

EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
JANUARY 2, 2013
7:30 P.M.

Commissioners Present: John Simpson, President; John Brown, Vice President; Dick Helgeson, James Manning and Steve Mital

Others Present: Roger Gray, Debra Smith, Sheila Crawford, Todd Simmons, Mel Damewood, Roger Kline, Anne Kah, Joe Harwood, Erin Erben, Mark Freeman, Sue Fahey, Brad Taylor, Wendi Schultz-Kerns, Lena Kostopulos, Susan Eicher, Kevin Biersdorff, Felicity Fahy, Steve Mangan, Lance Robertson, Gail Murray, Charlie Walker, and Taryn Johnson of the EWEB staff; Vicki Maxon, recorder.

President Simpson convened the Regular Session of the Eugene Water & Electric Board (EWEB) at 6:42 p.m., due to the Work Session ending much earlier than planned. The Board agreed to rearrange the order of agenda items so that Public Input would still occur at the public noticed time of 7:35 p.m.

CONSENT CALENDAR

RATIFICATION OF BOARD CONSULTANTS FOR 2013

1. Ratification of Board Consultants for 2013
 - 1.1 Independent and Consulting Engineers – Black & Veatch
 - 1.2 Independent Actuaries – Kenney Consulting
 - 1.3 Renewable Energy Credits (REC Legal Counsel) – Davis Wright Tremaine LLP
 - 1.4 Independent Auditor and Certified Public Accountant – Moss Adams
 - 1.5 Financial Advisor – Seattle-Northwest Securities Corporation

RATIFICATION OF RETAINED PROFESSIONALS FOR 2013

2. Retained Professionals and Attorneys for 2013
 - 2.1 General Counsel – Eric DeFreest, Luvaas Cobb Law Office
 - 2.2 Special Counsel and Power Risk Counsel – Cable Huston Benedict Haagensen & Lloyd
 - 2.3 Special Counsel (BPA Rate Review) Murphy & Buchal LLP
 - 2.4 Human Resources Counsel – Harrang, Long, Gary and Rudnick
 - 2.5 Bond Counsel – Mersereau and Shannon

MINUTES

- 3a. November 20, 2012 – Regular Session
- 3b. December 4, 2012 – Executive Session

CONTRACTS

4. Baker Tilly Virchow Krause, LLP – for the implementation of EWEB's forthcoming enterprise work asset management solution (WAM) – \$351,000. Contact Person is Sheila Crawford or Roger Gray.
5. Delta Environmental Services, LLC – for wastewater treatment system consulting services at the Roosevelt Operations Center (ROC). Electric Operations & Facility Services – \$75,000 (total \$126,804). Contact Person is Todd Simmons or Debra Smith.
6. Luvaas Cobb Law – for Legal Services – General Counsel. Financial Services – \$750,000 (over five years). Contact Person is Gail Murray or Roger Gray.
7. Seattle-Northwest Securities Corporation – for Financial Advisor Services. Financial Services – \$300,000 (over five years). Contact Person is Cathy Bloom or Roger Gray.
8. WESCO Distribution – for the purchase of three-phase submersible transformers on an as needed basis. Engineering Department - \$395,000 (for five years). Contact Person is Mel Damewood or Debra Smith.

BUDGET AMENDMENTS

- 9. Budget Amendment #1** – Leaburg/Waltermville Capital Expenditures – Leaburg Left Bank Fish Ladder Foundation Improvements. Contact person is Debra Smith or Mel Damewood.

OTHER

10. Annual General Manager's Performance Evaluation for Year 2012

President Simpson pulled item 3A. Vice President Brown pulled item 6. Commissioner Mital pulled items 5 and 9.

Commissioner Helgeson asked if Consent Calendar items should still be pulled if a Commissioner only has a clarifying question. President Simpson stated that they should. Roger Gray, General Manager, added that in the future a Commissioner can send in his clarifying question in advance of a meeting and the answer will be provided to all Commissioners.

President Simpson added that since a staff member's name is listed for each consent calendar item, Commissioners can also contact that staff person directly by e-mail as they see fit, and cc General Manager Gray, Debra Smith, Assistant General Manager; or others on the e-mail.

A brief discussion ensued about communication regarding the Consent Calendar, who to send e-mail cc's to, etc., and General Manager Gray said he will follow up with a clarification e-mail to the Board.

It was then moved by Vice President Brown, seconded by Commissioner Helgeson, to approve the remainder of the Consent Calendar.

ITEMS REMOVED FROM CONSENT CALENDAR

Regarding item 3A, President Simpson made three typographical corrections to the November 20 Board minutes.

It was then moved by President Simpson, seconded by Vice President Brown, to approve the November 20 Board minutes. The motion passed unanimously (5-0).

Regarding item #5, Commissioner Mital asked why this contract is for three years. Todd Simmons, Electric Operations and Facilities Manager, explained that an EWEB staff person is in the process of becoming certified as a wastewater operator in order to maintain the eco machine at the ROC, but it takes time to get qualified and then take the exam. He noted that work hours apply toward taking the exam, but it takes a lot longer to put in the work hours in order to qualify, and that even though some of EWEB's water operators do electric underground work, the underground work doesn't qualify them to be a wastewater operator.

Vice President Brown asked if the eco machine is up and running now, and he wondered if the certified wastewater operator left EWEB, if EWEB would have to re-contract with Delta Environmental Services or if they could contract with the Metropolitan Wastewater Management Commission (MWMC).

Mr. Simmons replied that EWEB would have to re-contract with Delta, as he doesn't believe MWMC does that type of work, just like EWEB's water operators aren't trained in wastewater operations.

Ms. Smith stated that the eco machine is working well now and that essentially a roof has been put over it, and that EWEB pays a fraction of the system development charge in order to send overflow to the City. She added that there haven't been any more problems.

Vice President Brown asked if the water at the ROC is now drinkable. Ms. Smith replied that it is.

It was then moved by Commissioner Mital, seconded by Vice President Brown, to approve item #5. The motion passed unanimously (5-0).

Regarding item #6, Vice President Brown asked what will happen if Mr. DeFrest leaves the law firm of Luvaas Cobb and there is no one left who has local utility knowledge. He voiced concern that EWEB would be locked in to the contract with the Luvaas Cobb law firm if Mr. DeFrest leaves there.

General Manager Gray replied that he shared the same concern, and that Mr. DeFrest is general counsel, but his colleagues serve on an increasing basis. He confirmed that if Mr.

Defreest leaves, EWEB is not locked in to the Luvaas Cobb law firm. Gail Murray, Purchasing Manager, also confirmed that EWEB can terminate at any time for any reason or no reason, if Mr. DeFreest should leave the firm.

It was then moved by Vice President Brown, seconded by Commissioner Helgeson, to approve item #6. The motion passed unanimously (5-0).

Regarding item #9, Commissioner Mital asked what triggered the inspection of the Leaburg fish ladder foundation and why it took so long to find such a severe problem. Mel Damewood, Engineering Manager, replied that periodic inspections are indeed done, and that this ladder was built in June of last year, but significant undermining occurred.

Roger Kline, Generation Manager, added that this particular structure isn't inspected annually, but turbidity increased the rate of erosion over time, and caused more shock to it, and because of how bad the damage was, staff was not comfortable with waiting another year to address the damage. He noted that this structure will be inspected more frequently from now on.

Ms. Smith noted that because this structure received an emergency declaration, EWEB was able to avoid a bid process. Mr. Damewood added that the fish agencies notified EWEB that construction had to be completed by April 30, but unfortunately they EWEB was not given that notification until last fall.

Commissioner Mital said that his biggest concern is the cost of this item, and he wondered if this could have been prevented.

Vice President Brown also recalled the failure of two bridges and a water line. Ms. Smith reminded the Board that a work asset management plan is currently in process.

In answer to a question from President Simpson regarding which reserve account the money for this construction will be drawn out of, Ms. Smith explained how the capital improvement reserve fund works and how funds are withdrawn and deposited.

Commissioner Helgeson also recalled the recent pattern of chevrons, tailraces and fish ladders failing (as a part of EWEB's federal relicensing requirements) and said it would be nice to know about any future issues such as these as early as possible. General Manager Gray noted that this is a good example of what Board and staff had discussed earlier in the Work Session regarding strategic planning and staff and Board discussion of issues as early as possible.

It was then moved by Vice President Brown, seconded by President Simpson, to approve item #9. The motion passed unanimously (5-0).

2013 ELECTION OF OFFICERS

President Simpson noted that Board policies don't state term limits for officers but that the Commissioners hold themselves to a two-year rule. He stated that Vice President Brown and he would like to serve for another year, and that his statement would serve as an initial nomination.

President Simpson then asked for additional nominations. Commissioner Helgeson endorsed the continuation of President Simpson and Vice President Brown in their respective positions, and moved that this be the slate for 2013. There were no additional nominations.

Vice President Brown noted that the gavel is only as good as a person's ability to communicate with people, and he asked his fellow Commissioners to let him and President Simpson know if they have an issue with their communication style or anything else.

President Simpson reminded the Board that the presidential role does not give him any more decision-making power than the rest of them have, and he noted that he also assists with the development of Board agendas. He stated that it is his intention to make sure all Commissioners' voices are heard in a fair manner and that concerns are brought before the Board in a fair way. He added that he has enjoyed serving as President for the last year, and also enjoyed his prior term several years ago.

Commissioner Mital stated that he has been impressed with President Simpson's and Vice President Brown's ethics and respect in the midst of all the recent public input, and he voiced his support for President Simpson and Vice President Brown to continue in their respective offices.

Commissioner Helgeson's previous motion carried unanimously (5-0), for President Simpson and Vice President Brown to continue in their respective offices.

2013 APPOINTMENT OF COMMISSIONERS TO BOARD LIAISON AND COMMITTEES

President Simpson recalled that Commissioners currently serve on the Boards of four external organizations—Lane Council of Governments (LCOG), the McKenzie Watershed Management Council, Other Post Employment Benefits (OPEB), and the Northwest Public Power Association (NWPPA).

President Simpson recommended that Vice President Brown be reappointed to the NWPPA Board of Trustees. He noted that this Board requires no alternate, and that even if a different EWEB Commissioner was appointed for that Board seat, the NWPPA would have to approve that appointment.

Vice President Brown reminded General Manager Gray that even though the cost of being on the NWPPA Board of Trustees is money well-spent, it requires a total of about one

month per year to attend the meetings and sometimes the cost of travel is very expensive depending on where the meetings are held.

General Manager Gray reaffirmed that NWPPA would have to approve any new appointment. He also explained that the General Manager representative on the NWPPA Board recently retired and that he could submit his name for that seat, but that both him and Vice President Brown could not serve on the Board at the same time. He noted that the nominations for the General Manager representative are open until the end of February. He reminded the Board that any or all of them can attend NWPPA work sessions and/or annual meetings, but that the Board had discussed not attending all of the NWPPA meetings due to the time and expense involved.

Vice President Brown confirmed that he is willing to continue on the NWPPA Board of Trustees, but clarified that some of the meetings are one week long, and that he won't be able to attend every meeting.

After a brief discussion, and with the caveat of respecting Vice President Brown's time commitment, President Simpson recommended that Vice President Brown continue on the NWPPA Board of Trustees, with the exception of the Anchorage, Alaska meeting, due to the expense involved. He also voiced support for the possibility of General Manager Gray serving in the General Manager position on the NWPPA Board of Trustees, which is being vacated due to retirement.

Commissioner Mital asked what the value is of influencing policy at the NWPPA level. General Manager Gray replied that while EWEB is too small a utility to influence Washington, D.C. or even the State on an individual basis, as part of a this group, it does have influence. He gave the example of the NWPPA Board of Trustees recently taking a position regarding the fiscal cliff and writing to Congress to adopt a debt-free financing option, and added that he feels it is important for EWEB to have either a Commissioner or the General Manager at that table. He added that the NWPPA also offers technical and policy level training, and that the Board may wish to have a representative of the NWPPA speak to them regarding how they want to function as a Board.

Commissioner Mital stated that it would make sense to him to consider Commissioner Helgeson for the NWPPA Board of Trustees due to his background as an EWEB staff member and rate manager.

Commissioner Helgeson stated that he appreciates Commissioner Mital's acknowledgement of his experience, but that he is in support of Vice President Brown continuing on the NWPPA Board of Trustees. He added that he does have interest in Bonneville Power Administration (BPA) matters and the Public Power Council (PPC) and, while the Board doesn't have a designated member in those forums, he would like to tag along with staff to some of those meetings (within boundaries) in order to maintain his knowledge and also to maintain previous relationships forged while he was on staff at EWEB, and that would satisfy his interest.

It was then moved by President Simpson, seconded by Commissioner Manning, for Vice President Brown to remain on the NWPPA Board of Trustees. The motion passed 4-1 (Brown abstained).

Vice President Brown was excused from the meeting at this time.

Susan Eicher, General Accounting & Treasury Supervisor, briefly explained what participation on the OPEB Board entails (basically fiduciary duties).

Commissioner Manning asked what the benefit is for a Commissioner to serve on this board. Ms. Eicher replied that the obvious benefit would be participating in bylaws and governance for benefits, and also gave the example of being part of the review team for changes in EWEB employee benefits.

President Simpson nominated Commissioner Manning for the OPEB Board. The nomination was approved 3-1 (Manning abstained).

President Simpson then nominated Commissioner Helgeson for the McKenzie Watershed Management Council with Vice President Brown as alternate. The nominations were approved 3-1 (Helgeson abstained).

President Simpson then voiced interest in being the primary appointee for the Lane Council of Governments Board and nominated Commissioner Manning as alternate. The nominations were unanimously approved (4-0).

Commissioner Helgeson asked for follow-up regarding the origins of these committee positions, as he would like a deeper understanding of the motivation or policy for them. President Simpson asked Taryn Johnson, Executive Assistant to the Board and General Manager, to add this to the Starboard Report.

General Manager Gray added that he will send out the current list of committees (including the discontinuation of Northwest Energy Coalition and River Partners, mostly because of budget reductions). He reminded the Board that any Commissioner is welcome to attend the PPC (Public Power Council) meetings and that he will notify them of transportation options. He noted that investor-owned utility Board members are routinely in attendance at these meetings.

PUBLIC INPUT

Sandra Bishop, a former EWEB Commissioner, thanked the Board for the quick response from Cathy Bloom, Financial Services Manager, regarding the possibility of EWEB using a different bank than Bank of America, though she stated that she wasn't satisfied when she was told EWEB would probably wait until 2015 to consider a change. She apologized for putting the Board on a precipice, but she reiterated that the Board should take a serious look at policy implications and whether or not their banking needs are diverse enough to have a relationship with other banks. She noted that monogamy is not usually traditional with banking,

and that this would be an easy way for EWEB to get some public relations value and a better image by being good stewards and putting some public money into a local bank. She reminded the Board that many people are going to be forced out of their homes by Bank of America between now and 2015, and she asked the Board to do what they can.

