

EUGENE WATER & ELECTRIC BOARD  
REGULAR SESSION  
McKENZIE FIRE & RESCUE TRAINING CENTER  
SEPTEMBER 17, 2013  
5:30 P.M.

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

Others Present: Lena Kostopulos, Joe Harwood, Steve Newcomb, Karl Morgenstern, Roger Kline, Todd Simmons, Anne Kah, Dean Ahlsten, Sue Fahey, Cathy Bloom, Mel Damewood, Patty Boyle, Suzanne Atkins, Alan Fraser, Jeannine Parisi, Brad Taylor, Dave Churchman, Erin Erben, Mark Freeman, Mike McCann, Mark Zinniker, Steve Mangan, Chris Taylor, Bob Vigil, Julie Bivens, and Taryn Johnson of the EWEB staff; Vicki Maxon, recorder.

President Simpson convened the Regular Session of the Eugene Water & Electric Board (EWEB) at 5:35 p.m. He thanked the audience for attending and stated that upriver issues are very important to the Board, and that they appreciate upriver residents taking time out of their busy day to listen and provide testimony. He briefly explained the three different opportunities for public input in tonight's agenda, and added that the meeting is scheduled to adjourn at 9:00 p.m.

#### **AGENDA CHECK**

There were no items.

#### **ITEMS FROM BOARD MEMBERS**

President Simpson stated that he is always happy to attend the annual upriver meeting and that he regrets that the McKenzie River community doesn't have the opportunity to vote for EWEB's Board of Commissioners. He explained that each of the Commissioners represents two wards but that he is "odd man out" in an at-large position. He told the audience to consider him their Commissioner and, if they have questions or concerns, to feel free to contact him directly via the main EWEB phone number or through EWEB's website.

Vice President Brown thanked everyone for attending and said that this is his seventh year of upriver meetings, and that this is by far the most people that have ever attended than in the previous six years combined. He told the audience that the Commissioners want to hear from them and that they do listen to them, even though they can't vote for them. He noted that the single largest impact on the McKenzie River from beginning to end is power generation and customers' ability to drink its water, and he thanked the audience for being good stewards.

Vice President Brown then reminded staff of his earlier request to provide him with more detail about the six-year cycle of the Walterville shutdown and the Walterville pond.

Commissioner Helgeson commented that he is also happy to be upriver again, and that as he drove up to the meeting, he was reminded of how beautiful the McKenzie River valley is. He stated that he had attended the NWPPA quarterly meeting in Boise, Idaho for two days and that it was a good meeting which included orientation for new Board members such as himself. He noted that their annual budget was approved and that it doesn't portend any changes in EWEB's assessment for next year, and that he will share the legislative issues that were discussed with Joe Harwood, External Communications Coordinator and others if they are interested.

Commissioner Mital welcomed the audience and thanked them for hosting the meeting. He stated that he is one of two new Commissioners and that it is nice to have a full room and a fresh set of faces, and also nice to have a different crowd with different perspectives and opinions.

He noted that he had received an e-mail from south Eugene resident Brian Bender regarding installation of advanced metering infrastructure, and that Mr. Bender could not attend tonight's meeting nor the October 1 meeting. He added that he will pass along Mr. Bender's e-mail to the minute's recorder and request that the full next be included in the minutes along with the public testimony- general.

Commissioner Mital then publicly acknowledged Roger Kline, Fleet/Generation Manager, for two national awards that EWEB has received--one from the Coalition for Green Fleet Management, from which EWEB received the highest certification for companies with 200+ vehicles. He noted that EWEB is only the second fleet in the nation to achieve this award. The second award was from a different organization, which ranked EWEB 16<sup>th</sup> in the top 100 best fleets in North America.

He then stated that during last Saturday's University of Oregon football game, the water bottles that EWEB provides to the University of Oregon coaching staff were shown on national television. He thanked EWEB staff for providing EWEB water to the coaching staff.

Commissioner Manning welcomed the audience and thanked them for hosting the meeting. He said he views this as a special occasion, as it is the first chance he has had to meet EWEB's upriver customers. He told them that EWEB is concerned about the quality of their water, their consumption, and all other matters they are interested in. He reiterated that they do matter and that the Board does listen, and that how they feel about the quality of EWEB service does matter to them.

## **POTENTIAL MCKENZIE RIVER SERVICE TERRITORY TRANSFER**

Roger Gray, General Manager, gave a brief summary of possible ideas that were discussed earlier in 2013 that could help with EWEB's financial situation; including the sale of assets and property, and that a service territory transfer was one idea that was discussed. He noted that it is not unprecedented for utilities to do service territory transfers, and that this would not be a hostile takeover, and that EWEB had approached Lane Electric Cooperative (LEC) with the idea and discussions were held, including doing the basic math to see if it would be feasible

from an economic and engineering standpoint. After the discussions revealed that service territory transfer was potentially viable, the next step was to check in with the community and its customers. He noted that there are three customer groups that would be affected—the transferred customers, the remaining EWEB customers, and the existing LEC customers. He stated that trying to find a win/win/win situation has not been easy, and that tonight's meeting is an important step in getting customer feedback.

He then introduced Dean Ahlsten, EWEB's National Energy Regulatory Commission (NERC) Compliance Officer. With the aid of overheads, Mr. Ahlsten presented the scope of a transfer, drivers/benefits of a transfer, a history of EWEB territory transfers, EWEB and LEC service area maps, residential rate comparisons between EWEB and LEC, electric transmission pathways, substation maps, the lease vs. sale of substation equipment, a description of that equipment, and a potential joint substation site.

Mr. Ahlsten then reviewed the next steps in the process:

- Continue negotiations with LEC
- Hold additional joint EWEB/LEC customer meetings to solicit input
- Work with Bonneville Power Administration (BPA) on power supply issues and metering
- Finalize financial models
- Bring recommendation before respective Boards in December

President Simpson pointed out that the average LEC electric rate is approximately 4.5% more in the summer and 2.5% more during the winter, but that very few customers consume that amount of electricity, and that the average household consumes closer to 5% less in winter and about 2.5% less in the summer. He added that the exact calculations can be shared with customers later and that they will also be posted on EWEB's website.

Commissioner Helgeson asked Mr. Ahlsten if LEC's power comes from the same source, and eventually also from BPA. Mr. Ahlsten stated that is correct, except for the potential joint substation site ½ mile from Leaburg on Holden Creek Lane.

General Manager Gray then asked for questions and comments from the audience. He introduced LEC staff present at tonight's meeting: Board President Jerri Nelson, Board Vice President Chris Seubert McKenzie District Commissioner Pat Dymock, General Manager Rick Crinklaw, and Manager of Staff and Office Services, Debbie Wilson.

General Manager Gray and/or Mr. Crinklaw then answered the following questions/comments from the audience. The answers to each question are listed below each question:

**Q1)** Regarding selling points—upriver residents don't have a vote. Why not go to the City Council and request an ordinance?

- EWEB has limitations regarding service territory and wards
- City of Eugene Charter defines wards and number of Commissioners. This could be changed but would have to be put to an entire City of Eugene vote. You are right; there is a pathway to do that. We can't actually do it, but we can propose it.

Mr. Rohter then replied that his experience with the legislature is that "if you want something, you'll get it." President Simpson then asked Mr. Rohter if he is in favor of remaining an EWEB customer. Mr. Rohter replied "I LOVE being an EWEB customer. Your mission should be to provide reliable electricity to 'all'."

**Q2) What about Rodman Island and the power canal?**

There are no generation-related assets involved in this transaction.

**Q3) What's the most compelling reason for considering this? EWEB's financial position? Would now be a time to throw that data out?**

Financials were a consideration. Remember, this is not a hostile takeover. We've done variety of transfers in the past. Service area optimizations are what drive it. We've agreed that if customers have a strong negative reaction, it doesn't make sense to do it.

**Q4) What is the history of why EWEB services this area?**

Service to this area is not tied to Carmen-Smith, but to Leaburg and Walterville. Electrification was the exception as opposed to the rule. The plants are driven by water supply and need to pump water, and the facilities became a benefit of rural electrification. Territories can be modified and/or transferred by mutual agreement. In summary, the history of why EWEB services this area is tied to the upriver hydroelectric facilities.

**Q5) How does transfer of facilities get divvied out to someone else?**

About half of our power comes from BPA.

**Q6) We have transmission lines, solar, electric, etc., and a 15-year net metering contract with EWEB. What happens to that contract and what happens to net metering? And a second question, power distribution comes from power lines entirely on EWEB property, and at Walterville canal. Does LEC have the right to work on those lines that are on the canal and pond?**

Mr. Ahlsten replied that there is a State requirement for net metering no matter who provides it.

Rick Crinklaw, LEC General Manager, replied that LEC has a net metering program that complies with State statute and their purchased and surplus power, and that they also pay a green power adder on top of that.

General Manager Gray replied that the distribution lines that serve customers would be transferred and EWEB would have to provide easements. Some of the Walterville pond distribution lines would remain and some would transfer to LEC.

A different customer asked if Federal Energy Regulatory Commission (FERC) rules allow others to do work inside the project. Mr. Kline replied that is something that EWEB and LEC would work through.

**Q7)** Regarding the tree trimming recently done from the end of Greenwood Drive to the dump(?) road, why aren't the limbs cut to the ground and then loppers used in the spring to finish the job? The flaggers on that stretch of road waste too much of the drivers' time and are not necessary.

The answer to this was deferred until a later public input session.

**Q8)** The operations facilities for Lane Electric and EWEB are within a couple of miles of each other. When I ask the reason for EWEB not wanting to continue to do service work up here, why am I told that it takes too long to come up here and it's not in your business model?

We have responded in the past and continue to. We would not expect a significant difference in response time, as we are just a few miles apart.

**Q)** My opinion is that you built this system and you know it well. When two different feeders are served, nobody does it better than EWEB. During an outage, I don't want to freeze any longer than I have to. LEC doesn't have the staff to cover this area like you do. I'm not for this and I don't mind telling you that.

**Q9)** I have lived in Vida for about four years, and LEC service is very good. My goal is to stay with a utility company that does not have smart meters.

**Q10)** How many customers are affected by this transfer if it goes through?

Approximately 3,000.

**Q)** Does LEC have the manpower to take care of that many?

Mr. Crinklaw: We assume that we will add personnel to meet the needs of the additional customers--adding additional crew and also another serviceman. The number of customers we serve with our existing crews and the above addition would be comparable to what we already have.

**Q11)** When we call to report an outage, will it still be automated or will the call go to a live body?

General Manager Gray: We won't know about a small outage unless you call. On weekdays you will reach the electric operations coordinators and on weekends you will reach a 24/7 dispatcher (in both instances live bodies). A large volume of calls for a major outage will roll over to an automated response line.

Mr. Crinklaw: Outage calls go to a dispatch service that we subscribe to that specifically serves electric co-ops. In the evening you will get a live body who will have immediate contact, including radio contact, with servicemen in the field. During a high-volume outage, an automated system similar to EWEB's will be used, or you will have the choice to remain on hold for a live body.

**Q12)** I'm in favor of the service territory transfer, and I love smart meters.

**Q13)** If we are currently served by EWEB, where does the electricity come from?

General Manager Gray: It comes from upriver down, or from where it will be generated and transferred from.

Mr. Crinklaw: All of our power comes from BPA, who we purchase from. The delivery system up the valley, especially further east, relies on EWEB's transmission system from Cougar Reservoir to our POD at Blue River. When Cougar isn't generating, the power from the east comes from BPA over EWEB's transmission lines. This would work much the same as it does today.

**Q)** Will there be an increase or decrease in the percentage of power we receive from BPA? I see them being more cut-throat on rates than a local "we love you" company.

