

EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
JUNE 4, 2013
5:30 P.M.

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

Others Present: Roger Gray, Roger Kline, Kevin Biersdorff, Todd Simmons, Mel Damewood, Cathy Bloom, Brad Taylor, Lisa Atkin, Lance Robertson, Steve Newcomb, Jeannine Parisi, Matt Sayre, Wendi Schultz-Kerns, Gail Murray, Tim O'dell, Suzanne Adkins, Patty Boyle, Harvey Hall, Mark Freeman, Tom Williams, and Taryn Johnson of the EWEB staff; Vicki Maxon, recorder.

President Simpson convened the Regular Session of the Eugene Water & Electric Board (EWEB) at 5:32 p.m.

AGENDA CHECK

There were no items.

ITEMS FROM BOARD MEMBERS

Vice President Brown stated that he would like to form an ad hoc committee to review General Manager Roger Gray's employment contract, because he would like the Board and EWEB to have more security around General Manager Gray's employment. Currently it is a three-year contract that states that he can be dismissed for any reason. He asked the Board if they support his suggestion. The Board voiced their unanimous support, and President Simpson recommended that Commissioner Mital join Vice President Brown on this committee. Commissioner Mital agreed.

Vice President Brown recalled that he is no longer on the Board of Trustees of the Northwest Public Power Association (NWPPA) and that Commissioner Helgeson has taken his place, and that Commissioner Helgeson and he had discussed swapping roles on the McKenzie Watershed Council, where he would be the primary representative and Commissioner Helgeson would be the alternate. He said he would like to do whatever is required to make that happen.

Commissioner Helgeson stated that he had attended the recent NWPPA meeting in Bellevue, Washington, and that he was elected to EWEB's trustee position at that meeting. He added that a number of resolutions were passed for the good of the order and for public power, and to let him know if anyone wishes to see the materials from that meeting. He echoed Vice President Brown's desire to swap roles on the McKenzie Watershed Council.

Commissioner Helgeson then stated that he continues to struggle with the suspension of energy conservation loan programs, and that while he understands the business context of that

decision, he looks forward to hearing about the redesign and renewal of those programs. He added that he continues to run into customers who are frustrated with EWEB's plans to move forward with improvement projects that involve energy savings while they have to secure other sources and put their projects on hold. He reiterated that even though he is in support of the business context of that decision, he would like to revisit that issue as soon as possible.

Commissioner Mital welcomed the audience and said he looks forward to some healthy feedback from them this evening. He thanked President Simpson for rearranging Board agendas so that public input happens at 5:30 or 6:00 p.m. instead of 7:30 p.m.

He thanked staff for the backgrounder regarding the Berggren Demonstration Farm, which he had requested due to his concern about its high cost and low impact. He said that he learned a lot from it and now understands that the investment is not as much as he originally thought, what with partnerships and other "off ramps" for EWEB. While he is still a bit concerned that EWEB hasn't received as much from it as originally thought, he is cautiously optimistic and hopeful that it will help change agricultural patterns upriver so water protection will be more consistent.

Commissioner Mital recalled that second source water was high on the Board's agenda 6-8 months ago, and even a year ago, but that it had dropped lower on the priority list because of cost concerns. He stated that Eugene is the largest city in the Northwest without a second source, and that there are potential serious issues that could happen with very few options to resolve them. He voiced his desire for the Board to revisit second source and take a measured approach regarding things that can be done in the short term, because sooner or later the Eugene area may experience a major earthquake and could lose water supply for 6-8 months, and he doesn't want to risk people moving out of the area because of that, and never coming back.

Commissioner Mital recalled EWEB's upcoming time of use pilot program along with the Board's consideration of smart metering. He clarified that the Board hasn't made a decision yet regarding smart metering, but will be implementing a test program for switching consumption to different times of day or evening in order for customers to save money on their EWEB bill. While the Board wasn't originally part of that sample of customers, he challenged his fellow Board members to participate in the test program, proposing that the winner will be whoever saves the most money on their bill. He asked that the eventual winner consider a donation back to the EWEB's Customer Care program for whatever amount he saves on his EWEB bill. The Board unanimously agreed to the challenge.

Commissioner Mital gave kudos to Lance Robertson, Public Affairs Manager, and his staff regarding the recent consumer confidence report, which demonstrated that EWEB has the cleanest water around and that EWEB is an outstanding performer. He thanked Taryn Johnson, Executive Assistant to the Board and General Manager, for his laptop, which has allowed him to go paperless. He also thanked Vice President Brown for his leadership regarding the potential water quality threat with the transformers at Carmen-Smith, and for keeping the Board well-informed on this issue.

Commissioner Mital stated that he attended the Solar Challenge at Cal Young Middle School on Saturday, June 1, which featured 125 students in four different competitions. He said it was a great day for EWEB and was a great inspiration for students. He also gave thanked Commissioner Manning for being a great public relations representative for the Board at this event.

Commissioner Manning welcomed the audience. He thanked Jason Carman, Water Pumping & Controls Supervisor and Brad Taylor, Water Operations Manager for the tour of Hawkins Reservoir. He echoed Commissioner Mital's appreciation of the Solar Challenge, saying that he enjoyed the high energy and the smiles on all of the students' faces.

Commissioner Manning then stated that he didn't realize that second source water had dropped on the Board's priority list, and that in his opinion, Eugene is one natural disaster away from homelessness. He urged the Board to properly prepare for that possibility.

President Simpson noted an invitation to the Board and general public for the Living River Celebration on Saturday, June 29 from 7:00 a.m. to 5:00 p.m., which is an opportunity to celebrate the 10-year anniversary of Green Island, which was purchased by the McKenzie River Trust in support of water source protection and the riparian enhancement program.

He acknowledged the large amount of public in attendance this evening, and added that this large of a turnout is what public process is all about. He reminded the audience that all Board meetings now start at 5:30 p.m. and that the work sessions which used to be held from 5:30 until 7:30 p.m. are no longer being held. He explained that the entire meeting will now be called a regular session and that staff will condense their presentations to approximately 15 minutes with the addition of 15 or more minutes of Board-level dialogue. He said that he expects that will be a more efficient way to conduct Board meetings and still have the ability to share information and collaborate.

Because of the above change in meeting structure, a change in the Board's formal bylaws is required, and there is a public hearing regarding that change is on tonight's agenda. He asked the public to stay for that agenda item if they have any comments regarding the new meeting structure.

President Simpson then related two experiences he had in the last couple of weeks, the first being a walking trip across town to College Hill Reservoir, where he witnessed a family who had come to the reservoir to do some roller blading. Not knowing that he was an EWEB Commissioner, as the family approached the reservoir gate, he saw them read the sign that stated that the reservoir was a protected drinking water facility, and the father asked his daughters if they remembered their lesson about E coli and the importance of preventing contaminants in drinking water, and they also commented that it was good that they hadn't brought their dog with them. He stated that it was heartwarming to see a member of the public engage with his children in that way, by reading the sign and respecting the property.

His second experience was regarding the recent consumer confidence report which outlined laboratory work and the chemistry and pipe quality of EWEB's water, and his ability to engage in conversation when he was having dinner with friends and one of them randomly mentioned EWEB's water quality.

President Simpson then stated that he also toured Hawkins Reservoir with Commissioner Manning and Water Operations staff, and that he appreciated the staff time to facilitate that tour. He noted that Portland has quite a few open-cover reservoirs and that they have recently given up the fight against the federal government, which is requiring them to cover them.

Regarding the Board's concern about the lowered priority of second source, General Manager Gray noted that second source is definitely still on the priority list, and that the issue will be presented again as part of the long-term financial plan presentation on July 16.

Commissioner Helgeson stated that his understanding was that second source had only been put on a different scale than before, and that he had also understood that the emergency response plan work was being accelerated, which is also critical, even with second source. He said he is looking forward to revisiting this in July but that there is near-term work that can be done.

General Manager Gray added that staff will be presenting scenarios for Board consideration and that Mr. Taylor, Cathy Bloom, Financial Services Manager, and he will be meeting next week to begin to talk about those.

Vice President Brown reiterated the example of incredible bureaucracy around the fact that the federal government won't allow EWEB to relocate the Carmen-Smith transformers unless a separate environmental assessment is filed, even though if something would happen, the river would be full of oil. He wondered if that is the last word EWEB will receive on this issue.

General Manager Gray replied that unfortunately, this is a good example of process trumping results, and that even though the Environmental Protection Act (EPA) was well-intended, a new process can basically derail an existing process, and the legislation is unbelievably complex.

Vice President Brown gave a brief explanation to the audience of the potential environmental disaster and EWEB's desire to prevent oil from leaking into the river from transformers at Carmen-Smith that are on a deck over the river. He reiterated that EWEB has the money and the will to prevent this from happening but is being prevented by federal government from doing anything about it.

General Manager Gray added that trees would also have to be removed, which would also require a new environmental assessment, and that it is staff's hope that modifications to the substation can be done within the existing scope.

Commissioner Manning mentioned the volunteer work that EWEB employees have done for Habitat for Humanity, the Day of Caring, etc. He said that he had been approached by Marvin Revoal of the American Cancer Society about a study they are doing in the Eugene area where participants respond to an annual questionnaire to try to find out how cancer develops and if there are certain habits that may cause it. He believes it would be a worthwhile project for the Board and possibly staff to participate in.

Commissioner Mital asked for an update on a recent metering policy change, as some friends of his who have solar in their home mentioned to him that the way the calculation had changed had benefited them.

General Manager Gray replied that the changes were in the rate itself and also in the format of how it appears on the bill. He explained that staff had communicated to customers that EWEB was switching to a different rate but the bill didn't show what was generated. He added that with the time of use pilot, staff is asking the customer information system vendor to make that clearer on the bill, and staff will provide the billing agent with whatever they need in order for the bill to show that, whether it be net generation or selling back.

Mark Freeman, Customer Services/Energy Management Services Manager, briefly explained how the net metered rate is calculated. Commissioner Mital said he would also appreciate a written description. President Simpson asked to have this added to the starboard report.

