

**EUGENE WATER & ELECTRIC BOARD
REGULAR MEETING**

June 3, 2025

5:30 p.m.

Commissioners Present: President, John Barofsky; and Commissioners Sonya Carlson, John Brown, and Tim Morris

Commissioners Absent: Vice President, Mindy Schlossberg

Others Present: Deborah Hart, Assistant General Manager/Chief Financial Officer; Rob Freytag, General Accounting & Treasury Supervisor; Aaron Balmer, Fiscal Services Supervisor; TiaMarie Harwood, Financial Services Manager; Brian Booth, Chief Energy Resource Officer; Karen Kelley, Chief Operations Officer; Julie McGaughey, Chief Customer Officer; Tyler Nice, Electric Operations Manager; Jason Heuser, Public Policy and Government Affairs Program Manager (online); Susan Fricke, Water Quality Assurance Supervisor (online); Lisa Krentz, Generation Manager (online); Quinten Furrow, Purchasing & Warehouse Supervisor (online); Keith Simovic, Moss Adams (online); and Ayde Alvarado, Moss Adams (online)

REGULAR MEETING

Call to Order [00:00:00]

President Barofsky called the regular meeting to order at 5:30 p.m.

Agenda Check [00:00:13]

There were no changes to the agenda.

Items from Board Members and Assistant General Manager [00:01:05]

Commissioner Carlson reported that the recent Upriver Board Meeting was well-coordinated and productive.

Correspondence [00:01:53]

President Barofsky noted the following two items of correspondence which were highlighted on a presentation slide:

1. Annual Reserve Fund Status and Transfers/Use of Reserves
2. State Legislative Update

Regarding Annual Reserve Fund Status and Transfers/Use of Reserves, President Barofsky asked for more information about a placeholder for the emergency regulatory fund of \$5 million, specifically what it would be used for, how it would be used, and how it would be funded.

Assistant General Manager/Chief Financial Officer Deborah Hart responded that the fund is gradually being worked into the long-term financial plan; it would become available for emergent regulatory issues that may come up in the future, to mitigate a single year's impact and expense resulting from a regulatory issue.

President Barofsky asked if it would have an impact on rates, or if it would be gathered internally from reserve funds.

Ms. Hart said they are looking to build it over time so that it does not have a single year's large rate impact. They are looking for other sources as well.

President Barofsky asked for clarification about a transfer from the water department rate stabilization to capital. He referred to information stating that the rate stabilization fund is used to offset some of the debt service ratio.

Ms. Hart responded that when EWEB transferred money into the rate stabilization fund, they had been modelling spending it for capital to help reduce borrowing need. She said in a single year it improves debt coverage. She added that EWEB continues to maintain their financial metrics and rating.

Regarding the State Legislative Update, President Barofsky asked Mr. Heuser about the revival of the State Cap and Trade Proposal.

Public Policy and Government Affairs Program Manager Jason Heuser said the revival of the Cap and Trade Proposal is in part driven by a potential tie-in to a state revenue crisis. He said that carbon pricing produces revenue through the sale of carbon allowances. He said the way the money is recycled or reinvested is crucial and things could be done that would help address the State's deficit in funds to pay for wildfire suppression and maintaining and modernizing the transportation system. Mr. Heuser reported reviewing a draft of the Cap and Trade Proposal and noted that it has limited information on utilizing the revenue. EWEB is communicating with stakeholders with subject matter expertise in the electric sector. He believes the Cap and Trade Proposal has a low chance of passing during this legislative session given the short time remaining.

Public Input: In-person or by Telephone [00:12:36]

The following testimony was provided to the EWEB Commissioners: The Board neither endorses or opposes, or is responsible for the accuracy of content, of testimony including any links or references provided.

Verbal Testimony:

Mark Hudson, Eugene, Oregon, spoke in opposition to smart meters, specifically urging against smart meter opt-out fees. He raised concern about EWEB communications.

Jennifer Lippert, Ward 5, provided information about the League of Women Voters of Lane County nonprofit organization.

Janet Ayres, Ward 7, shared comments related to the EWEB billing schedule, specifically late charges.