Bob Dempsey, President/CEO of the EWEB Employees Federal Credit Union, stated that he wishes to address the relationship between EWEB and the EWEB Employees Federal Credit Union.

“This credit union began its service to EWEB’s employees 60 years ago this year. We are a no-cost employee benefit that serves only EWEB’s employees (past and present), the utility, its Commissioners, the day care center, and EWEB family members. We are serving 81% of the members of this group.

Beginning in March of last year, this longstanding relationship was significantly altered by EWEB in dealing with the nationwide financial difficulties of the utility industry. Over the course of this time, I have been working with your senior management to reestablish sufficient commitments that would allow the credit union to continue to serve you. Without them we will need to merge out of existence, and the timeline is rather short.

We are asking:

EWEB to make best efforts to include the credit union in the future plans of the utility.

EWEB to make best efforts to provide facilities for the credit union when the downtown properties are sold.

EWEB to tie the sale of the building leased by the credit union to the sale of the administration building(s).

EWEB to allow the credit union to relocate with the utility should the opportunity arise. The credit union would assume financial responsibility for the costs of the relocation.

I am here this evening to ask that the Commissioners authorize senior management to work out an agreement with the credit union supporting these commitments. I am also able and glad to say that senior management has advised me that they support these recommendations.”

Bob Cassidy, former EWEB Commissioner, stated that he was impressed with the vibrant discussion the Board had earlier this evening. He recalled that he has worked with families who have financial difficulties, and that one thing he tells them is that of the 47% of workers who say they always or usually live paycheck to paycheck, 21% of them make \$100,000 or more per year. He added that when customers state that they are having problems paying their bills, that is not EWEB’s fault, rather it is the customers’ mismanagement of their money.

Commissioner Manning encouraged the Board to continue to explore opportunities to invest in the local banking community in whatever way they can, as he thinks it is a good gesture. He noted that since the Board is non-partisan, its focus is on the community it represents and not any type of political entity. He agreed that rates need to be reduced in any way possible, even if that includes reducing energy education funding. He said he believes that EWEB overall is on a good path and staff is excellent.

Commissioner Helgeson stated that he supports, where appropriate, the opportunity for EWEB to invest in the local banking community, and that he would be concerned if EWEB's banking was too concentrated. He added that he will withhold any political statements about large banking organizations, but he would like to know more about where EWEB's various accounts are held and for what reason, and with what parameters.

President Simpson then polled the Board regarding a backgrounder on banking diversification. The Board voiced their desire to receive a backgrounder.

Regarding the EWEB Credit Union, Commissioner Helgeson stated that he has experienced the benefit of EWEB's relationship with the credit union for many years as former employee and now a retiree, and as a general institution that shares many public power values. He added that he doesn't have any particular solutions, but he encouraged staff and management to work with the credit union to explore opportunities to continue the relationship.

Commissioner Mital echoed Commissioner Helgeson's sentiments, and stated that even though the information regarding the credit union is new to him, it sounds like things are moving forward. He told Mr. Cassidy that he was the heart and soul of the EWEB Board when it came to paying close attention to low-income customers, and that it is easy to lose sight of that issue. He added that he valued that quality in Mr. Cassidy and Ms. Ernst and that he believes it is part of the Board's duty for customers of all income levels to have equal access to water and power.

President Simpson stated that he was a bit appalled at Mr. Cassidy's statement about high-income people living paycheck to paycheck. He said he appreciated Mr. Cassidy reminding the Board that it's not their fault that customers can't pay their bills, because sometimes he feels like it. He reminded Mr. Cassidy that he would continue to champion his idea for the local rental market to eliminate ceiling heat and insulate facilities that has previously been difficult to attain, and will push staff forward.

President Simpson apologized to Ms. Bishop for not introducing her as a former EWEB Commissioner, and thanked her for being tolerant of time shifts in Board agendas. He also thanked her for her perseverance regarding EWEB's banking opportunities.

Regarding the EWEB Credit Union, President Simpson said he has long supported credit unions, as they share the same values of public power, which dovetails to Mr. Dempsey's testimony. He added that he wasn't aware of the issues Mr. Dempsey brought forth, and that he hadn't thought about making sure the credit union is kept in the fold, and that he is glad to hear that Mr. Dempsey is working with staff and that staff is in support of his requests. He said he

would like to learn more about what Mr. Dempsey meant by “going out” into the community, and he wondered if that meant to try to get more members.

Commissioner Mital asked if it is appropriate to shape the banking backgrounder a bit more, i.e., if specific questions can be asked.

General Manager Gray replied that he had heard that the Board wanted a deeper understanding of where EWEB’s banking is today and to provide some additional options, and that he assumed that meant that the Board wanted to hear options for different banks.

Commissioner Helgeson said that he would like to hear about any restrictions or regulations, self-imposed or otherwise, that exist regarding how to make these choices.

President Simpson said it is his goal to keep money circulating in the community, and that he will not rule out a credit union or any commercial bank, as long as it is local. He said he would like to hear what options there are to make that a reality and, if EWEB is restricted, why they are restricted. He added that he understands that some local facilities can’t perform certain functions but that even if EWEB went with a bank in Portland that would be better than going national.

Commissioner Mital asked if it would possible for the Board to e-mail their questions to staff within a 48-hour period and then come to an agreement on what the backgrounder would entail.

Debra Smith, Assistant General Manager, replied that Sue Fahey, Fiscal Services Manager, can receive the list of questions in the next couple of days and will make sure they are incorporated into the backgrounder.

General Manager Gray reminded the Board that this starboard item will require more than a 48-hour turnaround time. President Simpson replied that he didn’t consider this an emergency item and that staff can return with their input in February or March.

ITEMS FROM BOARD MEMBERS

Commissioner Helgeson recalled the solar installation customer who testified in December regarding his concern about the reduction in reimbursement for solar power. He said that he had met with him to see his installation and get a sense of his concern, and that he believes it is always helpful if Board and staff can do that kind of follow-up. He added that he had also learned that solar systems are still very expensive and that by the time the rebates kick in, about 90% of the system is paid for up front but, even so, the period of time for payback was on the order of 10 years for out of pocket costs. He noted that after hearing the customer’s story, he doesn’t think EWEB’s reimbursement rate is problematic.

President Simpson noted that Commissioners Manning and Mital need to review EWEB Bylaws Article 8, Section 2, within the first three months after being sworn in. He asked them to

go to the EWEB website and read them, and then a discussion can be held at the February 5 meeting regarding any proposed amendments, and that working committees can be formed if necessary.

President Simpson then noted that EWEB Bylaws Article 9, Section 2, requires Commissioners to attend all meetings (including work sessions), and he asked that any Commissioner who cannot attend a meeting or will be arriving late notify him or Taryn Johnson, Executive Assistant to the Board/General Manager. He added that they can notify her by text if it's last-minute.

President Simpson asked if there is Board interest to direct staff to prepare a neighborhood meeting schedule for 2013. The Board indicated their interest. President Simpson asked the public relations staff to prepare a schedule including location, contact information, and suggested topics to discuss.

President Simpson reminded the Board that the State of the City Address will occur on Wednesday, January 9 at 5:30 p.m. at the Hult Center, and that this presents an opportunity for the new Commissioners to have a ceremonial swearing-in ceremony, along with City Councilors, which provides more public exposure for EWEB and a communication connection.

Ms. Johnson asked the Commissioners to let her know how many guests will attend.

Commissioner Manning stated that this would be a nice thing for EWEB to participate in, and would also show EWEB's commitment to transparency.

Commissioner Helgeson said that he believes whatever one Commissioner does, they should all do, and that he would be happy to participate if all three new Commissioners can participate.

President Simpson stated that he will attend as an audience member and will also invite EWEB staff.

President Simpson summarized tonight's suggestions regarding Board meetings:

- Relocate the beverage station at Board meetings
- Commissioners need to speak directly into the microphone
- Take advantage of Starboard Report for assuring questions and answers, and can ask for more in-depth backgrounders as required (will sometimes do a quick poll). If it's a low-level issue, can be done by e-mail.
- Black hole concern – include Ms. Johnson on Correspondence, as she keeps a tally of all inquiries
- Post the 2013 budget on the Commissioner information web page

Commissioner Manning thanked EWEB staff and appreciated Mr. Cassidy and Ms. Bishop for their feedback and their support of the Board, and their everlasting legacy. He also

thanked the Board for the opportunity to serve, and added that it appears to be an active, result-oriented Board that he is proud to be a part of, one in which it will be easy to reach consensus, with a similar mindset that it is not about them, but about the customers.

CORRESPONDENCE AND BOARD AGENDAS

General Manager Gray noted that the Board had received the annual compliance report from the auditors and that staff can follow up on it if necessary. He added that some procedures need to be improved (documentation issues) and that EWEB had failed to dot I's and cross T's on two items.

General Manager Gray then noted that the Board has also received a list of all meeting dates, including ones that are tentative. He reminded them that EWEB policy and bylaws do not require two meetings per month but, given what EWEB is facing, he recommends putting the second meeting date on their calendars. He noted that there is not a sufficient amount of agenda items to require a January 15 meeting, but that after that there is a high likelihood of a second meeting every month. He added that the Consent Calendar will always be presented at the first meeting of the month.

Ms. Johnson confirmed that the trip to the Capitol will be on Tuesday, February 12 and that there are options for carpooling, leaving EWEB at 6:35 a.m. and returning at 5:15 p.m.

President Simpson noted that the December 18 agenda listed three backgrounders but that he didn't see them in the current Board packet. Ms. Johnson replied that they are scheduled for the March 5 meeting.

Commissioner Helgeson asked if the load-related changes he had given feedback on previously is one of the backgrounders scheduled for March 5. Ms. Erben replied that it is. General Manager Gray added that Ms. Ernst had previously referred to it as a "data center" item but staff has made it more comprehensive than that.

President Simpson adjourned the Regular Session at 8:26 p.m. and wished everyone a Happy New Year.

Assistant Secretary

President

EUGENE WATER & ELECTRIC BOARD
WORK SESSION
EWEB BOARD ROOM
FEBRUARY 5, 2013
5:30 P.M.

Commissioners Present: John Simpson, President; John Brown, Vice President; Dick Helgeson, and Steve Mital

Commissioner Manning was excused.

Others Present: Roger Gray, Debra Smith, Erin Erben, Dave Churchman, Todd Simmons, Mel Damewood, Will Price, Roger Kline, Megan Capper, Brad Taylor, Frank Lawson, Mark Freeman, Lena Kostopulos, Cathy Bloom, Lance Robertson, Sheila Crawford, Sue Fahey, Steve Mangan, Tom Williams, Matt Sayre, and Taryn Johnson of the EWEB staff; Vicki Maxon, recorder.

President Simpson convened the Work Session of the Eugene Water & Electric Board (EWEB) at 5:30 p.m.

Vice President Brown stated that he would be leaving the meeting temporarily at approximately 6:15 p.m. to testify before the Eugene Planning Commission and would return later.

TRI-ANNUAL REGIONAL POLICY UPDATE FOR ELECTRIC UTILITY

Erin Erben, Power Resources & Strategic Planning Manager, noted that she will offer a brief recap of regional policy objectives for the new Commissioners but will not reiterate the entire backgrounder that the Board received, and instead will open up her presentation for questions and ask what the Board wants to hear more about or whether they wish to focus on different issues. She added that most of tonight's presentation will focus on the power market piece.

Using overheads, Dave Churchman, Trading & Power Operations Manager, reviewed the current water supply forecast for 2013.

A discussion followed regarding expectations around this year's water supply forecast, and Mr. Churchman pointed out that staff analyzes the forecast more closely after the month of April. He noted that water supply in April through September is forecasted to be below normal due to below average precipitation in January and aggressive use of water supply in nearby periods in order to meet regional demand. He added that the forecasted average for 2013 is near budget for hydro, and that the next forecast should show somewhat improved water supply numbers.

Mr. Churchman answered questions from the Board regarding the timing of power purchases and sales.

Mr. Churchman then compared the current Northwest market prices to the market prices which were provided to the Board in October 2012. He noted that prices have continued to fall across all time periods, with near-term markets seeing the largest price declines. He also reviewed EWEB's current expected and firm market positions.

A discussion ensued, with staff answering questions from the Board regarding hedging, surplus power, etc.

President Simpson asked if purchases are required to be brought to the local market or if they can be dropped to another community. Mr. Churchman replied that staff can either "drop ship" or work on long-term transactions, but that there are some limitations on flexibility. He added that there haven't been a lot of disruptions in the market but that there have been some challenges regarding wind power.

Megan Capper, Senior Energy Resource Analyst, briefly reviewed Bonneville Power Administration (BPA) and Federal Energy Regulatory Commission (FERC) regulations. General Manager Gray added that there are conflicting policies and conflicting laws between the two entities and that EWEB gets caught in the middle of that.

In regard to a question from Commissioner Helgeson, Mr. Kline explained how Carmen-Smith being completely off line and then partially off line during construction will affect the power market.

President Simpson thanked staff for describing what they will be dealing with and who it affects and in what way.

Commissioner Helgeson said he appreciated how staff chose to focus on one area for the presentation and would like them to continue to structure their presentations in that way. He added that he would like to get an update on the power side of the BPA rate case.

Regarding the regional policy objectives listed in the backgrounder, Commissioner Mital asked if there have been any discussions about a carbon tax. Ms. Erben replied that there was a meeting in Portland today regarding a carbon tax, and that EWEB had sent staff to that meeting.

General Manager Gray added that a carbon tax is likely a policy issue that the Board will be asked to take a position on in the future.

PROPOSED 2013 EWEB OPERATING PLAN

General Manager Gray noted that this operating plan is a new approach and very different from EWEB's past operating plans. He briefly reviewed the history of and philosophical

changes from past operating plans, and noted that staff saw a definite need to align the General Manager goals with the organizational goals.

Using overheads, General Manager Gray reviewed the new operating plan and its four elements: Element 1- Dashboard; Element 2 - Business Strategies; Element 3 – Initiatives and Projects; and Element 4 – Department Goals and Metrics. He discussed the time frame for the Carmen-Smith project and how it relates to the new operating plan, and gave some examples of key deliverables. He noted that these are still being refined and that the strategic planning work session on February 19 will allow for more Board feedback. General Manager Gray then summarized key initiatives, and noted that some of them rise to the point of business strategy.

Commissioner Helgeson voiced support for the operating plan and the fact that everybody plays a role.

President Simpson also voiced his support.