Jeannine Parisi, Community & Local Government Outreach Coordinator, added that staff is planning a broader communication than that, as it is a better calculation than before, and she will forward a copy of that communication to the Board when it is completed.

PUBLIC INPUT

Ruth Duemler appreciated the Board's statements and the work they are doing for the community, especially for clean water. She asked the Board to go slow on advanced metering infrastructure (AMI), as she is concerned. She stated that she recently had four friends diagnosed with brain tumors and two have them have passed away. She noted that many years ago one in 20 people had cancer and now she believes it is one in three. She referenced a 1970s Nobel Prize winner who was one of many who approached the California Resources Board to take the lead out of gasoline, but very little was ever done, and she referred to changing a power plant in California from high sulfur oil to natural gas power, with no further complaints. She again urged the Board to take their time and use precautionary measures to stop smart metering until more is known about it.

Geri Brooks read a letter from Dr. Richard Hansen of Emerald Valley Wellness Clinic in Creswell, Oregon about a patient in Bandon, Oregon who had sought counsel because of exposure to electromagnetic fields (EMF) and radiofrequency (RF) from an RF meter that had been installed by the local utility, even though they had been requested to cancel the installation. The patient developed sleep disturbance, palpitations, headaches, nausea, exhaustion,

forgetfulness, confusion, and sleep apnea, among other issues, and had to move out of her home. After the letter was sent to the Bandon City Manager, a creative solution was worked out by the utility that was amenable to both parties, and the patient was switched to an analog meter.

Dr. Richard Gabriel was a medical professional (dentist) for 40 years. He asked the Board to educate themselves, move with caution, and look at the big picture for smart metering. He noted that the southern Willamette Valley has one of the highest cancer rates in Oregon, though no one knows why, and that when he worked in public health from 1976-80, he used to read all the reports. He stated that he was never allowed to write a prescription for a medication without approval of FDA or without clinical studies, and that smart meters do not have the medical trials and research that show the public that RF microwave is safe to humans or mammals. He reminded the Board that as commissioners, they are legally liable, and EWEB is legally liable if they initiate a mass smart metering program. He added that many cities in California have opted out and that there are lawsuits coming to the industry about RF from workers, through OSHA, that are on the table right now, to protect workers from higher frequency and medical issues.

Kathleen Cordes, M.D. recalled that she spoke to the Board several months ago about a group of professionals doing literature review regarding smart metering and its many biological and medical effects, including the effects of cell phone use in connection with brain tumors. She stated that the final report written by Paul Dart, M.D. is now complete and was previously sent to the Board via e-mail, and that Dr. Dart would like to make approximately an hour-long presentation to the Board, plus time for questions. She asked the Board to let her know when a good time would be for him to do that, and she added that this report will also be distributed to the press and the public.

Barbara Nugent told the Board that microwave effect is a big issue, as depending on the direction of the line velocity, wattage and proximity to the source, they can penetrate walls, tissues and organs. She noted that the human embryo has no defense against microwave; that the DNA in mitochondria in young girls' ovaries act like antennae and can be irreparably damaged, and that that damage will be passed on from generation to generation in females; and that according to some experts in microwave technology, there is no safe limit for exposure to children under age 14. Regarding smart meters, some research finds that these emit much stronger frequencies than cell phones, some saying up to four times stronger. Even if EWEB installs smart meters with less- generation cellular chips, they don't last long, and that once smart meters are in place, newer technology like radio programming can be installed with the mere change of a chip. She asked the Board to consider doing more case samples and statistical examples of how much more ratepayers will pay in the future, and not open this "Pandora's box."

Joe LaFleur, a geologist, reiterated his previous public testimony that the birds upriver (Leaburg Lake, Walterville Pond, etc.) have virtually disappeared since the cell phone towers were switched from 3G to 4G, and that he had met with the McKenzie River Trust at their new property on Camp Creek Road, and nobody could see a bird there either. He noted that he had previously brought a CD of these areas where the birds have disappeared to a Board meeting,

that supposedly was given to one of EWEB's environmental staff, but he has received no response, so he would like to know who it was given to and what the response was, as he doesn't want to waste his time giving public input if he isn't going to get a response.

Michael James Long is a retired pharmacist. He presented the following testimony:

"I am not convinced that the smart meter program as currently envisioned would be completely beneficial to our entire community. I am also deeply concerned and apprehensive that EWEB is considering signing contracts for installation without public dialogue. During 2012, public meetings were presented and the outcome was a moratorium. What is going on now?"

That smart meters emit lower RF doses than cell phones, wireless phones and the multitude of computer products is not the primary concern. I can only speak for myself, but I do not use my cell phone, house phone, computer or microwave continually throughout the day. According to testimony presented at a recent community discussion I attended, EWEB is currently considering a MESH that operates 24 hours a day, along with all of your neighbors.

The indisputable fact is that radiation exposure in ALL forms is CUMULATIVE. In June of 2005, the BEIR VII report, which focuses on the health effects of low levels of low linear energy transfer (LET) ionizing radiation, reaffirmed the conclusion of a prior report that EVERY EXPOSURE to radiation produces a corresponding increase in cancer risk.

When I personally asked the Citizens Utility Board (CUB) of Oregon their position, the response was that we should wait and see what happens in California and other states and evaluate the impact."

Matt Nelson urged the Board to set rates that are reasonable and stable, and he believes that a \$26 million contract for smart metering will definitely raise rates. He said that the Board heard great testimony tonight, and that it is part of the EWEB legacy and it would be neglectful to not take that into account. He asked the Board to listen to the public, as they are telling them what the public wants. Regarding the time of use pilot, he is the breadwinner for a young family and he would be unfairly penalized with a time of use rate, and he said he will not change his behavior, though he does try to conserve energy as much as he can, for the environment and because he wants his EWEB bill to be lower. Regarding smart metering, he doesn't want the constant radiation exposure for him or his children, and he doesn't want the safety risk or the cost associated with it.

Kathy Ging presented the following testimony:

"I remember Tom McCall's legacy of innovation including energy policy. This Oregon Republican Governor helped to create a state that attracted kindred spirits co-creating an enhanced environment and innovative energy policy documented in his energy policy director's (Joel Schatz) legacy book, Transition.

My suggestion to EWEB at this crossroads is to step back from a \$26 million smart meter contract and use patience, prudence and the precautionary principle in designing next steps.

EWEB should tap our community's creativity and research ability by authorizing two advisory committees – one that would do focused research favoring smart meter implementation and a second advisory committee that would focus on the disadvantages, and then have the results of both presented to the Board. Greg Armstead in an email to me over a year ago said that he thought that an advisory committee was a good idea – but nothing happened.

Why the rush? We are in a period of electricity surplus and financial shortfalls. I submit the Register-Guard article of 4.24.12 whose headline reports EWEB's High Tech Meters on Hold ...Delayed Until at Least 2015 (in headline).

Four of five letters to the Register-Guard and Eugene Weekly recommended postponing or stopping EWEB's Smart Meter program. Two of three people who voted on the Register-Guard online home page one-question poll asking if one wanted a smart meter said NO, and this is not generally a liberal-leaning audience.

In EWEB's authorized poll, Question 8: *Installing advanced 'smart' meters to reduce operating costs and provide customer benefits* - 65.4% (437 persons) said DELAY and 8.4% (56 persons) said DON'T KNOW. Only 26.2% (175 persons) said MOVE FORWARD (page 11 of 12).

On Question 9 on a scale of 1 through 7, with 1 the highest rating, 78% of those polled rated *installing advanced 'smart' meters to reduce operating costs and provide customer benefits* as low priority 4 through 7 (43.1% rated them as the LOWEST priority - number 7). Only 4% answered number 1 – highest priority. And 78% of respondents rated this action between 4 and 7 in order of importance, i.e., low end of scale (page 10 of 12).

It should be noted, too, that articles in the press have been biased and the information on EWEB's website has not included the essential more recent research and declarations by multiple professional medical organizations and doctors such as the moratorium recommended in 2012 by the American Academy of Environmental Medicine AAEMonline.org.

As several of us passed out our revised flyer last weekend, I noticed that not one person who had a child with them refused the flyer – they were ALL concerned with EMF effects on the next generation as more studies are finding adverse health effects from cell phones and other wireless or wired electro-smog.

The majority of those who initially started or have met with Families for SAFE Meters have advanced degrees in science, engineering, journalism, medicine, computers, pharmacology, business, library science, teaching, public policy analysis and other professions.

It MAY be difficult for some Board members who have been promoting Smart Meters as the best invention since power lines to re-evaluate this flawed technology and EWEB's fast tracking modus operandi, but I ask that you request a PRINTED COPY of **Analysis: Smart Meter and Smart Grid Problems, 2nd ed. (12.12)** I emailed to you today as public record and here is one hard copy; please read it carefully and consider the liability you and your ratepayer-owners may be assuming by your fiscal decisions.

California attorneys helped with the research to provide references for possible statute violations and future legal ramifications. I plan to add a chapter to the third edition of the book (which may be turned into a hard copy and E-book) about EWEB's smart meters process and decisions. I anticipate that they will be public processes and decisions for which this community will be proud and relieved rather than have regret and remorse that hasty and uninformed decision-making was allowed to occur.

EWEB has the advantage in this intellectual community of examining problems in other areas and not accelerating a decision until the technology is improved or replaced. Smart meters have been installed in parts of California since 2009, so sufficient history has been made to summon us to use extreme caution.

Your slant on the opting out provision that you ostensibly are considering is, like many other conclusions EWEB staff and Board have made, not totally informed by current science, journalistic investigation or by field experience. I learned from my sister, an RN who completed a five-week electromagnetic field online class from a mechanical engineer, that a smart meter on a house ACROSS THE STREET can still have adverse health impacts on a person even if one opts out!

So please do not continue to say that opting out is a viable alternative.

My suggestions: please ask EWEB staff to print out the ANALYSIS report that I referred to and emailed you today. Also ask staff to post this and other reports you have received on EWEB's website along with University of California, Santa Cruz nuclear policy analyst Daniel Hirsch's corrections to the incorrect CCST report that has been on your website, exonerating smart meters.

