

## EWEB Board Consent Calendar Request

*For Contract Awards, Renewals, and Increases*

The Board is being asked to approve additional funds for **Dam Safety Engineering Services with Cornforth Consultants, Inc.**

Board Meeting Date:	July 8, 2025
Project Name/Contract #:	Leaburg-Waltermville Dam Safety Engineering Services / 21-019-Q
Manager:	Lisa Krentz      Ext. 7450
Executive Officer:	Karen Kelley      Ext. 7153

### Contract Amount:

Original Contract Amount:	\$3,000,000 (July 6, 2021)
Additional \$ Previously Approved:	\$0
Spend over last approval:	\$781,180
Amount this Request:	\$1,000,000 (includes spend over last approval)
% Increase over last approval:	33.3%
Resulting Cumulative Total:	<b>\$4,000,000</b>

### Contracting Method:

Method of Solicitation:	Formal Request for Proposals – Qualification Based Selection (QBS)
If applicable, basis for exemption:	NA
Term of Agreement:	Completion by July 31, 2026
Option to Renew?	Yes, up to 5 years total if necessary
Approval for purchases “as needed”:	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Proposals/Bids Received (Range):	2 - \$454k to \$594k (for Task Order #1 only)
Selection Basis:	Highest Ranked Proposer (QBS process)

### Narrative:

#### Operational Requirement and Alignment with Strategic Plan

The Board is being asked to approve additional funds for an existing engineering consulting services contract with Cornforth Consultants, Inc. of Portland, Oregon, for various dam safety support tasks associated with the Leaburg-Waltermville Project.

Performing dam safety-related engineering analysis, investigation, and design work is critical to maintaining safe and reliable operations at the Leaburg-Waltermville Project in alignment with EWEB’s 2018-2028 Strategic Plan initiatives related to the safe and reliable delivery of services, as well as 2025 Organizational Goal #1 Ongoing Operational Efficiency and Effectiveness.

#### Contracted Goods or Services

The existing contract with Cornforth requires an updated Board authorization for additional funding to complete ongoing dam safety investigations and design work as requested by the Federal Energy Regulatory Commission’s Division of Dam Safety and Inspections (FERC D2SI). Emerging work requested by FERC D2SI that was not expected in the original scope of work includes: an updated seismic hazard assessment (SHA) for EWEB’s McKenzie

hydroelectric facilities to address the impacts of new ground motion models and newly discovered seismic fault lines, updated stability analyses of the Walterville forebay concrete structures and canal embankments using the updated SHA results, revisions to existing hydrological analyses for the Walterville Canal, Walterville breach analyses/inundation mapping to aid emergency action planning, and multiple revisions to the Leaburg Canal drilling program plan that is needed to support both near term risk reduction measures and the longer term decommissioning work. In addition, EWEB has needed Cornforth support for unanticipated analyses related to the sudden increase in seepage that occurred at the Walterville Forebay in February 2024 as well as the design of modifications to the Walterville canal intake facilities to conserve fish resident to the canal during the subsequent extended outage. Cornforth is also providing ongoing design and FERC coordination support related to the Walterville forebay liner improvements and associated seismic risk assessments.

The additional work currently planned and other work that is likely to arise from the FERC review processes is expected to expand the contract total from the current \$3,000,000 to a total of \$4,000,000.

#### Purchasing Process

Staff issued a formal Request for Proposals on April 14, 2021, and additionally sent notification of the solicitation directly to four companies. The solicitation was posted on the state of Oregon's solicitation site OregonBuys. Three proposals were received and all were found to be Responsive and Responsible.

Written responses were evaluated per the following criteria, worth 160 possible points:

Company Experience	40 points
Project Understanding	30 points
Project Approach	50 points
Key Staff Qualifications/Experience	40 points

Cornforth Consulting and Schnabel Engineering were shortlisted and moved forward to the interview/presentation phase. Pricing for the first task order was then requested and scores finalized. Pricing was worth an additional 40 possible points for a total of 200 possible points. Cornforth earned the highest number of points overall and the Board approved their award.

#### Prior Contract Activities

EWEB Contract	Project Name (Description)	Board Approved	Project Duration (Start to Close)	Original Amount	Approved/Amended Amount to Date (Total)	Reason Code
23-046-Q	Leaburg Canal Inclinator & Piezometer Readings	NA	4-5-23 to 9-30-25	\$95,500	\$95,500	
21-212-PSC	Board of Consultants	11-2-21	11-4-21 to 12-31-26	\$180,000	\$180,000	
21-019-Q	Walterville Spillway Repair Analysis	7-6-21	7-7-21 to 7-31-26	\$3M	\$3.276M	AW
Reason Code: AM = Additional Materials, AW = Additional Work, EW= Emergency Work, SD = Staff Directed, UC = Unforeseen Conditions, Other						

#### **ACTION REQUESTED:**

Management requests the Board approve an increase to the contract with Cornforth Consulting, Inc. for dam safety engineering consulting services. Activities planned under this contract fall under both O&M and Capital. The funding for these services has been included in the Generation Department's O&M and capital budgets for 2025 and 2026. The Generation Division's O&M budget is \$17.4 million in 2025 and projected to be approximately \$17.7 million in 2026. The Generation Division's capital budget is \$33.2 million in 2025 and projected to be approximately \$20.5 million in 2026. Variances will be managed within the budget process and Board policy.

**BUDGET CATEGORY:** Electric Capital, Type 1 and Electric O&M, Generation Division

## EWEB Board Consent Calendar Request

*For Contract Awards, Renewals, and Increases*

The Board is being asked to approve additional funds for **Stone Creek Operation and Maintenance** services with **Energy Northwest**.

Board Meeting Date:	July 8, 2025
Project Name/Contract #:	Stone Creek Hydroelectric Project services / 20-105-IGA
Manager:	Lisa Krentz      Ext. 7450
Executive Officer:	Karen Kelley      Ext. 7153

### Contract Amount:

Original Contract Amount:	\$2,000,000 (Board approved May 5, 2020)
Additional \$ Previously Approved:	\$0
Spend over last approval:	\$485,000 (Amended November 2024)
Amount this Request:	\$3,550,000
% Increase over last approval:	177.5%
Resulting Cumulative Total:	<b>\$5,550,000 (over approximately 10-years)</b>

### Contracting Method:

Method of Solicitation:	Direct Negotiation
If applicable, basis for exemption:	Intergovernmental Agreement
Term of Agreement:	Perpetual unless terminated
Option to Renew?	Yes. Contract automatically renews every year unless terminated
Approval for purchases “as needed”:	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Proposals/Bids Received (Range):	NA
Selection Basis:	NA

### Narrative:

The 12 MW Stone Creek Hydroelectric Project generates approximately 54,000 MWh annually. Due to its remote location—over three hours from Eugene—EWEB contracts out its operation and maintenance (O&M) activities. The run-of-the-river facility includes a diversion structure at the confluence of Stone Creek and the Oak Grove Fork of the Clackamas River, a fish ladder, and a powerplant.

Since 2020, Energy Northwest, a governmental agency based in Richland, Washington, has provided O&M services. Their staff are highly familiar with the project, delivering reliable, responsive, and high-performing service. EWEB has found their expertise and dependability to be essential in maintaining the integrity of this investment.

Given the project’s complexity, regulatory requirements (FERC license #5264), and remote location, continued service by an experienced provider is critical. Transitioning to a new contractor unfamiliar with the plant could risk operational downtime, increased EWEB oversight, and increases the risk of regulatory deviations.

Staff recommend continuing the partnership with Energy Northwest through 2030, for an additional estimated cost of \$3.55 million over 5 years and 6 months (including a 2% annual escalation). This extension includes daily operations, preventive maintenance, minor repairs, alarm response, and capital improvement support, covering all facilities from the diversion dam to the Harriet Lake substation.

#### Operational Requirement and Alignment with Strategic Plan

This contract supports EWEB's 2018–2028 Strategic Plan and 2025 Organizational Goal #1: Operational Efficiency and Effectiveness, ensuring safe, reliable service delivery while protecting EWEB's infrastructure investment.

#### Contracted Goods or Services

Operation of the Stone Creek Hydroelectric Project (FERC license #5264), including daily inspections, preventive maintenance, minor equipment repair and replacement, and alarm response and diagnostics. The Stone Creek facilities are all located between the Project diversion dam to the Harriet Lake substation.

#### Purchasing Process

EWEB works with Energy Northwest in the operation of the Portland Water Bureau's Bull Run power plants for the City of Portland. When the previous operator indicated that they would no longer operate Stone Creek for EWEB, EWEB reached out to Energy Northwest to gauge their interest in establishing an IGA for the work. EWEB subsequently toured several Energy Northwest operated hydroelectric facilities and then met to negotiate the terms of the IGA.

#### Prior Contract Activities

This is EWEB's first IGA with Energy Northwest.

#### **ACTION REQUESTED:**

Management requests the Board approve an increase in funding for the Intergovernmental Agreement with Energy Northwest for the operation and maintenance of the Stone Creek Hydroelectric Facility. Approximately \$480,000 was planned for these services in the Generation Contracts Department 2025 budget of \$4.8 million. Variances will be managed within the budget process and Board policy.

**BUDGET CATEGORY:** Electric O&M, Generation Division, Generation Contracts Department

## EWEB Board Consent Calendar Request

*For Contract Awards, Renewals, and Increases*

The Board is being asked to approve a new contract with **Garten Services, Inc.** for **Janitorial Services for the Roosevelt Operations Center and Hayden Bridge Water Filtration Plant.**

Board Meeting Date:	July 8, 2025
Project Name/Contract #:	Janitorial Services for ROC & Hayden Bridge / 25-001-S
Manager:	Scott Milovich Ext. 7408
Executive Officer:	Karen Kelley Ext. 7153

### Contract Amount:

Original Contract Amount:	\$2,300,000
Additional \$ Previously Approved:	\$0
Spend over last approval:	\$0
Amount this Request:	\$2,300,000
% Increase over last approval:	NA
Resulting Cumulative Total:	<b>\$2,300,000 (over 5 years)</b>

### Contracting Method:

Method of Solicitation:	Direct Negotiation
If applicable, basis for exemption:	Oregon Forward Program - ORS 279.850(1)
Term of Agreement:	Term five (5) years
Option to Renew?	No
Approval for purchases "as needed":	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Proposals/Bids Received (Range):	NA
Selection Basis:	Oregon Forward Contractor approved by Oregon Department of Administrative Services (use mandated by ORS 279.850)

### Narrative:

#### Operational Requirement and Alignment with Strategic Plan

EWEB has a need for janitorial services at its Roosevelt Operations Center and Hayden Bridge facilities, which includes provision of consumable products (i.e. paper towels, toilet paper, etc.). This contract, if approved, will be with an Oregon Forward Contractor in accordance with Oregon statutory law. The Oregon Department of Administrative Services (DAS) has reviewed this contract and has approved the proposed pricing for the services.