General Manager Gray: We both buy from BPA. The contractual reality is that we both depend on BPA--LEC 100% and EWEB approximately 50%. Our other power supply is from hydro, cogeneration and wind farms. The transfer of power would be one of the trickiest parts of this transaction. Physically, in the short term, unless a substation is moved, there will not really be any changes.

**Q14)** I am leaning toward LEC. I would be interested to know what the financial consideration is and how LEC will finance that.

General Manager Gray: This goes back to the three groups of customers I mentioned earlier--we have to consider BPA issues, sales price, net metering, and many other issues, obtain easements, etc.

Mr. Crinklaw: Assuming that the financials warrant transaction, LEC will finance the acquisition, and part of that is what that does to our equity. Unlike other investments we make in

poles, wires and substations, this transaction would generate revenue; that's the difference. If this transaction goes through because of financial transactions, we have no desire to charge a different rate for the transferred customers, and they will be brought in to LEC and billed at the same rate our customers are (i.e., no surcharge).

**Q)** Is there an expectation that LEC rates will be affected in any way by this transaction?

Mr. Crinklaw: After we consider cost of acquisition and effects on power costs, expenses for additional personnel, etc., if at the end of that the number is positive and not costing us any more, then that is where we look at moving ahead. If the transfer is to be a cost to us and our members (transferred and existing), I don't see it happening. Our intent is to benefit all of our members and not contribute to higher costs. We want to reduce overall costs for all members.

**Q15)** I have been with EWEB for 23 years. I am concerned, and have talked on the phone with FERC and the Public Utility Commission (PUC), as I felt there should be something done to protect future rates from going up if this transfer takes place. I asked LEC what they have done to keep costs down, and they said solar, which is great, but expensive. Hydro is what we are used to and it has helped keep costs down. I am opposed to a change there. I agree we should have a voice.

General Manager Gray: We do a 10-year projection, presented in October of each year. Regardless of this transaction, one of the goals we have is no impact on those material increases. For future forecasts, power supply for LEC and EWEB is a dominant factor. BPA's rates are going up and that will affect both of us.

**Q16)** I also am a customer of Springfield Utility Board (SUB) with a small business in Springfield. SUB has done a lot of work to keep rates down. What have EWEB and LEC done?

General Manager Gray: SUB has the lowest rates by far in Lane County, Oregon, and the nation, for multiple reasons. The biggest reason is that EWEB has renewable power and SUB is 100% BPA power. SUB has the best of the EWEB and the best of the LEC world in terms of high-density power supply. Dams have become costly and Carmen-Smith may become more expensive with the possible relicensing, and wind is more expensive. EWEB has lost about 20% of its load in the last 15 years. SUB has been more stable. EWEB has more fixed costs. We have laid off 10% of our work force and have made other cuts. Power cost is the biggest driver, which also comes down to BPA.

**Q)** How can we keep those costs down for relicensing?

General Manager Gray: Carmen-Smith is in the process of possible relicensing, and also part of a 15-party settlement, and we have to come up with a different process. The fish screens at Trailbridge may be uneconomic. The possible Carmen-Smith relicensing and its issues will be on future Board agendas, and we will appreciate any support we can get.

**Q16)** As a co-op, why not offer an opt-out for smart meters?

Mr. Crinklaw: Our smart meter system has been in place for eight years. At this point, when you compare EWEB's proposed system to ours, ours is not a radiofrequency (RF) system. It relies on our own distribution system, and does not have the health issues and concerns that are common to EWEB's proposed system. All the information that comes through our power system is not cryptic, is protected and constantly monitored, and there are no security issues like RF. We chose not to offer opt-out as we did not have a demand for it. Those concerns do not exist with our system.

**Q)** My concern is what it will do to my bill. They will increase the rate for use of power in peak hours. I don't know anyone who will change their behavior for this. We will pay more for electricity with a smart meter.

Mr. Crinklaw: Our experience so far has not demonstrated that. Combining our smart meter system and making information available to our members is making a difference. For the 100% allocation of BPA we receive, we want to reduce the amount of power we have to buy beyond that BPA resource, and our first objective is energy efficiency and conservation. Right now our smart meter system is the most powerful tool we have.

**Q)** Then why not offer an opt-out?

Mr. Crinklaw: Some of our members are not interested in that cost, and if there is an opt out, the cost would be borne by the rest of our members.

**Q)** So that will eliminate jobs--isn't that why?

Mr. Crinklaw: It will not eliminate jobs. Our meter readers were contracted, and the contractor had a problem with retention of meter readers, as meter reading was not a career choice. It was just a step before their next job option, and turnover was a problem.

**Q17)** I have been an EWEB customer for 24 years and am very satisfied. The letter I received said my rates would go up 25%.

Mr. Harwood replied that the letter actually said that the LEC customer base would increase by 25% if the transfer were to go through, not your electric rates.

General Manager Gray added that, based on average consumption, EWEB will give her a specific calculation on her bill if she leaves her name with him.

**Q18)** Are we going to get to vote on this or are you going to decide?

General Manager Gray: We're not a member of a co-op. Our Board takes input from customers both upriver and in the city, and will consider all customer input as part of their deliberation. The customers of EWEB do not vote.



President Simpson added that the EWEB Board and the LEC Board would both have to say yes.

Commissioner Helgeson stated that even if the economics pencil out, if the majority of customers are opposed, he doubts he would vote to support a transfer, and LEC would not want to transfer unhappy customers.

Mr. Crinklaw added that there are three fundamental issues at play-- cost, power supply, and customer and member opinion—and that for LEC; it is “rocks or roses.” If the transfer brings roses, it sounds good, but if it’s rocks, things won’t go well for the transaction. He noted that LEC is going to have a series of five meetings with their members, one next week and four next month, and the possible service territory transfer will be the featured topic at all each meeting, which will give LEC a good read from their customers.

**Q19)** I am a happy LEC customer. I do derive value from my AMI meter. It allows me to manage fuel supply for my generator in an outage. Please confirm that LEC owns no power generation and as a result has no debt associated with power generation, and that neither do they have any of the regulatory issues that EWEB encounters with trying to manage its power generation.

Mr. Crinklaw: We have regulatory issues, but they are not about power supply. Right now 100% of our power needs come from BPA, but we’re right at the limit where they will provide it. We prepare an integrated resource plan from which we plan for future power supply around forecasts, with co-ops of similar size. For non-BPA power, we are committed to net metering projects, we made an indefinite commitment for BPA environmentally funded green energy, and we are participating in the King Estate solar project, one of the largest in the region, for a 15-year period. That is a contract; we don’t own the system. That’s how our resources are met beyond BPA. We have made no investments to generate for the future.

**Q20)** On Upper Camp Creek Road – will LEC do the same type of maintenance and keep it up?

General Manager Gray: Part of that is regulated by State law and part is not. After last year’s snow storm, a crew from Central Lincoln PUD cleaned up your area.

**Q21)** I have been impressed with your service for 20 yrs. I’ve only met linemen so far. You are a member of this community, too, and you have been for decades. You made some commitments when you came in. We were told we would get the benefit of your service. Now you’re proposing a transfer of equipment and customer base, and I suspect you’re looking to make some money. You have a large operations base, a capital budget, crews, lots of trucks, and we know you. So why do you want to divorce us? What happened that our little burg wasn’t good enough for you?

General Manager Gray: It's not that you weren't good enough, and it's not about money. The driver is if we can make those three customer groups that I mentioned earlier the same or better.

**Q22)** You're asking us to buy or sell twice. We're all part of the co-op. How does money change hands without anybody losing or gaining?

General Manager Gray: LEC writes us a check, we remove that from our rates, and they put it into theirs, in order to keep those three customer groups the same or better. There isn't a profit factor because we're municipally owned and they are co-op owned.

**Q23)** Do you have an energy management department, and how long is the customer wait on the phone?

Mr. Crinklaw: Yes, we have an energy management department. It would be a rare experience that you would get an automated response.

**Q24)** I asked earlier what the main factor for this proposed transfer is. You mentioned you have done layoffs, etc., but you're short on money. You tell us it has to be a good fit. People get married, too, but 40 years later the marriage may not be a good fit. You said the high cost of BPA power is causing EWEB to be short of money.

General Manager Gray: Again, our power supply is about 50% from BPA, and LEC's is 100% from BPA. BPA is the second cheapest power there is. Carmen-Smith is our cheapest power, but it will soon become much more expensive after relicensing. Our whole portfolio is more expensive than LEC's and SUB's.

**Q25)** Why are we tearing down dams, yet tribes have purchased a dam to generate electricity? I don't think there's a cheaper way. Because you're local and have a bigger portfolio and LEC is dependent on BPA, you can in the long term provide the lower cost of electricity because it is under your control.

President Simpson noted that most of those resources are very expensive—wind, biomass and solar are significantly more expensive than hydro. He noted that the Eugene/Springfield community has requested that the Board shape its portfolio for green reasons.

General Manager Gray added that those hydro costs have substantially increased, and gave some examples of the cost per kilowatt of various resources.

**Q26)** When you purchase power, do you buy it for one, two or three years?

General Manager Gray: We have multiple contracts and multiple forms of ownership. Some are indefinite, some are until 2018 (BPA), some are wind contracts, and some are owned, typically for 15-20 years. Overall, very long-term contracts but we do trade on the short-term power market, and are literally doing so at this hour.

**Q27)** How much have you reduced your power need, then?

General Manager Gray: We aren't using all that we have bought. Our portfolio is surplus, or long. We sell to the wholesale market. The contributing cost to our financial situation is that we are now selling it for about one-third of what we used to, i.e., at a loss.

**Q28)** I don't believe there's a win/win. I think EWEB's customers will lose. I feel strongly about this. SUB appears to be an organization that is very efficient. I would rather see EWEB deal with SUB than LEC. There is a large crowd here and a lot of their voices have not been heard. Can we ask for a show of hands to see if we support this or not?

President Simpson asked the audience to raise their hand if they are an EWEB customer in the McKenzie River valley (the majority raised their hands). He then asked them to raise their hand if they are interested in transferring to LEC (approximately 14 people raised their hands). He then asked them to raise their hand if they are interested in remaining with EWEB (the majority raised their hands). President Simpson thanked the above customer for their suggestion.

President Simpson then asked for comments from the Board.

Vice President Brown commented that the Board has learned a lot from tonight's dialogue, and that when one compares the Board with the audience, there is a different level of perceived knowledge. He reiterated that there are long-term objectives and financial obligations for both organizations, i.e., \$120-150 million that needs to be funded to relicense Carmen-Smith, and EWEB's unfunded Public Employees Retirement System (PERS) liability, and that the Board has to look beyond only today. He added that both utilities are very well-run and that the transfer is very far away from being a done deal, when one looks at 10- and 20-year forecasts of where EWEB is, where they get their power from, their rates, and whether or not rates will go up. He noted that EWEB is obligated to put 6% of their revenue (contribution in lieu of taxes) back into the City of Eugene's general fund, and that there other similar things items built into EWEB's rates that customers need to understand. He closed by saying he is impressed by the turnout tonight, and he again thanked the audience for attending, and reminded them to not hesitate to contact any Commissioner or EWEB staff if they have more questions.

A member of the audience suggested that education materials be sent out to EWEB customers in order to clue them in. Vice President Brown replied that staff would love to do that, that Public Information staff is present tonight, and that what EWEB is proposing can also be viewed on EWEB's website.