It is imperative in this scholarly minded community that you not neglect your responsibility as public stewards to disseminate balanced information on a complex confusing technology with a very questionable recent history.

This university-educated community deserves to have the disadvantages of smart meters, wired and wireless, and the smart grid fully delineated so that owner-ratepayers can decide or help you decide what is best for all of us.

Thank you for your careful consideration of these requests."

Greg Giesy is the chair of the subcommittee to keep College Hill Reservoir open. He told the Board that his group has conducted daily watches since April 16 and no dog waste has been found, and during that time he has only received one report of a person attempting to walk their dog there, and when they were told it was no longer allowed, they left the area. He added that his group's website should be up and running within 30 days or so, and that he wants the Board to know that his group is doing what they said they would do.

Robin Bloomgarden asked the Board to be sure to sign up with the American Cancer Society survey before they participate in the time of use pilot program. She asked why they are in such a big hurry for smart metering when last year they voted to postpone it until 2015, and she also noted that there are now new Commissioners who are not yet up to speed on the project.

Joshua Korn has done research on the health impacts of microwave radiation, and is working on a book on the subject. He said that this is a serious issue for EWEB and probably not one any of the Commissioners have faced in their careers, and that it is also an international issue. He urged the Board to pay close attention to the medical professionals' report.

Jack Dresser, Ph.D. was unable to attend the meeting but submitted the following typewritten testimony regarding his concerns about smart meters and the health risks of EMF radiation:

Animal nervous systems have evolved for transmission of electrical signals that control every living function. Radiation of electromagnetic fields into these systems will inevitably affect us in many yet unknown ways, but research findings so far are not encouraging.

In 1995, two scientists reported DNA damage following just two hours of exposure to MWs radiation in the journal *Bioelectromagnetics*.

In 2004, a pan-European study involving 12 collaborating laboratories using sensitive in-vitro methods found "compelling evidence" of DNA damage from EMF exposure.

In 2011, a working group of 31 scientists from 14 countries representing the World Health Organization's International Agency for Research on Cancer met for a week to review research on potential carcinogenic hazards from exposure to radiofrequency electromagnetic fields. The group concluded by classifying RF radiation as a possible Group 2B carcinogen to humans comparable to DDT, engine exhaust, and pesticides.

Of 919 studies on the effects of mobile cell phone towers that emit RF radiation, 593 showed negative effects on birds, bees, other wildlife, plants and humans.

The Wikipedia entry on mobile phone radiation and health cites 91 documenting citations. These all represent potential expert witnesses against utility companies in future lawsuits charging damage from EMF exposure.

Potential Liability

Four Israeli plaintiffs have filed a 3.68 billion NIS (\$9.5 million) class action lawsuit against four Israeli cell phone companies.

An Austrian scientist working for the Austrian Workers Compensation Board found that cell phone exposure produces broken DNA, thereby increasing cancer risk. This has opened the door to personal injury claims throughout Austria.

In France, the Versailles Court of Appeals stated, "...it comes clear from reading the contributions and scientific publications produced in debate...that uncertainty over the harmlessness of exposure to the waves emitted by relay antennas persists and can be considered serious and reasonable."

The World Health Organization's recommendation to follow "the precautionary principle" to avoid "a potentially serious risk without awaiting the results of scientific research" would most certainly be invoked in a personal injury lawsuit.

Cell phone studies are increasingly linking cell phone use to gliomas, the most common and deadliest form of brain cancer. An Italian executive won a "major award" for a glioma brain tumor, which tends to occur more often on the side of the head, where the patient typically holds the phone.

Insurance companies do not trust industry-supported research, and fear "billions in insurance costs" in the 2020-2030 decade. As a result, 60% of insurance companies will no longer insure cell phone companies.

Parker Waichman, LLP, one of the preeminent personal injury law firms in the country, is inviting glioma patients to "find out how we can help you." Will smart meters be the next personal injury gold mine with cell phones establishing legal precedents for EM radiation damage?

Cybersecurity

An October 2010 Scientific American article described the Smart Grid as "a dangerously dumb idea" since "connecting what are now isolated systems to the internet will make it possible to gain access to remove sites through the use of modems, wireless networks, and both public and private networks...providing hackers with a potential source of private information to steal." They continued, "smart meters injected with malware could disrupt the entire grid just as PC botnets now disrupt the internet."

The federal government had "catalogued tens of thousands of reported vulnerabilities in the grid." Building in robust security greatly increases the cost and will probably never be adequate to keep ahead of inventive hackers.

In August 2011, NCircle, the leader in automated security and compliance auditing solutions, reported results of a survey of 544 IT security professionals. Asked, “are you concerned about smart grid cybersecurity,” 77% said yes.

In January 2012, Pike Research described the current state of security for Smart Grids as “near chaos.” “The attackers clearly have the upper hand,” they reported. “Many attacks simply cannot be defended.”

In April 2012, hacking expert David Chalk stated, “There is not a power meter or device on the grid that is protected from hacking, if not already infected with some sort of trojan horse that can cause the grid to be shut down or completely annihilated.” Chalk continued, “bring forward a technology and I’ll show you it’s penetrable,” and predicted “a 100% certainty of total catastrophic failure of the entire power infrastructure within three years.”

Former CentCom Commander and CIA director David Petraeus told a meeting of the CIA’s venture capital firm that governments will use wireless smart meters to spy on citizens.

Former CIA director James Woolsey described the Smart Grid as “a really, really stupid grid.” In 2010, the FBI reported that a series of hacks perpetrated against “smart meter” installations over the past several years may have cost a single U.S. electric utility hundreds of millions of dollars annually, predicting much more to come with the increase of smart meters.

Dr. Dresser also submitted a photocopy of a page from a report which listed the fiscal impacts of and problems with smart metering in the state of California.

Commissioner Manning thanked the public for their testimony and said that their comments are taken very seriously and that even though they don’t receive direct feedback, their comments are heard. Regarding rates, he stated that General Manager Gray and the Board are concerned about rates and are doing everything possible to make sure they remain as low as possible. He reminded the audience that some of the fees on the EWEB bill are City of Eugene fees and not EWEB fees, and that in his case, what he pays to EWEB is usually only about one-half the amount of the bill. He added that if customers deduct the City fees from the EWEB portion of the bill, they will see a substantial difference.

Commissioner Mital told the audience that their testimony is persuasive and that he hears it and understands it, and he thanked them. He noted that two or three people who testified were concerned that the \$26 million smart metering contract is a done deal, but it is not a done deal. He explained that Board concern about this contract was clearly expressed at a previous meeting, as reflected by a 3-2 vote to approve the contract, and that it was also clearly expressed at that meeting that the Board was not voting to support the installation of a smart metering program. He clarified that what was approved was a contract to purchase a certain type of meter (because meters need to be replaced every year no matter what), and that with the possibility of future conversion to smart metering, the Board elected to purchase meters which could be easily converted to smart meters if in fact smart metering is approved.

He reiterated that the above approval did not authorize smart metering and that the audience was told at that meeting that the Board expected some confusion, just as they themselves had been confused. He added that General Manager Gray and staff had assured the Board that this was not the vote that everybody was anxious about, but merely an opportunity to start down the path of purchasing new meters that could be converted to smart meters later, if smart metering is approved at a later time.

Commissioner Mital continued, saying that he is upset that there were members of the Families for Safe Meters group present at that Board meeting who were spoken to directly, so he believes there is some misinformation out there, especially since Kathy Ging was present at that Board meeting, and he thinks that is unfair. He reminded the audience that the minutes from every Board meeting can be read on the EWEB website, and he reiterated that the installation of smart meters has not been approved.

Commissioner Mital thanked Mr. Giesy for organizing the volunteer committee of “reservoir dogs,” as EWEB needs and appreciates that cooperation.

Commissioner Mital stated that he wasn’t making light of a time of use pilot program competition between Commissioners, but that it is his intent to get to the bottom of an important issue, and the time of use pilot program is designed to give the Board some insight into that. He added that EWEB Board, staff and customers need to know whether or not a time of use program is going to save customers \$25 per month or \$200 per month, as that information matters. He reiterated that his mind has not been made up regarding smart metering or a time of use program, and that he hopes that the public sees that EWEB has to battle a certain amount of misinformation and fear by a portion of the community.

Commissioner Helgeson thanked Mr. Giesy and his group for the College Hill Reservoir watch efforts. He said that he also appreciates staff’s effort to work toward resolution and is glad that EWEB may be able to take action that will be beneficial to both parties and will hopefully be successful.

Commissioner Helgeson then clarified the time track for smart metering, which will next be discussed in August. He recalled that the Board did a comprehensive review of the project and proposal and that General Manager Gray had recommended that the project be delayed, proposing to move it back to 2015-16, and that revised time track is still in effect. He reiterated Commissioner Mital’s comments that the 3-2 vote for the contract has still not been executed and will be held up until it is brought before the Board again in August, and that he believes that is consistent with what the Board and public had previously heard the timeline would be. In closing, he noted that he has not made a decision on how he will vote, as he is still gathering information, and that he looks forward to the process moving ahead.

Vice President Brown thanked the public for their testimony and told them the Board is listening to their comments. Regarding tonight’s public input that there is insufficient advance notice of Board meetings and agendas, he reminded the audience that Board agendas from the

present time through December 2014 are listed on EWEB's website, and that staff does the best they can to get the information out early.

Regarding the testimony about the health concerns of smart metering, Vice President Brown stated that Board and staff all have families, children or grandchildren, and that there is concern about how it affects people. He noted that there are more microwave effects in the ICUs and NICUs in hospitals than there is anywhere else. He reminded the audience that there will be an opt out option for smart metering if it is approved, and that even he has had personal experience with Northwest Natural Gas installing a smart meter at his home without his knowledge.

President Simpson acknowledged that smart metering is a worldwide issue and that it doesn't make Eugene unique in any way. He reminded the audience that this is not about EWEB Commissioners being against them, or EWEB being against them. He attempted to continue his comments in reply to tonight's public testimony, but because of negative comments and disruptive behavior from a portion of the audience, he closed the public input portion of the meeting and did not complete his commentary.