#### Contracted Goods or Services

Garten Services Inc. will provide janitorial services and consumable products at ROC and Hayden Bridge.

#### Purchasing Process

Oregon Revised Statute (ORS) 279.850 mandates state agencies procure products and services that are included on the Oregon Forward Program Procurement List which is available on the Oregon Department of Administrative Services (DAS) website. Agencies that seek to procure products or services, such as janitorial, found on this list must procure through the Oregon Forward Program, provided the product or service meets the agency's quantity,

quality, and delivery specifications. The Oregon Forward Program allows an agency to acquire directly from the OFC and does not require a competitive procurement. DAS determines the price of Oregon Forward products and services placed on the Procurement List.

In April 2025, Purchasing contacted Garten Services, Inc., an Oregon Forward Contractor, to provide pricing for Janitorial Services for the Roosevelt Operations Center and Hayden Bridge Treatment Facility. This submission was reviewed by EWEB staff and DAS. DAS determined pricing to be reasonable and adequate under OAR 125-055-0030.

Proposals/Bids Received:

NA

Competitive Fair Price:

Pricing determined to be fair and adequate by the Oregon Department of Administrative Services under OAR 125-055-0030.

Prior Contract Activities

EWEB Contract	Project Name (Description)	Board Approved	Project Duration (Start to Close)	Original Amount	Approved/Amended Amount to Date (Total)	Reason Code
19-051-S	Janitorial Services	8/6/19	8/22/19 - 7/4/25	\$2,200,000.00	\$2,655,733.49	AW
Reason Code: AM = Additional Materials, AW = Additional Work, EW= Emergency Work, SD = Staff Directed, UC = Unforeseen Conditions, Other						

19-051-S: In addition to the regular services Garten provided, April 2020 and November 2020 saw Covid related services being added such as Electrostatic Spraying at the Roosevelt Operations Center, Headquarters, and the Hayden Bridge Treatment Center.

**ACTION REQUESTED:**

Management requests the Board approve a contract with Garten Services, Inc. for janitorial services. Approximately \$460,000 was planned for these janitorial services in the Department 384 2025 budget of \$3.44 million. Variances will be managed within the budget process and Board policy.

**BUDGET CATEGORY:** Facility Maintenance O&M, Support services Division, Construction & Maintenance Services

## **EWEB Board Consent Calendar Request**

*For Contract Awards, Renewals, and Increases*

The Board is being asked to approve a contract and additional funds with **GE Grid Solutions LLC** for **JMUX Replacement Equipment – LAST BUY Purchase Options**.

Board Meeting Date:	July 8, 2025
Project Name/Contract #:	JMUX Replacement Equipment – LAST BUY Purchase Option
Manager:	Scott Milovich Ext. 7408
Executive Officer:	Karen Kelley Ext. 7153

### **Contract Amount:**

Original Contract Amount:	\$140,000 (Not previously approved by the Board)
Additional \$ Previously Approved:	\$0
Spend over last approval:	\$0
Amount this Request:	\$205,000 (Original \$140,000 plus an increase of \$65,000)
% Increase over last approval:	NA
Resulting Cumulative Total:	<b>\$205,000</b>

### **Contracting Method:**

Method of Solicitation:	Direct Negotiation
If applicable, basis for exemption:	EWEB Rule 3-0275, Sole Source Findings SS-373
Term of Agreement:	One Time Purchase
Option to Renew?	No
Approval for purchases “as needed”:	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Proposals/Bids Received (Range):	NA
Selection Basis:	Sole Source Findings
Narrative:	

### Operational Requirement and Alignment with Strategic Plan

EWEB currently utilizes GE Grid Solutions JungleMUX SONET Multiplexers (JMUX) across its substations as the primary data transport medium. The JMUX equipment is a vital component of EWEB’s teleprotection system. This equipment allows relays to communicate with each other, limiting trips to only the faulted sections. This helps prevent widespread outages, damage, and costly interruptions. With over 53 active nodes, EWEB has made a significant investment in this technology, which has consistently delivered high-performance, reliable service since its deployment in 2000. The use of JMUX aligns with EWEB’s operational requirements for secure, resilient, and high-availability communications infrastructure. This approach also supports EWEB’s strategic plan by ensuring continuity and reliability in substation communications—an essential component of modern grid operations.

GE announced on short notice the discontinuation of its JMUX product line, setting a final purchase deadline for July. With limited time to respond, EWEB quickly secured a final order of critical spare parts to support ongoing operations and maintenance. Additional components will be purchased to meet the needs of upcoming capital projects. These last-minute purchases are intended to ensure continuity of service and maintain system reliability.

as EWEB gradually transitions to a next-generation communications platform, in alignment with its long-term strategic goals.

#### Contracted Goods or Services

EWEB placed a Last Buy purchase for JMUX products for future O&M needs in May, and Engineering staff have determined that an additional purchase of JMUX products are necessary for upcoming capital projects.

#### Purchasing Process

GE does not license their JMUX design to other vendors and other products are not directly compatible due to the nature of the system. For these reasons, Staff has deemed GE Grid Solutions LLC to be a sole source provider for this equipment, therefore Staff directly negotiates purchases.

#### Prior Contract Activities

EWEB has previously purchased and uses the JMUX Sonet Multiplex node equipment across our substations and has found their products to be satisfactory and meet EWEB's product quality requirements.

#### **ACTION REQUESTED:**

Management requests the Board approve a new contract with GE Grid Solutions LLC for JMUX Replacement Equipment – LAST BUY Purchase Option. Approximately \$140,000 was planned for these goods in the Support Services O&M budget of \$19 million and approximately \$65,000 was planned for these goods in the 2025 Electric Capital budget of \$77.9 million. Variances will be managed within the budget process and Board policy.

**BUDGET CATEGORY:** Support Services O&M, Materials and Supplies, and Electric Capital, Type 1, Substations

## EWEB Board Consent Calendar Request

*For Contract Awards, Renewals, and Increases*

The Board is being asked to approve additional funds for **Internet Services** with **Link Oregon**.

Board Meeting Date:	July 8, 2025
Project Name/Contract #:	Internet Services / 20-201-S
Manager:	Daniele McCallum      Ext.7891
Executive Officer:	Travis Knabe              Ext. 7770

### **Contract Amount:**

Original Contract Amount:	\$225,000 (November 2, 2020)
Additional \$ Previously Approved:	\$0
Spend over last approval:	\$0
Amount this Request:	\$35,000
% Increase over last approval:	15.5%
Resulting Cumulative Total:	<b>\$260,000 (November 2020 – June 2029)</b>

### **Contracting Method:**

Method of Solicitation:	Direct Negotiation
If applicable, basis for exemption:	EWEB Rule 3-0275, Sole Source Findings SS-417
Term of Agreement:	Extended through June 30, 2029
Option to Renew?	Yes, while EWEB remains a member of the non-profit consortium
Approval for purchases “as needed”:	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Proposals/Bids Received (Range):	Direct Negotiation
Selection Basis:	Sole Source Findings
Narrative:	

### Operational Requirement and Alignment with Strategic Plan

Link Oregon is an Internet Service Provider (ISP) who provides high-speed, fiber optic broadband connectivity to Oregon’s public and non-profit sectors. Link Oregon allows EWEB a unique opportunity to participate in a high-speed, high-capacity, fiber-optic network allowing for enhanced collaboration and data sharing with government agencies across Oregon. Link Oregon’s fiber network has a diverse path from our other ISP, which provides EWEB with physical path redundancy. This redundancy is critical for business continuity.

### Contracted Goods or Services

EWEB is purchasing internet services. Link Oregon was established as a non-profit consortium in 2019 in affiliation with Oregon state government (through Oregon’s Enterprise Information Services), Oregon Health & Science University, Oregon State University, Portland State University, and the University of Oregon. Link Oregon provides a public broadband network to Oregon agencies through a high-capacity, resilient network service platform.

### Purchasing Process

EWEB signed Link Oregon's Network Access Agreement in 2020, which allows EWEB to purchase internet services as a member of the consortium. In 2020, the original Board-approved amount for these services was not fully utilized, resulting in an underspend of approximately \$90,000. Due to this underspending, and based on updated cost projections, we are requesting an increase of only \$35,000 to cover the next four years.

### Prior Contract Activities

EWEB previously purchased internet services from the Network for Engineering and Research in Oregon (NERO) group. NERO became a member of the larger consortium, Link Oregon. EWEB leveraged NERO's unique services for decades, and Link Oregon since 2020.

EWEB Contract	Project Name (Description)	Board Approved	Project Duration (Start to Close)	Original Amount	Approved/Amended Amount to Date (Total)	Reason Code
20-201-S	Internet Services	11-2-2020	5 years	\$225,000	\$225,000	
PO-20040	Internet Services	NA	1 year	\$15,000	\$15,000	
Reason Code: AM = Additional Materials, AW = Additional Work, EW= Emergency Work, SD = Staff Directed, UC = Unforeseen Conditions, Other						

### **ACTION REQUESTED:**

Management requests the Board approve an increase to the contract with Link Oregon for internet services. Approximately \$30,000 was planned for these services in the 2025 IS Division budget of \$12.2 million. Variances will be managed within the budget process and Board policy.

**BUDGET CATEGORY:** Information Services O&M, Information Services Division, Utility Services

## EWEB Board Consent Calendar Request

*For Contract Awards, Renewals, and Increases*

The Board is being asked to approve a new contract with **Riverbend Materials** for **As Needed Vac Truck Disposal Services**.