General Manager Gray answered clarifying questions about the Dashboard (Element 1). A brief discussion ensued regarding what the various colors and arrows represent (qualitative or quantitative) and how to show certain upward or downward trends, and how the metrics could be more easily interpreted, including how to show priorities.

Vice President Brown rejoined the meeting during this discussion.

Commissioner Mital stated that in his opinion, clear and measurable goals are always the best, and he wondered if there is a forum in which General Manager Gray could show the operating plan to utility industry colleagues for comparison with other utilities' operating plans. General Manager Gray noted that EWEB's plan is probably more detailed than most of the other plans that general managers report to their Board.

Commissioner Helgeson stated that he would like to extract something from the operating plan that can be incorporated into General Manager Gray's annual performance review. General Manager Gray replied that the end of the year dashboard report and the report on initiatives would probably be the best ones to incorporate, and that he would not recommend incorporating the departmental goals.

General Manager Gray thanked the Board for their feedback.

President Simpson adjourned the Work Session at 7:15 p.m.

Assistant Secretary

President

EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
FEBRUARY 5, 2013
7:30 P.M.

Commissioners Present: John Simpson, President; John Brown, Vice President; Dick Helgeson, and Steve Mital

Commissioner Manning was excused.

Others Present: Roger Gray, Debra Smith, Erin Erben, Dave Churchman, Todd Simmons, Mel Damewood, Will Price, Roger Kline, Megan Capper, Brad Taylor, Frank Lawson, Mark Freeman, Lena Kostopulos, Cathy Bloom, Lance Robertson, Sheila Crawford, Sue Fahey, Steve Mangan, Tom Williams, Matt Sayre, and Taryn Johnson of the EWEB staff; Vicki Maxon, recorder.

President Simpson convened the Regular Session of the Eugene Water & Electric Board (EWEB) at 7:30 p.m.

AGENDA CHECK

There were no items.

PUBLIC INPUT

Shawn Boles spoke as a private citizen and an official member of the older generation, having recently turned 70. He introduced Kelsey Juliana, age 16, a member of “Generation Hot,” and a plaintiff in the current climate change litigation based on the Public Trust doctrine. Mr. Boles urged the Board to serve our generations by working with other local jurisdictions to craft an immediate, effective regional response to climate change. To that end, and to help the Board address this intergenerational problem, he gave each Commissioner a book which provides a compelling summary of how decisions in the next few years will change children’s lives forever, and also points out that local government officials and staff are key to addressing climate change. He also gave each Commissioner a DVD starring Ms. Juliana and others that introduces the viewer to those who are depending on the Board to act quickly and effectively. In closing, Mr. Boles said he would check back with the Board soon to see how they and others are working together to address this emergency.

Bob Cassidy, former EWEB Commissioner, said he was pleased to see tonight’s proposed 2013 EWEB Operating Plan, and regarding borrowing funds, he said he hopes the Board will put off borrowing as long as they can so they don’t have to pay it back with inflated dollars. He asked the Board to not be a slave to the metric of the Operating Plan and not to be afraid of doing what they have to do.

Commissioner Mital thanked Mr. Boles and Mr. Cassidy for their input. He said that public input is his favorite agenda item of the Board meeting and that it always “adds color” to the evening. He told Mr. Boles that he agrees with him regarding addressing climate change, and that one of his top goals is to work with senior management and staff to find ways for EWEB to get involved in the discussion at the correct level.

Commissioner Helgeson thanked Mr. Boles for his input and for the book, and said that he has been concerned about EWEB’s failure, particularly during the recession, to begin to address climate change. He added that he believes that the nation is sleepwalking on this issue and that he is trying to find things he can do locally to address it.

Commissioner Helgeson assured Mr. Cassidy that the Board will look at where to be borrowing from for long-term investments and that, in his opinion, the Board hasn’t put a prohibition on the use of utility bonds to fund infrastructure.

Vice President Brown thanked Mr. Boles and said he understands the need to address climate change. He told Mr. Cassidy that debt coverage and bond covenants are laws that the Board can’t ignore, and that they always have to be careful to not affect EWEB’s bond rating.

President Simpson stated that it has been disheartening for him to see the degradation of priority regarding the environment and climate change in light of the economic hardships over the last four years. He thanked Mr. Boles for his testimony and told him that he has his support. He noted that he also supports EWEB’s efforts to tread lightly on the environment and that he believes EWEB has made great strides with its triple bottom line analysis, ethics and sustainability.

General Manager Gray stated that the Board will be discussing financial issues at their March 5 meeting and that EWEB’s financial consultant will also be present. He thanked Mr. Boles for his presentation this evening, and also for his participation on the Integrated Energy Resource Plan (IERP) citizen advisory panel last year, which is perceived to be one of the most interesting resource plans in the nation. He added that Governor Kitzhaber has taken the same philosophy and that there will be an attempt to rally other utilities in the state to support that. He reiterated that EWEB staff participated in a study regarding carbon tax in Portland today, and that information from that study will be passed along to the Board.

CONSENT CALENDAR

MINUTES

- 1a. December 4, 2012 – Work Session
- 1b. December 4, 2012 – Regular Session
- 1c. December 18, 2012 – Executive Session
- 1d. December 18, 2012 – Regular Session
- 1e. January 2, 2013 – Special Board Meeting
- 1f. January 2, 2013 – Work Session

CONTRACTS

2. Armadillo Boring, Inc. – for directional drilling and pipe installation under railroad tracks – Engineering Department – \$100,000. Contact person is Mel Damewood.
3. Ferguson of Eugene – for the purchase of Low Lead Brass Fittings for the Water Utility on an as needed basis – Engineering Department – \$815,000 (over five years). Contact person is Mel Damewood.
4. Neilson Research Corporation – for Water Quality Analytical Testing Services performed several times each year – Water Operations – \$149,000 (over five years). Contact person is Brad Taylor.

INTERGOVERNMENTAL AGREEMENT (IGA)

5. USDA Forest Service, Willamette National Forest – for the administration, supervision, and maintenance of the Carmen-Smith recreation complexes located on lands administered by the Forest Service – Generation & Fleet Services – \$30,000. Contact person is Roger Kline.

RESOLUTION

6. Resolution No. 1301 – Board Appointments, Board Committees, Advisory Committees and Outside Liaisons. Contact person is Roger Gray.

OTHER

7. Board Policy SD 4, Public Use of Meeting Rooms Policy – Contact Person is Mark Freeman.

ITEMS REMOVED FROM CONSENT CALENDAR

Vice President Brown pulled item #7. Commissioner Mital pulled item #5.

It was moved by Vice President Brown, seconded by President Simpson, to approve the remainder of the Consent Calendar.

Regarding item #7, President Brown stated that EWEB needs to specify that the Board Room may not be available, so as to minimize public concern. President Simpson suggested

putting a disclaimer in the application form that the meeting rooms are part of the EWEB riverfront property, which is subject to sale at any time.

Commissioner Helgeson asked for clarification about EWEB providing a sponsor for each meeting. Mark Freeman, Customer Service and Energy Management Manager, replied that for evening meetings, EWEB security personnel will remain the sponsor, and for daytime meetings, an EWEB employee will be the sponsor. He reiterated that meeting rooms cannot be reserved more than 30 days in advance, and that the group reserving the room is required to call EWEB each month to be sure a room is available.

It was then moved by Vice President Brown, seconded by Commissioner Mital, to approve item #7. The motion passed unanimously (4-0).

Regarding item #5, Commissioner Mital asked for a brief history on this item since he is a new Commissioner. Roger Kline, Generation & Fleet Services Manager, explained that due to Carmen-Smith's remote location, it is more affordable to pay the U.S. Forest Service to do maintenance activities than to have EWEB staff do them, and that this contract is part of EWEB's settlement agreement to provide these services. He added that the contract was renewed for one year instead of five years until the final scope is better understood.

General Manager Gray added that this is typical for this type of an agreement and that EWEB can't justify a full-time employee to perform these maintenance activities.

Vice President Brown asked Mr. Kline for contact information for someone at the Forest Service so that he can discuss a couple of issues with them.

It was then moved by Vice President Brown, seconded by Commissioner Helgeson, to approve item #5. The motion passed unanimously (4-0).

President Simpson reminded the Board that each consent calendar item has a contact person listed if more background information is needed or for low-level questions, otherwise any other issues should be discussed at the Board level.

2013 STATE OF THE UTILITY ADDRESS

President Simpson delivered the following:

"Thanks for coming out tonight. It's great to see so many familiar faces, and there are three new faces on the EWEB Board. Welcome, new Commissioners James Manning, Dick Helgeson and Steve Mital. I look forward to working with all of you.

Usually these State of the Utility addresses tend to look forward. I am going to do that tonight, but first I want to reflect back on last year and examine some of the hallmarks over the past 101 years that that have made this utility so great.

Last year was a difficult one, to say the least. It was perhaps the toughest in the six years I've served on the Board. While it was hard for me and other Commissioners, 2012 was most difficult for EWEB's 500-plus employees. For the first time in our 101-year history, this utility initiated layoffs in the face of financial distress brought on by factors largely out of our control.

Keep in mind that EWEB has always been like a big family, made up of brothers and sisters who share an unwavering dedication to serving our customer-owners. These are people who take pride in the fact that we are owned by the public. These are outstanding women and men who contribute to this utility's well-deserved reputation as a cutting-edge provider of clean water and reliable electricity – key ingredients to sustaining life.

Yet 38 of these family members walked out the door last June as our managers made the tough decision to reduce costs without sacrificing quality and reliability. Those who stayed on have conducted themselves in the remarkable and professional manner we have all come to expect. They picked up the duties left behind, and worked longer hours. They accepted new assignments and additional responsibilities with minimum complaints.

In a nutshell, the discipline and character displayed by our employees following the difficult, but necessary, shake-up seven months ago inspires me. At a time of vocal and rising dissatisfaction with government in general, our work force continues to show up every day to keep the lights on and water flowing. Oftentimes they show up late at night in foul weather to do their jobs, or they come in on weekends to finish a project, and all of them do it with pride and professionalism. This inspires me. We have great employees who are paid fair wages, and we are going to continue taking care of them.

Despite significant reductions to our budget in 2012 and again this year, in an effort to mitigate the impact of electric and water rate increases, we heard a growing chorus of frustration from our customer-owners, and they weren't singing praise. They were demanding--no more rate increases. We all know there is never a good time to raise rates, especially when our local and regional economy is trying to crawl out of a recession. Along with other commissioners and EWEB workers, I heard the complaints loud and clear. Let there be no doubt in anyone's mind that this utility has received a mandate from its owners to control costs. The good news is we have controlled costs, we are controlling costs, and we will continue to find ways to reduce overhead and become even more efficient. It's time to put utilitarian back into utility. Maybe not as fast or as dramatically as some would like, but we will get the job done, as we always have.

Our current challenges remind me of a quote that I read, as a new Board member, from Norman F. Stone's 1986 book: *Bountiful McKenzie: The Story of Eugene Water & Electric Board*. The quote reads:

"Over many years EWEB has tended to function in a light-cavalry mode. It has avoided the pitfall of becoming a sluggish bureaucracy. It has moved quickly and decisively when required to do so in the interests of its customers. And it seems to have understood the dynamics of change."

As hard as it was to make the cuts we took in 2012, and the difficult decisions we will have to make in 2013 and beyond, it is clear to me that this utility maintains that nimble posture Norman Stone referred to as “light-cavalry mode.”

EWEB has always been way out in front of its peers in terms of conservation and renewable energy. We were the first utility in this state to invest in wind energy. We were the first utility in the nation to launch a conservation program. We are going to continue to be the leading edge utility here in Oregon, across the Pacific Northwest, and throughout this great country. EWEB will not lose its world class reputation. Not on my watch, and not during the careers of our talented and hard-working employees.

I have great faith that new generations of employees and customers alike will spark new energy here at EWEB. They will find ways to demonstrate and embrace the many benefits of public ownership.

Despite the plentiful and cheap supply of natural gas that has made hydro, wind and other renewable power sources relatively expensive, we’re not going to turn our back on the wishes of customers to power Eugene with energy resources that tread lightly on our planet Earth. We may ratchet down the amount of renewables we now hold, and we may delay some future capital investments. But we will never abandon the course we set out upon 35 years ago: Helping customers conserve energy and delivering electricity that is clean, affordable, and carbon-free.

This utility has stood the test of time for more than 100 years. Aside from providing great water and reliable electricity, this public utility does good things for its customers and for the community at large. Even though we’ve cut back on some of our Customer Care programs for limited-income folks, EWEB still has the most robust assistance program in the state of Oregon, on a per capita basis. We invest in our community by helping residential and commercial customers conserve electricity and lower their bills. We support energy and water education programs in Eugene, Springfield, Bethel and McKenzie schools. We pay our employees appropriate living wages, which then spread out to support local business and the economy here at home.

Before I conclude, I want to share a personal story from my childhood. I was born in 1959. Two years later, my family moved to southern California. I hated the drinking water down there, and my mom would disguise the metallic, astringent taste of it for me and my brother by adding powdered milk, which we drank by the gallon. Yuck!

Every summer vacation, we would come back to Eugene. I remember driving up Fairmount Boulevard to my grandparents’ house. As soon as the car stopped, I would run into the kitchen and pour myself a glass of cold, fresh, sweet water from the kitchen tap. Ah, it was soooooo good. I didn’t even know it was EWEB at the time.

My first memory of EWEB was visiting the fish ladder at Leaburg Dam. I was four years old, and I’ve never forgotten that. The dam and the Leaburg power plant are iconic. They are a symbol of a solid utility that has served its customers with superior products, at cost, for more

than 100 years. They are also a representation of a stable utility that will stand for generations to come.

But stability doesn't mean same old, same old. As the world changes around us, we must continue to demonstrate flexibility, vision, and the strength to make hard choices in the face of increased uncertainty. We won't become mired in regret. We won't kowtow to the vocal minority. What we will do is listen to everyone, and act, because the needs of the community and the utility don't grind to a halt in times of financial distress.

In 2013, there will be two major changes that I'm proud to announce tonight.

The first is the creation of a Citizens' Budget Committee that will allow our customers to participate in the budgeting process. It is my hope that this group of owner-customers will provide a higher level of transparency at EWEB. We've always listened to our customers. This raises the bar even higher, and I look forward to its development and implementation.

A second change went live on Monday morning: A new and vastly improved on-line bill pay system that makes managing and paying bills as easy as clicking a mouse. We will even see a mobile app in the not-too-distant future. We want to provide our customers with multiple options so they can personalize their EWEB experience in a way that is most convenient to them.

There will be significant changes at EWEB this year and in the decades to come. One thing that that won't change will be this utility's commitment to excellence, as demonstrated every day by our employees.

Thank you."