APPROVAL OF CONSENT CALENDAR

MINUTES

- 1a. April 16, 2013 Regular Session
- 1b. May 7, 2013 Regular Session

CONTRACTS

2. Andrea Mason – for project management services for the Service-Oriented Architecture project – Information Services – \$40,000 (total \$59,500). Contact Person is Matt Sayre.
3. BTi Construction Company, LLC – for commercial/industrial backflow assembly testing services – Water Operations – \$25,000. Contact Person is Brad Taylor.
4. ECO Northwest – for Real Estate Development and Disposition Consulting Services for the Riverfront site – Engineering Department – \$250,000 (over five years). Contact Person is Kevin Biersdorff.
5. Eugene Backflow Testing – for commercial/industrial backflow assembly testing services – Water Operations – \$25,000. Contact Person is Brad Taylor.
6. Habitat Contracting, LLC – for Canal Vegetation Management Services along the Leaburg/Waltherville canals, minimum of twice per year, to comply with Federal Electric Reliability Corporation requirements – Environmental Services – \$300,000 (over five years). Contact Person is Steve Newcomb.

7. Habitat Contracting, LLC – for Carmen-Smith Transmission Line Vegetation Management Services to comply with Forest Service and Private Owners land use requirements and the Federal Electric Reliability Corporation requirements to maintain the Transmission Line Corridor – Environmental Services – \$250,000 (over five years). Contact Person is Steve Newcomb.

8. Make It Happen, LLC – for Ventyx Customer Information System Upgrade to the newest release – Information Services – \$100,000. Contact Person is Matt Sayre.

9. Oregon Woods, Inc. – for Wetland Mitigation Maintenance at the Roosevelt Operations Center – Environmental Services – \$145,000 (over five years). Contact Person is Steve Newcomb.

10. Oregon Woods, Inc. – for Vegetation Management and Enhancement Services along the Leaburg and Walterville Properties – Environmental Services – \$40,000. Contact Person is Steve Newcomb.

RESOLUTIONS

11. Resolution No. 1306 – Appointment of Assistant Secretary, Treasurer, and Assistant Treasurer. Contact Person is Roger Gray.

OTHER

12. Approval of Financial Policies – Contact Person is Cathy Bloom.

13. Headquarters Building Lease Interest – Contact Person is Steve Newcomb.

Vice President Brown pulled items #4, #9 and #13.

It was moved by Commissioner Manning, seconded by Commissioner Mital, to approve the remainder of the Consent Calendar. The motion passed unanimously (5-0).

ITEMS REMOVED FROM CONSENT CALENDAR

Vice President Brown stated that \$1 million has already been spent on the EWEB property and now another \$250,000 is being requested. He wondered why the additional \$250,000 is being requested and what the Board will receive at the end of this process that it doesn't have now, by approving this additional amount.

Kevin Biersdorff, Project Manager, replied that the purpose of this contract is to engage in a conversation about property value and disposition of the riverfront property, and staff believes this is critical. He explained that this consultant will offer advice around the different disposition possibilities—lease, purchase, public and private partnerships, etc., and will bring developers to the site and market the property. He noted that the amount is an estimate and that

the actual work will be done on a task estimate basis, and that as staff gets clear on what the Board is looking for, the individual tasks will then be created.

Commissioner Mital asked why staff chose an economics type company over a real estate type company. Mr. Biersdorff replied that this company offers an array of services, which is important, especially their experience in private/public partnerships in riverfront development, which is unique.

Vice President Brown asked if this company has a background in appraisals. Mr. Biersdorff replied that the RFP didn't require appraisal experience because of the riverfront property's unique situation, and because staff didn't have confidence that having an appraisal in hand would expedite disposition.

Vice President Brown again asked what product EWEB will receive for the \$250,000. Mr. Biersdorff replied that this will cover the initial task of defining what the Board wants to accomplish in this process, as without that information, staff cannot proceed.

Commissioner Helgeson stated that he has worked with Eco Northwest in the past, but his principal experience with them had been in economic consulting, so he was also a bit surprised to see them in this role. He recalled that the Board has expressed their sense of value with respect to what they would like to see for development on the riverfront site, including code language, and that he is hoping that a lot of what has been alluded to as Board values is already embedded in the work, including the best strategy for moving that vision forward in a way that stays true to the elements embodied in the Riverfront Master Plan, while obtaining the highest value in a tough market. He added that he won't vote against this contract but he wants to be clear about his confusion about Eco Northwest taking on this role, as this wasn't an area that they had a specialty in in the past.

Mr. Biersdorff stated that he believes they have the experience to take on this role. He then introduced Ann Fyfield from Eco Northwest.

Ms. Fyfield explained that Eco Northwest has expanded the type of work they do, and that Abe Farkas (former City of Eugene and Portland development staff member) has joined their staff. She stated that in the last 10 years they have done more redevelopment work, including working with the City of Hillsboro to revitalize their downtown (with a brown field existing), and how to eliminate the brown field and then provide a creative, vibrant downtown. She also reviewed various other redevelopment projects they have worked on.

Vice President Brown reiterated his concern that a large amount of money has been spent on phases 1 and 2, and the study is still not complete. He wondered if this is a cost-effective expenditure of ratepayer money.

Ms. Parisi stated that staff favored Eco Northwest because they were much less process-oriented than the other company who submitted a request for proposal, and that their type of expertise is necessary, and that the process will move quickly.

Commissioner Mital stated he is a bit unclear on where the Board is on this process and that, with hearing this; it causes him to want to take a step back. He wondered what work still needs to be completed.

Commissioner Manning stated that EWEB is still putting out large amounts of money, but he believes that all they have to show for it so far is designs and ideas.

Ms. Parisi explained that this process will result in an entitlement to allow EWEB to redevelop the riverfront property, as the property has zero value now. Once approval is received, the City of Eugene will grant release of their first right of refusal, and these things create value and flexibility, and certainty for private development that there is something that can be done with the property. She noted that staff hasn't had a conversation with the Board yet about declaration of surplus, and whether they are going all in, all at once, or holding back, but that staff has just learned that EWEB could have a decision from the City Council by July 8, and they want to be prepared when they get that decision. She added that staff is anxious to generate some excitement, as they believe there are developers who are watching this process, and staff needs assistance with analysis and assessment.

Vice President Brown stated that he is okay with Mr. Biersdorff's explanation and with spending the money, but he wants to be very careful and judicious, as time kills deals, and the market is much better now.

Commissioner Mital said he will follow Vice President Brown's lead, as he is the resident property expert. He asked what the next steps in the process will be.

Mr. Biersdorff replied that once Ms. Fyfield and her team engage the Board to define the tasks, more will be known about that. He noted that one of the things staff likes about the contract is that it is fluid and flexible depending on what may happen along the way. For example, a certain developer may want to cherry pick portions of the property, which will make it more difficult for other developers.

General Manager Gray added that staff does not have the expertise to answer some of the Board's questions regarding process, how to prove property value, etc., nor is he comfortable advising the Board on how to conduct this transaction, and that is why the consultant has been hired.

Commissioner Helgeson stated that he is now much more clear on the process of how to position to market the property, deposition, etc.

It was then moved by Vice President Brown, seconded by President Simpson, to approve the contract with Eco Northwest. The motion passed unanimously (5-0).

Regarding item #9, Vice President Brown asked if there were two or three years left to sign off on the wetlands. Steve Newcomb, Environmental Manager, replied that there are two years left, and this contract will take staff through that, though certain criteria has to be passed,

and staff is of course dealing with nature (plants). Once the criterion is passed, the wetlands are self-sustaining. He explained that the contract is hourly and EWEB staff directs their work, and that the budget was reduced \$15,000 this year and will be reduced further next year, and is well under budget.

Commissioner Mital appreciated staff's background. He asked if the money goes into a local mitigation bank, and why the project was split into portions instead of doing it all at once.

Mr. Newcomb replied that the money does go into a local mitigation bank, and that during the design process, the citizens who participated in the design charrette preferred the wetlands on site, so that is what was done. He reiterated that when the landscape is completed, it won't require ongoing maintenance except minor tasks such as clearing brush.

It was then moved by President Simpson, seconded by Vice President Brown, to approve the contract with Oregon Woods, Inc. The motion passed unanimously (5-0).

Regarding item #13, Vice President Brown offered to donate his services to negotiate the lease for the headquarters building unless there is a perceived conflict, as he knows the lessor well and the lessor knows him well. President Simpson supported Vice President Brown's offer.

Mr. Biersdorff deferred this decision to the Purchasing Department.

Commissioner Helgeson stated that he would like to end up with a tenant whose uses are compatible with EWEB and who is sensitive to the public use of the building, and that he understands there will be certain constraints, but he wouldn't want them to detract from what has been a historically publicly accessible facility.

Mr. Biersdorff replied that the lessor is a great company who has been great to work with.

It was then moved by President Simpson, seconded by Vice President Brown, to approve the headquarters building lease. The motion passed unanimously (5-0).

President Simpson called for a 10-minute recess.

PROPOSED BY-LAW AMENDMENT

President Simpson recalled the restructure of Board meeting agendas that he mentioned earlier and stated that all appropriate processes and notices have been completed, and that this agenda restructure requires an amendment of the Board by-laws. He asked if every Commissioner understood what is being done with the by-laws. The Commissioners expressed understanding. President Simpson thanked General Manager Gray and Taryn Johnson, Executive Assistant to the Board and General Manager, for moving forward on the by-law amendment.

General Manager Gray noted that a proposed by-law amendment requires a public hearing, and briefly explained the process.

PUBLIC HEARING FOR PROPOSED BY-LAW AMENDMENTS

There was no testimony.

President Simpson reiterated that Board meetings will now start at 5:30 p.m. instead of 7:30 p.m. and will always be held on the first Tuesday of the month with the second Tuesday of the month available if necessary. He also reiterated that all the required announcements and notices have been made. Ms. Johnson added that this information has been posted on EWEB's website and in EWEB's lobby and that it was posted for the required 10-day period before action is to be taken.