Board Meeting Date:	July 8, 2025	
Project Name/Contract #:	As Needed Vac Truck Disposal Services / 25-094-S	
Manager:	Mike Masters	Ext. 7549
Executive Officer:	Karen Kelley	Ext. 7153

### Contract Amount:

Original Contract Amount:	\$800,000
Additional \$ Previously Approved:	\$0
Spend over last approval:	\$0
Amount this Request:	\$800,000
% Increase over last approval:	NA
Resulting Cumulative Total:	<b>\$800,000 (over 5 years)</b>

### Contracting Method:

Method of Solicitation:	Direct Negotiation
If applicable, basis for exemption:	Sole Source Findings SS-505
Term of Agreement:	5 years
Option to Renew?	No
Approval for purchases "as needed":	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Proposals/Bids Received (Range):	NA
Selection Basis:	Sole Source

Narrative:

### Operational Requirement and Alignment with Strategic Plan

EWEB Water Construction, Support Services, and Electric Ops require a place to dispose of leftover dirt and rock waste from EWEB's Vac trucks after hydro-excavating work sites. The Vac truck is a very important tool for the excavation crews as vacuum excavation minimizes property damage and unsafe conditions, however, after use, the trucks are left with dirt and rock debris that require appropriate disposal. To operate optimally, these trucks must be kept clean and in good condition. EWEB does not currently have a site permitted for this purpose which requires a considerable amount of acreage and equipment that meets specific city and state regulations. These services are directly tied to Organizational Goal #1, Ongoing Operational Effectiveness.

### Contracted Goods or Services

Riverbend Materials offers the features needed to effectively provide the disposal and cleaning services needed for EWEB's Vac trucks. EWEB crews currently use the pick-up and disposal site at Riverbend Materials for these services. Operations at this site are safe and accessible for after-hours emergency work. The site additionally has a wash rack with a high-pressure 2" hose that is very effective for cleaning the trucks to an acceptable standard.

### Purchasing Process

A Sole Source process was used for this contract. EWEB staff have surveyed the market for sites that meet our requirements and are aware of only two in the Eugene/Springfield area that are set up with the features needed by our operation. The only other site that can offer similar services to Riverbend Materials is Coburg Rock Quarry, located in the city of Coburg, which is too far away to be feasible and practical. The location of the Riverbend site is of significant importance to EWEB as it minimizes the travel time for Vac trucks, which is a high priority for our work in general, but especially emergency work. The closer location minimizes the time that crews are standing by waiting for the Vac truck to return to job sites and the difference in travel time and distance impacts fuel consumption as well.

Riverbend's management offers flexibility not available from their competitor in that they have allowed EWEB a key to their main gate and crews can use both dump truck and vac truck dump sites after hours and during holidays.

Up until this time, the disposal services have been a part of EWEB's past rock materials contracts. Considering the high dollar value of these services, Staff has decided to separate this contract to help monitor usage and cost in a more focused manner.

### Proposals/Bids Received

NA

### Prior Contract Activities

EWEB Contract	Project Name (Description)	Board Approved	Project Duration (Start to Close)	Original Amount	Approved/Amended Amount to Date (Total)	Reason Code
*23-064-G1	Rock Materials	2-6-24	5-18-23 to 6-8-28	\$125,000	\$500,000	AM
*19-145-GS	¾ Minus Gravel	1-7-20	1-17-20 to 1-22-25	\$250,000	\$580,000	AM
Reason Code: AM = Additional Materials, AW = Additional Work, EW= Emergency Work, SD = Staff Directed, UC = Unforeseen Conditions, Other						

\*Increases for both contracts above were due to increased need for ¾ minus rock and resulting need for debris disposal.

### **ACTION REQUESTED:**

Management requests the Board approve a contract with Riverbend Materials for as-needed vac truck disposal services. Approximately \$160,000 was planned for these goods and services in the Water Division's 2025 Type 1 – General Capital budget of \$12.9 million. Variances will be managed within the budget process and Board policy.

**BUDGET CATEGORY:** Water Capital, Type 1, Distribution Pipe and Services

## EWEB Board Consent Calendar Request

*For Contract Awards, Renewals, and Increases*

The Board is being asked to approve additional funds for the extended **McKenzie Valley Fuels Reduction Project** with **McKenzie Fire and Rescue (MFR)**.

Board Meeting Date:	July 8, 2025
Project Name/Contract #:	McKenzie Valley Fuels Reduction Project / 24-123-IGA
Manager:	Mike Masters      Ext. 7549
Executive Officer:	Karen Kelley      Ext. 7153

### Contract Amount:

Original Contract Amount:	\$325,000 (Over 2-Years, Board Approved September 3, 2024)
Additional \$ Previously Approved:	\$0
Spend over last approval:	\$0
Amount this Request:	\$125,000
% Increase over last approval:	38.5%
Resulting Cumulative Total:	<b>\$450,000 (Over 4-Years)</b>

### Contracting Method:

Method of Solicitation:	Direct Negotiation
If applicable, basis for exemption:	Intergovernmental Agreement (EWEB Rule 6-0110-1-d)
Term of Agreement:	August 1, 2024 – July 31, 2026 (Extended to July 31, 2028)
Option to Renew?	No
Approval for purchases “as needed”:	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Proposals/Bids Received (Range):	NA
Selection Basis:	Direct Negotiation – Intergovernmental Agreement
Narrative:	

### Operational Requirement and Alignment with Strategic Plan

The Board is being asked to approve an increase in grant spending for the Intergovernmental Agreement (IGA) with McKenzie Fire and Rescue (MFR) to mitigate fuel hazards within the wildfire impacted areas of the Holiday Farm Fire (HFF), and the lower McKenzie Valley.

EWEB was awarded \$1 million in fuels reduction funding from Senator Merkley under Merkley, Wyden - Strengthen Oregon’s Wildfire Resiliency, Water Infrastructure, and Climate Action 2024 Funding Package. This funding is being used to support fuels reduction on a landscape scale in high-risk priority areas in the McKenzie Valley and EWEB communities to help reduce the risk of out-of-control wildfires, improve egress and improve wildfire resiliency to EWEB overstory electric infrastructure.

EWEB’s Source Protection and Resiliency Program Teams have partnered with McKenzie Fire and Rescue (MFR) and the Oregon Department of Forestry (ODF) to plan and implement this landscape scale fuels reduction effort.

EWEB is allocating MFR a portion of this appropriation funding for assessing and designing fuels reduction work in high priority areas impacted by the Holiday Farm Fire and outside of the fire perimeter of the McKenzie Valley to create egress for the communities, engage in cross boundary work with landowners for landscape reduction in fuels, and work with contractors to direct reduction work under the ODF prescription. MFR is supporting EWEB in landowner outreach and education efforts, as well as assisting landowners in Firewise type assessments and contracted work for fuels reduction in the first 150 feet around the home with coordination from ODF to cover beyond the 150 homes defensible space. MFR is also noting issues with priority areas for EWEB's overstory infrastructure up the McKenzie. This allows EWEB to have additional eyes on the ground for areas that may need more intensive treatment for overstory vegetation removal. Due to the outreach efforts of MFR, the project team has been able to identify additional priority areas for fuels reduction that meet the project scope, because of this EWEB is increasing the spend for MFR by \$125,000.

#### Contracted Goods or Services

This agreement will allow the transfer of Merkley, Wyden – Strengthen Oregon's Wildfire Resiliency, Water Infrastructure, and Climate Action 2024 Funding Package appropriation funds to MFR for the McKenzie Valley Fuels Reduction Project.

#### Purchasing Process

Direct negotiated Intergovernmental Agreement (EWEB Rule 6-0110-1-d)

#### Prior Contract Activities

EWEB Contract	Project Name (Description)	Board Approved	Project Duration (Start to Close)	Original Amount	Approved/Amended Amount to Date (Total)	Reason Code
24-123-IGA	McKenzie Valley Fuels Reduction Project Agreement	9/3/2024	9/4/2024 - 7/31/2026	\$325,000	\$325,000	
17-0020	Inter-governmental Agreement (IGA)	NA	1/1/2018 – 12/31/2022	\$100,000	\$100,000	
Reason Code: AM = Additional Materials, AW = Additional Work, EW= Emergency Work, SD = Staff Directed, UC = Unforeseen Conditions, Other						

#### **ACTION REQUESTED:**

Management requests the Board approve an increase to the Intergovernmental Agreement with McKenzie Fire and Rescue (MFR) for the McKenzie Valley Fuels Reduction Project. Approximately \$325,000 was planned for these services in the Merkley, Wyden – Strengthen Oregon's Wildfire Resiliency, Water Infrastructure, and Climate Action 2024 Funding Package Award of \$1 million, which has been increased to \$450,000 planned for these services out of the \$1 million funding package. Variances will be managed within the budget process and Board policy.

**BUDGET CATEGORY:** Water Operations, Dept. 378, O&M, Grants

## EWEB Board Consent Calendar Request

*For Contract Awards, Renewals, and Increases*

The Board is being asked to approve additional funds for the extended **McKenzie Valley Fuels Reduction Project** with **Oregon Department of Forestry (ODF)**.

Board Meeting Date:	July 8, 2025
Project Name/Contract #:	McKenzie Valley Fuels Reduction Project / 24-124-IGA
Manager:	Mike Masters      Ext. 7549
Executive Officer:	Karen Kelley      Ext. 7153

### Contract Amount:

Original Contract Amount:	\$325,000 (Over 2-Years, Board Approved September 3, 2024)
Additional \$ Previously Approved:	\$0
Spend over last approval:	\$0
Amount this Request:	\$125,000
% Increase over last approval:	38.5%
Resulting Cumulative Total:	<b>\$450,000 (Over 4-Years)</b>

### Contracting Method:

Method of Solicitation:	Direct Negotiation
If applicable, basis for exemption:	Intergovernmental Agreement (EWEB Rule 6-0110-1-d)
Term of Agreement:	August 1, 2024 – July 31, 2026 (Extended to July 31, 2028)
Option to Renew?	No
Approval for purchases “as needed”:	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Proposals/Bids Received (Range):	NA
Selection Basis:	Direct Negotiation – Intergovernmental Agreement
Narrative:	

### Operational Requirement and Alignment with Strategic Plan

The Board is being asked to approve an increase in grant spending for the Intergovernmental Agreement (IGA) with the Oregon Department of Forestry (ODF) to mitigate fuel hazards within the wildfire impacted areas of the Holiday Farm Fire (HFF), the lower McKenzie Valley and the South Hills of Eugene.