2013 EWEB GOALS GUIDANCE OR APPROVAL

President Simpson recalled that General Manager Gray had presented the 2013 EWEB Operating Plan in tonight's Work Session. He asked for a motion for approval of the draft plan and direction to staff to proceed with the model that General Manager Gray had presented.

It was moved by President Brown, seconded by Commissioner Helgeson, to approve the plan and direct staff to proceed.

President Simpson thanked General Manager Gray, and stated that he is pleased with the operating plan and tends to support it, while recognizing that it is in its infancy and will go through a few iterations of process improvement, and that he will assist General Manager Gray in implementing and fine tuning it over time.

Commissioner Helgeson stated that he also believes the operating plan is a good approach and that he appreciates that it is subject to refinement, and that he is looking forward to taking part in the strategic piece.

Commissioner Mital asked for clarification of the motion. President Simpson replied that the Board is giving staff permission to proceed with the operating plan as presented.

General Manager Gray stated that he sees Board approval as general approval of a set of tools with tune-up and true-up improvements, but with a few things missing: 1) the upcoming Strategic Plan check-in may also create changes that are necessary; 2) how do we measure and calibrate items; and 3) information from other utilities about their operating plans.

Commissioner Mital stated that it seems strange to approve something that is going to change significantly, and he wanted to be sure that the Board would see it at a later time.

President Simpson reiterated that he sees the Board approval as a “go forth vote.” Commissioner Helgeson added that it might help to observe that something like this will come to the Board annually for general guidance, as an alternative to what has been done in the past.

A brief discussion ensued. Ms. Smith suggested finalizing some of the items and then placing it on the Consent Calendar, perhaps in March, so that targets can be seen before the report-out in May. President Simpson added that May would be the first real test drive of the template.

Commissioner Mital stated that he would like to go forward with structure but not with content.

Commissioner Helgeson stated that he is voting in favor of the plan because of what Commissioner Mital had just described—structure but not content. He added that he is comfortable with the Board giving acknowledgement of the direction General Manager Gray is taking and the work he is doing.

After further discussion clarifying a motion to support direction but fill out the content, the motion passed unanimously (4-0).

BOARD BYLAW REVIEW

President Simpson recalled that Article XII, Section 2 of the Board by-laws is to be reviewed within the first three months of the swearing in of new Commissioners. He explained that it is not mandatory that any bylaw be changed but that they can be changed at any time during the year, and that any change must be presented in writing to the entire Board at least 10 days before a meeting in order to consider the change. He noted that he had received ideas regarding changes but they were then retracted, so at this time he has no active requests for changes.

He asked the Board if they had any changes to submit. There were none, and President Simpson added that Commissioner Manning had not submitted any changes.

ITEMS FROM BOARD MEMBERS

Regarding the strategic planning session on February 19, President Simpson asked for a poll on whether to refine the existing strategic plan or do a major revision. He stated that in his opinion, the refinement piece represents very much where EWEB is today and that he doesn't see any requirement for a major revision, other than the question of whether EWEB can really afford a second source of water at this time. He added that staff has assured him that their presentation will include a preamble regarding affordability.

Vice President Brown, Commissioner Helgeson and Commissioner Mital voiced their support for refinement.

Commissioner Helgeson added that he wants to provide an opportunity for the three new Commissioners to join the conversation and dialogue and possibly identify other issues of emphasis. President Simpson agreed, saying that it might be helpful for General Manager Gray to present a contextual piece on what drove the need to create the strategic plan, its timelines, etc.

General Manager Gray stated that he will present a brief history and key up the important issues, in order to see if there are major issues the Board wishes to discuss, i.e., possibly identifying the top five issues for each Commissioner.

Commissioner Mital stated that he will not be able to attend the February 19 work session.

President Simpson reminded the Board of the all-day Board team-building workshop which will be held on March 15 at 8:30 a.m. in the Kilcullen Room at the Eugene Police headquarters on Country Club Road. He thanked Taryn Johnson, Executive Assistant to the Board and General Manager, for her assistance with planning this workshop. He added that he has been working with the workshop facilitator to determine discussion items.

President Simpson thanked the Board for participating in the round robin poll regarding financial institutions. He noted that Commissioner Mital had offered a great suggestion to send the results to staff in order to aggregate or condense some of the topics, and that he will e-mail those questions to the Board.

President Simpson stated that on January 18 he received a complaint from a constituent that individual e-mail addresses of Commissioners are not published on the EWEB website. He said he had explained to her that the e-mail addresses had been removed in order to cut down on the amount of spam that the Commissioners were receiving, and that she was satisfied with his answer.

President Simpson stated that on January 29 he received a verbal complaint from a Whitaker neighborhood resident regarding a tree trimming crew, and that staff had done a site visit and provided a response. He added that he himself had closed the complaint loop to a

roughly 50% satisfaction level, and that he would provide the Board some additional information regarding this complaint.

President Simpson stated that he had met with Brenda Wilson, Lane Council of Governments (LGOC) Executive Director, on January 14. He recalled that he had previously been appointed to serve on the LCOG Board and is also interested in serving on their Executive Board, and that he may be elected for that position on February 28. He noted that Ms. Wilson had said she would be happy to make a presentation about LCOG operations at a future EWEB Board meeting.

He also noted that the LCOG Chair has proposed an amendment to the LCOG by-laws to expand the amount of executive board members from eight to nine and to adjust the quorum appropriately, and that unless the Board has any objections, he will support this proposal.

President Simpson noted his upcoming following meetings/obligations:

February 7 – Harlow Neighborhood meeting (in place of Vice President Brown, who will be out of town).

February 7 – lunch with the director of the Northwest Energy Coalition, Sarah Patton, and staff member Wendy Gerlitz; a representative of EPUD, and possibly City Councilor Alan Zelenka.

March – attendance at the APPA legislative rally in Washington, D.C. with EWEB Lobbyist Jason Heuser.

President Simpson then announced that LCOG had invited the Board to attend their annual appreciation dinner on February 28 (5:30 social, 6:15 dinner and program) featuring keynote speakers State Representative Val Hoyle and Springfield School District Superintendent Nancy Golden. He asked that the Commissioners who wish to attend RSVP to Ms. Johnson.

Vice President Brown recalled that he testified before the Eugene Planning Commission tonight regarding the Riverfront Master Plan, and that the project consultants have done an incredible job. He added that he is hopeful that the process will continue to move along.

Vice President Brown asked for clarification regarding EWEB's offer for customers to save \$25 on their bill if they attend a financial planning class. Mr. Freeman stated that many customers have never been taught how to budget their money, and that staff believes that if EWEB spends some money to teach them how to use their money wisely, they won't continue to have difficulty paying their bill or continue to require a security deposit.

Vice President Brown asked for an overview regarding the McKenzie Fly Fishers' lawsuit against the Oregon Department of Fish & Wildlife (ODFW) and what will happen if it is successful, as the McKenzie River Guides are concerned about how that lawsuit may affect them.

General Manager Gray recommended that staff assess the situation and evaluate whether EWEB needs to intervene or not, and then a discussion may have to be held in Executive Session or, if not, one-on-one briefings will be held with each Commissioner.

Commissioner Helgeson said that he attended his first McKenzie Watershed Council meeting in January to get some initial grounding, and that a report regarding Springfield Utility Board's (SUB) water source protection program seemed to parallel the work EWEB is doing upriver.

Commissioner Helgeson said that he had received a call from a customer who is new to the area voicing concern about the fixed charges on EWEB's bill, even when his bill was only for a partial month, and that it reminded him that the fixed charges vs. variable rates add up. He said he hopes that can be kept in mind and a balance can be struck when rates are designed.

Commissioner Helgeson then acknowledged that the change in administration at Bonneville Power Administration (BPA), and acknowledged former administrator Steve Wright, who held that position for 12 years, and was always a friend of public power and quite effective in Washington, D.C. in that regard. He added that he endorses BPA's new administrator, Bill Drummond, who is also a friend of public power, and who was a former director of the Public Power Council and also a former manager of a co-op group in Montana. He said that he believes Mr. Drummond understands the role EWEB plays in BPA operations and that he believes BPA is in good hands.

Commissioner Mital noted that he will also be having coffee with Sarah Patton and Wendy Gerlitz of the NVEC staff this Thursday.

Regarding EWEB rates, Commissioner Mital reminded the Board that there are many EWEB customers who live close to the margin and that rate increases obviously affect their livelihood. He noted that currently EWEB has a three-tiered rate system and that rate increases affect all three tiers. He recalled his request at a previous work session for staff to review options to possibly insulate Tier 1 customers from those rate increases, at least partially, so that rate increases don't affect low-income customers as much as they affect the rest of EWEB customers.

President Simpson stated that there is an item on the March meeting agenda which will address that.

General Manager Gray stated that he feels it is important to address this issue, and that what led to this was a previous request from Commissioners Helgeson and Ernst to look at EWEB's rate policies and strategies around large loads. In that regard, staff had said it would be better to look at all rate classes and have a discussion around that, and that Commissioner Mital's request would be a natural add-on to that effort. He added that staff has already started to make some strategy changes on the water side regarding fixed costs, and that the overall concept will be introduced at the March 5 meeting.

Commissioner Helgeson stated that he thinks the Board needs to be clear about policy objectives before they have a rate discussion, and that while he is happy to entertain conversation about how to address rates, he's not convinced that rate design is the most effective way to treat rate issues, and that he is hoping that a rate redesign wouldn't interfere with other priorities like budget issues, the BPA passthrough, etc. He added that he would like to have that discussion and then see what resources would be tied up depending on what came out of that discussion.

President Simpson stated that he isn't looking for pre-packaged rate options but merely wants to examine what it is that is attempting to be fixed.

General Manager Gray stated that this would be a more policy-oriented paper and that there does need to be a policy discussion, and then items need to be prioritized to see if there are resources to do it. He added that the Board may be driven to have a policy discussion regarding large load, because right now it is covered by a default, which may not be the best approach.

Ms. Smith pointed out that with only one rate analyst on staff, a rate re-design would require a lot of time and resources.

Commissioner Mital stated that it is possible that there are other customers besides low-income customers who can't afford rate increases. General Manager Gray added that when EWEB's rate design results in any customer losing comfort by having to turn off their heat in order to afford their bill, that doesn't help the customer or EWEB.

Vice President Brown stated that he too would like to have that discussion and not just about the rate piece, but also about EWEB's fixed charges. He gave the example an unoccupied three-bedroom duplex having an EWEB bill of \$185.

CORRESPONDENCE AND BOARD AGENDAS

General Manager Gray noted one correspondence item regarding an explanation of electric reliability.

He reminded the Board that the trip to the State Capitol is next week and that Ms. Johnson is putting the information together for that.

He noted that he continues to plan future Board agendas with President Simpson and Vice President Brown.

He told the Board that a meeting on March 19 will almost certainly be needed because of necessary Board direction regarding the citizen budget advisory panel and also because of needed follow-up or continuation of the financial discussion that will be held on March 5.

He reminded the Board of the upcoming APPA webinar on February 19 and that Anne Kah will send out an RSVP for that. If any Commissioner cannot attend, the material will be sent out after that date.

Commissioner Helgeson stated that he will not be able to attend the May 7 Board meeting.

President Simpson adjourned the Regular Session at 9:05 p.m.

Assistant Secretary

President

EUGENE WATER & ELECTRIC BOARD
EXECUTIVE SESSION
EWEB BOARD ROOM
500 EAST 4TH AVENUE
FEBRUARY 19, 2013
5:30 P.M.

Commissioners Present: John Simpson, President; John Brown, Vice President; Dick Helgeson, James Manning and Steve Mital participated telephonically

Others Present: Sharon Rudnick, Harrang, Long, Rudnick Attorneys at Law and Assistant General Manager Debra Smith, Lena Kostopulos, Laurie Muggy and Taryn Johnson of EWEB Staff.

President Simpson called the Executive Session meeting of the EWEB Board of Directors to order pursuant to ORS 192.660(2)(h) at 5:30 p.m. to consult with counsel concerning the legal rights and duties of a public body with regard to current litigation or litigation likely to be filed.

President Simpson adjourned the Executive Session meeting at 6:00 p.m.

Assistant Secretary

President

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve the purchase of four **Insulated Over-Centered Aerial Man Lifts** from **Altec Industries, Inc.**

Board Meeting Date: March 5, 2013

Project Name/Contract#: Insulated Over-Centered Aerial Man Lifts/001-2013

Primary Contact: Roger Kline Ext. 7373

Secondary Contact: Debra Smith Ext. 7196

Purchasing Contact: Sarah Gorsegner Ext. 7348

Action Requested:

- Contract Award
- Contract Renewal
- Contract Increase
- Other

Contract Amount:

Original Contract Amount: \$862,000 over 2 years

Additional \$ Previously Approved: \$ N/A

Invoices over last approval: \$ N/A

Percentage over last approval: N/A %

Amount this Request: \$862,000 over 2 years

Resulting Cumulative Total: \$862,000 over 2 years

Funding Source:

- Budget
- Reserves
- New Revenue
- Bonding
- Other

Contracting Method:

Method of Solicitation: Formal Request for Proposal

If applicable, basis for exemption: N/A

Term of Agreement: March 6, 2013-March 6, 2015

Option to Renew? No

Approval for purchases "as needed" for the life of the contract No

Form of Contract:

- Single Purchase
- Services
- Personal Services
- Construction
- IGA
- Price Agreement
- Other

Narrative:

The Board is being asked to approve the purchase of four Insulated Over-Centered Aerial Man Lifts from **Altec Industries, Inc.**

EWEB requires four Insulated Over-Centered Aerial Man Lifts for use by the Electric Division Line Crews. If approved, two vehicles will be ordered in 2013, and it is anticipated that two vehicles will be ordered in 2014. The units replace existing bucket trucks that are at the end of their useful life expectancy. The vehicles are configured in a manner that allows our crews to have consistent material handling capabilities. The vehicles will be configured in accordance with EWEB specifications as outlined in the bidding document. The vehicle has a life expectancy of 13-15 years.

In January 2013, an Invitation to Bid was issued for the purchase of two Insulated Over-Centered Aerial Man Lifts as part of the capital replacement plan, with the option of purchasing two additional vehicles in 2014. Six companies reviewed the specifications; two bids were received, opened, and recorded on January 30, 2013. Altec Industries of Dixon, CA was determined to be the lowest responsive and responsible bidder. Delivery is estimated to be approximately 300 calendar days after receipt of order.

ACTION REQUESTED:

Management requests Board approve the purchase with **Altec Industries, Inc.** for **Insulated Over-Centered Aerial Man Lifts**. Funds for this purchase were budgeted for in the 2013 vehicle capital plan and will be budgeted for 2014.