President Simpson commented that he was the one who encouraged staff to proceed with this line of query should EWEB make the transfer, and that tonight is the first public conversation the Board has had about this subject. He noted that he sees that the majority of those here tonight are not interested in the transfer, and that this is an important piece of EWEB's public process. He added that he is not married to the service transfer, but he wants to see how it plays out. He stated that his key interest is related to storm-caused power restoration, and he realizes that EWEB's electric crews are more equipped, trained, capable, and efficient at

repairing storm damage that occurs in an urban electric distribution system, while the opposite is true in a rural system, where LEC does that day in and day out, and they have the equipment, skills and troubleshooting techniques that are fine-tuned to restoration of service. When EWEB has to send multiple crews to restore 14 customers, that means 7,000 people go without power for longer periods of time because the crews are spread more thin, and this is one of the more compelling reasons to consider this transfer, because it's about realizing greater internal efficiencies, and therefore saving money.

Commissioner Helgeson said that he appreciated the audience's decorum and their good questions. He said he agrees that the Board should continue to explore the service territory transfer and its potential value but that he won't vote for something that he thinks harms the upriver residents' interests. He added that he was an EWEB employee for 33 years and that the relationship between EWEB and the upriver residents is important to Board and staff, and that he appreciates the majority of the upriver residents giving EWEB their confidence by raising their hands and saying they like EWEB, when usually the Board hears what is NOT working. He also told them to not let the April time frame be the driver, and that EWEB will continue to communicate information and update them on the status as they hear more from upriver residents.

Commissioner Mital echoed Commissioner Helgeson's comments and added that he also appreciates the color, comments and candor, and the kind manner in which the audience treated the Board because they don't always get that type of response at the Board meetings in Eugene.

Commissioner Manning appreciated Commissioner Helgeson's and President Simpson's comments and noted that no decisions have been made, and that when people are better informed, there may be an opportunity for LEC to make a presentation to the upriver residents as well. He added that whatever the upriver residents feel is best for them is what he will support.

## **MCKENZIE RIVER VALLEY CUSTOMER PUBLIC INPUT**

**Terry Liitschwager** gave the following testimony:

"I have been an EWEB customer for 50 years. Regardless of which way the service territory transfer is decided, EWEB will retain control of Leaburg Dam, so it's EWEB I need to persuade to lessen the severity of the speed control devices on the dam's roadway. The posted speed limit is 10 mph. However, you're using speed bumps, and speed bumps are specifically made to slow drivers down to between 2-5 mph. Speed humps would be more appropriate since they're specifically made to slow vehicles to between 5-10 mph.

To the best of my recollection, the first speed bumps were installed on the Leaburg Dam roadway in the 1980s, one at each end. Those two asphalt bumps were used until all bumps were removed in February of this year to allow a large crane to have access over the dam for an EWEB project. When that project was completed, four new speed bumps were bolted to the roadway, roughly opposite each pier house.

Why is it that what had sufficed from some time in the 1980s until early this year, a period of 20-30 years, needed to be replaced by a doubling of the number of bumps and a significant increase in each bump's severity? I don't know the answer to that, and to the best of my knowledge the decision was made without public input, without an opportunity such as I am enjoying now.

During the period of June 29 through today, whenever at the dam, I looked for any one of three things: boat trailers, an EWEB presence, or pedestrians. On 64 days, one or more of the three were present. Pages 2-4 of a handout I will give to the Board is a tabulation of those counts. I saw an EWEB vehicle parked near the dam eight times. I saw EWEB personnel on the dam twice. I saw pedestrians seven times and I saw boat trailers 62 times. The National Bridge Inventory entry for Leaburg Dam listed the average daily traffic at 190 vehicles in 2010. Clearly the overwhelming use of the Leaburg Dam bridge is as a thoroughfare for vehicular traffic between Highway 126 and Leaburg Dam Road.

It's not a parking lot situation, and slowing vehicles to parking lot speeds—which is what the current speed bumps do—not only frustrates drivers and frays tempers, but creates a hazard. It's a one-way-at-a-time roadway, and the longer it takes to cross, the more the congestion at each end. On the highway side, the turn lane has room for about three vehicles, and if one of those vehicles is pulling a trailer, somebody's back end is going to be in the through traffic lane.

Using speed humps rather than speed bumps would allow traffic to move across the dam smoothly and still provide safety for the relatively infrequent presence of people on the dam. This is not to say that during periods of major maintenance, additional measures should not be used, but when such activity is completed, traffic calming devices should reflect the normal usage of the roadway and allow crossing at 10 mph.

Thank you for your consideration. For more information, please see [leaburgdamspeedbumps.info](http://leaburgdamspeedbumps.info).”

**Nadine Scott** lives on Leaburg Dam Road. She is a realtor who travels the bridge 4-5 times a day, and she stated that it takes too much time to drive/stop, drive/stop each time over four speed bumps. She noted that the bridge is only 100-125 feet in length and during the time she is on the bridge, she has observed traffic backing up on the east side—trucks with boats, trailers and what not, and the rest of the vehicles are out in the traffic lane. The west side is the same, with vehicles trying to get on the bridge and getting backed up to the corner coming around the lake. She said she has witnessed several accidents there and she wondered why the drivers have been punished with these speed bumps for over 25 years.

A gentleman from the audience spoke up who is the Highway 126 representative on the State Area Committee on Transportation. He stated that Oregon Department of Transportation (ODOT) is very cooperative and that they will listen to suggestions. He suggested that Mr. Liitschwager and Ms. Scott write a letter to ODOT (the McKenzie River area is Area 2 of Oregon), as he believes they would get a response.

Mr. Liitschwager replied that he had contacted ODOT and they told him that EWEB has control of Leaburg Dam Road.

**Joe Halbert** reiterated his previous testimony regarding the tree trimming recently done from the end of Greenwood Drive to the end of Thurston Road, as to why aren't the limbs cut to the ground and then loppers used in the spring to finish the job. He added that the flaggers on that stretch of road waste too much of the drivers' time and are not necessary.

Mr. Halbert also asked why EWEB bill payments are mailed to the state of Washington.

Mark Freeman, Energy Management Services and Customer Service Manager, replied that in 2010 EWEB's billing machine was past its useful life and had contributed to three or four repetitive motion injuries to its operators, so EWEB decided to contract with an outside service in Washington (who only services municipal utilities such as EWEB) to perform billing services (as it would have cost \$750,000 to \$1 million to upgrade the billing machine). This processing center's pricing is about half what a local processing center's would be. He explained that the time it took for bills to reach Washington was tested by sending letters from downtown Eugene, McKenzie Bridge and other areas, and that it took two days for them to get there, where previously it took three or four days to process all of that mail. In summary, the process is now more efficient, saved the utility money by not having to buy equipment, and produced enough savings to move the operators of the previous billing machine to different positions instead of laying them off.

President Simpson added that this is not a for-profit deal for EWEB, and that the money returns to EWEB in a wire transfer.

Regarding the speed bumps on Leaburg Dam Road, Commissioner Helgeson stated that he understands the risks for EWEB, and that he doesn't want to micro manage the speed bumps. He wondered if staff could look at this in terms of options that might accomplish EWEB's purposes, and he voiced concern about traffic backing up onto the highway. He added that it is possible that ODOT won't fix the problem but they may have some experience with this type of issue.

President Simpson and Commissioner Mital supported Commissioner Helgeson's request to staff, and the request received three head nods.

General Manager Gray stated that he will forward the Board a summary of why the speed bumps were originally installed and then Board and staff can proceed from there.

Commissioner Mital stated that he has looked at Mr. Liitschwager's website and was impressed by the number of photos. He noted that when four of EWEB's Commissioners visited Carmen-Smith Dam recently, they took a detour and drove on Leaburg Dam Road in order to experience the speed bumps. He said that staff's reason for installing the speed bumps is

because of safety needs for the dam, but at the same time he hears Mr. Liitchschwager's concern about traffic backing up onto Highway 126, and that even though it may be an ODOT issue, EWEB can at least look at some mitigating options.

President Simpson stated that he will drive over the bridge on his way home this evening.

## **McKENZIE WATERSHED**

Steve Newcomb, Environmental Manager, introduced Eric Sproles, Oregon State University post-graduate in climate change study. With the use of overheads, Mr. Sproles discussed present and future snowpack in the McKenzie River, temperature trends from 1920-2000, stream flow trends from 1948-2000, elevational profiles, and various examples of adaptation, mitigation and suffering in relation to projected climate action.

Commissioner Helgeson asked what the implications are for general flow requirements at EWEB hydroelectric projects, as EWEB's regulatory requirements were based on average conditions.

General Manager Gray replied that EWEB's systems are passthrough systems, and that from a water standpoint it is troubling but from a power standpoint, it translates to more generation. He added that he believes the Corps of Engineers will be looking at rule curves and that they will have to change and put more emphasis on flood control, with less power and more holes in the reservoir for flood control.

Vice President Brown stated that he believes the same would be true for Leaburg power plant, as he believes the flow is not 3500 cubic feet per second (CFS) at that stage of the river. He wondered how that would change EWEB's license and what that would mean.

General Manager Gray replied that there would be potential loss of summer generation at all three projects, but that the flip side would be more generation in winter.

Vice President Brown stated that he is worried about when EWEB is still diverting two-thirds of water through the canal, and he wondered if that means that there will be a lot of generation lost in the summer.

General Manager Gray replied that there is so much wind and solar power coming out of California that it should be okay.

Commissioner Mital asked at what elevation the High Cascades boundary is located. Mr. Sproles replied that it is at about 3500-4000 feet, and that he believes Carmen-Smith is within that or close to that, and that the dam is actually on the boundary.

Commissioner Mital asked if that is where it is expected that snow turns to rain (at about 750-1,000 feet elevation). Mr. Sproles replied that Eugene gets one meter of rain per year and up top gets three meters, and that the snow pack is at 3 and 2.2 meters, respectively.

General Manager Gray asked if there have been years that emulate what we might be looking at on a regular basis. Mr. Sproles replied that he doesn't know the exact years, but they would be the El Nino and La Nina years.

A brief discussion ensued regarding snow pack and geologic conditions.

## **CLIMATE CHANGE AND THE McKENZIE VOLUNTARY INCENTIVES PROGRAM**

Mr. Newcomb introduced Karl Morgenstern, Drinking Water Source Protection Coordinator. EWEB is developing a new drinking water source protection strategy that will reward rural landowners who maintain high quality land along the river, helping to protect water quality in the McKenzie Watershed and avoid future water treatment costs.

Under the Voluntary Incentive Program (VIP), landowners with property that meets specific standards will qualify to receive annual payments. The payments will reward outstanding land stewardship benefiting the residents of Eugene, whose source of drinking water is the McKenzie River.

With the use of overheads, Mr. Morgenstern discussed the McKenzie VIP, including showing a map of the McKenzie watershed area, and discussing climate change impacts, the effect on riparian areas and habitat function, watershed valuation, the mission and goals of the voluntary incentives program, pilot projects for 2014, traditional imaging and mapping vs. LiDar surface imaging and mapping, the amount of acreage covered in the program, customer services vs. payment for the program, progress monitoring and reporting, the roles of each partner in the program, the timeline for each pilot project, and EWEB's investment to date, along with other potential funding.

The above information on the VIP program can be viewed at [www.eweb.org/sourceprotection/vip](http://www.eweb.org/sourceprotection/vip).

Vice President Brown asked how the septic tank inspection program coincides with this program. Mr. Morgenstern replied that the septic tank inspection program is ongoing and that EWEB maintains a budget for those services, and that 530 land owners are participating in the program.

Vice President Brown asked if funding for the septic tank inspection program is still adequate. Mr. Morgenstern replied that the program ran out of cost share money in late August, but that people were put on a waiting list and will be funded on January 1, 2014.

Vice President Brown stated that he hates to delay the program due to inadequate funding, and that if the program is out of money, he would like to know. He added that he doesn't understand only putting \$10,000 a year into a program that is vitally important in helping



landowners, that apparently there is still a demand for the program if it is running out of money, and that, in his opinion, the program should never run out of money.