EWEB was awarded \$1 million in fuels reduction funding from Senator Merkley under the Merkley, Wyden - Strengthen Oregon’s Wildfire Resiliency, Water Infrastructure, and Climate Action 2024 Funding Package. This funding will be used to support fuels reduction on a landscape scale in high-risk priority areas in the McKenzie Valley and EWEB communities to help reduce the risk of out-of-control wildfires, improve egress and improve wildfire resiliency to EWEB overstory electric infrastructure.

EWEB’s Source Protection and Resiliency Program Teams have partnered with ODF and McKenzie River Fire and Rescue (MFR) to plan and implement this landscape scale fuels reduction effort. EWEB is allocating ODF a portion

of this appropriation funding to conduct ingress/egress and defensible space work on private properties in close coordination with EWEB and MFR. ODF will be responsible for fuels reduction prescription for consistency across agencies in both the McKenzie Valley and the South Hills communities, support slash burning and prescribe fire operations where appropriate to accomplish fuels reduction treatment prescriptions, and support EWEB in landowner outreach and education efforts. Due to the outreach efforts of ODF, the project team has been able to identify additional priority areas for fuels reduction that meet the project scope, because of this EWEB is increasing the spend for ODF by \$125,000.

#### Contracted Goods or Services

This agreement will allow the transfer of Merkley, Wyden – Strengthen Oregon’s Wildfire Resiliency, Water Infrastructure, and Climate Action 2024 Funding Package appropriation funds to ODF for the McKenzie Valley Fuels Reduction Project.

#### Purchasing Process

Direct negotiated Intergovernmental Agreement (EWEB Rule 6-0110-1-d)

#### Prior Contract Activities

EWEB Contract	Project Name (Description)	Board Approved	Project Duration (Start to Close)	Original Amount	Approved/Amended Amount to Date (Total)	Reason Code
24-124-IGA	McKenzie Valley Fuels Reduction Project Agreement	9/3/2024	9/4/2024 - 7/31/2026	\$325,000	\$325,000	
Reason Code: AM = Additional Materials, AW = Additional Work, EW= Emergency Work, SD = Staff Directed, UC = Unforeseen Conditions, Other						

#### **ACTION REQUESTED:**

Management requests the Board approve an increase to the Intergovernmental Agreement with the Oregon Department of Forestry (ODF) for the McKenzie Valley Fuels Reduction Project. Approximately \$325,000 was planned for these services in the Merkley, Wyden – Strengthen Oregon’s Wildfire Resiliency, Water Infrastructure, and Climate Action 2024 Funding Package Award of \$1 million, which has been increased to \$450,000 planned for these services out of the \$1 million funding package. Variances will be managed within the budget process and Board policy.

**BUDGET CATEGORY:** Water Operations, Dept 378, O&M, Grants



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

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

FROM: Deborah Hart, Assistant General Manager & CFO; TiaMarie Harwood, Financial Services Manager; Aaron Balmer, Fiscal Services Supervisor; Rob Freytag, General Accounting & Treasury Supervisor; and Matthew Miller, Accounting Analyst Lead

DATE: July 2, 2025

SUBJECT: Reserve Fund Status and Transfers/Use of Reserves

OBJECTIVE: Board Action

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## **Issue**

Annually the Board considers how to allocate funds as of December 31 among reserve and designated fund accounts after the independent auditors issue their opinion on the financial audit. This memo provides recommendations for transfers based on EWEB's long-term financial plans, financial policies, and the Electric and Water Utilities' financial conditions.

## **Background**

On an annual basis staff prepare a summary of the year-end reserve balances, compare the balances to the Board Financial Policy targets, and recommend transfers and/or uses of funds above target. Additionally, staff review targets to ensure they are reasonable to cover the intended risks. As of December 31, 2024, the overall cash balances were above target, however, there were three individual reserves which were below target at the end of the year:

- Electric Working Cash
- Electric Capital Improvement Reserves
- Water Capital Improvement Reserves

In addition, targets were evaluated for adequacy, and debt service coverage requirements were met for the year.

Staff provided recommendations via correspondence to reserve targets and transfers at the June board meeting. Proposed resolutions are consistent with Board direction and staff recommendation from the June correspondence.

## **Discussion**

### **Water Utility**

The Water Utility ended 2024 with significant progress on capital projects. Investments to build capital assets exceeded budget projections from earlier in the fall and the primary recommended transfer for the Water Utility is to reposition reserves to support budgeted funding designations and replenish the capital improvement reserve.

## **Working Cash**

Management recommends the following transfers from Working Cash:

- \$4,500,000 to the Capital Improvement Reserve
- \$159,000 to the Pension & Post Retirement Medical Fund

Working Cash would remain \$4.8 million above target as of 12/31/2024.

## **Rate Stabilization Fund**

The Rate Stabilization Fund is intended to enhance the Utility's agility during financial challenges and minimize or smooth rate impacts to customers. Under existing bond covenants, deposits to the fund reduce the Debt Service Coverage ratio, while withdrawals increase the ratio. Funds may be used for one-time expenses and emergent items to be allocated based on the Board's direction.

2024 capital investments required a budget amendment and reduced the capital improvement reserve below target. Management recommends a draw of \$4.5 million from Rate Stabilization Funds to replenish the capital improvement reserve.

- \$4,500,000 to the Capital Improvement Reserve

## **Capital Improvement Reserve**

Financial Policy benchmarks the Capital Improvement Reserve target to annual depreciation expense. 2024 depreciation expense was \$9.2 million, consistent with the current target of \$9.0 million. A \$9.0 million transfer is recommended to move the balance to target, drawing from Working Cash and the Rate Stabilization Fund.

## **Pension & Post-Retirement Medical Fund**

Board Financial Policy states that in years where there is a difference between the PERS ordered contribution rate and the amount provided for in the annual budget, the excess amount will be set aside in a Board reserve for reduction of unfunded retirement liabilities in the future. PERS costs during 2024 were lower than budgeted by \$159,000. Board Financial Policies require the variance to be transferred to this fund.

## **Electric Utility**

Similar to the Water Utility, transfer recommendations for the Electric Utility support amendments to the capital budget in 2024 and reposition reserves to align with financial targets supporting current year operations.

## **Working Cash**

The working cash target is based on the amount of cash needed to pay for ongoing operational expenditures and maintain an amount of working capital to support the day's cash ratio sufficient to maintain higher than average credit rating (>150 days). The current target is sufficient to maintain this metric.

As a result of the January 2024 ice storm, working cash ended the year below target. Ice storm costs included both wholesale market price exposure when energy resources were unavailable, and physical restoration costs to the transmission and distribution systems. Restoration costs are expected to be reimbursed by FEMA in 2025 and would return working cash above target. In relation to the wholesale market price exposure, Management recommends a \$4.1 million transfer from the Power Reserve to support the Working Cash balance in 2025. Though it remains slightly below target, the Working Cash balance continues to strongly support ongoing operations in anticipation of FEMA reimbursement this year.

### **Power Reserve**

The level of funding for this reserve is evaluated annually. In determining the sufficiency of this reserve, risks from prices, loads, resources, and credit exposure are considered. Based on the current year's analysis, management recommends the target be reduced to \$24 million. Additionally, as noted above in the Working Cash section, management is recommending a \$4.1 million transfer to Working Cash following wholesale market price exposure during the 2024 ice storm event. This would leave the Power Reserve \$4.1 million below target. In accordance with policy, staff will incorporate into the long-term financial plan the replenishment of the Power reserves by 2028.

- \$4,100,000 to Working Cash

### **Capital Improvement Reserve**

Per Financial Policy, the Capital Improvement Reserve target is benchmarked to annual depreciation expense. Management recommends increasing the target by \$1 million to \$27 million to account for rising depreciation expense.

At December 31, 2024, this fund was below target following a 2024 capital budget amendment driven by opportunistic transformer purchases and technology project implementation activities. The 2025 capital budget included use of \$7.2 million of the Rate Stabilization Fund to support capital investments. Management recommends a transfer in accordance with the 2025 adopted budget, which will bring the reserve above target and adequately support ongoing capital activities.

### **Rate Stabilization Fund**

Funds above target in the Electric Rate Stabilization Fund have been modeled as a funding source for capital projects in the long-term financial plan and will help reduce future borrowing. Funds may be used for one-time expenses and emergent items to be allocated based on the Board's direction. Per policy, the target for the rate stabilization fund approximates a 3% rate impact for each utility. Management recommends increasing the target for this reserve from \$5 million to \$6 million.

The 2025 adopted budget included a draw of \$7.2 million from the Rate Stabilization Fund for capital project funding. Accordingly, Management recommends the following transfer from the Rate Stabilization Fund:

- \$7,166,000 to the Capital Improvement Reserve

### **Pension & Post-Retirement Medical Fund**

Board Financial Policy states that in years where there is a difference between the PERS ordered contribution rate and the amount provided for in the annual budget, the excess amount will be set aside in a Board reserve for reduction of unfunded retirement liabilities in the future. For the Electric Utility, 2024 PERS costs were above budget by less than 1%. No transfer is required by Board Financial Policies.

### **Leaburg Reserve**

In 2023, the Board directed the establishment of a Leaburg Reserve to fund costs related to the Leaburg decommissioning project. Revenue requirements specific to Leaburg are transferred on a regular basis to increase the reserve, while costs specific to the decommissioning project reduce the reserve. The balance at the end of 2024 was \$5.5 million. The 2025 budget anticipates a net deposit to the Leaburg reserve of \$2.2 million over the course of the year. With movement of funds directed in the scope of the 2025 adopted budget, no transfers are recommended as part of this agenda item.

### **Emergent Regulatory Mitigation Fund**

The 2025 approved budget includes the establishment of an Emergent Regulatory Mitigation Fund with a balance of \$5 million. With other reserves showing limited funds above target, management proposes evaluating this transfer as part of next year's review.