BY-LAW AMENDMENT – RESOLUTION NO. 1307

It was moved by Commissioner Manning, seconded by Vice President Brown, to approve Resolution #1307 to enact the above by-law amendment. The motion was approved unanimously (5-0).

Commissioner Mital noted that staff followed up with Mr. LaFleur this evening before he left the meeting, regarding his photos of the lack of birds upriver.

Regarding his abrupt closure of public input regarding AMI earlier this evening, President Simpson stated that his e-mail address is listed on EWEB's website, and that he is available to the public if anyone has any questions.

PUBLIC PROCESS FOR 2014 BUDGET AND STRATEGIC PLAN UPDATE

Lance Robertson, Public Affairs Manager, stated that tonight's objective is to obtain Board consensus or direction on management's overall strategy for increasing public participation in the budget/rates and strategic planning processes.

He stated that staff is planning for expanded public engagement for the 2014 budget and rates decision-making processes and that the next Strategic Plan update will also include meaningful customer and employee engagement, and that the Strategic Plan update will begin in the fall of 2013.

He reviewed the following public engagement objectives:

- Expand customer engagement for the 2014 budget and rate-setting
- Create a more logical and thoughtful Strategic Plan process in which customers have the opportunity to influence the utility's future course
- In the short term, conduct parallel processes that can merge elements as needed

- Position the Strategic Plan as the primary focal point for public participation (2014 and 2015)

He then reviewed the timeline for the 2013 budget, opportunities for Board-specific outreach, opportunities for surveys and customer feedback, the process for refocus on the Strategic Plan, and the timeline for the strategic planning public process.

President Simpson asked Mr. Robertson for his summary of the most recent public survey so it can be added to the starboard report, primarily for the new Commissioners to review.

Vice President Brown stated that he wants to be sure that the public engagement process includes those customers who have testified at Board meetings that even a \$3 per month rate increase is too much for them, and that it also includes the elderly people who have testified that they had to give up their pets because they can't afford to feed them anymore because of a rate increase.

Ms. Bloom replied that the public will be given a chance to offer comment early in the process, in July.

Commissioner Mital voiced concern about addressing the special interest groups, for example, the smart meter group who testified at tonight's meeting, and stated that he worries about exacerbating tension that may not be able to be resolved. He reiterated his interest in a telephone survey that would be more scientific.

Mr. Robertson replied that staff wants to have multiple formats for the public engagement meetings, for example, setting up a table for each one of EWEB's business strategies and then asking the public to move to a different table every so many minutes, as it is helpful for staff to hear this type of information. He noted that with a telephone survey, it is difficult to provide context with multiple choice questions.

General Manager Gray stated that he believes a combination of things needs to be used in order to get information from the public. For example, Mr. Freeman is looking at merging customer service and energy management services programs in terms of landlord/tenant interactions.

Vice President Brown wondered if staff could do direct outreach to the customers who return every year to give public testimony, as EWEB has their street addresses and sometimes receives their e-mail addresses.

Commissioner Helgeson stated that he is fine with what Mr. Robertson is planning, but is not as clear as he would like to be with what the Board is trying to accomplish with public outreach, and that he wants to make sure that when the Board makes a decision, they have as much public input as possible that is reflective of the community interest as a whole.

President Simpson stated that he is hopeful about the public workshops but feels that they need to be subject-specific. He also stated that he doesn't believe that one public hearing is enough and that he believes that waiting until October for the first public hearing is too late. He wondered if two back-to-back public hearings that are sort of identical would be better, for a larger amount of people to be heard. Regarding the customers Vice President Brown had mentioned earlier who can't afford a \$3 per month rate increase and the elderly who have had to give up their pets because they can't afford a rate increase, he said it would be fascinating if you could just immediately shift from that type of testimony to a brief workshop, and have the Board meeting stop temporarily for a brief period. He wondered if there might be an opportunity to utilize one of the third Tuesday of the month meetings with a formal meeting at the beginning and then go into public input, where two hours is allocated for public testimony.

Commissioner Mital stated that he doesn't see how the plan reshapes the outcome, and stated that he will continue to push for a statistically valid survey, as he worries that a lot of time will be spent without obtaining actionable items to work from.

President Simpson recalled that his vision was to have a public budget committee.

Commissioner Helgeson stated that he shares some of Commissioner Mital's concern, and that he wants the public process to be successful and target some of the outcomes that are expected, but he realizes that there are some external things that can't be controlled.

Mr. Robertson stated that staff can go back to the drawing board and then return to the Board, or send a revision of the above plan to them in memo form, in order to take a look about what could be done regarding public engagement as part of the Strategic Plan. He added that not a lot has been added for the budget and rates process.

General Manager Gray stated that he always recommends using statistically valid surveys, and that he believes the 2011 survey was very insightful—a back to basics message, i.e., this is what customers value, and in what order—and those findings can be discussed as part of the public outreach.

Commissioner Mital asked about hiring a group to do Oregon Student Public Interest Research Group (OSPIRG) type work, going door to door to provide context and get feedback.

Commissioner Manning stated that he shares many of the same concerns that Commissioner Mital has, particularly regarding hearing from the same group of customers most of the time. He said it is important to tap the customers that EWEB doesn't hear from, but he isn't sure how to get them energized. He also stated that he believes it is important to move forward on this process, understanding that there are some things beyond Board and staff control, and that the public also needs to understand that.

CARMEN-SMITH LICENSE PROCEEDING

Roger Kline, Generation & Fleet Manager, gave the Board a brief update. He noted that there will be reduced project expenditures over the long term and that it is very important to do the substation work as soon as possible. He added that the overall budget for the project will be smaller and will be stretched out further, and there will be an increased need to borrow money because the project timeline has slowed.

A brief discussion ensued regarding the re-filing of a letter that EWEB received, which was originally filed in March 2013, from the U.S. Forest Service to the Federal Energy Regulatory Commission (FERC), regarding what can be included and what cannot be included in the Carmen-Smith license. General Manager Gray added that this information is a big change from the original settlement agreement, but the power market has also changed from the time the original settlement agreement was crafted.

After the brief discussion, General Manager Gray suggested that the Board meet in Executive Session to discuss the above information with legal counsel, and then bring this item back to the public at a later time. The Board agreed.

CORRESPONDENCE AND BOARD AGENDAS

General Manager Gray proposed adding the feedback he received regarding College Hill Reservoir to the consent calendar for the next meeting and apologized for not sending it to the Board in advance. He noted that staff's recommendation includes some restrictions, though they are not severe.

General Manager Gray recalled that Mr. Robertson and Ms. Bloom had discussed some new items to include in the Strategic Plan, and that President Simpson had said he didn't want to wait until October for the second public session, and wanted to possibly conduct this in August. He noted that it would best to add a second meeting in August for this, though September 3 is scheduled with no agenda at this time. He also noted that September 17 is the annual Board meeting that is held upriver, and that the Board tends to focus on only upriver issues at that meeting.

General Manager Gray then summarized tonight's follow-up items:

- Two items for the starboard report - net metering and the 2012 benchmark survey
- Schedule meetings with Eco Northwest
- Approval of the bylaws
- Discussion regarding public process – use of additional items and additional tools
- Work with the Board on going to the public with a meeting format
- Follow up Carmen-Smith issue in Executive Session – business and legal implications

Regarding the rude behavior and disrespect from some members of the audience during Public Input this evening, Vice President Brown noted that the audience isn't allowed to applaud during City Council Meetings, and he suggested that the Board include this in their introductory statement prior to public input.

President Simpson agreed to add a phrase to the introductory statement that is made prior to public input regarding applause being disallowed.

General Manager Gray also asked the Board to consider how to respond to public input that makes a specific request, i.e., Dr. Cordes' request for Dr. Dart to submit his research group's document regarding smart meters to the Board. He added that this document will be assessed, and he recalled that EWEB had received a previous opinion from the State epidemiologist and the County health officer, and that he believes EWEB needs to rely on the people who make public health decisions. He agreed to update the Board on this subject at their August meeting.

Commissioner Mital stated that it is compelling to him that there are studies that show that cell phones help cause brain tumors. He said it would be helpful for him to get further information from staff to help him sort this out.

Vice President Brown stated that so far the Board has only heard one side of the story, and he wondered why Sensus (the meter manufacturer) has not refuted any of the negative information regarding health effects. He added that he really doesn't know who to believe anymore.

General Manager Gray replied that these are excellent points to make, and that staff doesn't have medical expertise, so they have to lean on regulatory agencies for this information, as they are the experts. He added that staff isn't in a position to judge what information has been presented to the public, and that just because multiple claims have been made, it doesn't necessarily make them true.

Commissioner Manning agreed that it would be nice to have someone refute the negative information regarding health effects, as Lane Electric Co-op has AMI and they haven't had any problems. He added that he has heard positive conversations about AMI but unfortunately those conversations aren't coming before the Board in the form of public input.

Commissioner Helgeson stated that sometimes Board decisions aren't clear and sometimes they take a while, and he wondered if some of the decisions that have a large financial impact should be made by resolution, including information on how the Board arrived at the decision and any information that was taken into consideration along the way.

As a few examples, Vice President Brown stated that he would like more clarification--just a basic education--about the effects of EMF in an emergency room, and also about the effects of his natural gas meter, the power lines behind his house, and his cell phone.

President Simpson offered some examples of EMF and RF effects from cell phones, meters, etc. and stated that these effects are most related to a person's distance from the source.

General Manager Gray agreed with Commissioner Helgeson's suggestion that a more formal process be used for Board decisions that have a large financial impact.

Commissioner Mital stated that if he had to vote today on a precautionary basis for AMI, based on the testimony this evening, he would ask staff what the hurry is.

Commissioner Manning reiterated that he needs more information before making a decision about AMI. He said he would like to hear the other side of the story regarding the health effects of AMI, because that may contradict some of the horror stories the Board is hearing, though he does support upgrading the infrastructure.

Commissioner Helgeson stated that it is the Board's responsibility to make well-balanced decisions but it is not possible for the Board to resolve uncertainty or risk.