President Simpson and Commissioner Helgeson agreed with Vice President Brown's comments.

Commissioner Manning stated that he thought there was \$50,000 in the budget for this program, and wondered if the \$50,000 had been reduced to \$10,000.

Mr. Morgenstern explained that a one-time expense of \$50,000 was budgeted for an engineering study for a septic system in Blue River, as EWEB is working with them to form a district and get funding, but that the \$10,000 is an annual budget item.

General Manager Gray stated that he will discuss this with the Board at a later time.

Commissioner Mital commended Mr. Morgenstern for his presentation this evening and for his previous Board presentations, as they are always clear and concise. He asked for more information regarding the value proposition.

Mr. Morgenstern explained that staff assumes that this is green infrastructure and that if it isn't taken care of, EWEB is looking at an engineering solution down the road. He said that staff also looks for cost avoidance in relation to EWEB's turbidity data, because as turbidity increases, costs increase; and he also noted that the additional pieces are the avoided cost of forest restoration, the regulatory cost driver and attempting to avoid future regulatory cost increases, and the climate mitigation concept, i.e., if there is more flooding, having a natural system helps avoid that.

Commissioner Mital stated that it seems that if more fluctuance in the McKenzie River is expected, landowners will have their own reasons to protect against floods.

Mr. Morgenstern replied that this affects all land owners in riparian zones, and that staff does as much outreach education as they can around what riparian protection looks like in restoration, so that landowners will continue to protect it, instead of waiting 20-30 years to start reacting at that point, and that it depends on how proactive EWEB wants to be.

Regarding the potential service territory transfer, Commissioner Manning asked how much of this pilot program will reach out to existing customers in this network. He wondered if this is something EWEB might want to continue if the transfer occurs, or if LEC would pick that up.

Mr. Morgenstern replied that this pilot program would reach out to quite a few existing customers and that the program would continue for both existing and second source water supply, and that he will have to think about how that might impact EWEB's relationship with those customers.

General Manager Gray added that, regardless, Blue River residents are LEC customers today, and EWEB is working with some of them in the septic program. He agreed with Mr. Morgenstern that it is difficult to guarantee payback, and that many water districts larger than EWEB own their watershed, so they have protection built in through the parks system, which is a different partnership model, and a very interesting way economically to approach the problem.

Commissioner Mital asked how the urban runoff that Mr. Sproles discussed affects this project. Mr. Morgenstern replied that staff is hoping to get a grant that will allow them to build a treatment wetland around Springfield, and that they are looking at diverting other storm water systems. He added that staff did a survey of customers and upriver residents, and there is overwhelming support for protection of the McKenzie River, and the residents' willingness to pay for that is pretty high, i.e., they are willing to pay more than what EWEB needs to run this program.

Commissioner Helgeson stated that as a former EWEB employee, he was involved in EWEB's water protection program from the beginning, and he thanked Mr. Morgenstern and his staff for pointing out other issues that continue to impress him. He noted that the approach staff has taken to rely on partnerships has never put EWEB in the position of forcing things on people or stepping up to be the major funder, and that he assumes that staff has creative funding strategies that will avoid having it rise to the level that forces those kinds of questions.

## **PUBLIC INPUT - GENERAL**

**Mary Burns** echoed Commissioner Manning's comment about LEC giving a presentation to upriver residents. General Manager Gray replied that LEC will be presenting several community meetings, and that he will make sure EWEB's website has the dates of those listed.

**Brian Bender** submitted the following testimony via e-mail:

I'll be unable to attend the public input meeting Oct. 1st, so here's my input: I've been following the smart meter issue for quite some time, and it's become clear to me that EWEB has been in favor of implementing the wireless meters from day 1, often with very little concern for the potential health risks from chronic exposure to the meters.

With increasing lawsuits, bans, protests, and stories of smart-meter induced sickness, my question to EWEB is this: Is your bias to implement smart meters based purely on convenience, finances, and a relentless pursuit for the most up-to-date metering gadget?

EWEB's decision is clearly not based on the voice of the people, or else they'd give pause and serious thought to pursuing safe metering technology: fiber optics, analog meters, or radio-off meters.

To the Commissioners: Thanks for volunteering your time and representing the people. Would it be possible to have the commissioner of my ward read this during the public input session?

## **DOWNTOWN EUGENE ELECTRICAL DISTRIBUTION SYSTEM**

Mel Damewood, Engineering Manager, introduced Alan Fraser, Engineering Supervisor, who assisted him with the presentation.

Mr. Damewood gave a brief update on what has been done in the last three years since the catastrophic network failure at 13<sup>th</sup> & Pearl, which was partially related to heat from a steam line. He noted that since then the steam plant has been shut down, and other factors have contributed to the need for EWEB to make a decision about updating the downtown electrical distribution system (network vs. radial), and that there are varied opinions from staff about what should be done. He asked the Board to consider the different factors and how they wish to weigh them, and what to consider what type of decision-making process would help them and also the customers of the downtown network, as it is a 50-year decision.

With the use of overheads, Mr. Fraser discussed the existing downtown business network and compared a network vs. radial system--the characteristics that will be evaluated, distributed generation, the reliability perspective, distribution energy efficiency, cost to the customer, construction disruption time, safety issues, greenhouse gas savings, preliminary construction costs, future plans, and some examples of downtown networks and photovoltaic. He also listed the 2013 network downtown team members.

President Simpson made the following comments:

**“Distributed Generation (DG):** There have been many concerns about the restricted ability to integrate DG into the downtown network. EWEB, like many other utilities, is under pressure to evolve its distribution topology to accommodate new paradigms such as DG. I believe the best option to take advantage of novel approaches to growing energy demand and capacity management is to change out the downtown network topology to a traditional loop standby, multi-feeder design. Operation and construction costs will be lower with a traditional distribution design because the warehouse will no longer need to stock specialized components that are only used in the downtown network. We will no longer need specially trained and certified staff to maintain and repair a networked system.

**Reliability:** Based on EWEB’s existing reliability track record, the looped nature of our existing transmission and distribution (T&D) system, and the fact that the downtown system is underground, I have no concerns or fear about reliability impacts if we switch from a complex, expensive network system to a more traditional distribution design. I believe the number of outages will be comparable to the bulk of our system, and I actually believe that restoration times will be faster due to three primary factors: 1) simplicity; 2) availability of spare parts; and 3) easier to troubleshoot. Automatic relaying could be implemented to segregate faulted feeders and facilitate rapid loop reconfiguration to make up for part of the reliability loss.

**Construction Complexity:** I accept and can live with the fact that this falls in the ‘difficult’ category. There’s no doubt a system redesign will be required, along with significant design, construction and installation expenses. This is the cost of doing business and making things better. I am concerned that continued investment in the existing downtown network

doesn't have an adequate rate of investment, and frankly I am not convinced that the 900 customers who currently benefit from the downtown network care, understand or appreciate the 'benefits' that the networked system gives them.

**Customer-Side Electric Equipment Costs:** Who doesn't want to save money? Lower service connection costs will place less of a financial burden on new businesses and those that want to modernize and remodel. I am all in favor of lowering connection costs wherever possible, and this is one more reason why I think a switch away from a networked system is appropriate in today's day and age.

**Customer Voltage Options:** A switch to a traditional distribution design will give more options to customers. For example, the Capstone project might want to receive electricity at 480V, whereas a small downtown restaurant upstart only needs regular 208V service. This allows our account managers and engineers to respond to various requests with 'sure, we can provide that' much more often. This flexibility preserves the reservoir of good will and is good for business.

**Contribution in Aid:** I don't know much about this topic, and I would appreciate a brief drill-down to help wrap my head around this issue. Nonetheless, staff has identified lower consumer costs in this category in a switch to a traditional distribution scheme, so even without knowing much about this issue, who am I to argue against lower consumer costs? It's just one more thing leaning me in the direction of a changeover.

**Road Construction Disruption:** More if we make a changeover, less if we keep the existing network topology. I say 'so what.' Let the disruption happen. Again, it's the cost of business and the price that the public has to pay for progress.

**Outages During Construction:** More likely if we make a changeover. True, but with careful planning and plenty of advanced communication and notice, this should not have that much impact on the community.

**Safety:** This is a no-brainer. We really don't have 'industrial' loads downtown, so having a low-impedance distribution system with its attendant higher fault currents is not necessary and, besides, all that copper and aluminum is expensive. We should always take measures to reduce hazards to our crews and to the public. The enhanced safety is a great 'freebie' benefit to making the switch.

**Greenhouse Gas Emissions:** This, too, is a no-brainer. Unless there is a huge benefit to keeping the downtown network, there's no reason not to implement a system that facilitates smart grid operation and DG."

President Simpson also stated that he is curious about the outcome of the stakeholder experience, and asked staff to keep him in the loop.

Commissioner Helgeson thanked staff for the great information. He stated that it was his sense from day one that the downtown network was a mismatch in terms of design approach for a city the size of Eugene, and that in some sense EWEB is left with having to overcome the vestiges of what remains. He added that at this point he doesn't have an opinion yet, and he complimented staff for a robust engineering analysis and their look at many dimensions.

Mr. Fraser gave kudos to his team for that analysis.

Vice President Brown asked if he has a conflict of interest around approval due to the fact that his company manages many downtown properties. General Manager Gray replied that he does not. Vice President Brown then stated that he supports a radial system even though he's not happy about the road disruptions for 2-1/2 months and the occasional outages.

### **APPROVAL OF CONSENT CALENDAR**

President Simpson pulled items 1a and 1b. Vice President Brown recused himself from voting on items 3 and 5.

It was moved by Commissioner Helgeson, seconded by Commissioner Manning, to approve the remaining items. The motion passed unanimously (5-0).

### **ITEMS REMOVED FROM CONSENT CALENDAR**

President Simpson asked that approval of the July 23, 2013 and August 6, 2013 minutes be postponed until the October 1, 2013 meeting in order to make some revisions. The Board agreed.

It was then moved by President Simpson, seconded by Commissioner Mital, to approve items 3 and 4. The motion passed 4-0 (Vice President Brown recused himself).

### **CORRESPONDENCE AND BOARD AGENDAS**

General Manager Gray thanked Commissioner Mital for acknowledging EWEB's recent awards.

Regarding the re-launch of Energy Management Services (EMS), General Manager Gray noted that he has discussed this with each of the Commissioners, and he pointed out that there has been a slight variation in the Integrated Energy Resource Plan (IERP) policy regarding offsetting load growth with energy efficiency and demand response, and that EWEB is slightly above that target now. He added that the budget is sufficient for a soft relaunch in quarter 4 of 2013, with a full relaunch in 2014 based on the Board's upcoming budget discussion.

He also asked the Board for clarification around which of the above metrics should be the broader consideration and whether it is appropriate to discuss that in more detail at a future

meeting, as he wants to make sure that EWEB doesn't get themselves into that same position again.

Mr. Freeman added that he refers to the above variation as a "customer service minimum," not from an IERP point of view but from a customer service point of view, and he echoed General Manager Gray's wish for EWEB not to get themselves in that position again.

Commissioner Mital stated that, in his opinion, the ramp down of Energy Management Services was EWEB's biggest mistake of the year. He noted that he is not blaming anyone in particular, but he feels that it should have been recognized that it was a big enough issue that it should have come before the Board earlier. He stated that because of new Board policies and triggers, he doesn't expect this to happen in the future, but that if another "perfect storm" happens, he doesn't want to turn off those services again, as the Board has reserves, and the Board should have the final say on how to handle that issue. He added that the septic program that Mr. Morgenstern oversees also falls into that same category.

President Simpson agreed with Commissioner Mital's comments.