SIGNATURES:

Project Coordinator: _____

Manager: _____

Assistant General Manager: _____

Purchasing Manager: _____

General Manager: _____

Board Approval Date: _____

Secretary/Assistant Secretary verification: _____

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a contract amendment with **Axelrod, LLC** to provide **Environmental Consulting Services** for investigation and cleanup of the former Eugene Manufactured Gas Plant (MGP).

Board Meeting Date: February 5, 2013
Project Name/Contract#: Environmental Consulting for MGP Site
Primary Contact: Steve Newcomb Ext. 7391
Secondary Contact: Roger Gray Ext. 7130
Purchasing Contact: Guy Melton Ext. 7426

Action Requested:	
<input type="checkbox"/>	Contract Award
<input type="checkbox"/>	Contract Renewal
<input checked="" type="checkbox"/>	Contract Increase
<input type="checkbox"/>	Other

Contract Amount:
Original Contract Amount: \$ 250,000
Additional \$ Previously Approved: \$ 374,000
Invoices over last approval: \$ 0
Percentage over last approval: 0 %
Amount this Request: \$ 200,000 (over 2 years)
Resulting Cumulative Total: \$ 824,000

Funding Source:	
<input checked="" type="checkbox"/>	Budget
<input type="checkbox"/>	Reserves
<input type="checkbox"/>	New Revenue
<input type="checkbox"/>	Bonding
<input type="checkbox"/>	Other

Contracting Method:
Method of Solicitation: Sole Source Exemption No. SS-298
If applicable, basis for exemption: EWEB Rule 6-0110(1)(f)
Term of Agreement: Through December 31, 2014
Option to Renew? Yes

Form of Contract:	
<input type="checkbox"/>	Single Purchase
<input type="checkbox"/>	Services
<input checked="" type="checkbox"/>	Personal Services
<input type="checkbox"/>	Construction
<input type="checkbox"/>	IGA
<input type="checkbox"/>	Price Agreement
<input type="checkbox"/>	Other

Approval for purchases "as needed" for the life of the contract: No

Narrative:

The Board is being asked to approve a contract amendment with **Axelrod, LLC** for **environmental services** related to hazardous materials site investigation, cleanup and remedial actions, environmental risk assessment and site restoration activities. Under this contract amendment Axelrod would continue to provide services for the MGP site investigation through DEQ's issuance of the Record of Decision regarding the final cleanup remedy for the site, and decommissioning/cleanup of various headquarters buildings and structures.

EWEB has need for professional consulting services in support of the investigation, cleanup, remediation and restoration of hazardous materials sites. Mr. Axelrod has the historical and technological knowledge vital to the successful completion of all regulatory expectations and requirements related to hazardous materials sites, including work to support potential litigation.

If approved, Axelrod LLC will provide professional consulting services including services to assess, investigate, and remediate hazardous material contaminated sites. These services may also include the design and performance of assessment, investigation, remedial and restoration activities, or the oversight of the performance of such activities by a third party, if needed.

Services would be on an as needed basis with a potential not-to-exceed cost of \$200,000 over two years.

ACTION REQUESTED:

Management requests Board approve an amendment to a contract with **Axelrod LLC** for environmental consulting services. Funds for these services have been budgeted for 2013 and will be budgeted annually, if needed.

SIGNATURES:

Project Coordinator: _____

Manager: _____

Assistant General Manager: _____

Purchasing Manager: _____

General Manager: _____

Board Approval Date: _____

Secretary/Assistant Secretary verification: _____



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital
FROM: Steve Newcomb, Environmental Manager and Debbie Spresser, Environmental Specialist
DATE: February 25, 2013
SUBJECT: Consent Calendar Request to Amend Contract for Environmental Consulting Services with Axelrod LLC

Issue: This memo provides background information for a consent calendar request to amend the existing contract with Axelrod, LLC for environmental consulting services related to investigation and cleanup/remediation of hazardous substance contamination on EWEB properties, including the former Eugene Manufactured Gas Plant (MGP) Site.

Background: Russ Axelrod of Axelrod LLC, has been EWEB's environmental consultant for the MGP Site Investigation/Feasibility Study since 1994 (initially with PTI Environmental Services and then with Exponent). The former Eugene MGP operated from 1907 to 1950 to produce gas for street lights and heating. EWEB purchased the property in 1978 and in the early 1990's discovered subsurface contamination from historic MGP operations. At that time, EWEB entered into an intergovernmental agreement (IGA) with Oregon Department of Environmental Quality (DEQ) to investigate the extent of contamination and identify remedial/cleanup options to address the contamination. EWEB also entered into a "cost sharing" Participation Agreement (PA) with successors of former owners/operators of the MGP under which EWEB pays 16.66% and the other parties pay 83.3% of the investigation and cleanup costs (excluding attorney fees and staff time). All investigative and remedial action alternative studies have been completed by Axelrod LLC and approved by DEQ. In 2013 EWEB anticipates that DEQ will finalize a recommendation for site remedial action. EWEB is currently negotiating with the parties to the PA on an agreement that will govern the cleanup/remedial phase of the project.

Mr. Axelrod is also providing consulting services related to: subsurface contamination encountered during decommissioning of the Steam Plant's underground 100,000 gallon Bunker C tank; and subsurface contamination on the north side of the Steam Plant that may or may not be related to the MGP Site.

Discussion: Management would like to extend the current contract with Axelrod LLC in order to retain the historical and technical knowledge he has acquired from his work on the project. This knowledge base is particularly critical as the DEQ finalizes the cleanup/remedial action for the MGP Site and as EWEB negotiates with the parties on the terms of the new Participation Agreement. He has demonstrated ability to complete all regulatory requirements including work to support potential litigation. His services would also be used to most efficiently complete the smaller, on-going site investigations at the headquarters site.

Recommendation: Management recommends the continued use of environmental consulting services provided by Axelrod LLC for the MGP Site and other contaminated properties owned by EWEB.

Requested Board Action: Staff requests the Board approve the consent calendar request to amend Axelrod LLC's existing contract for services on an as-needed basis with a potential not-to-exceed cost of \$200,000 over two years.

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve the purchase of **chassis**, as needed, from **Brattain International Trucks, Inc.**, the local International dealer.

Board Meeting Date: March 5, 2012
Project Name/Contract#: International Truck Chassis
Primary Contact: Roger Kline Ext. 7484
Secondary Contact: Debra Smith Ext. 7196
Purchasing Contact: Sarah Gorsegner Ext. 7348

Action Requested:	
<input checked="" type="checkbox"/>	Contract Award
<input type="checkbox"/>	Contract Renewal
<input type="checkbox"/>	Contract Increase
<input type="checkbox"/>	Other

Contract Amount:
Original Contract Amount: \$725,000 over 2 years
Additional \$ Previously Approved: \$N/A
Invoices over last approval: \$N/A
Percentage over last approval: N/A %
Amount this Request: \$725,000 over 2 years
Resulting Cumulative Total: \$725,000 over 2 years

Funding Source:	
<input checked="" type="checkbox"/>	Budget
<input type="checkbox"/>	Reserves
<input type="checkbox"/>	New Revenue
<input type="checkbox"/>	Bonding
<input type="checkbox"/>	Other

Contracting Method:
Method of Solicitation: Sole Source
If applicable, basis for exemption: 3-0275 Sole Source Procurements
Term of Agreement: N/A
Option to Renew? No
Approval for purchases "as needed" for the life of the contract Yes

Form of Contract:	
<input type="checkbox"/>	Single Purchase
<input type="checkbox"/>	Services
<input type="checkbox"/>	Personal Services
<input type="checkbox"/>	Construction
<input type="checkbox"/>	IGA
<input type="checkbox"/>	Price Agreement
<input checked="" type="checkbox"/>	Other (Purchase Orders)

Narrative:

The Board is being asked to approve the purchase of chassis from **Brattain International Trucks, Inc.**, the local International dealer.

EWEB has standardized on International Trucks for its fleet of medium duty trucks over 20,000 GVW. The local chassis provider is Brattain International Trucks, Inc. of Eugene, Oregon. EWEB's Fleet Services staff has been fully trained in factory testing procedures for International Trucks. The fleet shop currently uses and maintains computer scanning and testing equipment specifically for International products, thus completing repairs in an efficient and timely manner and allowing fleet to perform in-house warranty services.

By continuing to standardize our fleet around International Truck products, EWEB has been able to simplify our parts inventory, receive additional vehicle repair training, and provide driver familiarity with servicing techniques that have lowered our overall operating costs.

Fleet requires six chassis over the next two years, two insulated over-centered aerial man lift chassis in 2013, two insulated over-centered aerial man lift chassis in 2014, and two dump truck chassis in 2013.

ACTION REQUESTED:

Management requests Board approve the purchase of chassis from the local International dealer, **Brattain International Trucks, Inc.** Funds for the purchase of parts and services are budgeted annually.

SIGNATURES:

Project Coordinator: _____

Manager: _____

Assistant General Manager: _____

Purchasing Manager: _____

General Manager: _____

Board Approval Date: _____

Secretary/Assistant Secretary verification: _____

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a purchase with **Carte International** for 5 Three-Phase Network Transformers.

Board Meeting Date: March 5, 2013
Project Name/Contract#: Three Phase Network Transformers/053-2012
Primary Contact: Mel Damewood Ext. 7145
Secondary Contact: Debra Smith Ext. 7196
Purchasing Contact: Sarah Gorsegner Ext. 7348

Action Requested:	
<input checked="" type="checkbox"/>	Contract Award
<input type="checkbox"/>	Contract Renewal
<input type="checkbox"/>	Contract Increase
<input type="checkbox"/>	Other

Contract Amount:
Original Contract Amount: \$ 150,000
Additional \$ Previously Approved: \$ n/a
Invoices over last approval: \$ n/a
Percentage over last approval: n/a %
Amount this Request: \$ 150,000
Resulting Cumulative Total: \$ 150,000

Funding Source:	
<input checked="" type="checkbox"/>	Budget
<input type="checkbox"/>	Reserves
<input type="checkbox"/>	New Revenue
<input type="checkbox"/>	Bonding
<input type="checkbox"/>	Other

Contracting Method:
Method of Solicitation: Formal Invitation to Bid
If applicable, basis for exemption: n/a
Term of Agreement: March 29, 2013
Option to Renew? No
Approval for purchases "as needed" for the life of the contract No

Form of Contract:	
<input checked="" type="checkbox"/>	Single Purchase
<input type="checkbox"/>	Services
<input type="checkbox"/>	Personal Services
<input type="checkbox"/>	Construction
<input type="checkbox"/>	IGA
<input type="checkbox"/>	Price Agreement
<input type="checkbox"/>	Other

Narrative:

The Board is being asked to approve a purchase with **Carte International** of Winnipeg, Canada for the purchase of 5 Three Phase Network Transformers.

EWEB requires 5 Three Phase Network Transformers for unit failure replacement and for new construction for the downtown Network. In November 2012, EWEB issued a formal Invitation to Bid for the purchase of Three Phase Network Transformers. The solicitation was reviewed by seven companies. Two responses were received; Carte International was determined to be the lowest responsive and responsible bidder.

If approved, staff will purchase 5 Three Phase Network Transformers at the established prices.

ACTION REQUESTED:

Management requests Board approve the purchase with **Carte International** for the purchase of 5 three phase network Transformers. Funds for these purchases were budgeted for 2013.

SIGNATURES:

Project Coordinator: _____

Manager: _____

Assistant General Manager: _____

Purchasing Manager: _____

General Manager: _____

Board Approval Date: _____

Secretary/Assistant Secretary verification: _____

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve an increase to the contract with **Enviroshred** for **confidential document destruction (on-site shredding) services**.

Board Meeting Date: March 5, 2013
Project Name/Contract#: Confidential Document Destruction/ 055-2009
Primary Contact: Todd Simmons Ext. 7373
Secondary Contact: Debra Smith Ext. 7196
Purchasing Contact: Sarah Gorsegner Ext. 7348

Action Requested:

Contract Award
 Contract Renewal
 Contract Increase
 Other

Contract Amount:

Original Contract Amount: \$ 29,700 over 5 years
Additional \$ Previously Approved: \$ 29,700 over 5 years
Invoices over last approval: \$ 805
Percentage over last approval: 2.7 %
Amount this Request: \$ 26,000 through Jan. 2015
Resulting Cumulative Total: \$ 55,700 over 5 years

Funding Source:

Budget
 Reserves
 New Revenue
 Bonding
 Other

Contracting Method:

Method of Solicitation: Informal Invitation to Bid
If applicable, basis for exemption: N/A
Term of Agreement: _____
Option to Renew? Yes, renewable annually up to 5 years.

Form of Contract:

Single Purchase
 Services
 Personal Services
 Construction
 IGA
 Price Agreement
 Other

Approval for purchases "as needed" for the life of the contract Yes

Narrative:

The Board is being asked to approve an increase for a contract with **Enviroshred NW** for confidential document destruction (on-site shredding) services.

Confidential destruction services are required by the Federal Fair Trade Commission's FACT Act (FACTA) which requires business, including utility companies to reduce the risk of identity theft and other harmful situations caused by the improper disposal of consumer information and records. Oregon Law (166-030-0060(2)) requires that public records that are confidential by law must be destroyed by shredding, pulping, or incineration. In order to comply with the FACTA and Oregon Laws, staff determined confidential document destruction needs to be performed on-site using a truck with a mobile shredder.

In November 2009, informal bids were solicited in order to establish a price agreement for confidential document destruction. Four quotes were received and evaluated; the lowest responsive and responsible bidder was determined to be EFI Secured Shredding & Recycling of Portland, Oregon. EFI Secured Shredding & Recycling changed its name to Enviroshred NW in 2010.

Initial calculations estimated \$450/month in services. With the addition of the ROC and higher that estimated volume of documents requiring confidential destruction, additional bins have brought monthly prices to \$1100 per month on average. The contract has 24 months left. Staff has estimated that additional funds of \$26,000 are required on this contract through the end of the 5 year period.

ACTION REQUESTED:

Management requests Board approve an increase for the contract with **Enviroshred NW** for confidential document destruction services. Funds for these services were budgeted for 2013 and will be budgeted annually.

SIGNATURES:

Project Coordinator: _____

Manager: _____

Assistant General Manager: _____

Purchasing Manager: _____

General Manager: _____

Board Approval Date: _____

Secretary/Assistant Secretary verification: _____

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve the purchase of 15 light duty vehicles from **Kendall Ford**.