Sharie Borneman, Bethel School District's Educational Grant Coordinator, thanked EWEB for their educational grant contributions. She provided an update on current programs.

Wilson Wedertz, Ward 7, expressed opposition to EWEB rates, citing the cost of the Roosevelt building. He voiced disappointment with customer service, specifically not being able to receive walk-in service post-pandemic.

Tana Shepard, Ward 8, Eugene School District 4J's Educational Grant Coordinator, thanked EWEB for their educational grant contributions. She provided testimonial quotes from teachers and students.

Joshua Korn, expressed opposition to smart meter opt-out fees and voiced disapproval of EWEB's response to customer concerns.

Aidan Bassett, local attorney, shared input on EWEB Capital Improvement Plan (CIP) priorities, the BPA contract and SB 688, related to performance-based regulations.

Commissioner Brown, Commissioner Carlson, and Commissioner Morris shared their values related to affordability.

President Barofsky acknowledged SB 688, stating that EWEB Legislative Representatives are keeping the Board informed as they move into deliberations on the upcoming decisions regarding the Bonneville Power Administration (BPA) contract.

Ms. Hart reported that SB 688 applies to Investor Owned Utilities (IOUs) only.

BOARD ACTION AND GENERAL BUSINESS ITEMS

Approval of Consent Calendar – A, Minutes and Routine Contracts [00:45:33]

MINUTES

1. May 6, 2025 Regular Session

CONTRACTS

2. **Trout Mountain Forestry** – additional funds for the long-term management of the 965-acre Leaburg Forest and High Banks Carbon Forest Planting Project. \$440,000 based on Formal Request for Proposal (RFP) (\$145,000 original contract amount, \$145,000 additional previously approved, \$730,000 resulting cumulative total [over 15 years]).

3. **West Lane Tree Service** – for Utility Line Clearance services. \$23,000,000 based on RFP.

There was discussion about Items No. 2 and 3.

Regarding Item No. 2. Trout Mountain Forestry, Commissioner Brown pointed out that the original contract was \$145,000, staff are requesting \$440,000, and the bids were all less than \$181,000.

Water Quality Assurance Supervisor Susan Fricke responded that the higher cost is because the contract is a 15-year agreement. The contract is longer in duration as it is attached to Federal Energy Regulatory Commission (FERC) requirements for wildlife mitigation.

Commissioner Brown questioned the cost effectiveness of continuing to manage the forest; he proposed selling the property.

Generation Manager Lisa Krentz responded that another benefit of the Leaburg Forest is that it is upslope of the Leaburg Canal. While the canal is out of service, there are concerns about slope stability issues, including landslides. She said it is prudent to manage the land responsibly until the Leaburg Dam decommissioning process is complete. She said there is the added benefit of source water protection.

Regarding Item No. 3, West Lane Tree Service, President Barofsky asked for more information about the proposed vendor. He said his understanding is that EWEB has a contract with West Lane Tree Service for three crews upriver and this contract would add nine more crews. He asked why the contractor was chosen over the cheaper, existing option (Davey Tree). He is concerned about West Lane Tree Service having enough capital equipment.

Chief Operations Officer Karen Kelley assured President Barofsky that the proposed contractor has the crews that they need.

Electric Operations Manager Tyler Nice mentioned performance scoring as a factor in the vendor selection. He knows of no issues regarding capital equipment.

Commissioner Brown stated for the record that he manages a property rented by Davey Tree for equipment storage, but he has no past or future contemplated interest in the outcome of the contract.

Commissioner Brown pointed out that the proposed contract costs \$250,000 more than the existing contract.

Mr. Nice responded that they utilize a scoring-based system, and the highest score obtains the contract.

Purchasing & Warehouse Supervisor Quinten Furrow added that the cost is an estimate.

MOTION: Commissioner Brown moved to approve Consent Calendar A. The motion passed unanimously, 4:0:0; President Barofsky, Commissioner Carlson, Commissioner Brown, and Commissioner Morris all voting in favor.