Regarding the questions from the audience and Vice President Brown regarding Walterville Pond, General Manager Gray stated that he will follow up on this. Vice President Brown noted that he is okay with the explanation that General Manager Gray gave him earlier.

General Manager Gray noted that the EGI welcome and tour previously scheduled for the October 1 Board meeting has been postponed until the November 5 Board meeting, at EGI's request.

President Simpson reminded the Board about their group photo which will be taken before the October 1 Board meeting.

President Simpson adjourned the Regular Session at 9:55 p.m.

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Assistant Secretary

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President



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital  
FROM: Cathy Bloom, Finance Manager; Susan Eicher, Accounting and Treasury  
Supervisor; Debbie Matheney, Accounting Analyst II  
DATE: October 29, 2013  
SUBJECT: Resolution No. 1323: 2014 Trojan Annual Operating Budget  
OBJECTIVE: Board approval of Revised 2013 and Proposed 2014 Budgets for the Trojan  
Nuclear Plant

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## **Issue**

The Consent Calendar for the November 5, 2013 Board Meeting includes a recommendation for Board approval of the Proposed 2014 Budget for the Trojan Nuclear Plant. This memorandum provides background for that recommendation. As described below, Bonneville pays all EWEB costs for Trojan and has indicated they will approve the 2014 budget, making the Board's action perfunctory, but necessary for compliance with policy.

## **Background**

The Trojan Nuclear Plant was constructed in the early 1970's by Portland General Electric, EWEB, and Pacific Power & Light Company with EWEB owning a 30 percent share. Trojan operated from 1976 until 1993 when the owners agreed to shut down and decommission the facility.

EWEB and Bonneville entered into an agreement whereby EWEB assigned its rights to power to the project in return for Bonneville paying all EWEB costs related to project operation, maintenance and decommissioning as well as EWEB debt service and internal costs related to oversight. In 1981, EWEB assigned its rights to any future power from the project to Bonneville. Bonneville has been and will continue to pay EWEB's share of the costs in accordance with the EWEB-BPA Net Billing Agreement for Trojan.

At this point, almost all of the decommissioning of the project is complete. All of the spent fuel has been transferred to a long-term storage facility at the Trojan site and will remain there until such time as it can be relocated to a federal waste repository. Remaining costs included primarily relate to the spent fuel storage costs. There is certain remaining property owned by the project which is gradually being disposed of over time.

## **Discussion**

Each year, the co-owners review and approve the Trojan Project operating budget as prepared and proposed by Portland General Electric. Part of that process includes review and approval by the Board.

Bonneville is currently reviewing the Trojan project budget as proposed by PGE and EWEB's share of that proposed budget. PGE's approval of proposed budget is expected prior to the end of this year.

As mentioned above, under the term of the Net Billing Agreement between Bonneville and EWEB, Bonneville will pay 100 percent of EWEB's share of the costs associated with Trojan.

In the Trojan Budget, the largest single cost relates to the spent fuel storage. Of the \$1.8 million budgeted as EWEB's share of the expenses, \$1.7 million of that relates to spent fuel storage. EWEB's direct cost is expected to be decreased due to the spent fuel litigation cost.

In mid-2009, the Trojan owners were notified that the stay on the litigation concerning financial responsibility for the spent fuel storage was being lifted. (In this litigation, the Trojan owners sought to get the federal government to pay some or all of the costs of maintaining the spent fuel storage based on the federal government's failure to take responsibility for spent fuel storage at a central repository.) The Court ruled in favor of payment by the federal government on the Department of Energy litigation in July 2013 and the first pass through payment of \$24.4 million was received by EWEB and issued to Bonneville Power Administration on September 10, 2013.

With the Trojan bonds now paid off and expenses at a relatively small level, Bonneville has been paying EWEB for Trojan expenses directly rather than going through the net billing process.

## **Recommendation**

Staff recommends Board approval of the Consent Calendar item titled "2014 Trojan Annual Operating Budget."

## **Requested Board Action**

Board approval of Resolution 1323 for the Revised 2013 and Proposed 2014 Trojan Annual Operating Budgets is requested.



**EUGENE WATER & ELECTRIC BOARD  
TROJAN NUCLEAR PLANT  
2013 ANNUAL OPERATING BUDGET - FINAL  
(In Thousands of Dollars)**

	<u>2013 Revised</u>	<u>2013 Proposed</u>	<u>Increase/ (Decrease)</u>
EWEB's share of operation costs	\$74	\$63	\$11
EWEB's share of decommissioning costs	1,354	1,241	113
EWEB's share of capital additions	9	9	(0)
<b>TOTAL EWEB SHARE OF PGE COSTS</b>	<u>1,437</u>	<u>1,313</u>	<u>124</u>
EWEB's direct costs	93	103	(10)
<b>TOTAL OTHER COSTS</b>	<u>93</u>	<u>103</u>	<u>(10)</u>
<b>TOTAL ANNUAL OPERATING COSTS</b>	<u>1,530</u>	<u>1,416</u>	<u>114</u>
<b>LESS:</b>			
Prior year general fund carry-over	(299)	(154)	(145)
General fund interest income	(1)	(2)	1
<b>PLUS:</b>			
Year end general fund balance	330	300	30
<b>TOTAL REQUIREMENT</b>	<u>1,560</u>	<u>1,560</u>	<u>(0)</u>
<b>TOTAL AMOUNT TO BE NET BILLED</b>	<u><u>1,560</u></u>	<u><u>1,560</u></u>	<u><u>(0)</u></u>
<b>ANNUAL FINANCING</b>			
Beginning general fund balance	299	154	145
Net billings	1,560	1,560	(0)
Interest earnings on gen fund invest	1	2	(1)
<b>TOTAL FUNDS AVAILABLE</b>	<u>1,860</u>	<u>1,716</u>	<u>144</u>
<b>TOTAL ANNUAL OPERATING COSTS</b>	<u>1,530</u>	<u>1,416</u>	<u>114</u>
<b>ENDING GENERAL FUND BALANCE</b>	<u><u>\$330</u></u>	<u><u>\$300</u></u>	<u><u>\$30</u></u>

**EUGENE WATER & ELECTRIC BOARD  
TROJAN NUCLEAR PLANT  
2013 ANNUAL OPERATING BUDGET - FINAL  
(In Thousands of Dollars)**

**DECOMMISSIONING COSTS**

	<u>2013 Revised</u>	<u>2013 Proposed</u>	<u>Increase/ (Decrease)</u>
USDOE Litigation Costs	\$175	\$175	\$0
ISFSI	<u>\$4,340</u>	<u>\$3,962</u>	<u>\$378</u>
<b>DECOMMISSIONING COSTS</b>	<u><u>4,515</u></u>	<u><u>4,137</u></u>	<u><u>378</u></u>
<b>EWEB'S SHARE OF DECOMMISSIONING COSTS</b>	<u><u>\$1,354</u></u>	<u><u>\$1,241</u></u>	<u><u>\$113</u></u>

**CAPITAL ADDITIONS**

	<u>2013 Revised</u>	<u>2013 Proposed</u>	<u>Increase/ (Decrease)</u>
Capital Jobs	<u>\$29</u>	<u>\$29</u>	<u>\$0</u>
<b>EWEB'S SHARE OF CAPITAL ADDITIONS</b>	<u><u>\$9</u></u>	<u><u>\$9</u></u>	<u><u>\$0</u></u>

**EUGENE WATER & ELECTRIC BOARD  
TROJAN NUCLEAR PLANT  
2013 ANNUAL OPERATING BUDGET - FINAL**

**EWEB DIRECT COSTS**

	<u>2013 Revised</u>	<u>2013 Proposed</u>	<u>Increase/ (Decrease)</u>
Labor	\$8,695	\$15,174	(\$6,479)
Overhead	870	1,517	(647)
LABOR & TRAVEL	<u>9,565</u>	<u>16,691</u>	<u>(7,126)</u>
Legal	83,659	85,000	(1,341)
Trustee	332	1,000	(668)
OTHER	<u>83,991</u>	<u>86,000</u>	<u>(2,009)</u>
<b>EWEB DIRECT COSTS</b>	<b><u><u>\$93,556</u></u></b>	<b><u><u>\$102,691</u></u></b>	<b><u><u>(\$9,135)</u></u></b>

**EUGENE WATER & ELECTRIC BOARD**  
**TROJAN NUCLEAR PLANT**  
**2014 ANNUAL OPERATING BUDGET- PRELIMINARY**  
**(In Thousands of Dollars)**

	<u>2014 Budget</u>	<u>2013 Revised</u>	<u>Increase/ (Decrease)</u>
EWEB's share of operation costs	\$100	\$74	\$26
EWEB's share of decommissioning costs	1,718	1,354	364
EWEB's share of capital additions	9	9	0
<b>TOTAL EWEB SHARE OF PGE COSTS</b>	<u>1,827</u>	<u>1,437</u>	<u>390</u>
EWEB's direct costs	69	93	(24)
<b>TOTAL OTHER COSTS</b>	<u>69</u>	<u>93</u>	<u>(24)</u>
<b>TOTAL ANNUAL OPERATING COSTS</b>	<u>1,896</u>	<u>1,530</u>	<u>366</u>
LESS:			
Prior year general fund carry-over	(330)	(299)	(31)
General fund interest income	(2)	(1)	(1)
PLUS:			
Year end general fund balance	300	330	(30)
<b>TOTAL REQUIREMENT</b>	<u>1,864</u>	<u>1,560</u>	<u>304</u>
<b>TOTAL AMOUNT TO BE NET BILLED</b>	<u><u>1,864</u></u>	<u><u>1,560</u></u>	<u><u>304</u></u>
<b>ANNUAL FINANCING</b>			
Beginning general fund balance	330	299	31
Net billings	1,864	1,560	304
Interest earnings on gen fund invest	2	1	1
<b>TOTAL FUNDS AVAILABLE</b>	<u>2,196</u>	<u>1,860</u>	<u>336</u>
<b>TOTAL ANNUAL OPERATING COSTS</b>	<u>1,896</u>	<u>1,530</u>	<u>366</u>
<b>ENDING GENERAL FUND BALANCE</b>	<u><u>\$300</u></u>	<u><u>\$330</u></u>	<u><u>(\$30)</u></u>

**EUGENE WATER & ELECTRIC BOARD  
TROJAN NUCLEAR PLANT  
2014 ANNUAL OPERATING BUDGET- PRELIMINARY  
(In Thousands of Dollars)**

**DECOMMISSIONING COSTS**

	<u>2014 Budget</u>	<u>2013 Revised</u>	<u>Increase/ (Decrease)</u>
USDOE D&D Provision	\$50	\$175	(\$125)
ISFSI	<u>\$5,676</u>	<u>\$4,340</u>	<u>\$1,336</u>
DECOMMISSIONING COSTS	<u>5,726</u>	<u>4,515</u>	<u>1,211</u>
<b>EWB'S SHARE OF DECOMMISSIONING COSTS</b>	<b><u>\$1,718</u></b>	<b><u>\$1,354</u></b>	<b><u>\$364</u></b>

**CAPITAL ADDITIONS**

	<u>2014 Budget</u>	<u>2013 Revised</u>	<u>Increase/ (Decrease)</u>
Capital Jobs	<u>\$29</u>	<u>\$29</u>	<u>\$0</u>
<b>EWB'S SHARE OF CAPITAL ADDITIONS</b>	<b><u>\$9</u></b>	<b><u>\$9</u></b>	<b><u>\$0</u></b>

**EUGENE WATER & ELECTRIC BOARD**  
**TROJAN NUCLEAR PLANT**  
**2014 ANNUAL OPERATING BUDGET - PRELIMINARY**  
**(In Thousands of Dollars)**

