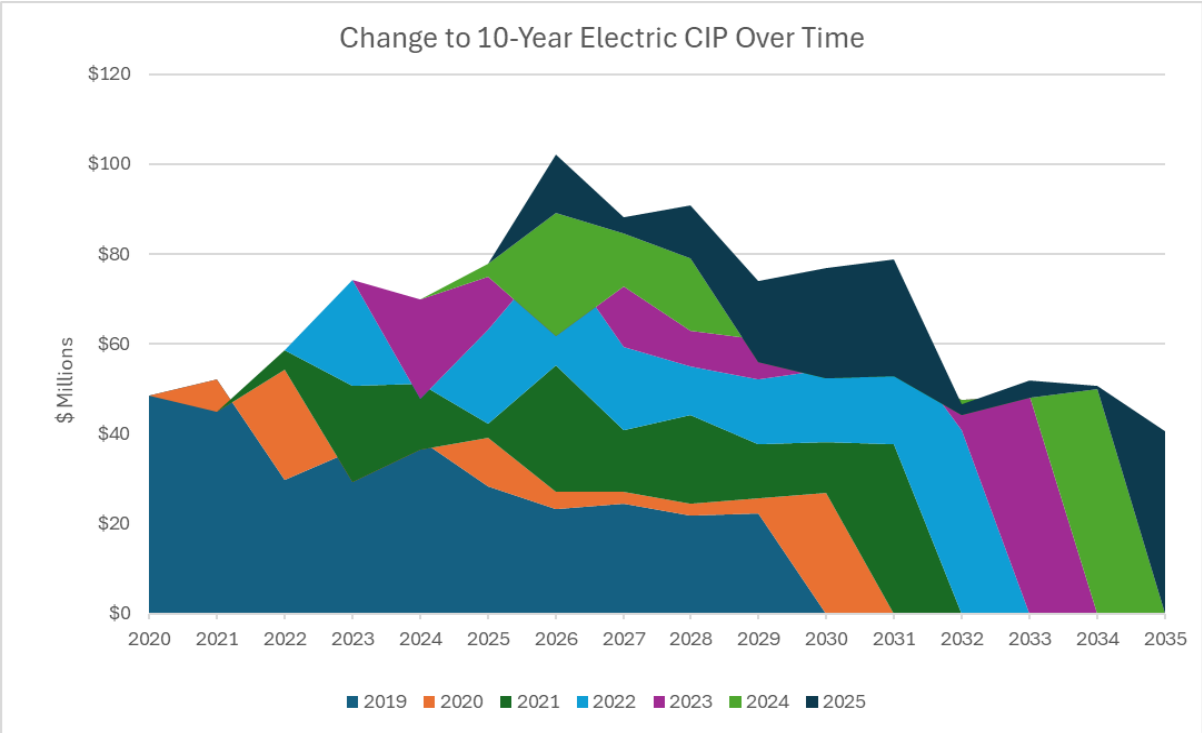


College Hill Demo



CIP Risks – Plans need flexibility

Issues: Inflation, Timing of Projects and Capacity to do the work.



Results: Rate trajectories, scope trade offs and resource needs

CIP Risks – Plans need flexibility

Environmental & Permitting
Compliance & Regulation
Wildfire & Climate
Electrification
Supply Chain & Inflation
Labor Market/Workforce



Questions & Discussion

What areas are priorities for capital investment?

1. Risk-Based Projects being the typical “dial”, are there areas of risk you prioritize mitigating (Reliability, Resiliency, etc...)?
2. Strategic Projects (EES, 2nd Source, Water Storage, Substations, C/S, Communications, ...)...lower priorities?
3. Affordability and/or ???

Board Wrap Up including Upriver Meeting Follow-Up Discussion

Future Board Agendas

Adjourn