Approval of Consent Calendar – B, Nonroutine Contracts and Other Consent Items [01:02:24]

CONTRACTS

4. **Wildish Building Company** – for Construction Task Order (CTO) for the Carmen-Smith Load Bank Station. \$19,000,000 based on Construction Manager/General Contractor (CM/GC)

Guaranteed Maximum Price.

INTERGOVERNMENTAL AGREEMENT

5. **EWEB Education Grant Program** – new Intergovernmental Agreements (IGAs) with Eugene 4J, Bethel, Springfield, and McKenzie School Districts for Education Grant Funding for the 2025-2027 School Years. \$635.5K – Eugene 4J; \$175.5K – Bethel; \$98K – Springfield; \$54K McKenzie for cumulative total of \$963,000 (for 4 school districts over 2 years) based on grant application.

RESOLUTIONS

6. **Update to Customer Fees, Rates, and Charges** – for proposed price changes including annual adjustments to Joint Use/Pole Attachments, Dark Fiber, and other Customer charges and fees as necessary.

- a. Resolution No. 2510 (Electric)
- b. Resolution No. 2511 (Water)

Commissioner Carlson pulled item 6 for discussion.

MOTION: President Barofsky moved to approve Consent Calendar B minus Item No. 6. The motion passed unanimously, 4:0:0; President Barofsky, Commissioner Carlson, Commissioner Brown, and Commissioner Morris all voting in favor.

Regarding Item No. 6 – Update to Customer Fees, Rates, and Charges, Commissioner Carlson highlighted the timing of the proposed fees, stating her concern that rate increases are going into effect without appropriate time to inform the public.

Ms. Hart responded that the item was updated to reflect that the fees would be effective July 1, 2025.

Commissioner Carlson stated that it appears the fees are going to go up within a short time frame and reiterated her concern for customers, including developers.

Ms. Hart said that historically EWEB has implemented fees in the month following Board approval though it is certainly something they could consider doing differently. She added that the fees were discussed at some length last year and phased in.

Commissioner Carlson declared a conflict of interest and abstained from voting.

President Barosky suggested considering publicizing rate increases sooner in future years.

Ms. Hart validated Commissioner Carlson and President Barofsky's points, stating that they welcome ideas on improving transparency around rate increases.

MOTION: Commissioner Brown moved to approve Consent Calendar B: Item 6 – Update to Customer Fees, Rates, and Charges. The motion passed, 3:0:1; President

Barofsky, Commissioner Brown, and Commissioner Morris voting in favor; Commissioner Carlson abstained.

Prior Year-End (2024) Audited Financial Statements and Management Letter [01:10:00]

Ms. Hart acknowledged General Accounting & Treasury Supervisor Rob Freytag, Fiscal Services Supervisor Aaron Balmer, and Financial Services Manager TiaMarie Harwood; and introduced Moss Adams Representatives Keith Simovic and Ayde Alvarado.

Mr. Simovic introduced the Prior Year-End (2024) Financial Audit:

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

Ms. Alvarado highlighted the following Significant Audit Areas:

- Work orders and classification
- SAP conversion
- Single audit over federal funds received
- Revenue and expenses over power trading
- Adoption of GASB statement No. 101 – compensated absences

Ms. Alvarado provided the following Audit Opinion/Reports:

- Financial Statements: Unmodified (clean) opinion
- Government Auditing Standards Report: No findings
- Oregon Minimum Audit Standards Report: No findings
- Single Audit Report: No findings

Ms. Alvarado went over the following required communication:

- Auditor's responsibility under auditing standards
- Significant accounting policies (GASB No. 101)
- Management judgements and 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

Ms. Alvarado thanked the EWEB team for their excellent facilitation of the audit process.

In closing, Mr. Simovic informed the Board that Moss Adams is merging with Baker Tilly.

EWEB staff and Moss Adams Representatives briefly responded to questions from the Board.

EWEB Billing and Collection of Non-Utility Fees (No Backgrounder) [01:39:05]

President Barofsky explained that the City of Eugene inquired about the possibility of adding a non-utility City fee to the EWEB bill. He clarified that the proposed billing and collection on behalf of the City is outside that which EWEB is mandated to perform. He included an update that the City of Eugene recently formulated an option to increase their stormwater fees on EWEB bills. He said there is a remote possibility that the City will still request EWEB consider the original proposal of billing and collection of non-utility fees.