General Manager Gray stated that more clarity is needed regarding Board expectations. He noted that for the business case, safety is just one concern, and that there is also a privacy concern. He recalled that the Board reviewed information from primary regulators, both in the U.S. and other countries, as well as regulatory and medical bodies. He also recalled that former Commissioner Cunningham had asked staff to reach out to the local and state medical community, and that was done, and the only responses received were from the state epidemiologist and the public health officer. He asked the Board who else they would like to help them make the decision.

President Simpson asked about the Federal Communications Commission (FCC) and the World Health Organization (WHO). General Manager Gray replied that smart meters meet all of their regulations.

Vice President Brown wondered if the Board should have another meeting in order for that information to be summarized. He reiterated that no one has argued the business case of AMI, only the medical case, and that he wants to make sure that staff has reached out to everyone. He reminded the Board and General Manager Gray that the opponents of AMI are the largest constituency of public testimony that the Board has heard from in the last seven years.

Commissioner Helgeson agreed that the Commissioners are not medical professionals and that they need to rely on medical professionals, and cite them as people that the Board relied on. He added that the Board needs to know what precautionary elements are there before design and implementation of whatever the Board chooses to do, and whether or not some of that risk can be minimized in the design and implementation.

President Simpson stated that he would want to know what that exposure would be compared to other daily exposures (some without our knowledge) from, for example, wi-fi.

General Manager Gray summarized the Board's issues regarding AMI:

- Would like a course on "RF 101"
- Informal workshops regarding RF and EMF
- A meeting dedicated to an AMI discussion
- Review of Dr. Dart's research document
- A hearing has already taken place at the FCC level
- Can our RF contribution be put in some kind of context?
- If we were to conclude that RF is dangerous, the danger is already there (from cell phones, etc.)
- How to formalize certain types of decisions (for example, with a resolution)

Commissioner Mital asked that staff keep the cost savings in mind as opposed to the physical cost (danger). He also stated that so far he hasn't been satisfied with the argument he has heard for urgency.

General Manager Gray reminded the Board that the meters will have to be replaced whether or not they are AMI-ready, as if they are not replaced, the business case will start to erode.

President Simpson adjourned the Regular Session at 9:23 p.m.

Assistant Secretary

President

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a new contract with **Black Box Network Services** for **ROLM telephone system maintenance and support at HQ, Hayden Bridge, Carmen-Smith and Leaburg/Waltermville.**

Board Meeting Date: July 16, 2013
Project Name/Contract#: Rolm Telephone Sys Maint & Support – SC #2335
Primary Contact: Matt Sayre Ext. 7721
Secondary Contact: Roger Gray Ext. 7130
Purchasing Contact: Cheryl Golbek Ext. 7389

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: \$54,000
Additional \$ Previously Approved: \$ N/A
Invoices over last approval: \$ N/A
Percentage over last approval: 0%
Amount this Request: \$54,000
Resulting Cumulative Total: \$54,000

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
If applicable, basis for exemption: EWEB Rule 3-0280 and ORS 279B.075
Term of Agreement: July 17, 2013 – July 16, 2015
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 checked="" 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 new contract with **Black Box Network Services** for the **ROLM telephone systems maintenance and support at HQ, Hayden Bridge, Carmen-Smith and Leaburg/Waltermville.**

Black Box Services has been providing maintenance and support of EWEB's Rolm telephone system since 2002. With the installation of EWEB's Internet Protocol telephone system, EWEB, with the assistance of Black Box Network Services, has been removing equipment from the Rolm telephone system. Staff estimates that 2 years will be needed for the complete decommissioning of the Rolm system.

Staff has directly negotiated a contract with Black Box Network Services for the maintenance and support of existing Rolm system equipment. If approved, staff estimates that the services will cost no more than \$54,000 over the two-year contract.

ACTION REQUESTED:

Management requests Board approve a new contract with **Black Box Network Services** for **ROLM telephone system maintenance and support at HQ, Hayden Bridge, Carmen-Smith and Leaburg/Waltermville.** Funds for these services were budgeted for 2013 and will be budgeted annually.

SIGNATURES:

Project Coordinator: _____

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 with **Evans, Elder & Brown** for **Sale of Light Industrial Property**.

Board Meeting Date: July 16, 2013

Project Name/Contract#: Sale of Light Industrial Property

Primary Contact: Steven Newcomb Ext. 7391

Secondary Contact: Roger Gray Ext. 7130

Purchasing Contact: Sarah Gorsegner Ext. 7348

Action Requested:

Contract Award
 Contract Renewal
 Contract Increase
 Other

Funding Source:

Budget
 Reserves
 New Revenue
 Bonding
 Other-real estate transaction proceeds

Contract Amount:

Original Contract Amount: \$60,000, listing agent commission

Additional \$ Previously Approved: \$n/a

Invoices over last approval: \$n/a

Percentage over last approval: n/a %

Amount this Request: \$60,000, listing agent commission

Resulting Cumulative Total: \$60,000, plus buyer agent commission and closing costs

Form of Contract:

Single Purchase
 Services
 Personal Services
 Construction
 IGA
 Price Agreement
 Other

Contracting Method:

Method of Solicitation: Informal Request for Proposals

If applicable, basis for exemption: n/a

Term of Agreement: July 16, 2013-initial listing term 90 days

Option to Renew? Yes

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

Narrative:

The Board is being asked to approve a new contract with **Evans, Elder & Brown** for **providing Broker Services**.

EWEB requires commercial real estate brokerage services for the sale of surplus property located on West 3rd Ave. Broker services required include consulting, listing, marketing, facilitating negotiations, and assisting in the completion of transactions for the sale of the property.

EWEB issued an Informal Request for Proposals in May 2013 to qualified commercial firms in the Eugene/Springfield area to provide brokerage services for the sale of this property. The solicitation was sent to seven (7) firms. Two (2) proposals were received and evaluated. Evans, Elder & Brown of Eugene, Oregon was selected as the highest ranked offeror based on the evaluation criteria. Evans, Elder & Brown offers extensive experience, proposed a robust marketing plan, and has the capacity to facilitate this transaction. They were also the lowest priced offeror. A notice of intent to award a contract to Evans, Elder & Brown has been issued, pending Board approval.

If awarded, this contract will begin upon contract execution and continue per the terms of the agreement. Closing costs and commission to both the buyer and listing agents are contingent upon the closing of the transaction.

ACTION REQUESTED:

Management requests Board approve a contract with **Evans, Elder & Brown** for **Sale of Light Industrial Property**. In addition to the listing agent commission, the Board is asked to approve other fees and costs associated with selling the property. Other costs may include a buyer agent commission (up to 3% of the selling price), inspections, property taxes, title fees, etc. These costs will be determined during escrow and will be based on the offers received for the property. Funds for these costs will come from the proceeds of the sale.

SIGNATURES:

Project Coordinator: _____

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 **6-month interim budget for the Public Agency Network (PAN) Operations in FY 2013-2014** in the amount of \$88,592, commencing July 2013.

Board Meeting Date: July 16, 2013

Project Name/Contract#: Public Agency Network/IGA 10092

Project Contact: Dean Ahlsten Ext. 7136

Secondary Contact: Mel Damewood Ext. 7145

Purchasing Contact: Tracy Davis Ext. 7468

Action Requested:

Contract Award
 Contract Renewal
 Contract Increase
 Other

Contract Amount:

Original Contract Amount: \$ N/A

Additional \$ Previously Approved: \$ N/A

Invoices over last approval: \$ N/A

Percentage over last approval: N/A %

Amount this Request: \$ 88,592 (for 6 months only)

Resulting Cumulative Total: \$ N/A

Funding Source:

Budget
 Reserves
 New Revenue
 Bonding
 Other

Contracting Method:

Method of Solicitation: Exemption-Intergovernmental Agreement (IGA)

If applicable, basis for exemption: EWEB Rule 6-0190, ORS 190.010

Term of Agreement: July 1, 2013 to Dec. 31, 2013

Option to Renew? No

Form of Contract:

Single Purchase
 Services
 Personal Services
 Construction
 IGA
 Price Agreement
 Other

NARRATIVE:

The Board is being asked to approve a **6-month interim budget for the Public Agency Network (PAN) Operations in FY 2013-2014** in the amount of \$88,592, commencing July 2013.

Since the initial deployment of the Public Agency Network in 2001, EWEB has served as the Executive Authority (EA) on behalf of the members. One of EWEB's roles as the EA is fiscal management of the PAN budget, and as such, the Board is required to approve the annual operating budget each year in July.

PAN Rates are made up of three components: 1) direct equipment operations and maintenance expenses; 2) indirect costs for tree trimming, test equipment & training; and 3) an equipment reserve account for future capital upgrades. Attachment A reflects a partial FY 2013-2014 budget of \$45,137 for direct expenses, \$29,055 for indirect expenses, and \$14,400 for the equipment reserve. Excess revenue from the FY 2012-2013 budget will be allocated to the equipment reserve account.

Per mutual agreement between EWEB and PAN member agencies, the Executive Authority role will be transitioning from EWEB to Lane Council of Governments (LCOG) staff on January 1, 2014. The LCOG Board will approve and incorporate the remaining six months of the PAN FY 2013-14 budget (January 1, 2014 – June 30, 2014) into their agency budget at their December 2013 meeting. A new IGA will be executed between PAN member agencies at that time to reflect the new structure.

The PAN is being re-designed to require less electronic multiplexing equipment and will rely primarily on the use of dark fiber. The reserve monies will be used by LCOG and the members to reconfigure the network; any surplus will be reimbursed to the members. EWEB fiber will continue to be used for connectivity between member facilities, and EWEB will recover its costs via its public purpose dark fiber rates. LCOG will be responsible for establishing PAN member rates and for reimbursing agencies for the use of their fiber. EWEB's dark fiber revenue from PAN is reflected within the budget line item "Utility Fiber Use".