**Health Insurance Reserve**

With significant increases in recent years' healthcare premiums, management worked with an insurance consultant to evaluate a self-funded health insurance program, an option utilized by other area municipalities. Analysis of EWEB's recent claims experience indicates a self-funded program would likely reduce ongoing costs tied to this employee benefit program. The draft long-term financial plans include the assumption EWEB's healthcare benefit program becomes self-funding beginning in 2026. This is distinct from the self-insurance reserve to cover third party claims.

For employer funded healthcare programs, statute requires a reserve dedicated to mitigating claim risks. An initial deposit to a healthcare insurance reserve covering both utilities is estimated to be \$2 million (\$1,520,000 for Electric and \$480,000 for Water). Management continues to plan for this move and will recommend transfers when more information is known.

**Recommendation and Requested Board Action**

Management requests approval of Resolution No. 2512 and No. 2513, authorizing revisions to the financial policies and reserve transfers. Attachments 1 and 2 provide detail on reserve balances and recommended transfers for the Water and Electric utilities, respectively.

**Attachments:**

1. Water Utility Schedule of Cash Reserves
2. Electric Utility Schedule of Cash Reserves
3. EWEB Financial Policy – including proposed changes displayed in redlined text

Attachment 1

**Water Utility Schedule of Cash Reserves**

	FINANCIAL POLICY		BALANCE	USE OF	BALANCE
	REFERENCE	TARGET	12/31/24	CASH	AFTER
Working Cash	Rate Sufficiency	\$ 3,400,000	\$ 12,874,631	\$ (4,659,000)	\$ 8,215,631
<b><u>DESIGNATED FUNDS</u></b>					
Operating Reserve	Rate Stability	\$ 1,000,000	\$ 1,000,000	\$ -	\$ 1,000,000
Self-Insurance Reserve	Rate Stability	280,000	280,000	-	280,000
Capital Improvement Reserve	Capital Reserve	9,000,000	9,785	9,000,000	9,009,785
Rate Stabilization Fund	Rate Stability	1,000,000	7,980,000	(4,500,000)	3,480,000
Water Stewardship Fund- Septic Repairs		-	90,671	-	90,671
Alternate Water Supply Fund		-	1,849,411	-	1,849,411
Pension & Post Retirement Medical Fund		-	839,000	159,000	998,000
<b>DESIGNATED FUNDS TOTAL</b>		<b>\$ 11,280,000</b>	<b>\$ 12,048,867</b>	<b>\$ 4,659,000</b>	<b>\$ 16,707,867</b>
<b>CASH &amp; DESIGNATED FUNDS TOTAL</b>		<b>\$ 14,680,000</b>	<b>\$ 24,923,497</b>	<b>\$ -</b>	<b>\$ 24,923,497</b>
<b><u>RESTRICTED FUNDS</u></b>					
Construction Funds		\$ -	\$ 26,055,743	\$ -	\$ 26,055,743
SDC Reserves		-	211,889	-	211,889
Debt Service Reserves		-	1,148,270	-	1,148,270
<b>RESTRICTED FUNDS TOTAL</b>		<b>\$ -</b>	<b>\$ 27,415,902</b>	<b>\$ -</b>	<b>\$ 27,415,902</b>

## Attachment 2

### Electric Utility Schedule of Cash Reserves

	FINANCIAL POLICY		BALANCE	USE OF	BALANCE
	REFERENCE	TARGET	12/31/24	CASH	AFTER
Working Cash	Rate Sufficiency	\$ 45,000,000	\$ 39,381,895	\$ 4,100,000	\$ 43,481,895
<b>DESIGNATED FUNDS</b>					
Operating Reserve	Rate Stability	\$ 4,000,000	\$ 4,000,000	\$ -	\$ 4,000,000
Self-Insurance Reserve	Rate Stability	1,720,000	1,720,000	-	1,720,000
Power Reserve	Rate Stability	25,000,000	25,000,000	(4,100,000)	20,900,000
Capital Improvement Reserve	Capital Reserve	26,000,000	21,547,190	7,166,000	28,713,190
Rate Stabilization Fund	Rate Stability	5,000,000	17,332,927	(7,166,000)	10,166,927
Leaburg Decommissioning Fund		-	5,509,186	-	5,509,186
Pension & Post Retirement Medical Fund		-	1,555,000	-	1,555,000
<b>DESIGNATED FUNDS TOTAL</b>		<b>\$ 61,720,000</b>	<b>\$ 76,664,303</b>	<b>\$ (4,100,000)</b>	<b>\$ 72,564,303</b>
<b>CASH &amp; DESIGNATED FUNDS TOTAL</b>		<b>\$106,720,000</b>	<b>\$ 116,046,198</b>	<b>\$ -</b>	<b>\$ 116,046,198</b>

### RESTRICTED FUNDS

Construction Funds	\$ -	\$ 45,224,325	\$ -	\$ 45,224,325
Harvest Wind Escrow	-	504,281	-	504,281
Debt Service Reserves	-	5,552,729	-	5,552,729
Wildlife Reserve	-	141,787	-	141,787
Customer Care Fund	-	718,528	-	718,528
Customer Deposit Reserves	-	1,646,034	-	1,646,034
<b>RESTRICTED FUNDS TOTAL</b>	<b>\$ -</b>	<b>\$ 53,787,684</b>	<b>\$ -</b>	<b>\$ 53,787,684</b>

Recommended Target Changes:	Current	Recommended
Electric System		
Capital Improvement Reserve	\$26,000,000	\$27,000,000
Power Reserve	\$25,000,000	\$24,000,000
Rate Stabilization Fund	\$ 5,000,000	\$ 6,000,000



Eugene Water & Electric Board

*Rely on us.*

## *Financial Policies*

*Approved June 4, 2024*

***EWEB Financial Policies***

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## **EWEB Financial Policies**

### **1.0 RESERVE POLICIES**

#### **1.1 Rate Sufficiency Policy**

Rates and charges will be adequate to provide revenues sufficient to maintain a degree of financial soundness over and above requirements for compliance with existing bond covenants. Performance standards are based on review with EWEB's Financial Advisor regarding financial market conditions and rating agency considerations, as well as industry benchmarks for comparable utilities. *(BP SD6)*

##### **Discussion:**

EWEB bond resolutions contain a rate sufficiency covenant that is a standard provision in municipal utility bond contracts. The covenant requires that rates and charges be set at a level that is high enough to pay the costs of operating and maintaining the utilities. This rate sufficiency policy is a higher standard than that required by the standard rate covenant contained in the bond resolutions. The policy is intended to supplement the weaker financial performance standards set out as minimum requirements in the bond resolutions. The financial standard implied by this policy is that rates and charges will be maintained at a level consistent with an average credit rating of A for the Electric Utility and AA rating for the Water Utility.

Credit rating agencies evaluate creditworthiness by assessing an organization's ability to adequately address issues of strategic importance. Credit analysis includes the track record of performance as reflected in widely used ratios and statistics. These measurements are compared with other similarly situated utilities to determine relative financial strength within the industry. An example of such a statistic is "debt service coverage ratio" which shows how many times debt service can be paid from net revenues. Minimum legal debt service coverage requirements are 1.35 times debt service for issuing new debt for the Electric Utility and 1.25 times debt service for the Water Utility. EWEB's long term target for debt service coverage ratio for the Electric Utility is 1.75 to 2.0 and the Water Utility is 2.00 to 2.50 times debt service.

	<b>Performance Standard</b>
<b>Electric Utility</b>	
Working Capital Days Cash	>150 days
Current Ratio	3.250x
Debt Service Coverage	1.75 to 2.0x
<b>Water Utility</b>	
Working Capital Days Cash	>150 days
Current Ratio	3.250x
Debt Service Coverage	2.0 to 2.50

## **EWEB Financial Policies**

Working cash balances are based on the amount of cash needed to pay for ongoing operational expenditures and maintain an amount of working capital to support the day's cash ratio sufficient to maintain higher than average credit rating. The target for working cash is \$45 million and \$3.4 million for the Electric and Water Utility, respectively.

### **1.2 Rate Stability Policy**

Certain funds will be held in reserve for the purpose of mitigating the customer rate impact of unanticipated events. (*BP SD6*)

#### **Discussion:**

It is the nature of budgets, financial projections, and other statements about the future to contain uncertainty. The intent of this policy is to set aside funds or other financial instruments to smooth out the financial impact on customers when assumptions about the future do not comport with actual events as they transpire.

#### **Power Reserve**

The Electric Utility owns or has contracted for power resources that exceed the amounts needed to serve customer load and is exposed to certain power portfolio and retail load risks that can have significant adverse effects on financial stability. Those risks include, generation, power price, retail load, and credit risks. EWEB has established a power reserve that is designed to provide funds sufficient to cover operational costs in the event of adverse fluctuations in these risks. The funds needed to mitigate financial impacts of fluctuations are estimated annually based upon the measurement criteria specific to each of the major risks. Generation risk is calculated by measuring the impact to revenues if water available for generation is at Firm levels which is approximately 70% of median. Power price risk is calculated by assuming prices decrease 30% from budget expectations, and retail load risk is calculated assuming a 4% decrease from budgeted load. Credit risk is a flat dollar amount that represents approximately 50% of counterparty exposure. The combined amounts are intended to cover operational cost for one calendar year and prevent sudden and significant impacts to customer rates. The Board of Commissioners may elect to supplement the calculated amounts at their discretion.

#### **Operating Reserves**

The Water and Electric Operating Reserve accounts are used in similar fashion to smooth out the effects of revenue shortfalls or unforeseen expenses.

## EWEB Financial Policies

### Self-Insurance Reserve

The Self Insurance Reserve is to fund the out-of-pocket liability costs of third party claims. The target for the Self-Insurance Reserve combined for both the Electric and Water Utilities totals \$2 million, which is based on the amount EWEB is self-insured. Excess liability insurance protects EWEB after the self-insurance retention is exhausted.

### Rate Stabilization Funds

The Water and Electric Rate Stabilization Fund accounts are used to enhance the Utilities' agility during financial challenges such as unanticipated costs or reduced revenues, and minimize or smooth rate impacts to customers. This fund is intended to manage one-time events, emergent items or to reduce borrowing requirements. Allocations are made at Board discretion. Targets for the rate stabilization funds approximate a 3% rate impact for each Utility.