MOTION: Commissioner Carlson moved to postpone EWEB Billing and Collection of Non-Utility Fees until date uncertain. The motion failed, 2:2:0 Commissioner Carlson and Commissioner Morris voting in favor, President Barofsky and Commissioner Brown voting against.

Commissioner Brown stated that he is not in favor of the proposal nor postponing the decision.

Commissioner Carlson responded that it is a moot point – it does not matter either way, as a future Board could overturn the decision. She noted increasing City stormwater fees impacts EWEB customers.

Commissioner Morris commented that he still does not think EWEB has the appropriate information to make a decision regarding EWEB Billing and Collection of Non-Utility Fees.

Commissioner Morris said he does not know if he is interested in having a fee put on the EWEB billing system, but he is interested in what a proposal might look like. He cited challenging economic times, adding that having the door open to save taxpayer dollars is of interest to him.

President Barofsky suggested that EWEB consider assisting the City sending out their own bill through a third-party billing agency. He urged the importance of keeping open lines of communication with the City.

MOTION: Commissioner Brown moved to direct the General Manager or designee to develop a resolution for Board consideration limiting the use of EWEB Billing and Collection Services to electricity, drinking water, and/or services required by City Charter or applicable law until June 30, 2029, unless repealed. The motion passed, 3:1:0; President Barofsky, Commissioner Carlson, and Commissioner Brown voting in favor; Commissioner Morris voting against.

Annual Capital Improvement Plan Assumptions and Priorities [02:28:28]

Ms. Hart and Karen Kelley, Chief Operations Officer, presented the Annual Capital Improvement Plan Assumptions and Priorities via PowerPoint presentation. They covered the following:

- EWEB Financial Planning
- Business and Economic Forecast Assumptions and Concerns
- Investment Priorities: Electric, Water and Shared Services

- Capital Improvement Plan (CIP) Challenges and Risks

Ms. Hart said there is no requested action at this time. The feedback provided will inform the CIP and long-term financial plan process. Staff will seek further direction at the July 2025 meeting. The CIPs will be used to develop the upcoming 2026 budgets and rate proposals.

Ms. Hart provided CIP terminology – projects are categorized as one of the following:

- Type 1 – General Capital Renewal and Replacement
- Type 2 – Infrastructure Rehabilitation and Expansion

Ms. Hart outlined business, policy, and economic forecast assumptions, including that the annual spending will be balanced such that resources meet or exceed requirements, financial metrics will stay within Board Financial Policy, and that Capital Reserves are set at yearly depreciation amounts.

Ms. Kelley presented information related to investment priorities for electric, water, and shared services, and CIP risks.

Ms. Hart and Ms. Kelley received input from the Board about their priorities for capital investment.

Ms. Hart summarized the feedback: affordability is a priority, concern over aging infrastructure, and seeking a better understanding of tradeoffs and associated risks.

Board Wrap Up Including Upriver Meeting Follow Up Discussion [03:10:13]

Commissioner Morris reported attending the recent Upriver Meeting. He said there were great conversations about their needs and the challenges that EWEB faces. He believes many community members felt heard.

Commissioner Carlson attended the recent Upriver Meeting. She appreciated the group report outs but does not believe the meetings need to be so structured. She pointed out the expense of staff time, while acknowledging the benefit to upriver customers.

Commissioner Brown reported attending the recent Upriver Meeting. He approved of the meeting format and recommended it moving forward. He suggested considering holding a meeting with Lane Electric Cooperative.

President Barofsky said the recent Upriver Meeting was productive. He suggested discussing the frequency of the Upriver Meeting.

Future Board Agendas [03:19:53]

Commissioner Brown pointed out that the July agenda is over time and the August agenda is short. He suggested moving a topic that is not time sensitive to the August agenda.

Adjourn [03:20:44]

President Barofsky adjourned the regular meeting at 8:50 p.m.

Recorded by Terah Van Dusen, LCOG

Assistant Secretary

President