ACTION REQUESTED:

Management requests Board approval of the **FY 2013-2014 PAN budget for the period of July 1, 2013 to December 31, 2013.**

SIGNATURES:

Project Coordinator: _____

LT Manager: _____

Purchasing Manager: _____

General Manager: _____

Board Approval Date: _____

Secretary/Assistant Secretary verification: _____

Attachment A

Board Consent Calendar Request, July 16, 2013

Proposed 6-Month PAN Budget for FY2013-14

Description	FY 10-11	FY 11-12	FY 12-13	<i>FY 12-13 Actual</i>	FY 13-14 July 1, 2013 - Dec. 31, 2013
EWEB Staff	\$ 29,000	\$ 24,000	\$ 24,000	\$ 9,950	\$ 12,000
LCOG support	\$ 12,500	\$ 12,500	\$ 12,500	\$ 6,999	\$ 6,250
Zhone Maintenance	\$ 28,773	\$ 28,773	\$ 28,773	\$ 28,773	\$ 14,387
Taxes	\$ 18,000	\$ 23,000	\$ 23,000	\$ 24,153	\$ 12,500
Fiber Use	\$ 21,293	\$ 21,293	\$ 21,293	\$ 38,479	\$ 29,055
Equipment reserve	\$ 28,800	\$ 28,800	\$ 28,800	\$ 28,800	\$ 14,400
Total	\$ 138,366	\$ 138,366	\$ 138,366	\$ 137,154 (1)	\$ 88,592

(1) Savings in operating costs re-allocated to increase Equipment Reserve

**RESOLUTION NO. 1301- AMENDED
JULY 2013**

**EUGENE WATER & ELECTRIC BOARD
BOARD APPOINTMENTS, BOARD COMMITTEES, ADVISORY
COMMITTEES AND OUTSIDE LIAISONS**

WHEREAS, Board Policy GP12 provides for the use of committees, outside appointments and liaisons to staff work as a means of gathering and disseminating information, representing the Board and providing preliminary input to Board decisions; and

WHEREAS, Board Policy GP12 further states that all committees, outside appointments and liaisons be created by resolution and that all appointments to said committees, outside appointments and liaisons be made via resolution; and

WHEREAS, the Board met on January 2, 2013 and discussed potential appointments to current and existing committees, outside organizations and internal project teams; and

WHEREAS, the majority of the current and existing committees, outside appointments and liaisons were first established by resolution on October 3, 2006.

NOW, THEREFORE, BE IT RESOLVED that the Eugene Water & Electric Board appoints the stipulated individuals to those committees, appointments and liaisons for the year 2013 or as otherwise indicated.

Lane Council of Governments (LCOG) – Provides coordination among Lane County governmental agencies. Term of organization is ongoing, term of appointment is annual, and John Simpson is primary appointee with James Manning as alternate.

McKenzie Watershed Management Council - Fosters better stewardship of the McKenzie Watershed resources through voluntary partnerships and collaboration. Term of organization is ongoing. Term of appointment is annual, and John Brown is primary appointee with Dick Helgeson as alternate.

Other Post Employment Benefits (OPEB) – A Commissioner is not a voting member of the Section 115 Trust that has been set up to oversee EWEB contributions to the trust, the investment of funds, and measurement of the unfunded liabilities of the retiree medical plan. Term of appointment is ongoing and James Manning is the appointee.

Northwest Public Power Association (NWPPA) – NWPPA is an organization in the Western U.S. and Canada. They provide training and education, public information, communication, federal legislative coordination, surveys, data and networking opportunities and products and services for the utility industry. Dick Helgeson is appointee.

Changes in these assignments may be made at the direction of the Board.
Dated this July 16, 2013.

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

President

I, TARYN M. JOHNSON, 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 amended Resolution adopted by the Board at its July 16, 2013 Regular Board Meeting.

Assistant Secretary



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital
FROM: Cathy Bloom, Finance Manager
DATE: July 3, 2013
SUBJECT: Resolution for Approval of Financial Policies Changes
OBJECTIVE: Approval of Resolution No.1308

Issue

On June 4th the Board approved changes to the Financial Policies which were updated to reflect changes to the financial targets and metrics. The direction was to move the targeted financial rating from AA to A for the Electric Utility and the associated metrics. Attached is Board Resolution No. 1308 reflecting changes to the Financial Policies based on the Board's approval in June.

Recommendation

Management recommends approval of the attached resolution to support the Board's approval of changes to the Financial Policies.

Requested Board Action

Approval of Resolution No. 1308 approving changes to the Financial Policies.

RESOLUTION NO. 1308
JULY 2013
FINANCIAL POLICIES

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

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

WHEREAS, the 2012 annual audit is complete;

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

WHEREAS, the financial policies have been reviewed and updated based on the Board's targets and associated financial metrics.

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

1. Change the financial rating target from AA to A for the Electric Utility
2. Set new Debt Service Coverage Target for the Electric Utility from 1.75 to 2.0
3. Change target for the Electric Utility Capital Improvement Reserve to \$18 million
4. Set new Working Cash Target for Electric and Water Utility to \$24 million and \$3.4 million, respectively

Dated this 16th day of July 2013.

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

President

I, TARYN M. JOHNSON, the duly appointed, qualified, and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the Resolution adopted by the Board at its July 16, 2013 Regular Board Meeting.

Assistant Secretary



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital
FROM: Cathy Bloom, Finance Manager; Sue Fahey, Fiscal Services Supervisor;
Harvey Hall, Senior Financial Analyst
DATE: July 3, 2013
SUBJECT: Bonneville Power Administration (BPA) Pass-Through Resolution
OBJECTIVE: Board Approval of Resolution No. 1315

Issue

Should EWEB automatically pass through BPA rate increases in lieu of holding public hearings?

Background

BPA changes wholesale power rates applicable to EWEB's power purchase agreements every other year in odd years which align with the federal budgeting process. BPA provides utilities with rate change information in June or July prior to the November 1st implementation date. Historically, EWEB has held public hearings in September and October for these rate changes.

Discussion

In 2012 the Board approved aligning the general rate change and budget approval processes to allow for more meaningful public input. Public hearings for general rate changes are now held in November and December instead of February and March. If EWEB continues to hold public hearings for BPA pass-through rate changes, hearings would be held in September and October for a November rate change implementation and also in November and December for the subsequent year rate change which is currently implemented in May. Additional public hearings regarding budget and rate assumptions are held July through October.

Legal counsel has advised that EWEB could automatically pass through a BPA rate increase without public hearings if the attached resolution is approved. Management believes that holding BPA pass-through hearings would be confusing to our customers, and EWEB would be better served to focus hearings on the budget and general rate change processes. Information regarding the BPA pass-through rate change would be provided via bill messages and/or public notice.

In recent webinars, the American Public Power Association has indicated that automatic pass through clauses are becoming more prevalent in the electric utility industry given the financial challenges many utilities are facing. Seattle City Light and Tacoma Public Utility District both take advantage of this method. Additionally, bond rating agencies view automatic pass-through clauses favorably since they show a Board's willingness to recover uncontrollable cost increases.

BPA is scheduled to announce final rate changes at the end of July. Current information indicates that the increase to EWEB will result in a rate increase of less than 2% to our customers, not the 4% originally estimated in the fall.

Recommendation

Management recommends approval of the attached resolution authorizing the automatic pass-through of BPA rate changes. If approved, staff would request Board approval of revised policies and procedures incorporating the change at a subsequent meeting.

Requested Board Action

Approval of Board Resolution No. 1315.

Attachment: Resolution No. 1315

RESOLUTION NO. 1315

July 2013

**EUGENE WATER & ELECTRIC BOARD
REVISED ELECTRIC RATE SETTING**

WHEREAS the Eugene Water & Electric Board (EWEB) sets its rates under authority of ORS 225.220 to 225.300 and the powers vested by Eugene Charter Section 44,

WHEREAS the rates are based upon the probable expense of maintaining and conducting the electric utility and distributing system during the ensuing year, including the cost of any contemplated alterations, improvements, additions or extensions, together with the probable amount necessary for redemption of any unpaid warrants and the interest thereon, as well as the amount required for payment of interest and maturing principal on any outstanding bonds of the city issued for or in connection with the electric utility or distribution system,

WHEREAS the prospective power costs incurred as a part of normal operations cannot be predicted with certainty,

WHEREAS the EWEB purchases power from the Bonneville Power Administration (BPA) at rates which are subject to change independently by the BPA after public hearing in the course of federal budgeting process,

WHEREAS the EWEB policies and procedures currently establish the Board's discretion to make a rate adjustment for six months to reflect the variance in projected power costs due to changes in the BPA wholesale rates,

WHEREAS variability in BPA wholesale rates expose EWEB to increased costs not reflected in EWEB rates until the Board takes action to make a discretionary rate adjustment for recovery of prospective costs,

WHEREAS the Board has expressed its commitment to taking whatever future rate actions are necessary to pursue timely recovery of costs and preserve the financial integrity of EWEB,

THEREFORE BE IT RESOLVED that the Eugene Water & Electric Board hereby adopts to incorporate an automatic adjustment clause in EWEB electric rates to apply any increase or decrease of BPA wholesale rates.

Dated this 16th day of July 2013.

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

President

I, TARYN M. JOHNSON, the duly appointed, qualified, and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the Resolution adopted by the Board at its July 16, 2013 Regular Board meeting.

Assistant Secretary



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital
FROM: Steve Newcomb, Environmental and Property Manager
DATE: July 3, 2013
SUBJECT: Headquarters Building Lease
OBJECTIVE: Approval of Resolution No. 1317

At your July 16 meeting, the Board will be asked to approve key deal points for a five-year full-service lease with Electrical Geodesics, Inc. (EGI) for space in the downtown headquarters buildings. Upon Board approval of these deal points (as a consent calendar item), the General Manager will be authorized to execute a lease agreement with EGI.

Issue

Staff requests Board approval of key deal points for a lease agreement between EWEB and EGI for approximately 28,500 square feet of our main headquarters building and portions of the North Building. Negotiation of terms has taken place during the past three months and a contract has been written by a commercial property manager. The contract has been reviewed by a local real estate attorney. EWEB is finalizing the contract with EGI at this time, and staff expects a fully reviewed contract to be ready within the next week.

EGI is interested in moving a small group (15-20) of its employees into the South building immediately following Board approval of these deal points. Pending a final lease agreement, an additional 80 to 90 EGI employees will follow in phases concluding in December of this year.