Electric Utility	Target
Power Reserve	\$254,000,000
Operating Reserve	\$ 4,000,000
Self-Insurance Reserve	\$ 1,720,000
Rate Stabilization Fund	\$ 56,000,000
<b>Water Utility</b>	
Operating Reserve	\$1,000,000
Self-Insurance Reserve	\$ 280,000
Rate Stabilization Fund	\$1,000,000

### 1.3 Capital Improvement Funding and Reserve Policy

Utility plant assets will be maintained to provide reliable, high quality service, including such capital additions as may be necessary to support growth in loads and customer base, and associated infrastructure. (BP SD6)

#### **Discussion:**

EWEB's approach to financing capital assets uses a combination of current rate revenue, capital improvement reserves, contributions in aid of construction, system development charges, and debt financing.

Capital projects are classified as either Type 1, or Type 2, or Type 3. Each year, an amount is budgeted from rate revenues to provide ongoing funding for a base level of capital additions and replacements. The base level amount is determined through an

## **EWEB Financial Policies**

evaluation of the age and condition of basic capital infrastructure of the Electric and the Water Utilities taking into consideration capital reserve levels. This amount represents what is needed annually to maintain the desired level of service reliability on a long-term basis. These are considered Type 1 capital projects; projects that are ongoing capital infrastructure replacements.

Type 2 capital projects are large rebuilding or expansion projects in excess of \$13 million that occur periodically and may be funded with rates or bonds. ~~Type 3 capital projects are major strategic projects and are funded with bonds and/or reserves.~~

Capital funding requirements are determined by a Capital Improvement Plan (CIP). The CIP is a ten-year projection of capital needs that is updated annually and approved by the Board. The CIP sets out, for each utility, the anticipated need for utility and support infrastructure to meet customer demands and system reliability standards. Identified in the CIP is an indication of the proportion of funding from 1) rates, 2) accumulated reserves, and 3) debt proceeds.

The target amount for the Electric and Water Utility Capital Improvement Reserve is based on one year's depreciation expense adjusted for service reliability needs. In general, reinvestment in capital should be at the same rate as depreciation.

A system over 65% depreciated should be watched for aging.

Rate of return measures the ability to pay current and future infrastructure costs. Rates outside the performance standard should be evaluated to ensure current customers pay their share for the use of infrastructure. A higher rate of return signals current customers may be paying more towards future infrastructure costs, while a lower rate of return signals current customers may not be paying enough for current costs.

### **The Targets are:**

Electric Utility: \$267 million

Water Utility: \$9 million

### **Performance Standard – Electric and Water:**

Age of System < 60%

Rate of Return 5 - 7%

## **EWEB Financial Policies**

### **1.4 Retirement Benefits Funding Policy**

All long-term liabilities that must be either disclosed and/or accounted for in the financial statements will be funded according to a rational and consistent plan that targets full funding of the liabilities over a specified period of time. (BP SD6)

#### **Discussion:**

Unfunded retirement liabilities result from pension and other post-employment benefit programs. The primary financial strategy with these plans is to pay the actuarially determined annual required contribution, which pays for the current costs and unfunded liabilities over a designated period of years. However, if the funded status of the plans reach 70% funded status or less, an assessment of accelerated funding will be performed. When the funding status of the plan is at or below 70% of funded status, the plan is financially unstable as the plan is no longer self-funding based on actuarially determined contribution rates. Below is a summary of the three plans.

1) **Pension Plan** - The Oregon PERS (OPERS) continues to experience volatility in regard to the rates employers pay to the state pension plan for benefits. EWEB pays the actuarially determined rate. In years where there is a difference between the PERS ordered contribution rate and the amount provided for in the annual budget, the excess amounts will be set aside in a Board reserve for reduction of unfunded retirement liabilities in the future.

2) **Other Post-Employment Benefits** – EWEB created a trust in November 2007 as a means through which assets are accumulated and benefits are paid for other post-employment benefits (OPEB), other than pension benefits. Eligible retirees and beneficiaries of EWEB receive health care and life insurance benefits.

3) **Supplemental Retirement Plan** – EWEB created a pension plan in 1968 to provide supplemental retirement benefits to employees. The objective of the plan was to provide a benefit on retirement, which together with benefit from the OPERS, will provide 1.67% of the highest 36-month average salary for each year of service. The plan was closed in 1988. EWEB contributes actuarially determined amounts to a designated pension fund that pays the annual cost for this closed plan. Due to the nature of the closed plan, it is more cost effective to pay-as-you go, than set up a trust.

## **EWEB Financial Policies**

### **1.5 Replenishment of Reserves**

If a reserve balance falls below Board targets, the order of precedence and minimum length of time to replenish will be determined using the following criteria:

Order of Precedence: 1 – Rate Sufficiency Policy  
2 – Capital Reserve Policy  
3 – Rate Stability Policy

Length of time to replenish:

	Electric Utility	Water Utility
One year	<\$2 million below target	< \$500,000 below target
Three years	>\$2 million and < \$5 million below target	> \$500,000 and < \$1 million below target
Five years *	> \$5 million below target	> \$1 million below target

\*Should a reserve fall drastically below target, a determination will be made whether cash should be secured by other means (i.e., Letter of Credit or bond issuance).

If a reserve falls below target, staff will propose a replenishment strategy to the Board for approval during the annual reserve transfer process or sooner if deemed necessary.

## **2.0 FINANCIAL MANAGEMENT POLICIES**

### **2.1 Cost Management Policy**

EWEB will take cost management actions that provide for authorized budgets and include actions to maintain expenditures within authorized budget levels. *(BP SD6)*

#### **Discussion:**

The annual budget is the primary tool for setting rates and controlling costs within a given year. For accounting and budgetary purposes, the budgets are broken into operating and capital components for each Utility. The operating budget of the Electric Utility further separates power and related costs as distinct from non-power operating costs. The reason for this is that the cost of power and related items generally varies with changes in sales volume. Non-power items are composed of mostly labor, services and materials that are less susceptible to variations in sales volumes.

The annual budgets are the maximum level of expenditure authorized by the Board. Conditions may arise during any given budget year that cause projected expenditures for either Utility's operations & maintenance and/or capital budgets to be higher than those approved by the Board. If any of the specific conditions occur as defined in Board Policy EL1 - Financial Controls, Management is required to propose a budget amendment.

## **EWEB Financial Policies**

The budget amendment proposal must state the causes of the projected non-budgeted expenditures, the offsetting actions taken to mitigate the increase, and the source of any additional funding requested. The Board will consider each proposed budget amendment and either approve or disapprove. In the event of disapproval, the General Manager will exercise established authorities in taking actions necessary to curtail spending within authorized levels.

To monitor the budget, cost management procedures involve the monthly review of variances from the authorized budget by supervisors and managers. The review of power-related items is performed by the Power Risk Management Committee and is separate from non-power items. Actual and projected capital and other non-power expenditures are monitored by the Leadership Team. With the assistance of financial staff, the Leadership Team determines what degree unfavorable variances in one department can be offset by favorable variances in another. In the event of a shortfall, the Leadership Team will determine whether to bring a budget amendment forward or curtail other activities to remain within authorized spending levels.

### **2.2 Budget Policy**

The authorized annual spending plan will be balanced such that resources meet or exceed requirements in each fiscal year. *(BP SD6)*

#### **Discussion:**

Long-term financial stability can be assured only if, in each year, the annual spending plan is fully funded and results in a balanced budget. The budget is considered balanced when the following three conditions are met:

- 1) Expected annual operating revenues and use of reserves for one-time expenses equal or exceed anticipated operation and maintenance expenses.
- 2) Budgeted capital outlays are funded in full from a combination of net operating revenues, capital improvement reserves, accumulated system development charges, and debt proceeds.
- 3) Pro forma presentation of debt service coverage shows a ratio at or above the Board established performance standard (Rate Sufficiency Policy 1.1).

## **EWEB Financial Policies**

### **2.3 Debt Policy**

Funds to acquire major capital improvements will be provided in accordance with the estimated useful lives of such assets. (BP SD6)

#### **Discussion:**

Prudent financial practice dictates the use of debt financing only in those cases where public policy, ratepayer equity, and economic efficiency favor the use of debt over current financing. In EWEB's case, debt is considered an appropriate funding option for Type 2 ~~and Type 3~~ capital projects. (See the discussion under Capital Reserve Policy 1.3.) Debt service payments shall not exceed the useful life of the asset and should be structured to mirror the stream of benefits from the facility or project being funded.

Long-term debt financing will be considered for those major system improvements that meet two general criteria:

- The asset has a relatively long useful economic life (at least 10 years);
- The asset is a significant item included within the capital budget portion of the electric and/or water project plans.

However, if debt levels are too high the utility could become over-leveraged relative to its asset base and revenue producing capability. In all cases, management will balance the benefit of long term financing with the overall health of the organization as determined by appropriate measures of financial leverage.

Performance standards, are based on review with EWEB's Financial Advisor regarding financial market conditions and rating agency considerations, as well as industry benchmarks for comparable utilities.

	<b><u>Performance Standard</u></b>
<b>Electric Utility</b>	
Debt as a % of NBV	60% or less
<b>Water Utility</b>	
Debt as a % of NBV	60% or less

EWEB Financial Policies

2.4 Billing and Collection Policy

Services will be billed in an accurate and timely manner and collected with fair and equitable consideration for all customers. (BP SD6)

Discussion:

Sound business and collection practices will be applied uniformly to all customers. EWEB maintains a customer credit rating system to provide fair and equitable consideration in deposit and collection practices for all customers. Decisions to extend payment terms for anyone are based on the customer’s good faith, ability to pay, and payment history.

EWEB provides cost-effective customer assistance programs (e.g., Budget Payment Plan, Customer Care, payment extension options, dispute/appeals recourse, etc.). EWEB will also cooperate with customers participating in social service programs such as the Limited Income Home Energy Assistance Program (LIHEAP) and other resources available to customers.

EWEB makes every reasonable and cost-effective attempt to secure payment of all accounts receivable. In accordance with bond covenants, products and services are not provided free of charge. Bills are issued based upon actual use of products and services, except that billings are estimated when EWEB service meters are inaccessible, or other considerations necessitate issuing estimated billings. Following an estimated reading, charges are adjusted to record and reflect actual consumption.