Board Meeting Date: March 5, 2013
Project Name/Contract#: Various 4wd Pickups
Primary Contact: Roger Kline Ext. 7484
Secondary Contact: Debra Smith Ext. 7196
Purchasing Contact: Ramie Alkire Ext. 7413

Action Requested:

Contract Award
 Contract Renewal
 Contract Increase
 Other

Contract Amount:

Original Contract Amount: \$396,000.00
Additional \$ Previously Approved: \$N/A
Invoices over last approval: \$ 0
Percentage over last approval: 0%
Amount this Request: \$396,000.00
Resulting Cumulative Total: \$396,000.00

Funding Source:

Budget
 Reserves
 New Revenue
 Bonding
 Other

Contracting Method:

Method of Solicitation: Informal Quotes
If applicable, basis for exemption: N/A
Term of Agreement: 150 days to deliver from receipt of order
Option to Renew? No
Approval for purchases "as needed" for the life of the contract No

Form of Contract:

Single Purchase
 Services
 Personal Services
 Construction
 IGA
 Price Agreement
 Other

Narrative:

The Board is being asked to approve the purchase of 15 light duty vehicles of various specifications from **Kendall Ford**.

In January 2013, seven separate quotes were sent out for the purchase of 4wd pickups of various specifications for EWEB's Fleet Services. Two responses were received for each quote, and Kendall Ford was determined to be the lowest, responsive-responsible bidder on all seven quotes. Each individual quote pricing fell below the Board threshold; however, since Kendall Ford was the successful bidder on all seven, the cumulative total is an amount that requires board review and approval.

EWEB's fleet consists of over 150 light duty vehicles that are used throughout the utility. As vehicles are identified for replacement, Fleet Services staff determines the replacement specifications based on operator need, standardization and fuel efficiency. Fleet Services has been able to simplify our parts inventory, equipment training requirements, and mechanic familiarity by staying with the same models throughout the fleet. These light duty vehicles are part of the 2013 vehicle replacement plan and were approved in EWEB's 2013 capital plan for vehicle replacements.

Staff has determined that purchasing the fifteen (15) light duty vehicles from Kendall Ford not only supports our local customer owners, but they were also the lowest responsive and best price in compliance with EWEB's specifications

ACTION REQUESTED:

Management requests Board approve the purchase of 15 light duty vehicles of various specifications from **Kendall Ford**. Funds for this purchase were budgeted for 2013.

SIGNATURES:

Project Coordinator: _____

Manager: _____

Assistant General Manager: _____

Purchasing Manager: _____

General Manager: _____

Board Approval Date: _____

Secretary/Assistant Secretary verification: _____

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a new contract with Mesa Technical Associates for **Station Class Battery Banks**.

Board Meeting Date: March 5, 2013
Project Name/Contract#: Station Class Battery Banks/060-2012
Primary Contact: Mel Damewood Ext. 7145
Secondary Contact: Debra Smith Ext. 7196
Purchasing Contact: Sarah Gorsegner Ext. 7348

Action Requested:	
<input checked="" type="checkbox"/>	Contract Award
<input type="checkbox"/>	Contract Renewal
<input type="checkbox"/>	Contract Increase
<input type="checkbox"/>	Other

Contract Amount:
Original Contract Amount: \$ 111,000 over 5 years
Additional \$ Previously Approved: \$ N/A
Invoices over last approval: \$ N/A
Percentage over last approval: N/A %
Amount this Request: \$ 111,000 over 5 years
Resulting Cumulative Total: \$ 111,000 over 5 years

Funding Source:	
<input checked="" type="checkbox"/>	Budget
<input type="checkbox"/>	Reserves
<input type="checkbox"/>	New Revenue
<input type="checkbox"/>	Bonding
<input type="checkbox"/>	Other

Contracting Method:
Method of Solicitation: Informal Invitation to Bid
If applicable, basis for exemption: N/A
Term of Agreement: March 6, 2013-March 5, 2014
Option to Renew? Yes
Approval for purchases "as needed" for the life of the contract Yes

Form of Contract:	
<input type="checkbox"/>	Single Purchase
<input type="checkbox"/>	Services
<input type="checkbox"/>	Personal Services
<input type="checkbox"/>	Construction
<input type="checkbox"/>	IGA
<input checked="" type="checkbox"/>	Price Agreement
<input type="checkbox"/>	Other

Narrative:

The Board is being asked to approve a new contract with **Mesa Technical Associates** of Cobleskill, NY for the purchase of Station Class Battery Banks and Racks on an as needed basis.

EWEB requires Station Class Battery Banks and Racks for use in EWEB's substation electrical distribution system. In December 2012, EWEB issued an informal Invitation to Bid to establish a price agreement for the purchase of Station Class Battery Banks. The solicitation was reviewed by seventeen companies. Eight responses were received; Mesa Technical Associates was determined to be the lowest responsive and responsible bidder.

Historical procurement data suggests that the total contract amount will be approximately \$111,000 over the total five-year period. The actual total dollar amount, however, is unknown and may be more or less than that estimated volume. Purchases will be based on need and not on any specific annual quantity. The annual cost will be within the amount budgeted for that specific year.

If approved, staff will purchase required Station Class Battery Banks and Racks at the established prices over the life of the contract. The contract is for one-year with the option to renew for four additional one-year periods.

ACTION REQUESTED:

Management requests Board approve a new contract with **Mesa Technical Associates** for **Station Class Battery Banks and Racks**. Funds for these purchases were budgeted for 2013 and will be budgeted annually.

SIGNATURES:

Project Coordinator: _____

Manager: _____

Assistant General Manager: _____

Purchasing Manager: _____

General Manager: _____

Board Approval Date: _____

Secretary/Assistant Secretary verification: _____

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve the purchase of three (3) service bodies for EWEB's fleet of utility trucks from **Scelzi Enterprises, Inc.**

Board Meeting Date: March 5, 2013
Project Name/Contract#: Fleet Service Bodies
Primary Contact: Roger Kline Ext. 7484
Secondary Contact: Debra Smith Ext. 7348
Purchasing Contact: Ramie Alkire Ext. 7413

Action Requested:	
<input checked="" type="checkbox"/>	Contract Award
<input type="checkbox"/>	Contract Renewal
<input type="checkbox"/>	Contract Increase
<input type="checkbox"/>	Other

Contract Amount:
Original Contract Amount: \$ 135,000.00
Additional \$ Previously Approved: \$ N/A
Invoices over last approval: \$ N/A
Percentage over last approval: N/A %
Amount this Request: \$ 135,000.00
Resulting Cumulative Total: \$ 135,000.00

Funding Source:	
<input checked="" type="checkbox"/>	Budget
<input type="checkbox"/>	Reserves
<input type="checkbox"/>	New Revenue
<input type="checkbox"/>	Bonding
<input type="checkbox"/>	Other

Contracting Method:
Method of Solicitation: Exemption
If applicable, basis for exemption: EWEB Rule 3-0275 Sole Source
Term of Agreement: Delivery within 180 days
Option to Renew? No, single purchase
Approval for purchases "as needed" for the life of the contract No

Form of Contract:	
<input checked="" type="checkbox"/>	Single Purchase
<input type="checkbox"/>	Services
<input type="checkbox"/>	Personal Services
<input type="checkbox"/>	Construction
<input type="checkbox"/>	IGA
<input type="checkbox"/>	Price Agreement
<input type="checkbox"/>	Other

Narrative:

The Board is being asked to approve the purchase of three (3) service bodies built to EWEB specifications from **Scelzi Enterprises, Inc.**

EWEB requires three customized service bodies for our fleet. Two (2) of the service bodies will be used for water operations and these bodies will match our existing truck configurations. The other service body is for the electric lines operations and this body is designed for our line crew foreman vehicles. These vehicles are being built to EWEB standard configurations.

The purchase of these service bodies is part of EWEB's vehicle replacement program and is part of the approved 2013 capital budget. The completed vehicles (chassis/service body) will be replacing vehicles that are beyond their useful life expectancy.

EWEB's Fleet has standardized on Scelzi brand service bodies for its fleet of utility vehicles. Standardization is a common fleet practice that is implemented in order to reduce costs (in mechanic productivity, maintenance and repair parts inventory) and establish familiarity in operation and maintenance (crew safety and a consistent understanding of manufacturer repair and maintenance requirements).

EWEB's standardization was established because of the quality of components and the efficiency in design and features. Scelzi's stainless steel components make them more durable.

Staff has worked with Scelzi to design the three (3) custom service bodies and is ready to place an order for the purchase of these service bodies, pending Board approval.

ACTION REQUESTED:

Management requests Board approve the purchase of three (3) service bodies built to EWEB specifications from **Scelzi Enterprises, Inc.**. Funds for this purchase were budgeted for 2013.

SIGNATURES:

Project Coordinator: _____

Manager: _____

Assistant General Manager: _____

Purchasing Manager: _____

General Manager: _____

Board Approval Date: _____

Secretary/Assistant Secretary verification: _____



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital
FROM: Debra Smith, Assistant General Manager; Mel Damewood, Engineering Manager;
Frank Lawson, Systems Engineering Supervisor
DATE: February 22, 2013
SUBJECT: Schweitzer Engineering Laboratories Contract Approval – Background Information

Issue

EWEB Management is requesting Board approval of a contract to purchase substation automation equipment from Schweitzer Engineering Laboratories.

Background

EWEB's electric system is monitored and controlled by Transmission & Distribution Dispatchers located in the headquarters control center. The dispatchers are presented with real-time system-wide information on the status of transmission lines, substation equipment, generators, and other major electric elements. Much of the system information is gathered at substations, where sensors detect power levels and equipment status signals. Alarms identifying overloads, equipment failures, and other safety and reliability issues are also gathered. The signals are connected to a substation automation controller, also referred to as a Remote Terminal Unit (RTU). The substation automation controller gathers and converts the signals for communications to control center.

Most of the RTUs presently part of the EWEB system were manufactured by Landis & Gyr, and installed in the late 1980s. Replacement parts are no longer manufactured, and are not readily available through second-hand sources.

In anticipation of this obsolescence, EWEB included a \$1,200,000 RTU Replacement Project in the 2013 & 2014 years of the Capital Improvement Plan (CIP) approved last August. As EWEB replaces the RTUs, working components will be used to extend the life of installed RTUs and smooth the consumption of this capital, with funding approved year-by-year.

Discussion

In September 2012, staff issued a formal Request for Proposals (RFP) to select and establish a price agreement for the purchase of Substation Automation Equipment (Remote Telemetry Units). After a thorough review, Schweitzer Engineering Laboratories was the highest ranked proposer, and selected based on the evaluation criteria established in the RFP.

If approved, staff expects to replace up to twenty (20) RTUs over the total five year period, with four replacements planned during the first year of the contract. Staff will purchase replacement units at the established prices over the life of the contract. The contract is for one-year with the option to renew for four additional one-year periods. By extending the contract, EWEB can increase compatibility and consistency in design, programming, operations, and maintenance of the equipment. The annual cost will be within the amount budgeted for that specific year.

Recommendation

EWEB Management recommends the approval of a contract with Schweitzer Engineering Laboratories for the purchase of substation automation equipment.

Requested Board Action

EWEB Management requests Board approval of a contract with Schweitzer Engineering Laboratories for the purchase of substation automation equipment.

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a new contract with **Schweitzer Engineering Laboratories** for purchase of **Substation Automation Equipment**.

Board Meeting Date: March 5, 2013
Project Name/Contract#: Substation Automation Equipment/043-2012
Primary Contact: Mel Damewood Ext. 7145
Secondary Contact: Debra Smith Ext. 7196
Purchasing Contact: Sarah Gorsegner Ext. 7348

Action Requested:

Contract Award
 Contract Renewal
 Contract Increase
 Other

Contract Amount:

Original Contract Amount: \$925,000 over 5 years
Additional \$ Previously Approved: \$ N/A
Invoices over last approval: \$ N/A
Percentage over last approval: N/A %
Amount this Request: \$925,000 over 5 years
Resulting Cumulative Total: \$925,000 over 5 years

Funding Source:

Budget
 Reserves
 New Revenue
 Bonding
 Other

Contracting Method:

Method of Solicitation: Formal Request for Proposals
If applicable, basis for exemption: N/A
Term of Agreement: March 6, 2013-March 5, 2014
Option to Renew? Yes, annually for up to 5 years
Approval for purchases "as needed" for the life of the contract Yes

Form of Contract:

Single Purchase
 Services
 Personal Services
 Construction
 IGA
 Price Agreement
 Other

Narrative:

The Board is being asked to approve a new contract with **Schweitzer Engineering Laboratories, Inc.** of Pullman, Washington for the purchase of Substation Automation Equipment (Remote Telemetry Units) on an as needed basis.

EWEB requires Substation Automation Equipment (Remote Telemetry Units) to upgrade the existing Substation Automation Systems. The existing equipment is approximately 20 years old and at the end of its useful life. In September 2012, staff issued a formal Request for Proposals (RFP) to select and establish a price agreement for the purchase of Substation Automation Equipment (Remote Telemetry Units). The solicitation was reviewed by 30 companies, eight responses were submitted. Schweitzer Engineering Laboratories was the highest ranked proposer and selected based on the evaluation criteria established in the RFP.

If approved, staff expects to replace up to 20 units over the total five year period, with four units planned during the first year of the contract. Staff will purchase units at the established prices over the life of the contract. The contract is for one-year with the option to renew for four additional one-year periods. The annual cost will be within the amount budgeted for that specific year.

ACTION REQUESTED:

Management requests Board approve a new contract with **Schweitzer Engineering Laboratories, Inc** for the purchase of Substation Automation Equipment (Remote Telemetry Units) on an as needed basis. Funds for this purchase were budgeted for 2013 and will be budgeted annually.

SIGNATURES:

Project Coordinator: _____

Manager: _____

Assistant General Manager: _____

Purchasing Manager: _____

General Manager: _____

Board Approval Date: _____

Secretary/Assistant Secretary verification: _____



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Brown, Helgeson, Manning, and Mital
FROM: Mel Damewood, Water Engineering Manager, Debra Smith, Assistant General Manager
DATE: March 5, 2013
SUBJECT: 2013 System Development Charge Increase

Issue

Should EWEB increase Water System Development Charges (SDC) to keep pace with the increases in construction costs?

Background

Effective July 1, 1997, EWEB adopted water SDC to fund capital improvements to meet the increased demands on the water system as new development occurs. The total SDC consists of three separately calculated charges: a reimbursement charge, the improvement charge, and the administrative charge.

The funds collected for the reimbursement charge are based on the value of unused system capacity effectively “reimbursing” the utility for previously installed infrastructure. Revenues collected under the reimbursement portion of the SDC are directed toward paying the debt service of previously issued bonds.

The improvement charge is based on the projected capital investment necessary to serve future growth and is directed partially towards current capital projects and is partially reserved for future capital expansion.

The administration charge covers the costs associated with accounting, billing, collection, and periodic review.

EWEB’s SDC were developed in accordance with ORS 223.297 to 223.314 and are required to be formally reviewed not less than every five years. Staff conducted full methodology reviews in 2005 and 2010 and has periodically increased the rate based on the construction cost index as allowed under the statutes. The 2010 review resulted in an increase of 12.7% effective July 1, 2011.