Background

Since the migration of half our employees to the Roosevelt Operations Center in 2010, downtown headquarters buildings have been underutilized. The cafeteria in the North building was closed in late 2010 due to diminished staffing downtown. In 2012, utilization of the South Building ran at about 80% of capacity.

In response to an April Request for Information (RFI) by EWEB, EGI expressed interest in leasing space in the North and South Headquarters buildings.

EWEB has undertaken the move of additional personnel to ROC to make more of the South Building available for lease. As of the end of June, 114 additional employees have relocated to ROC. Some EWEB staff previously on the second floor have also been relocated to the first and third floors of the main headquarters building. This has made possible the leasing of about 75% of the second floor of the South Building. EWEB staff would remain on the first and third floors for the foreseeable future.

Both organizations have invested considerable time and money in preparation of the lease.

Discussion

Key Deal Points

- 1) The Leased Premises is deemed to be a total floor area of 28,557 square feet as described below:
 - a. Approximately 6,958 Square Feet of HQ North Building second floor, inclusive of appurtenant common areas, for office/assembly/ancillary use.
 - b. Approximately 2,100 Square Feet of HQ North Building first floor for assembly operations, inventory/ancillary use, inclusive of appurtenant common areas.
 - c. Approximately 19,499 Square Feet of HQ South Building second floor for office/ancillary use, inclusive of appurtenant common areas, to be occupied in three phases. The first (Northeast) phase is 8,521 Square Feet, the second (Southeast) phase is 4,640 Square Feet and the third (Southwest) phase is 6,338 Square Feet.
- 2) The proposed lease is considered full-service. EWEB will pay insurance, all utilities, maintenance, housekeeping and property taxes. Furthermore, the tenant will not be obligated to pay for common areas, shared use with EWEB of the North Building Training and Community Rooms, Terrace, Skybridge, up to 100 parking spaces, main building lobby area, or use of Herman Miller partitions and components.
- 3) The Board Room will be moved to the Training Room.
- 4) The lease is for a five-year term.
- 5) EGI will be paying a rate that will result in annualized gross revenue for EWEB of about \$479,758 with an escalation of 2.5% per year.
- 6) EWEB's short-term lease preparation expenses are expected at approximately \$110,000 to provide necessary security and IT infrastructure equipment. There will be ongoing expenses associated with the lease that will be tracked with the revenue.

TBL Assessment

- Improves EWEB asset and resource utilization both at HQ and ROC
- Supports clean technology and market-wage jobs in the downtown core
- Supports a growth industry that advances the local economy
- Brings more people to our site, which in turn attracts developers to other portions of the site
- Increases net revenue for EWEB while retaining future flexibility with respect to the location of our administration and customer services
- Provides EWEB with a significant source of added revenue to help mitigate potential rate impacts for customers

Recommendation

Management recommends that the EWEB Board approve the key deal points for a lease agreement with EGI. The deal points are reflected as a consent calendar item on your agenda

Requested Board Action

Approval of key deal points for lease agreement with EGI and authorization for the General Manager to execute a lease agreement that conforms with the key deal points above.

**RESOLUTION 1317
JULY 2013**

**RESOLUTION APPROVING AND AUTHORIZING LEASE AGREEMENT
BETWEEN THE EUGENE WATER & ELECTRIC BOARD
AND ELECTRICAL GEODESICS, INCORPORATED
EUGENE WATER & ELECTRIC BOARD**

WHEREAS, EWEB has space available in its Headquarters Buildings; and

WHEREAS, In response to an April Request for Information (RFI) by EWEB, EGI expressed interest in leasing space in the North and South Headquarters buildings; and

WHEREAS, EWEB and Electrical Geodesics, Inc. have reached a common understanding concerning the key terms and conditions to be included in a lease; and

WHEREAS, EWEB and EGI are preparing a formal Lease Agreement document for consideration and subject to such revisions as may be deemed necessary during final legal review by the parties; and

WHEREAS, the EWEB Commissioners have reviewed the proposed key deal points and find the terms and conditions contained therein to be appropriate and consistent with the interests of the utility and its customers.

NOW, THEREFORE, BE IT RESOLVED that:

- (i) The EWEB General Manager is hereby authorized to enter into a Lease Agreement with Electrical Geodesics, Inc. upon final approval by EWEB staff and legal counsel; and
- (ii) The final lease agreement shall reflect the key deal points outlined in the EWEB Board Backgrounder dated July 3, 2013 with such changes as the EWEB General Manager, with the advice of legal counsel, shall approve.

Adopted at a meeting of the Eugene Water & Electric Board on July 16, 2013.

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

President

I, TARYN M. JOHNSON the duly appointed, qualified and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the Resolution adopted by the Board at its July 16, 2013 Regular Board Meeting.

Assistant Secretary



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital
FROM: Brad Taylor, Water Operations Manager; Jeannine Parisi, Community and Local Government Outreach Coordinator
DATE: May 22, 2013
SUBJECT: College Hill Reservoir Access Plan
OBJECTIVE: Board Action

Issue

Over the past few months, new measures have been put in place to safeguard drinking water at the College Hill Reservoir. Early indications suggest that these measures are having the intended effect of raising public awareness and reducing waste on the reservoir surface. This status report includes a staff recommendation to monitor compliance with posted restrictions, continue public education on safety risks, and consider other potential security enhancements before implementing more permanent changes.

Background

The College Hill Reservoir is a vital drinking water and fire protection storage system serving south Eugene residents. Unfortunately, the 75 year-old rooftop is prone to leaking through the multiple joints between the concrete panels. Last year's attempt to re-seal the joints with all new caulking was moderately successful, but follow-up tests show that the roof is not completely waterproof. State regulators are now requiring EWEB to test the reservoir water bi-weekly until corrective action is taken (e.g., the roof is made watertight). Management plans a comprehensive review of engineering alternatives that meet this requirement by the end of 2014, including decommissioning the facility and building new storage capacity elsewhere.

In the meantime, recognizing there is an elevated public health risk at this facility, EWEB is actively pursuing ways to minimize known threats. Animal waste is the most likely source of contamination, so interim measures have focused on keeping dogs off the reservoir roof. After preliminary conversations with several neighbors, EWEB erected gates and "No Dogs" signs at both entrances to the reservoir roof.

On April 9, EWEB hosted a neighborhood meeting to explain facility use expectations and new security measures. The concept of adding a fence to the gates and restricting public access to planned activities via a reservation system was discussed. Neighbors proposed a volunteer 'reservoir watch' system as an alternative solution, and feedback on both potential solutions was requested from attendees (see Attachment 1 for a summary).

Later in the month, staff attended the Friendly Area Neighborhood meeting and provided an update on the gates and other security enhancements under consideration. At that meeting, neighbors voted to form a reservoir watch committee to partner with EWEB staff in monitoring the reservoir for animal waste and other hazards.

Discussion

Neighbors and EWEB staff both report that since the installation of the gates, there is a dramatic reduction in dog-walking on the reservoir; EWEB has no documentation of dog waste being left on top recently. However, past experience is that continued compliance will require on-going monitoring and communication about expectations. Staff has met with neighbors to explore the 'reservoir watch' concept in more detail, including tracking of volunteer activity and documentation of any problems noted. Neighbors have proposed using a 'Google' calendar for scheduling volunteers and giving EWEB access to the calendar to review the inspection log (see Attachment 2). Given that the gates/signage seem to be working well, any partnership with neighbors will only enhance monitoring and provide quicker removal of potential hazards than weekly staff inspections. Other comments received from community members on this topic are included in Attachment 3.

In addition, management is also planning ahead for the July 4 holiday, when fireworks have caused damage to the rooftop the past few years. To reduce the likelihood of firework damage this year, the gates will be locked and posted that the reservoir is closed to public access. Exact dates are still being confirmed but the intent is to lock the gates starting the weekend before July 4 through the weekend after. As in the past, media notices will accompany signage, and extra EWEB security personnel will be assigned to patrol that facility more frequently, particularly the evening of July 4. The closure provides another opportunity for community education to raise awareness about the potential risks to drinking water at the facility and emphasize the dog prohibition.

TBL Assessment

A TBL review of a fencing option versus status quo (pre-gates) was conducted and can be finalized upon request.

Recommendation

With general Board direction, staff will continue to work with neighbors to implement the reservoir watch concept on a trial basis, as well as move forward with notifications to close the facility over the July 4 holiday. Over the next few months, management will also consider if there are additional measures that would enhance facility security (e.g. lighting and/or cameras) as well as continue to track incidences of dog waste and vandalism to see if a change in approach is necessary.

Triggers signaling a need to step up security would include declining participation in the reservoir watch program, increased evidence of dogs or other activities that elevate risks to drinking water, and collection of a confirmed positive water sample. It may be worth noting here that even if it is determined that fencing can be avoided at this time, permanent solutions that address a broader range of deficiencies associated with this aging facility may preclude public access in the future. However, with this determination at least a year out, management's recommended approach is both cost-effective and flexible to different potential alternatives.

Requested Board Action

Management requests board approval of the recommended approach.



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital
FROM: Lena Kostopulos, Human Resources Manager
DATE: June 26, 2013
SUBJECT: Dissolve ad-hoc subcommittee to review General Manager's Employment Contract
OBJECTIVE: Board Action-Consent Calendar

Background

At the June 4, board meeting, Vice President Brown suggested that the Board form an ad hoc subcommittee to review General Manager Gray's employment contract. The board voiced their unanimous support and President Simpson recommended that Commissioner Mital join Vice President Brown on the subcommittee.

Recommendation

Upon discussion with General Counsel and based on my professional opinion, I recommend that if and when it is necessary for the Board to negotiate changes to the General Manager's employment contract that the Board appoint a lead Commissioner to negotiate possible changes to the contract and that the HR Manager and General Counsel work directly with that Commissioner as advisors. Of course, any proposed contract would need to be presented to the full Board for consideration and approval/rejection.

Requested Board Action

Approve to disband the ad hoc subcommittee.

If and when it is necessary to modify the General Manager's employment contract, adopt the procedure listed in the recommendation above.