EWEB employees make a concerted effort to inform customers about the options available to them regarding payment for and controlled use of EWEB products and services as situations may deem advisable. In addition, EWEB has built strong partnerships with community social service organizations that create preventive strategies for avoiding disconnection of services.

Performance standards are as follows:

	Performance Standard
Write-offs as a % of Rate Revenue	.5% or less

## **EWEB Financial Policies**

### **3.0 FINANCIAL RISK MANAGEMENT POLICIES**

#### **3.1 Financial Risk Management Policy**

Financial risks associated with EWEB operations will be proactively managed in a cost-effective and efficient manner consistent with prudent utility practice. *(BP SD6)*

##### **Discussion:**

The objective of financial risk management is ongoing identification and mitigation of the risk of financial losses including power risk, property damage and other insurable risks, vendor contract development and administration, and risks associated with administering Oregon Public Contracting laws and statutes. EWEB will transfer as much as is reasonably possible of its liability contractually, and retain those risks that can be self-assumed without seriously affecting the financial condition of the organization. EWEB will purchase sufficient insurance coverage when the risk is of a catastrophic nature or beyond the capacity of the organization to absorb, or when it is required by law or contract. However, insurance shall, of necessity, be limited to availability of coverage at reasonable cost, consistent with the probable frequency, severity and impact of losses on the financial stability of the organization.

Due to the nature and extent of commodity risks, power supply related risk management policies are separately addressed in the Power Risk Management Policy.

#### **3.2 Power Risk Management Policy**

Purchases and sales of electric power and related financial instruments will be managed to maximize the benefits to customers from wholesale transactions while minimizing the risk that wholesale activities will adversely affect retail prices. *(BP SD6)*

##### **Discussion:**

For many years the staff at EWEB has worked to reduce power purchase costs while managing or avoiding risks that might result in price shocks or supply interruptions. Rapid changes in the electric power industry since 2000 have challenged traditional methods and prompted EWEB to migrate to power management systems and controls similar to those used in commodity trading organizations.

The Board has established a Power Risk Management Policy to provide direction and oversight as referenced in Board Policy SD8 - Power Risk Management Policies.

## **EWEB Financial Policies**

### **3.3 Investment Policy**

EWEB's investment portfolio will be managed to achieve safety of capital, achieve market rates of return, and provide sufficient liquidity to meet disbursement schedules. *(BP SD6)*

#### **Discussion:**

EWEB's Investment Policy calls for the investment of excess funds in a manner which will preserve capital and provide sufficient liquidity to meet cash flow demands while conforming to all State statutes governing investment of public funds and bond covenants. The policy includes provisions with respect to diversification and the credit quality of securities purchased. EWEB's primary objectives are, in order of priority: safety of principal, liquidity and achieving a rate of return at least equal to the return on a comparably maturing U.S. Treasury bill. EWEB attempts to match its investments to anticipated cash flow requirements. Securities are intended to be held to maturity, unless the quality, yield or maturity characteristics of the portfolio can be improved by replacing one security with another.

## **4.0 ACCOUNTING POLICIES**

### **4.1 Financial Entity Policy**

EWEB will account for separate financial entities and will clearly define relationships among those entities to facilitate management decision-making. *(BP SD6)*

#### **Discussion:**

#### **1) Financial Reporting and Budget**

Financial accounting standards and Bond covenants require that EWEB maintain separate financial records for the Electric Utility and the Water Utility. Each entity has separate legal standing and revenues backing their respective bond issues and separate budgets. Often, the Utilities share personnel or other resources. The shared resources are allocated between the systems for accounting and ratemaking purposes.

#### **2) Reporting Entity**

For external reporting purposes, EWEB is required to follow Governmental Accounting Standards Board (GASB) definition of a reporting entity as EWEB is considered a primary government. The Electric and Water Utilities are reported separately with a combined total for both systems.

For internal reporting purposes, the results and financial position of the Electric Utility and the Water Utility will be reported separately. In addition, any component of either

## **EWEB Financial Policies**

Utility, which can be separately reported, and for which separate reporting would be useful, such as a major line of business, class of customer, or new operation will be separately reported as required by EWEB management from time to time.

EWEB also has various relationships with other parties. They are separate legal entities that are properly recorded within the Electric System and are fully disclosed in the footnotes of the financial statements.

### **4.2 Capitalization Policy**

Major utility expenditures for labor, materials and/or services that result in revenue or benefits in future reporting periods will be capitalized and allocated to match such future revenue or benefits through periodic amortization or depreciation, using methodologies acceptable under accounting standards. Additions, renewals, and betterments with a minimum cost of \$5,000 are capitalized. Repairs and minor replacements are recorded as operating expenses. *(BP SD6)*

#### **Discussion:**

##### **1) Utility Plant in Service**

The physical assets that make up the electric and water production, transmission and distribution systems, including the acquisition of land or construction of a building are capitalized and included in plant in service.

##### **2) Preliminary Investigations and Regulatory Accounting**

It is accepted utility practice to accumulate preliminary investigations, costs of projects the utility believes will be viable in the future. An example of this for EWEB is relicensing costs for the Carmen-Smith Project. Preliminary investigations are recorded as an "Other Asset" on the Statement of Net Position.

EWEB policy also permits the use of regulatory accounting, which allows for revenues and expenses to be charged to future periods to match the time periods when the revenue and expenses are included in rates. Revenues and expenses that are recorded using regulatory accounting may be treated as other assets or liabilities or deferred inflows or outflows, depending on the nature of the revenue or expense. An example of a regulatory other asset is unamortized bond issuance costs. An example of deferred inflows and outflows is the recording of the change in market value of hedging derivative instruments. Board approval, either by resolution or by inclusion in the annual budget, is required prior to using regulatory accounting.

## EWEB Financial Policies

### REVISION HISTORY

Version	Section Revised / Description	Resolution No.	Created Approved
1	EWEB Financial Policies document created by Jim Origliosso		06/01/1995
2	Policy drafted to assist in ensuring the Electric and Water Utilities' long term financial sustainability. Board Approved		01/18/2000
3	Board Ratified Financial Policies with Strategic Direction 6 (SD)		04/19/2005
4	Amended: <b>Changes include the addition of Power Risk Management Policies and Interest Rate Swap Policies.</b> Where applicable, measurement indication and performance standards were added to provide information about how compliance with the policies is being measured.	Jim O. revised 6/1/2005	07/19/2005
5	Revised with Strategic Direction (SD6):		05/30/2011
6	Set new Working Cash Target for Electric and Water Utility to \$24 million and \$3.4 million, respectively  Changes for Electric Utility: <ul style="list-style-type: none"> <li>Financial rating target from AA to A</li> <li>Set new Debt Service Coverage Target</li> <li>Changed Capital Improvement Reserve target to \$18 million</li> </ul>	1308	06/04/2013  Executed 07/16/2013
7	<b>Financial Policies reviewed and updated based on 2014 year-end results, the Board's targets, associated financial metrics and accounting standards. Also modified Board Policy SD6:</b>  <b>Section 1.2-Rate Stability</b> , updated to reflect the change in methodology for calculating the power reserve.  <b>Section 1.3-Capital Reserve</b> , renamed the Capital Improvement Funding and Reserve Policy.  <b>Section 1.4-Retirement Benefits Funding</b> , updated wording for clarity.  <b>Section 2.0-Financial Management</b> , edited to align with the 2014 revision of Board Policy EI-1 and for clarity.  <b>Section 3.0-Risk Management</b> , with the creation of an Enterprise Risk Function, this section was revised to focus on Financial Risk Management. Enterprise Risk Management will be covered in a separate policy.  <b>Section 4.0-Accounting</b> , edited for clarity and to confirm with changes in accounting standards.	1518	07/21/2015

## EWEB Financial Policies

	<b>Section 5.0-Reference Documents</b> , Appendices referencing other Board policies were removed and cash and reserve targets summary were updated.		
8	<p><b>Financial Policies reviewed and updated based on 2016 year-end results, the Board's targets, associated financial metrics and accounting standards:</b></p> <p><b>Section 1.1-Rate Sufficiency</b>, increased Working Capital Days Cash to &gt;150 days to support the higher credit ratings for each utility.</p> <p><b>Section 1.2-Rate Stability</b>, included a Rate Stabilization Fund for both Utilities. Target of \$5 million for Electric and \$1 million for Water. Power Reserve target reduced to \$17 million from \$22.1 million.</p> <p><b>Section 1.3-Capital Improvement Funding and Reserve</b>, Target for Electric increased to \$22 million from \$20 million.</p> <p><b>Section 1.5-Replenish of Reserves</b> – added to establish criteria in the event a reserve falls below Board targets and specifies the order of precedence and length of time to replenish.</p> <p><b>Section 2.3-Debt</b>, Debt/Asset and Debt/Equity ratios replaced by Debt as a % of Net Book Value (NBV) to reflect industry trends.</p> <p><b>Section 5.0-Reference Documents</b>, revised Cash and Reserve Targets Summary.</p>	1711	06/06/2017
9	Revision to increase <b>Electric Working Cash Target</b> to \$36 million from \$24 million to consistently align to retain AA bond rating.	1817	06/05/2018
10	Revision to change <b>Electric Operating Reserve Target</b> to \$4.0 million from \$2.0 million under Section 1.2 and Rate Stabilization Funds. Replaced Source with Revision History.	1913	06/04/2019
11	<p><b>Section 1.1-Rate Sufficiency Policy</b> - Increased <b>Electric Working Cash Target</b> to \$42.0 million from \$36.0 million.</p> <p><b>Section 1.2-Rate Stability Policy</b> - Increased <b>Power Reserve Target</b> to \$23.0 million from \$17.0 million.</p> <p><b>Section 1.3-Capital Improvement Funding and Reserve Policy</b> - Increased <b>Capital Improvement Reserve Targets</b> to \$25.0 million and \$8.0 million, from \$22.0 million and \$7.0 million for Electric and Water, respectively.</p> <p><b>Section 4.1-Financial Entity Policy</b> - Removed reference to specific relationships with other parties.</p>	2312	6/6/2023
12	<b>Section 1.1-Rate Sufficiency Policy</b> - Increased <b>Electric Working Cash Target</b> to \$45.0 million from \$42.0 million.	2408	6/4/2024