At the request of the Homebuilders Association (HBA) and with the approval of the Board, the increase to the administration portion of the fee was deferred until January 1, 2012. The request was primarily driven by the impact to homebuilders from the recession.

Discussion

Staff proposes to increase the water SDC by 2.9% as a result of inflationary pressure on construction costs. The percentage increase reflects the average increase in construction costs as calculated by the Engineering News-Record Construction Cost Index. EWEB is using an average index rather than a City specific index to provide a smoother trend, avoiding City specific susceptibility to price spikes.

The last time the Board approved an ENR Index increase was in 2007. That increase was 2.7% and was based on Seattle's Construction Cost Index provided by the Engineering News-Record (ENR).

Although no formal public notice is required for routine adjustments to the SDC, the Homebuilders Association has been notified of the proposed increase.

The following table shows the current SDC and the proposed SDC effective May 1, 2013.

Meter Size	Meter Equivalence	2007 SDC	2012 SDC	2013 SDC Including 2.9% CPI	2012 vs 2013
5/8"	1	\$2,167	\$2,613	\$2,689	\$76
3/4"	1.5	\$3,251	\$3,919	\$4,033	\$114
1"	2.33	\$5,051	\$6,087	\$6,265	\$178
1.5"	5	\$10,817	\$13,063	\$13,445	\$382
2"	8	\$17,341	\$20,900	\$21,512	\$612

Construction Cost Index published by ENR: <http://enr.construction.com/economics/>

SDCs for meter sizes above 5/8" are calculated using the estimated maximum day demand as expressed in meter equivalents.

Recommendation

Staff recommends approval of Resolution No.1302 implementing a 2.9% increase in the Water System Development Charges to be effective May 1, 2013.

As stated in EWEB's Customer Service Policies and Procedures, Water SDC's may be adjusted annually by the application of an appropriate cost index to reflect annual increases in construction costs. Annual increases are also allowed by the Oregon Revised Statutes that govern the SDC process.

If you have any questions or concerns please contact me Mel Damewood, Engineering Manager, at (541) 685-7145.

**RESOLUTION NO. 1302
FEBRUARY 2013**

**EUGENE WATER & ELECTRIC BOARD
SYSTEM DEVELOPMENT CHARGE REVISION**

WHEREAS, the Eugene Water & Electric Board (EWEB) sets its System Development Charge (SDC) based primarily on a system methodology study and in accordance with ORS 223.297–223.314;

WHEREAS, ORS 223.304 (8) (b) allows for a periodic application of one or more specific cost indexes or other periodic data.

WHEREAS, EWEB has experienced increases in construction costs associated with the provision of water service;

WHEREAS, EWEB’s Customer Service Policies & Procedures W-V-2 to W-V-4 provide for adjusting the SDC calculation using an appropriate cost index to reflect annual increases;

WHEREAS, the most recent methodology study formed the basis for the 2011 SDC;

WHEREAS, the Engineering News-Record (ENR) Construction Cost Index is 2.9% for 2012;

NOW, THEREFORE, BE IT RESOLVED that the Eugene Water & Electric Board hereby authorizes the General Manager to increase the Water System Development Charges by 2.9 percent to \$2,689 for a 5/8” water service, with larger sizes also increasing at the same percent, effective with May 1, 2013.

Dated this 5th day of March 2013.

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

President

I, DEBRA J. SMITH, 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 March 5, 2013 Regular Board Meeting.

Assistant Secretary



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital
FROM: Roger Gray, General Manager; Debra Smith, Assistant General Manager;
Cathy Bloom, Finance Manager; Lance Robertson, Public Affairs Manager;
Sue Fahey, Fiscal Services Supervisor
DATE: February 22, 2013
SUBJECT: Public Involvement in Budget and Rates Process – Resolution #1303

Issue

On February 19th we provided you with a packet regarding what steps EWEB could take to increase public involvement in the budget and rates setting process in order to enhance customer understanding and community trust regarding EWEB's financial condition.

Discussion

Attached again is the entire packet for your review and reference.

Recommendation

Management recommends that the Board approve resolution #1303 as attached or amended at the March 5th board meeting which approves the public involvement in the budget and rates process.



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital
FROM: Roger Gray, General Manager; Debra Smith, Assistant General Manager;
Cathy Bloom, Finance Manager; Lance Robertson, Public Affairs Manager;
Sue Fahey, Fiscal Services Supervisor
DATE: February 8, 2013
SUBJECT: Increased Public Involvement in Budget and Rates Process

Issue

What steps should EWEB take to increase public involvement in the budget and rates setting process in order to enhance customer understanding and community trust regarding EWEB's financial condition?

Background

The Board's discussions regarding long-term financial plans and budget assumptions, which incorporate rate change recommendations, typically begin in July. As a result of Public Affairs staff efforts, the Register-Guard (RG) and other local media provided more publicity than in prior years throughout the 2013 budget and rates process, starting with a detailed RG article the day after the Board's July 17 financial work session. Between April and November 2012, Public Affairs also employed other communication strategies designed to increase customer knowledge about the potential rate actions and the primary "drivers" of those actions. These efforts included prominent display in the Pipeline, the annual newsletter mailed to all customers; articles in the Current Connections e-newsletter, which is sent to self-selected customers six times per year; and other actions. As a result of these proactive efforts to inform the community there was an increased level of public interest in EWEB's finances and subsequent rate actions.

In 2012, EWEB took some steps toward increasing meaningful public feedback for the budget and rate recommendations. Telephone and web based surveys were conducted to specifically receive customer feedback on financial priorities. Prior to 2012, the budget and rate setting processes were separate (December for budget; March for rates), which limited customers' ability to influence spring rate actions after the budget was set. In August, the Board approved aligning those processes and was able to take public comment into consideration before both the 2013 budget and related 2013 rates were approved in December.

While these changes were important steps to improving financial transparency and increasing meaningful public involvement, Management believes that these were just first steps toward greater public engagement, and that additional actions should be considered and adopted. This memo provides three alternatives for the Board to consider – *Alternative 1*- Budget and Rates Advisory Panel; *Alternative 2* – Community Meetings; and *Alternative 3* - Surveys. Many of the alternatives are not mutually exclusive and depending on Board priorities, more than one may be implemented in 2013.

Discussion

Alternative 1 – Create a Budget and Rates Advisory Panel

In the past, Board and Management have discussed the concept of a budget and rates advisory panel, most recently at the end of the 2013 budget and rates approval process. Most public agencies are governed by ORS 294, which requires creation of a budget committee comprised of the Board and an equal number of board-appointed citizen representatives who serve for three-year terms. The budget committee reviews the proposed budget and makes a recommendation on the budget for final adoption by the Board. Per ORS 294.316, public utilities are exempt from local budget law which allows EWEB flexibility in the function, composition, term and duties if such a committee were to be formed. For example, EWEB could decide to have a budget review group that includes only citizens, or the Board could adopt a mechanism similar to those required by ORS 294. Many decision points exist for this option.

Management has reviewed several other organizations (City of Eugene, 4J School District, EPUD and other utilities) for guidance on this discussion. *Attachment 1* provides several decision points regarding the formation of a panel and related options, pros and cons, other organizations that use a similar process, and Management’s recommendation for each decision point.

In *Attachment 1A*, Management has provided for the Board’s consideration a tentative 2013 timeline for *Alternative 1 – Create a Budget and Rates Advisory Panel* based on Management’s recommendations. The timeline would be adjusted depending on the Board’s final action on this item; however, the intent is to have members appointed and receive training prior to the July Financial Work Session. *Attachment 1B* provides an example of the budget and rates advisory panel application form.

Management’s recommendations regarding a Budget and Rates Advisory Panel rely heavily on existing EWEB processes and resources as opposed to creating new processes. For example, EWEB already has extensive budget and rate meetings as part of the Board work sessions and regular meetings, unlike most public agencies. In this scenario, the citizen members would participate in the work session and those meetings. Because of the use of existing processes and resources, Management estimates that the added cost of this panel is minimal. If the Board adopts the creation of a panel with more members, separate processes (e.g. another set of public processes and meetings), Management estimates that additional regular FTEs may be needed.

Other Alternatives

While a budget and rates advisory panel will provide valuable input regarding EWEB’s financial issues from the appointed members and the community members with whom they interface, there are alternatives that should be considered that would provide a broader outreach.

Alternative 2 – Hold Community Meetings to Discuss Financial Issues

Community Meetings increase customers’ understanding of EWEB’s financial challenges. It provides for a less formal information sharing forum than board meetings and no selection process is necessary. There are a number of formats for public participation and engagement that go beyond the “public meeting” or “public hearing” concept to offer a broader engagement of participants at these forums or sessions. EWEB would employ strategies and techniques that adhere to the standards of the International Association of Public Participation.

Attachment 2 provides options, pros and cons, other organizations that use a similar process, and Management’s recommendation for *Alternative 2 – Hold Community Meetings*.

In *Attachment 2A*, Management has provided for the Board’s consideration a tentative 2013 timeline should Management be directed to hold community meetings.

Management estimates that the time and resources required to prepare for and conduct two community meetings would be approximately \$10,000. This includes some limited paid advertising but would rely on social media and other low-cost communications mediums.

Alternative 3 – Conduct Survey(s) that Include Questions Regarding Budget Priorities

Management found that organizations that have conducted similar financial surveys receive the highest public participation, and that the survey can provide some smoothing of active special interest group input.

Attachment 3 provides options, pros and cons, other organizations that use a similar process, and Management’s recommendation for *Alternative 3 – Conduct Financial Surveys*.

Management estimates that the additional time and resources required to prepare and conduct a web-based survey is approximately \$1,000 and a telephone survey is approximately \$20,000. The financial and budget survey conducted in 2012 provided useful and interesting results, but was not directly tied to EWEB’s adopted Strategic Plan. Surveys that focus on support for or opposition to specific initiatives in the adopted Strategic Plan may provide a more robust and intentional path forward for the utility. In essence, surveys can be used to bring public participation into the creation of or the updating of the Strategic Plan.

Recommendation/Requested Board Action

Management recommends that the Board approve the formation of a Budget and Rates Advisory Panel with the following structure or provide clear alternative direction.


<u>Alternative 1 - Recommend formation of Budget and Rates Advisory Panel</u>	
a. Authority	Advisory only
b. Composition	Board members + equal number at-large community members
c. Selection Process	Application with minimal criteria and Board majority vote
d. Terms/Terms Limit	Initial 1 year, move to 2 or 4 year, no term limits
e. Governance Structure	Elected chair, majority vote, public meetings
f. Changes to panel structure	Review after first year
g. Management and staff roles	Similar to current process with presentations and availability to answer questions
<u>Alternative 2 - Recommend holding community meetings if financial situation warrants</u>	
<u>Alternative 3 - Recommend conducting surveys that include questions regarding budget priorities if General Manager determines benefits would outweigh costs</u>	

Management also recommends that the Board adopt Management’s recommendation on conducting community meetings and surveys as part of the 2014 budget/rates process or provide clear alternative direction. Cost is estimated to be \$25,000 to \$50,000 depending on the options chosen by the Board.

Attachment 1


Alternative 1 – Create a Budget and Rates Advisory Panel

Question 1: Should EWEB have a Budget and Rates Advisory Panel?


Option	Pros	Cons	Organizations that use a similar option	Management Recommendation
Yes	Increased public participation Member awareness and understanding Ideally, better buy-in More review and input Similar to other public agencies	Increased complexity, member learning curve Higher cost Depending on panel composition and role, may be difficult if Board does not agree with panel recommendations	City of Eugene 4J School District EPUD SUB LRAPA	
No	Less complexity Potentially easier Faster Less resources required	No change in perception problems with EWEB process Possible continued erosion of public trust	Tacoma PUD Chelan PUD	

Assuming the Board says yes to Question 1, then Question 1a (and sub-parts) should be considered next.


Question 1a: What should be the role, charter and authority of the Budget and Rates Advisory Panel?

Option	Pros	Cons	Organizations that use a similar option	Management Recommendation
<p>Advisory only</p> <p>Makes recommendations to the EWEB Board</p> <p>Not a decision or approval authority</p>	<p>Preserves current EWEB charter and governance authority</p> <p>Final authority remains with Board which has ultimate responsibility</p> <p>Aligns with other public agencies</p>	<p>May be viewed as not having sufficient authority</p>	<p>City of Eugene</p> <p>4J School District</p> <p>EPUD</p> <p>SUB</p>	
<p>Decision Making Authority & Approver</p>	<p>Would be viewed as “strong” panel.</p>	<p>Would require changes to charter and EWEB governance</p> <p>Separates authority from accountability (Board & Management would still be accountable)</p>	<p>None Known</p>	


Question 1b: What should be the composition of the Budget and Rates Advisory Panel?

Option	Pros	Cons	Organizations that use a similar option	Management Recommendation
<p>Board Members plus Equal number Community Members</p>	<p>Insures that Board Members hear all Community Member input unfiltered</p> <p>Insure Community Members hear Board Members' input</p> <p>Allows for existing processes to be leveraged rather than creating duplicate processes</p> <p>Aligns with statute</p>	<p>Not viewed as independent community input</p>	<p>City-Eugene</p> <p>4J School District</p> <p>LRAPA</p>	
<p>All Community Members (e.g., 10)</p>	<p>Looks most independent.</p>	<p>Would require most additional resources and costs due to duplication of processes.</p> <p>May be difficult if panel recommendations not aligned with Board</p>	<p>EPUD</p> <p>SUB</p>	
<p>Minority of Board (1 or 2) plus 5 Community Members</p>	<p>Reinforces that panel is more independent of Board</p>	<p>Would still require additional resources and costs due to duplication of processes.</p> <p>Board members not present won't hear unfiltered discussion</p>	<p>None Known</p>	


Question 1c: How should Community Members be selected for the Budget and Rates Advisory Panel?