**OPERATION & OTHER COSTS**

	<u>2014 Budget</u>	<u>2013 Revised</u>	<u>Increase/ (Decrease)</u>
Administrative & General	\$30	\$54	(\$24)
Property Insurance	9	9	0
Injuries and Damages	2	2	0
Employee Benefits	189	104	85
Misc. General Expenses	<u>97</u>	<u>82</u>	<u>15</u>
<i>OPERATIONS</i>	<u>327</u>	<u>251</u>	<u>76</u>
Payroll taxes	4	2	2
Other interest expense/Rental Revenue	<u>(9)</u>	<u>(7)</u>	<u>(2)</u>
<i>OTHER</i>	<u>(5)</u>	<u>(5)</u>	<u>(0)</u>
<i>OTHER WORKING CAPITAL CHANGE</i>	<u>10</u>	<u>(0)</u>	<u>10</u>
 TOTAL OPERATION & OTHER	 <u><u>332</u></u>	 <u><u>246</u></u>	 <u><u>86</u></u>
 <b>EWEB'S SHARE OF O &amp; M COSTS</b>	 <u><u>100</u></u>	 <u><u>74</u></u>	 <u><u>26</u></u>

**EUGENE WATER & ELECTRIC BOARD  
TROJAN NUCLEAR PLANT  
2014 ANNUAL OPERATING BUDGET- PRELIMINARY**

**EWEB DIRECT COSTS**

	<b>2014 Budget</b>	<b>2013 Revised</b>	<b>Increase/ (Decrease)</b>
Labor	\$16,472	\$8,695	\$7,777
Overhead	1,647	870	777
<b>LABOR &amp; TRAVEL</b>	<b>18,119</b>	<b>9,565</b>	<b>8,554</b>
Legal	50,000	83,659	(33,659)
Trustee	1,000	332	668
<b>OTHER</b>	<b>51,000</b>	<b>83,991</b>	<b>(32,991)</b>
<b>EWEB DIRECT COSTS</b>	<b>\$69,119</b>	<b>\$93,556</b>	<b>(\$24,437)</b>

**RESOLUTION NO 1323**  
**November 2013**

**EUGENE WATER & ELECTRIC BOARD**  
**2014 Trojan Budget**

**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 Trojan nuclear plant was constructed in the early 1970's by Portland General Electric, EWEB and Pacific Power & Light Company with EWEB owning a 30 percent share;

**WHEREAS**, the owners agreed to shut down and decommission the facility after operating it from 1976 – 1993;

**WHEREAS**, EWEB and Bonneville entered into an agreement whereby EWEB assigned its rights to power to the project in return for Bonneville paying all EWEB costs related to project operation, maintenance and decommissioning as well as EWEB debt service and internal costs related to oversight;

**WHEREAS**, the co-owners review and approve the Trojan Project operating budget annually as prepared and proposed by Portland General Electric;

**NOW, THEREFORE, BE IT RESOLVED** by the Eugene Water & Electric Board that:

1. The Board hereby has reviewed and approves the 2013 revised and 2014 proposed Trojan Budgets.

DATED this 5th day of November 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 November 5, 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 Services Manager  
Kevin Biersdorff, Principal Project Manager  
Jeannine Parisi, Community & Local Gov't Outreach Coordinator  
DATE: October 25, 2013  
SUBJECT: Resolution No. 1324 - Riverfront Property Declaration of Surplus  
OBJECTIVE: Board Action – Resolution No. 1324

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## Issue

EWEB is developing a process to enlist a master developer for purchase and redevelopment of the riverfront property. Concurrent with the solicitation, management and our consultants recommend that the City's first right to acquire EWEB surplus property be resolved to reduce uncertainty about the property's future development potential.

## Background

City Code Section 2.196 requires that property held by the utility, but no longer needed for utility purposes, be declared surplus prior to disposal. Once surplus is declared, and city officials are notified, the City Manager is allowed thirty days to indicate interest and commence negotiating purchase for municipal purposes. The negotiation and transfer must occur within five years of notification.

*"Eugene Water & Electric Board – Disposition of Real Property.* The board may dispose of real property not needed for utility purposes in accordance with state law. In the event the board of its designee determines that real property is not needed for utility purposes, it shall afford the city the opportunity to obtain the property for municipal purposes by notifying the city manager of its availability. If the city desires to obtain the property, the city manager shall request negotiation within thirty (30) days of the notification. As soon as possible after negotiation, the city manager and the board's general manager shall negotiate an agreement to compensate the board for the property transferred in accordance with agreed criteria. Any agreed transfer to the city and compensation to the board shall be completed within five (5) years from the date of notification. The board may dispose of the property by such means and terms as it deems appropriate if the city manager fails to request negotiations within thirty

(30) day of notification of availability or if the property transfer is not completed within five (5) years of that notification."

Note that the provision allows City acquisition "for municipal purposes." Presumably, those purposes would be documented and made known to meet the intent of the law. On the other hand, if the City were interested in the property for other than municipal purposes, e.g., resale, then they should waive their rights under EC 2.196 and simply seek to purchase the property along with other potential buyers.

Furthermore, EWEB Real Property Policies SD14, last revised July 5, 2005, states:

"3. Property Disposal – The Board may declare any real property surplus. The decision to declare a parcel surplus will be based on current and future utility needs, land use and environmental considerations. The Board may direct staff to dispose of any properties declared surplus. Any properties disposed shall be disposed in accordance with applicable ordinances, statutes, laws and other Board policies."

On March 19, 2012 the City Manager and EWEB General Manager executed a Memorandum of Understanding (MOU) outlining the expected actions of each organization to facilitate implementation of the riverfront master plan. Germane to the Declaration of Surplus is an agreement that,

"1. City approval of the land use applications . . . will specifically identify those portions of the Riverfront Property that are planned and regulated to serve municipal purposes. Exhibit A, attached hereto, shows the general area that will likely be proposed for a public park as part of the Riverfront Property redevelopment. In order to release some of the Riverfront Property from real or perceived encumbrances that could impede the redevelopment process, the City intends to release its EC 2.196 right of first refusal to all portions of the site not identified for public park space in the City's final land use approvals. This release of the City's 2.196 right will be provided to EWEB in writing immediately following a City approval of EWEB's applications and EWEB's written notice to the City that EWEB desires to sell that property."

and,

"3. The City and EWEB agree to collaborate on the development of the Downtown Riverfront public park/open space and seek strategies for its long-term maintenance that will meet the objectives of the Riverfront Master Plan as approved by Council. Among other strategies to be considered are: phased development of the park/open space area, EWEB's retention of limited property interests, City acquisition of limited property interests such as public access easement, or creation of a maintenance fund.

At the October 1 meeting, management shared a map outlining an approximately 16 acre subset of the riverfront property that is readily available for horizontal development. In the memo, it was recommended that the Board be prepared to declare this area surplus at the next meeting, noting that additional land could be later added to a subsequent declaration depending on developer responses to the RFI/Q. The memo also explained that management would engage with the City Manager on the proposed Declaration of Surplus to ensure there have been changes since the MOU was signed and that he would be comfortable releasing those portions described.

## **Discussion**

In deference to the MOU and potential city interest, the proposed declaration exempted the property adjacent to the river that is defined as public open space per the newly adopted code. Management preferred to defer discussions about how this property would be developed and maintained over time until a master developer was on board and could participate in creating viable solutions. However, in subsequent conversations with City staff, it appears there is a difference in opinion about the sequencing proposed and that the City wants more certainty about future park ownership before releasing its interest in any portions of the property that EWEB plans to declare surplus for development. It appears that a negotiated transfer of the riparian park area to the City is the preferred outcome from the City's perspective.

The City Manager and General Manager have discussed an approach to expedite resolution to the park/open space issue so that EWEB can move forward on a formal declaration of surplus on the balance of the property. Our intent is to clarify concerns and identify acceptable ownership models for the park area that support our common goals for riparian enhancement, development of amenities, maintenance, management and public accessibility of the bike path and open space within a timeline that does not jeopardize the developer solicitation process. General principles guiding these discussions would include the following concepts:

- Property transfer from EWEB to the City would include recorded covenants, deed restrictions, and/or other legally binding mechanisms that manage future uses of the park/open space (e.g., no overnight use, general recreation and public access, etc.).
- EWEB would retain through recorded covenants and deed restrictions existing easements and future easements for planned utility needs.
- Transfer price for the park/open space will be at fair market value or some other reasonable proxy or consideration between the City and EWEB. EWEB is willing to entertain concepts where proceeds from the sale of the park/open space property could be set aside in a separate fund dedicated to maintenance of this property during the transition and development of the riverfront.
- That the City commits to developing the open/park space per the adopted land use code and design guidelines within a set timeframe and stage improvements in coordination with EWEB and its development partner(s).

- The City, EWEB and EWEB's master developer would work collaboratively to finalize details on the final boundaries for the park/open space area with the area being consistent with the MOU, land use code and master plan, but recognizing final minor adjustments that may be necessary to finalize lot lines and boundaries once final details of development, infrastructure (e.g. streets) and open/park space come together
- That the City agrees its interest in surplus EWEB riverfront property is satisfied through the transfer of the open space and that any additional riverfront property open space is limited to what is required by the adopted code to be developed for public benefit as expressed in the master plan (e.g. on-site storm water mgmt, boardwalks, public plazas).
- Incorporation of a 'reversion' clause that makes both parties accountable to uphold commitments and timelines to develop and maintain the park/open space and riverfront infrastructure improvements. Conceptually, the reversion clause would be at the original transfer price less payments or cost of improvements made by either party.
- That the City would pursue commitment of other public funds to support necessary infrastructure improvements to provide improved access to the riverfront and to support development of the riverfront consistent with the master plan concept and adopted land use code and design guidelines.

The riverfront park is a critical amenity to the success of the overall master plan concept. If negotiations for property transfer do not result in a mutually agreeable outcome, nothing in the land use code or any other agreements would prevent EWEB from retaining ownership of the property.

**TBL Assessment**

None. The Declaration of Surplus and solicitation of a master developer would occur within the context of the newly adopted code which encourages compact and green urban redevelopment adjacent to the city's core.

**Recommendation**

Since Declaration of Surplus is not de facto "notification of availability," staff recommends the Board proceed with Declaration of Surplus as shown on Exhibit A and direct the General Manager to provide the attendant notification to the City Manager at the appropriate time but no more than 90 days from Board action. This period of up to 90 days is intended to provide EWEB and the City to discuss and develop terms and conditions for the possible transfer of the open/park space. Please note that the area proposed for declaration in Exhibit A was expanded to include the Steam Plant as well. The Board's action would signal readiness to move forward but does not start the 30-day window for City response. This clock starts at the time of formal notification from the General Manager to the City Manager.

Management further recommends delaying release of the RFI/Q until January 1, 2014 with responses due back by March 3 to avoid a critical solicitation process occurring over the winter holidays. Staff

and consultants will continue to reach out to potential developers concurrent with resolution of the open space ownership and funding commitment issues. Management will keep the Board informed of progress in this regard and alert Commissioners if additional delays or other concerns arise.

**Requested Board Action**

1. Declaration of Surplus for real property as approximately shown in Exhibit A.
2. Approval for General Manager to provide notification to City Manager within the next 90 days to start the "30-day clock."
3. Authorize General Manager to commence negotiations with the City Manager on transfer of the open/park space that is consistent with the general principles outlines above.