EWEB Financial Policies

	<b>Section 1.2-Rate Stability Policy - Increased Power Reserve Target</b> to \$25.0 million from \$23.0 million. <b>Section 1.3-Capital Improvement Funding and Reserve Policy - Increased Capital Improvement Reserve Targets</b> to \$26.0 million and \$9.0 million, from \$25.0 million and \$8.0 million for Electric and Water, respectively.		
13	<u>Section 1.2-Rate Stability Policy - Decreased Power Reserve Target</u> to \$24.0 million from \$25.0 million. <u>Increased Rate Stabilization Fund Target</u> to \$6 million from \$5 million for Electric. <u>Section 1.3-Capital Improvement Funding and Reserve Policy - Increased Capital Improvement Reserve Target</u> to \$27.0 million from \$26.0 million for Electric. <u>Section 1.3-Capital Improvement Funding and Reserve Policy, 2.3-Debt Policy - Removed reference to Type 3 Capital to align with updates to EL1 Financial Controls.</u>	<u>2512XXXX</u>	

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## EWEB Financial Policies

### 5.0 APPENDIX A: CASH AND RESERVE TARGETS SUMMARY

<u>Cash and Reserve Accounts</u>	<u>Electric Utility Target</u>	<u>Water Utility Target</u>
1) Working Cash	\$45,000,000	\$3,400,000
2) Power Reserve	<del>25</del> 24,000,000	
3) Operating Reserve	4,000,000	1,000,000
4) Self-Insurance Reserve	1,720,000	280,000
5) Capital Improvement Reserve	<del>26</del> 27,000,000	9,000,000
6) Rate Stabilization Fund	<del>5</del> 6,000,000	1,000,000
Total	<u>\$10<del>6</del>7,720,000</u>	<u>\$14,680,000</u>

- 1) Working Cash – amount of cash needed to pay for ongoing operational costs during the year.
- 2) Power Reserve – amount of reserves to offset fluctuations due to the effects of risk exposures, and any budgeted draw on the reserve.
- 3) Operating Reserve – reserve for emergency operating costs.
- 4) Self-Insurance Reserve – reserve to pay for claims incurred during the year and target is based on the \$2 million self-insured retention for both utilities combined.
- 5) Capital Improvement Reserve – reserve for capital improvements and target is based on approximately one year's depreciation.
- 6) Rate Stabilization Fund – reserve for one-time use at Board discretion; target amount approximates the dollar equivalent of a 3% price increase

**RESOLUTION NO. 2512  
JULY 2025**

**EUGENE WATER & ELECTRIC BOARD  
RESOLUTION APPROVING REVISIONS TO FINANCIAL POLICIES**

**WHEREAS**, the Eugene Water & Electric Board is the body designated by the Eugene City Charter and City Code to administer the Electric and Water Utilities of the City of Eugene;

**WHEREAS**, the Eugene Water & Electric Board has established Financial Policies to support the Board's financial targets, strategies and reporting;

**WHEREAS**, the Eugene Water & Electric Board has determined changes in the targets for the Electric Capital Improvement Reserves, Electric Rate Stabilization Fund and Electric Power Reserve are appropriate;

**WHEREAS**, the Eugene Water & Electric Board has determined that updates to policy language are appropriate;

**THEREFORE BE IT RESOLVED** that the Eugene Water & Electric Board hereby approves the revisions to the Financial Policies.

Dated this 8<sup>th</sup> day of July 2025

THE CITY OF EUGENE, OREGON  
Acting by and through the  
Eugene Water & Electric Board

\_\_\_\_\_  
President

I, ANNE M. KAH, the duly appointed, qualified, and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the Resolution adopted by the Board at its July 8, 2025 Board Meeting.

\_\_\_\_\_  
Assistant Secretary

**RESOLUTION NO. 2513  
JULY 2025**

**EUGENE WATER & ELECTRIC BOARD  
RESERVE TRANSFERS**

**WHEREAS**, the Eugene Water & Electric Board is the body designated by the Eugene City Charter and City Code to administer the Electric and Water Utilities of the City of Eugene;

**WHEREAS**, the Eugene Water & Electric Board has set up procedures for evaluating reserve status after the annual audit;

**WHEREAS**, the 2024 annual audit is complete;

**WHEREAS**, the Eugene Water & Electric Board has reviewed year-end results

**THEREFORE BE IT RESOLVED** that the Eugene Water & Electric Board hereby authorizes the General Manager to make the following transfers:

Water Utility

- 1)\$159,000 from Working Cash to the Pension & Post-Retirement Medical Fund
- 2)\$4,500,000 from Working Cash to the Capital Improvement Reserve
- 3)\$4,500,000 from the Rate Stabilization Fund to the Capital Improvement Reserve

Electric Utility

- 1)\$4,100,000 from the Power Reserve to Working Cash
- 2)\$7,166,000 from the Rate Stabilization Fund to the Capital Improvement Reserve

Dated this 8<sup>th</sup> day of July 2025

THE CITY OF EUGENE, OREGON  
Acting by and through the  
Eugene Water & Electric Board

\_\_\_\_\_  
President

I, ANNE M. KAH, the duly appointed, qualified, and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the Resolution adopted by the Board at its July 8, 2025 Board Meeting.

\_\_\_\_\_  
Assistant Secretary



TO: Commissioners Barofsky, Schlossberg, Brown, Carlson, and Morris  
FROM: Frank Lawson, CEO & General Manager; Anne Kah, Chief Administrator & Asst. Corporate Secretary  
DATE: July 1, 2025 (July 8, 2025, Board Meeting)  
SUBJECT: **Resolution No. 2514** Restricting Use of EWEB Billing and Collections  
OBJECTIVE: Action via Consent Calendar

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#### **Issue**

Resolution No. 2514 shall limit the use of EWEB's billing and collection services to electricity, drinking water, and/or services required by City Charter or applicable law through June 30, 2029.

#### **Background**

On April 6th, May 1st and June 3rd of this year, in public session, the Eugene Water & Electric Board deliberated issues pertaining to the use of EWEB's billing and collection system for non-utility and/or non-charter-required fees, including recent inquiries from the City of Eugene.

#### **Discussion**

Resolution No. 2514 is the product of Board "Action" on June 3, 2025, directing staff to develop a resolution limiting the use of EWEB's billing and collection services to EWEB business, and/or services required by City Charter or applicable law through June 30, 2029.

On June 3, 2025, in public session, Commissioners discussed the differences between providing guidance using either Board Policy or Resolution. Management's perspective is provided for supplemental context.

Board Policy is useful when developing "lasting" governance that will survive present Board composition and remain in effect until modified or revoked by future majority vote. This is particularly useful when dealing with long-term guidance or when a recurring set of circumstances may arise. Contrastingly, a Resolution generally deals with a specific issue or action and provides the opportunity for the Board to communicate relevant criteria and context, and to place constraints on the decision or action or direction (e.g. time limits). A resolution is more descriptive and communicates context that a simple "Action" doesn't without review of video or material records.

In the case of a non-required fee appearing on an EWEB bill, the Board's direction to staff to use a Resolution is useful, as it provides the opportunity to explain the collective reasoning for limiting non-required fees (EWEB's modernization efforts and the near-term opportunity costs of delaying important strategic and customer work) and places a time frame for which this limitation exists. So, while it is true that future Boards can revoke or modify both Resolutions and Policy, the use of Resolution No. 2514 will frame the criteria of which the direction is provided, while re-opening the issue for consideration once that criteria (and resolution) have expired.

#### **Requested Board Action**

Resolution No. 1524, as directed by the Board, is presented for approval via the Consent Calendar.

**RESOLUTION NO. 2514  
JULY 2025**

**EUGENE WATER & ELECTRIC BOARD  
EWEB BILLING AND COLLECTION SERVICES**

**WHEREAS**, the Eugene Water & Electric Board (EWEB) is a customer-owned municipal utility chartered to operate and maintain the Electric Utility and Water Utility systems; and

**WHEREAS**, authority for the powers and functions vested in the Eugene Water & Electric Board is established by Chapter 10, Section 44, of the Charter of the City of Eugene, (1976), as amended; and

**WHEREAS**, EWEB is governed by an independent Board of Commissioners elected by the citizens of Eugene; and

**WHEREAS**, the Eugene City Council may require EWEB to bill and collect the city service charges for collecting and disposing of liquid and solid wastes (otherwise known as stormwater and wastewater charges); and

**WHEREAS**, EWEB is not required to bill and collect for third party services not specified by law or City Charter; and

**WHEREAS**, EWEB has received requests to bill and collect non-utility fees on behalf of the City of Eugene; and

**WHEREAS**, the Board directed staff to investigate the present capabilities and limitations of EWEB's systems and processes related to billing and collection of third-party non-utility fees; and

**WHEREAS**, as a municipal entity, EWEB may not refuse to render an authorized service because of some collateral matter not related to that particular service; and

**WHEREAS**, billing and collection of a non-utility fee requires a separate collection system and process to exclude said fee from the utility disconnection process for non-payment; and

**WHEREAS**, the implementation of billing and collection of non-utility fees requires significant information technology and financial resources, as well as opportunity costs impacting utility operations and project schedules, including but not limited to, the modernization and upgrading inclusive of the EWEB Enterprise Solutions (EES) project and related customer services; and

**WHEREAS**, it is imperative that EWEB complete the multi-year initiative to modernize its major information technology systems in an expeditious manner; the estimated duration of this endeavor is four years; and

**WHEREAS**, by establishing an expiration date for this Resolution, the issue will be reopened for consideration upon expiration without Board action; the sitting Board may decide whether or not to deliberate on the matter at that time;

**NOW, THEREFORE BE IT RESOLVED**, given the organizational priorities, including but not limited to the modernization of EWEB's information systems, the Eugene Water & Electric Board shall limit the use of its billing and collection services to EWEB related business, and/or services required by City Charter or applicable law through June 30, 2029, unless this Resolution is repealed.

Dated this 8<sup>th</sup> day of July 2025.

THE CITY OF EUGENE, OREGON  
Acting by and through the  
Eugene Water & Electric Board

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President

I, ANNE M. KAH, the duly appointed, qualified, and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the Resolution adopted by the Board at its July 8, 2025 Board meeting.

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Assistant Secretary