Option	Pros	Cons	Organizations that use a similar option	Management Recommendation
<p>Applications are submitted by community members that are interested. Board makes final selection (by public vote) with some general requirements such as:</p> <ol style="list-style-type: none"> 1. Must be EWEB customer. 2. Cannot be City of Eugene employee (similar to City exclusion of EWEB employees) or EWEB officer, agent, contractor or employee. 3. Community Members are all at-large. 	<p>Likely most qualified panel</p> <p>Aligns with statute</p>	<p>May result in non-representation of a Board member's jurisdiction</p>	<p>City-Eugene</p> <p>4J School District</p>	
<p>Applications are submitted by community members that are interested. Board makes final selections (by vote) with additional general requirements:</p> <ol style="list-style-type: none"> 1. See above 2. See above 3. At least 1 Community Member from each Commissioner's represented area 4. At least 1 Community Member from each major customer class (Residential and General Service) 5. At least 1 Community Member from "special" areas such as (Upriver, Limited Income Representation). <p>Note: It is possible that some Community Members meet more than one of the above criteria.</p>	<p>Ensures representation of each Board member's jurisdiction</p> <p>Balances region and customer class diversity of member-ship</p>	<p>May result in more qualified applicants not being appointed</p>	<p>None Known</p>	
<p>Ward-based Board members pick 1 or 2 panel members from their specific wards. At large Board member picks 1 or 2 from entire group of applications with goal of "rounding out panel." No specific requirements or exclusions except these:</p> <ol style="list-style-type: none"> 1. Same as above 2. Same as above 	<p>Might be easiest to implement</p> <p>Balances region diversity and qualification objectives.</p>	<p>Could be viewed as least independent due to closed selection process</p>	<p>EPUD</p> <p>LRAPA</p>	


Question 1d: What should the Community Member Terms and Term Limits be?

Option	Pros	Cons	Organizations that use a similar option	Management Recommendation
<p>Initial terms are 1 year. Assuming Board decides to keep this model, beginning in year 2 switch to 2 or 4 year terms (staggered for greatest continuity)</p> <p>No term limits</p>	<p>Allows for trial period with no expectation of service beyond 1 year</p> <p>Gives Board most flexibility to adjust in year 2</p>	<p>Potential turnover causes additional process and retraining work.</p> <p>4 year terms might be a barrier for some potential community members</p> <p>Lack of term limits may limit diversity of panel over time.</p>	<p>None Known</p>	
<p>Start with 2 and 3 year terms across the board (to create staggering effect of panel members and greatest continuity). Move to 2 or 4 year terms ending in odd numbered years</p> <p>No term limits.</p>	<p>Clearest expectation upfront.</p> <p>Longer terms allow for more understanding of EWEB financial issues</p>	<p>Longer terms might be a barrier for some potential community members</p> <p>Might limit ability for Board adjustments in year 2.</p> <p>Lack of term limits may limit diversity of panel</p>	<p>City-Eugene (3 year term and 2 term limit)</p> <p>4J School District (3 year term, no term limits)</p>	
<p>No terms or term limits</p>	<p>Understanding of EWEB financial issues may be enhanced if tenured members</p> <p>Lack of term may increase interest</p>	<p>Uncertainty of parameters may be barrier for potential members</p> <p>Could create either lack of stability or lack of diversity</p>	<p>EPUD</p>	


**Question 1e: What should the governance structure of the panel be? Who should chair the panel?
How/when should meetings take place?**

Option	Pros	Cons	Organizations that use a similar option	Management Recommendation
<ul style="list-style-type: none"> All panel members carry equal weight. Meetings take place in the context of “work sessions”. Additional meetings may be scheduled depending on financial situation. Chair is elected for purposes of conducting the meeting. In absence of panel chair, Board chair presides. Majority vote for recommendation to EWEB Board. Meetings are public and require quorum. 	<p>Makes efficient use of existing EWEB processes (e.g. budget work sessions)</p> <p>Least additional time for Board and staff</p>	<p>Reduces time available for Board only work sessions</p>	<p>4J School District</p>	
<ul style="list-style-type: none"> All panel members carry equal weight. Meetings are separate and in addition to EWEB work sessions. Chair is elected for purposes of conducting the meeting. In absence of panel chair, Board chair presides. Majority vote by Community Members for recommendation to EWEB Board. Meetings are public and require quorum. 	<p>Possibly viewed as more independent.</p> <p>Does not detract from EWEB Board work session time.</p>	<p>Highest cost in terms of time and resources</p> <p>May be difficult if panel recommendations not aligned with Board</p>	<p>EPUD, except meetings are not public</p>	

Question 1f: How should the panel change over time and in particular after the first year?

Option	Pros	Cons	Organizations that use a similar option	Management Recommendation
Assume initially that changes will likely be necessary in second year. At the end of first year, part of the process should be to discuss and make improvements including a basic assumption about the cost/benefit of the panel	Provides most flexibility to adjust and make improvements	May be viewed as less committed to concept Might be viewed as ability for EWEB to reduce community input	N/A	
Assume initial structure is right and commit to it for longer-term.	Possibly viewed as more serious commitment to additional public input Creates stronger incentive to make initial structure work	Could “lock in” bad process.	N/A	

Question 1g: What should be the role of EWEB management and staff in interfacing with the Budget and Rates Advisory Panel?

Option	Pros	Cons	Organizations that use a similar option	Management Recommendation
EWEB management and staff roles should be as follows: <ul style="list-style-type: none"> • Provide detailed background and education/training sessions (especially early on) • Presentations to panel similar to what is done for EWEB Board today. • Be available to answer questions from panel during its meetings. 	Similar to current process Helps panel members get up to speed	Might be viewed as staff controlling too much.	4J School District City of Eugene	
EWEB management and staff roles should be as follows: <ul style="list-style-type: none"> • Limited to only presentations and answering formal questions while in official sessions. 	Possibly viewed as more independent of staff	Harder for new panel members to come up to speed. Might result in panel members not being as effective		

Attachment 1A
2013 Budget and Rates Advisory Panel Calendar
(assumes Management’s recommendations are approved)

DRAFT

February

19 Board provides direction on Budget and Rates Advisory Panel

20-Mar 3/4 Finance/Public Affairs develops application materials

March

4-29 Recruitment of Panel Members

- Website
- Media
- Personal outreach

April

2 Applications due

9 Board receives applications in board packet

16 Each Board member selects one citizen panel member. Board confirms panel membership by majority vote.

May

1-31 Budget and Rates Advisory Panel Training

- EWEB Strategic Direction, Budget/Finance 101
- Engineering/Capital Plans
- Water/Electric Operations
- Generation Resources/Trading Floor Activities
- Energy Management/Environmental

June

1-30 Training Continues

July

16 Budget and Rates Advisory Panel Work Session – *Review of Long-term Financial Plans, Capital Plans and provide direction on budget assumptions; hold public hearing*

August

6 Hold for Budget and Rates Advisory Panel Work Session, Public Hearing

6-Oct 14 Staff prepares budget

October

15 Budget and Rates Advisory Panel Work Session – *Review update of Long-term Financial Plans, draft 2014 budget and rates; hold public hearing*

November

5 Proposed 2014 Budget and Rates Presentation to Budget and Rates Advisory Panel; hold public hearing

December

3 2014 Budget and Rates Hearing/Board Adoption; hold public hearing

Attachment 1B
EWEB Budget and Rates Advisory Panel
Application Form
(assumes Management's recommendations are approved)

DRAFT

Full Name: _____

Address: _____

Occupation: _____

(Note: EWEB/City of Eugene employees, and EWEB contractors are not eligible to serve on this committee.)

Home Phone: _____

Work Phone: _____

Cell Phone: _____

Fax Number: _____

I certify that I live within the boundaries of EWEB.

How long have you been a EWEB customer? _____

Please briefly describe your educational background:

Please give a brief description of the experience or training that you believe qualifies you to serve in this position:


List any volunteer activities with EWEB or other community agencies or organizations:

What are some of your special interests or concerns about EWEB?

Attachment 2

Alternative 2 – Hold Community Meetings to Discuss Financial Issues

Question: Should EWEB hold meetings to inform the community about EWEB’s financial issues? If yes, the following options are provided for consideration.

Option	Pros	Cons	Organizations that use a similar option	Management Recommendation
<p>Have Board (or Budget and Rates Advisory Panel if approved) direct staff to conduct community meetings if deemed necessary due to financial issues.</p>	<p>Increases community’s understanding of EWEB’s financial challenges</p> <p>Provides for less formal information sharing forum than Board meetings</p> <p>No selection process that might be perceived as controlling</p> <p>Limits resource expenditure to periods with higher public interest</p>	<p>Time, materials and publicity cost</p> <p>Attendance may be low resulting in minimal benefit</p> <p>Special interest groups may monopolize meetings</p>	<p>4J School District</p> <p>Seattle City Light</p> <p>EPUD</p>	
<p>Hold meetings annually regardless of financial issues</p>	<p>Increases community’s understanding of EWEB’s financial challenges</p> <p>Provides more personal response to customer questions</p> <p>No selection process that might be perceived as controlling</p>	<p>Increased time, materials and publicity cost</p> <p>Attendance may be low if financial issues aren’t significant resulting in minimal benefit</p> <p>Special interest groups may monopolize meetings</p> <p>Community may start viewing as routine and not attend when input is most needed</p>		

Attachment 2A
2013 Community Meeting Calendar
(assumes Management’s recommendations are approved)

DRAFT

July

16 Budget and Rates Advisory Panel Work Session – *Review of Long-term Financial Plans, Capital Plans and provide direction on budget assumptions; hold public hearing; **provides direction on Community Meetings to discussion financial issues***

17-Aug 31 Public Affairs and Finance staff develop agenda/materials for Community Meetings.

August

30 Budget and Rates Advisory Panel provided Community Meeting agenda (Board in Board Packet, Community Members via email)

September

4-30 Community Meetings Held

October

15 Budget and Rates Advisory Panel Work Session – *Review update of Long-term Financial Plans, draft 2014 budget and rates; **receive info on Community Meetings**; hold public hearing*

November

5 Proposed 2014 Budget and Rates Presentation to Budget and Rates Advisory Panel; hold public hearing


December

3 2014 Budget and Rates Hearing/Board Adoption


Attachment 3

Alternative 3 – Conduct Survey(s) that Include Questions Regarding Budget Priorities

Question 1: Should EWEB staff conduct surveys that include questions regarding budget priorities?

Option	Pros	Cons	Organizations that use a similar option	Management Recommendation
Yes	<p>Highest public participation</p> <p>Potentially statistically valid responses</p> <p>Provides a smoothing to active special interest group input</p> <p>Opportunity to provide some community education</p> <p>Input viewed as independent</p>	<p>Cost of creating, conducting and tabulating survey</p> <p>Views may not align with Board’s strategic direction</p> <p>Operationally may not be able to achieve public’s desired results reducing public trust</p> <p>Difficulty in creating a survey that provides informed responses</p>	<p>City of Eugene</p> <p>4J School District</p> <p>Seattle City Light</p>	
No	<p>Does not expend additional resources</p> <p>Eliminates potential of community feedback not being operationally feasible</p> <p>Difficult to clear up misperceptions via a survey</p>	<p>Eliminates possibility of broad-based outreach</p> <p>No other statistically valid feedback</p> <p>Other public input methods may not provide smoothing of special interest input</p>	<p>EPUD</p> <p>Seattle City Light</p>	

Question 2: If the answer to Question 1 is yes, what form should the survey take?

Option	Pros	Cons	Organizations that use a similar option	Management Recommendation
<p>General Manager in consultation with Management and Budget and Rates Advisory Panel (if approved) determines if benefits of survey would outweigh costs</p>	<p>Reduces time for go/no go decision as opposed to scheduling decision at public meeting</p> <p>Results will be aligned with budget/rates cycle</p> <p>Limits resource expenditure to periods when public input is especially valuable</p>	<p>Time, materials and publicity cost</p>	<p>4J School District</p> <p>City of Eugene</p> <p>Seattle City Light</p>	
<p>Conduct surveys annually regardless of financial issues</p>	<p>Can be built into staff and consultant work plan to ensure timely results</p>	<p>Increased cost</p> <p>Community may start viewing as routine and web-based feedback may be reduced</p>		
<p>Have Board (or Budget and Rates Advisory Panel if approved) direct staff to conduct telephone and/or web based survey(s) if deemed necessary due to financial issues.</p>	<p>Limits resource expenditure to periods when public input is especially valuable</p>	<p>Time, materials and publicity cost</p> <p>Depending on when direction is given, may be difficult to get results in time to inform budget/rates process</p>	<p>EPUD</p> <p>Seattle City Light</p>	

**RESOLUTION NO. 1303
MARCH 2013**

**EUGENE WATER & ELECTRIC BOARD
BUDGET AND RATES ADVISORY COMMITTEE**

WHEREAS, the Eugene Water & Electric Board (EWEB) is a municipal utility of the state of Oregon;

WHEREAS, the EWEB sets its electric rates under authority of ORS 225.220 to 225.330 and the powers vested by Eugene Charter Section 44;

WHEREAS, the EWEB operates, maintains and improves the municipal water utility under authority of ORS 225.020 and the powers vested by Eugene Charter Section 44;

WHEREAS, prior to January 1 each year, EWEB creates an annual written estimate of probable expenses in accordance with ORS 225.230 for both the electric and water utilities;

WHEREAS, pursuant to ORS 294.316(7), the EWEB is exempt from the provisions of the Oregon Local Budget Law;

WHEREAS, the EWEB encourages public engagement with the utility and increasing public involvement in the budget and rate setting processes;

WHEREAS, the EWEB takes formal action by resolution for purposes of rate adjustments;

THEREFORE, BE IT RESOLVED, that the Eugene Water & Electric Board hereby creates a Budget and Rates Advisory Committee comprised of the five EWEB Commissioners and five volunteers from the community who are EWEB ratepayers. The purposes of the Budget and Rates Advisory Committee and its advisory assignment is (1) to review EWEB's proposed budget on an annual basis and develop budget recommendations for consideration by the EWEB Board, and (2) to discuss and refine information relevant to rate setting and to develop rate recommendations for consideration by the EWEB Board. The Budget and Rates Advisory Committee shall convene for these purposes at EWEB Budget and Rates Advisory Committee meetings held during EWEB Board financial Work Sessions or as otherwise requested and scheduled by the EWEB Board.

The recommendations of the Budget and Rates Advisory Committee are advisory only and the EWEB Board does not cede or delegate any authority it holds under Oregon law and Eugene Charter for adopting any budget, rate or charge of the municipal utility.

Persons interested in committee membership will be required to submit an application in a form acceptable to EWEB. Non-commissioner members of the Budget and Rates Advisory Committee shall initially be appointed by majority of the EWEB Board for a one year term, but may be reappointed thereafter to serve additional, multiple year terms at the sole discretion of the Board.

It is further resolved that the General Manager is directed to establish and implement procedures for distribution and review of preliminary budget information and proposed rates or charges by the Budget and Rates Advisory Committee in order to timely accomplish their advisory role.

The EWEB Board resolves to evaluate the need to modify the scope of this advisory assignment on an annual basis. The Budget and Rates Advisory Committee may be disbanded and its assignment concluded upon simple motion and affirmative majority vote by the Board.

DATED this 5th day of March, 2013.

THE CITY OF EUGENE, OREGON
Acting by and through the
EUGENE WATER & ELECTRIC BOARD

President

I, DEBRA J. SMITH, 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 March 5, 2013, Regular Board Meeting.

Assistant Secretary