PROPOSED AREA FOR DECLARATION OF SURPLUS  
NOVEMBER 2013  
17.25 AC

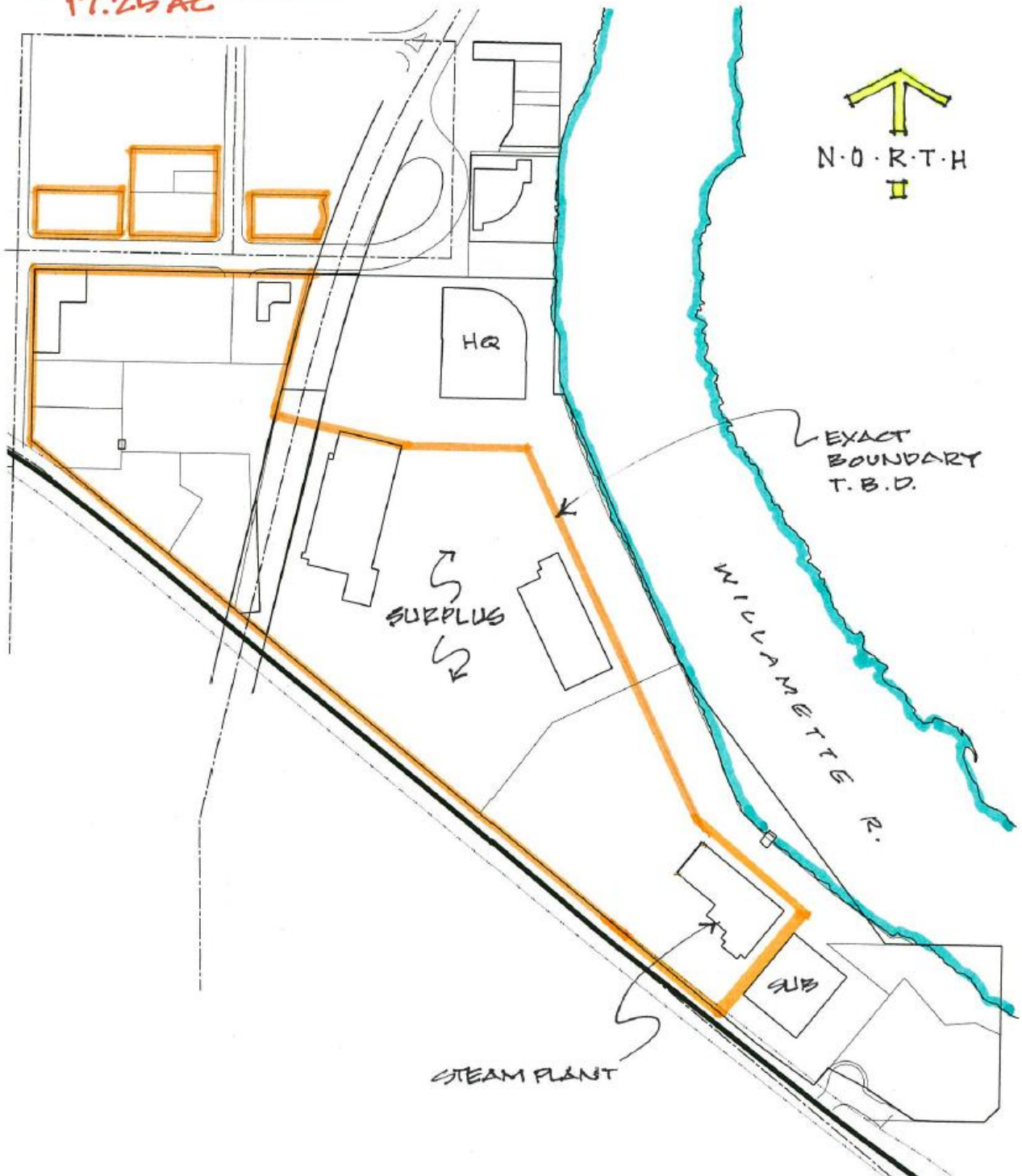


Exhibit A

**RESOLUTION 1324  
NOVEMBER 2013**

**RESOLUTION DECLARING SURPLUS  
FOR CERTAIN REAL PROPERTY NO LONGER NEEDED FOR UTILITY PURPOSES  
EUGENE WATER & ELECTRIC BOARD**

**WHEREAS**, EWEB holds title to approximately 27 acres of riverfront property in the name of the City of Eugene, for the use and benefit of Eugene Water & Electric Board;

**WHEREAS**, approximately 17 acres represented in Exhibit A are no longer needed for utility purposes;

**WHEREAS**, Eugene Code, Section 2.195 provides:

"The Water Board [EWEB] shall have entire control of the water and electric utilities of the city, and all property connected therewith";

**WHEREAS**, The EWEB Board of Commissioners, the Eugene Planning Commission and Eugene City Council have endorsed a master plan for redevelopment of the property -- along with the corresponding land use changes -- for the transition of the site to a mixed use development together with specific property to be set aside for publicly accessible open space.

**NOW, THEREFORE, BE IT RESOLVED** by the Eugene Water & Electric Board that:

- (i) The Board does hereby declare surplus the area represented in Exhibit A-- the exact boundaries of which shall be determined at a later date, and
- (ii) Instructs the General Manager to notify the City Manager of the opportunity to obtain the property for municipal purposes as provided by Eugene Code 2.196 not later than ninety (90) days from the execution of this resolution.

Adopted at a meeting of the Eugene Water & Electric Board on November 5, 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 November 5, 2013 Regular Board Meeting.

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

# EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve an increase to a contract with **2G Construction** to provide additional construction services for the Carmen-Smith campus garage additions.

Board Meeting Date: November 5, 2013  
Project Name/Contract#: Carmen-Smith Campus Garage Additions  
Primary Contact: Roger Kline Ext. 7484  
Secondary Contact: Roger Gray Ext. 7130  
Purchasing Contact: Guy Melton Ext. 7426

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

**Contract Amount:**  
Original Contract Amount: \$328,000  
Additional \$ Previously Approved: \$48,981  
Invoices over last approval: \_\_\_\_\_  
Percentage over last approval: 39%  
Amount this Request: \$76,854  
**Resulting Cumulative Total:** \$456,835

<b>Funding Source:</b>	
<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: Invitation to Bid No. 034-2013  
If applicable, basis for exemption: N/A  
Term of Agreement: August 6, 2013 – February 11, 2014  
Option to Renew? No  
Approval for purchases "as needed" for the life of the contract No

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

## NARRATIVE:

The Board is being asked to approve an increase to a contract with **2G Construction** to provide additional construction services for the Carmen-Smith Campus Garage Additions.

2G Construction was awarded a construction contract based on a competitive solicitation (ITB) and started construction of the Carmen-Smith Campus Garage Additions on August 27, 2013. Shortly after construction start, EWEB resident staff expressed concerns about the existing house trusses, and questioned whether they were capable of handling the current snow load design criteria, recently established by CH2M Hill for the Carmen-Smith Project.

EWEB Engineering staff inspected the existing trusses and found 70 percent of the trusses were cracked to some extent. Branch Engineering was retained to evaluate the trusses relative to the current design snow load and found that the trusses have insufficient lateral bracing, and require reinforcement.

2G Construction provided an estimate for truss repair, which assumes that every truss will be reinforced. Board authorization up to the full amount of the current estimate will enable completion of the needed repairs prior to arrival of winter weather. Any reduction in the cost or scope of the estimated work would be credited to EWEB by change order.

## ACTION REQUESTED:

Management requests Board approve an increase to a contract with **2G Construction** to provide additional construction services for the Carmen-Smith Campus Garage Additions. Funds for these services were budgeted for 2013.



**SIGNATURES:**

Project Coordinator: \_\_\_\_\_

LT Manager: \_\_\_\_\_

Purchasing Manager: \_\_\_\_\_

General Manager: \_\_\_\_\_

Board Approval Date: \_\_\_\_\_

Secretary/Assistant Secretary verification: \_\_\_\_\_

## EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a new contract with **Performance Abatement Services, Inc.** to provide hazardous material abatement and demolition services for EWEB Steam Plant Boiler #3.

Board Meeting Date: November 5, 2013  
Project Name/Contract#: Regulated Hazardous Material Abatement & Demolition – EWEB Steam Plant Boiler #3  
Primary Contact: Steve Newcomb Ext. 7391  
Secondary Contact: Roger Gray Ext. 7130  
Purchasing Contact: Guy Melton Ext. 7426

### Action Requested:

Contract Award  
 Contract Renewal  
 Contract Increase  
 Other

### Contract Amount:

Original Contract Amount: \$473,000  
Additional \$ Previously Approved: \$0  
Invoices over last approval: \$0  
Percentage over last approval: \_\_\_\_\_  
Amount this Request: \$473,000  
**Resulting Cumulative Total:** \$473,000

### Funding Source:

Budget  
 Reserves  
 New Revenue  
 Bonding  
 Other

### Contracting Method:

Method of Solicitation: Invitation to Bid No. 047-2013  
If applicable, basis for exemption: N/A  
Term of Agreement: November 6, 2013 – March 31, 2014  
Option to Renew? No  
Approval for purchases “as needed” for the life of the contract No

### Form of Contract:

Single Purchase  
 Services  
 Personal Services  
 Construction  
 IGA  
 Price Agreement  
 Other

### NARRATIVE:

The Board is being asked to approve a new contract with **Performance Abatement Services, Inc.** to provide hazardous material abatement and demolition services for EWEB Steam Plant Boiler #3.

In September 2013 staff solicited bids for abatement and demolition services. Five responsive offers were received from Performance Abatement Services, Inc. of Vancouver, WA, NCM Contracting Group of Milwaukie, OR, 3 Kings Environmental of Battleground, WA, Rose City Contracting of Wilsonville, OR, and Professional Minority Group, Inc. of Eagle Creek, OR. Performance Abatement Services, Inc. was the low bidder and was deemed responsive and responsible. A notice of Intent to Award was sent to Performance Abatement Services, Inc. pending Board contract approval.

The purpose of this project is to conduct the first phase of abatement of hazardous materials at EWEB's Steam Plant in preparation for future sale and redevelopment of EWEB's headquarters property in accordance with the June 2010 EWEB Riverfront Master Plan. This project includes hazardous materials abatement and demolition of Boiler #3. The work will include the complete abatement and proper disposal or recycling of hazardous materials (asbestos, polychlorinated biphenyls, and mercury), salvage for retention by EWEB or future owners of select elements with historic value, and complete demolition of Boiler #3 and its associated equipment within the Steam Plant.

Completion of the hazardous materials abatement/demolition of Boiler #3 will help define and inform the work to be conducted in the second phase, the hazardous materials abatement/demolition of Boilers # 2 and #1, under a separate contract.

**ACTION REQUESTED:**

Management requests Board approve a contract with **Performance Abatement Services, Inc.** to provide hazardous material abatement and demolition services for EWEB Steam Plant Boiler #3. Funds for these services were budgeted for 2013.

**SIGNATURES:**

Project Coordinator: \_\_\_\_\_

LT Manager: \_\_\_\_\_

Purchasing Manager: \_\_\_\_\_

General Manager: \_\_\_\_\_

Board Approval Date: \_\_\_\_\_

Secretary/Assistant Secretary verification: \_\_\_\_\_

# EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a new contract with **Tyndale Company, Inc.** for the purchase of fire retardant apparel.

Board Meeting Date: November 5, 2013

Project Name/Contract#: Fire Retardant apparel / ITB #043-2013

Primary Contact: Todd Simmons Ext. 7373

Purchasing Contact: Cheryl Golbek Ext. 7389

### Action Requested:

- Contract Award
- Contract Renewal
- Contract Increase
- Other

### Funding Source:

- Budget
- Reserves
- New Revenue
- Bonding
- Other

### Contract Amount:

Original Contract Amount: \$300,000/5 years

Additional \$ Previously Approved: \$ N/A

Invoices over last approval: \$ N/A

Percentage over last approval: 0%

Amount this Request: \$300,000/5 years

**Resulting Cumulative Total:** \$300,000/5 years

### Form of Contract:

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

### Contracting Method:

Method of Solicitation: Formal Invitation to Bid

If applicable, basis for exemption: N/A

Term of Agreement: November 5, 2013 - November 4, 2014

Option to Renew? Yes, annual renewal for up to 5 years total.

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

### NARRATIVE:

The Board is being asked to approve a new contract with **Tyndale Company, Inc.** for the purchase of fire retardant apparel.

The utility supplies fire retardant apparel to employees who work on or near energized equipment. In August 2013, staff issued a formal invitation to bid in order to establish a price agreement for the purchase of fire retardant (FR) apparel. Four bids were received and Tyndale Company, Inc of Pipersville, Pennsylvania was determined to be the lowest responsive, responsible bidder.

This price agreement, if approved, will be for one-year with an option, at EWEB's discretion, to renew for four additional one-year periods (total potential contract term: 5 years). Product will be purchased "as needed" for individual employee, as requested and approved by his or her supervisor. Therefore, the exact annual purchase amounts are unknown and no guarantee has been with the supplier to purchase any specific annual quantity. Historical procurement data indicates that EWEB purchases approximately \$300,000 five-years. This is, however, a requirements contract (price agreement), so use of this contract is on an "as needed" basis and not for any specific dollar amount.

### ACTION REQUESTED:

Management requests Board approve a new contract with **Tyndale Company, Inc.** for the purchase of fire retardant apparel. Funds for these purchases 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 new contract with **Wildish Building Co.** for **Leaburg Dam Roll Gate Bulkhead Installation and Removal.**

Board Meeting Date: November 5, 2013

Project Name/Contract#: Leaburg Dam Roll Gate Bulkhead Installation and Removal/ 042-2013

Primary Contact: Mel Damewood Ext. 7145

Purchasing Contact: Sarah Gorsegner Ext. 7348

### Action Requested:

Contract Award  
 Contract Renewal  
 Contract Increase  
 Other

### Funding Source:

Budget  
 Reserves  
 New Revenue  
 Bonding  
 Other

### Contract Amount:

Original Contract Amount: \$ 399,000 through Dec. 2014

Additional \$ Previously Approved: \$ n/a

Invoices over last approval: \$ n/a

Percentage over last approval: n/a %

Amount this Request: \$ 399,000 through Dec. 2014

**Resulting Cumulative Total:** \$ 399,000 through Dec. 2014

### Form of Contract:

Single Purchase  
 Services  
 Personal Services  
 Construction  
 IGA  
 Price Agreement  
 Other

### Contracting Method:

Method of Solicitation: Formal ITB

If applicable, basis for exemption: n/a

Term of Agreement: Nov. 5, 2013-Dec. 31, 2014

Option to Renew? No

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

### Narrative:

The Board is being asked to approve a new contract with **Wildish Building Co. (Wildish)** for installation and removal of a bulkhead at the Leaburg Dam.

EWEB needs to install a bulkhead system to facilitate inspection, testing, and dry operation for the three roll gates at Leaburg Dam. In January 2012, the Roll Gate 2 hoist failed and the 180,000 lbs gate dropped 6 ft onto the dam. Damage to the gate and dam are unknown without inspecting the equipment. This contract will allow for the required inspection and will facilitate testing of the new hoist. In addition, FERC requires EWEB to inspect the roll gates at 10 year intervals; this inspection is due in 2014.

In September 2013, staff solicited bids for the bulkhead system installation and removal. Fourteen companies reviewed the solicitation; nine companies attended the mandatory pre-bid meeting. EWEB received three responses. Wildish's response was reviewed, evaluated, and Wildish was determined to be the lowest responsive and responsible bidder. If approved, Wildish will provide site preparation, bulkhead installation, dewatering, fall protection systems, bulkhead removal, and site control for Roll Gate 2 with the option to complete work for Roll Gates 1 and 3 as directed by EWEB.

Funds for the Roll Gate 2 bulkhead (\$230,000) are included in the budget for 2013. Bulkhead installation and removal for Roll Gates 1 and 3 (\$169,000) are contingent upon additional funding. The Contractor has agreed to complete work on Roll Gate 2, with the option to complete work for Roll Gates 1 and 3 as directed and funded by EWEB.

### ACTION REQUESTED:

Management requests Board approve a new contract with Wildish Building Co. for **installation and removal of a bulkhead at Leaburg Dam.**

**SIGNATURES:**

Project Coordinator: \_\_\_\_\_

LT Manager: \_\_\_\_\_

Purchasing Manager: \_\_\_\_\_

General Manager: \_\_\_\_\_

Board Approval Date: \_\_\_\_\_

Secretary/Assistant Secretary verification: \_\_\_\_\_



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital  
FROM: Mel Damewood, Engineering Manager  
DATE: October 24, 2013  
SUBJECT: Request for Contract Approval  
Leaburg Dam Roll Gate Bulkhead Installation and Removal

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## Issue

As part of the Leaburg Dam Roll Gate 2 Hoist Replacement work, installation of a bulkhead is needed to permit roll gate inspection and testing of the new hoist system. The bulkhead will isolate the roll gates from Leaburg Lake, allowing for dry inspection and operation of the entire roll gate.

## Background

Flow control at the Leaburg Dam is provided by three 100-foot-wide by 16-foot-tall roll gates. In 2004, each roll gate was equipped with a hydraulic motor and chain drive system, which positioned the gate to maintain a predetermined water level in Leaburg Lake.

On January 19, 2012, the hydraulic motor for Roll Gate 2 failed, causing the gate to free fall into the fully closed position. On-site repair efforts proved unsuccessful. Consequently, the motor was removed, disassembled, and inspected. The inspection revealed that the motor had failed catastrophically—its 3,000-pound rotor had fractured into over 20 pieces. The reasons for the failure are not known.

Design of a replacement hoist is at the 90 percent completion stage. The new hoist will consist of an electric-motor-driven gear reducer set, similar to those used in large cranes. Staff expects that installation of the hoist will occur during the spring and summer of 2014.

Prior to advertising the hoist installation contract, Staff would like to inspect Roll Gate 2 to determine whether the gate sustained damage during the rapid closure experienced when the hydraulic motor failed. To facilitate this inspection, the gate must be isolated from Leaburg Lake with a bulkhead. The bulkhead installation project will provide the following additional benefits:

- The bulkhead will be left in place to permit testing of the new hoist system without adversely affecting lake levels and downstream river flows.



- The bulkhead will be relocated to Gates 1 and 3 to permit Federal Energy Regulatory Commission (FERC) mandated inspection and testing of these gates without affecting lake levels and river flows.

Work at Leaburg Dam is scheduled to proceed as follows:

- Install bulkhead for Gate 2
- Inspect Gate 2
- Install new hoist for Gate 2
- Test Gate 2
- Install bulkhead and test other two gates sequentially

**Bid Summary**

Oregon Bridge Engineering Company (OBEC) was retained to design the bulkhead and assess its impact on the load bearing capacity of Leaburg Dam Bridge. The construction contract was advertised on September 30 and bids were opened on October 23, 2013. Bids are summarized below. The apparent low responsive bidder is Wildish Building Company at \$399,000.

Bidder	Bid price, \$
Wildish Building Company	399,000
Knight Construction	667,484
Billeter Marine	495,196

The bid form required bidders to enter costs for multiple bid items, which allowed Staff to distinguish costs associated with Gate 2 work from those related to Gates 1 and 3. Wildish’s bid includes \$230,000 for Gate 2 work and \$169,000 for Gates 1 and 3.

**Recommendation/Requested Board Action**

Staff recommends Board approval of award of the Leaburg Dam Roll Gate Bulkhead Installation and Removal contract to Wildish Building Company. Given that the cost for the new Gate 2 hoist will be known prior to the start of bulkhead work on Gates 1 and 3, Staff further recommends that the Contractor’s notice to proceed on work for Gates 1 and 3 be delayed until early 2014. This approach will provide budgetary flexibility and aid in overall project cost control.

If there are any questions or if more information is needed, please contact Mark Zinniker, Generation Engineering Supervisor, at 541.685.7449 or at [Mark.Zinniker@eweb.org](mailto:Mark.Zinniker@eweb.org).



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital  
FROM: Steve Newcomb, Environmental Management Manager  
DATE: October 28, 2013  
SUBJECT: Update to Board Policy Manual; Retire Board Policy SD4, Public Use of Meeting Rooms  
OBJECTIVE: Board Action

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## **Issue:**

As of October 1, 2013, meeting rooms in the North Headquarters building are no longer available for public use. Board Policy SD4, Public Use of Meeting Rooms policy has become obsolete.

## **Background:**

As a service to the community, EWEB has historically made two meeting rooms in the North Headquarters building available to the public, free of charge, with some exceptions. These accommodations were made at a time when the space was underutilized.

EWEB has entered into a lease agreement with EGI to lease portions of the North building and the second floor of the Headquarters building. This lease retains EWEB access to the Training and Community rooms in the North building for EWEB staff meetings, training and other business uses during normal business hours and for Board Meetings and some other EWEB business needs after hours. EGI plans to utilize the North building for product assembly and scientific testing on the second floor, with receiving, inventory, shipping and break room on the first floor. EGI's contract allows for unencumbered use of the facility. While EGI is comfortable with the risks of sharing the first floor with EWEB, and allowing continued access to the restrooms, this accommodation has limits. In view of the risks to EGI, EWEB has developed a policy that ensures continued access to the meeting rooms for EWEB business purposes and manages the risk to EGI's business and property.

## **Discussion:**

In anticipation of impending changes resulting from a tenant relationship, Management presented an amendment to Board Policy SD4, in May of 2013, which states "Please be aware that as of October 1, 2013 the meeting rooms in the North Headquarters Building will no longer be available. Exceptions to this policy must be granted by the General Manager or Leadership Team. EWEB reserves the right to make adjustments should conditions change." The Board approved of this revision on May 7, 2013.

As meeting rooms are no longer available for public use (except for Board meetings) unless an exception is granted by the General Manager or Leadership Team, Management recommends that the Public Use of Meeting Room Policy be retired from the Board Policy Manual and the governance of meeting room use be managed by an internal EWEB policy.

**Recommendation:**

Management recommends retiring the current Board Policy SD4. The policy shall be condensed to one statement as follows:

“As of October 1, 2013 the meeting rooms in the North Headquarters Building are no longer available for public use. Exceptions to this policy must be granted by a Leadership Team member who retains accountability for the room and the tenant’s property. EWEB reserves the right to make adjustments should conditions change.”

The abbreviated statement will remain in the Board Policy Manual for a period of one year to address inquiries from the community. After that time, Board Policy SD4 will be removed from the Board Policy Manual in its entirety. The EWEB Leadership Team will have the responsibility to provide clear guidance for the use of EWEB facilities and to uphold policy that ensures our contract obligations are met, that our employees and tenants are safe, and that our buildings are secure.

**Requested Board Action:**

Approve the retirement of Board Policy SD4, Public Use of Meeting Rooms Policy as recommended above.

**Policy Number:** SD4  
**Policy Type:** Strategic Direction  
**Policy Title:** Public Use of Meeting Rooms Policy  
**Effective Date:** November 5, 2013

As of October 1, 2013 the meeting rooms in the North Headquarters Building are no longer available for public use. Exceptions to this policy, that have a direct nexus to EWEB business needs, must be granted by a Leadership Team member who retains accountability for the room and the tenant's property. EWEB reserves the right to make adjustments should conditions change. As such, Board Policy SD4, Public Use of Meeting Rooms Policy has been retired as of November 5, 2013.

Source: Board Approved 05/09/1988, Revised 04/20/2004, Ratified 04/19/2005, Revised 02/05/2013, Revised 05/07/2013, Retired 11/05/2013