



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital  
FROM: Mark Freeman, Customer Service & Energy Manager Services Manager, Steve Mangan & Tom Williams, Key Account Managers  
DATE: November 20, 2013  
SUBJECT: Economic Development Loan Program - Water Reserve transfer  
OBJECTIVE: Board approval of water reserve transfer

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## **Issue**

At the March 6, 2012 Board meeting, the Board authorized a pilot Economic Development Loan Pilot Program (EDL) using electric reserves to create the original program loan pool. The background information from that meeting is attached. At that time, the proposed program was intended to assist new and existing electric, water and/or telecom customers that fit the criteria of the program by providing financing options for EWEB service costs. Given that the Water and Electric Utilities are legally separate, staff should have recommended creating separate loan pools for both utilities.

## **Background**

One of the customers to qualify for the program had extensive water infrastructure and system development charge costs for which a loan was approved. The Electric Utility funded the Water Utility's portion of the EDL. Bond counsel has advised EWEB that intercompany loans must be paid within one year. Accordingly, an EDL Fund for the Water Utility is required.

## **Recommendation and Requested Board Action**

Management recommends the Board approve a \$194,000 transfer from Water working cash to fund economic development loans for water related costs. The transfer will occur after board approval.



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD  
Customer & Shared Services Division



TO: Commissioners Simpson, Brown, Cassidy, Ernst and Cunningham  
FROM: Debra Smith, Director, Customer & Shared Services Division  
DATE: February 27, 2012  
SUBJECT: Economic Development Loan Pilot Program

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## Issue

Current EWEB policy requires customers to pay 100% of projected costs for utility services prior to establishing or expanding EWEB services. This upfront financial obligation can be a high hurdle and a deterrent to economic development.

Staff is requesting Board approval to create a pilot program to explore the economic and community benefits of assisting customers finance utility service costs associated with establishing or expanding EWEB services.

## Background

During the 1980's, EWEB had a contribution in aid of construction component built into rates to assist new customers establish EWEB services. This program was phased out due to concerns of cross subsidization of rate classes.

This proposed pilot program would assist new and existing electric, water and/or telecom customers by providing financing options for EWEB service cost including equipment purchase, construction cost, engineering services and service connection fees. Under this pilot program, the burden of payment would rest with the customer requesting service and not with general ratepayers.

A loan based economic development program would promote EWEB participation in the economic development community and thereby help attract new customers to EWEB's service territory. Moreover, such a program would extend opportunities to existing customers looking to expand their business.

## Discussion

To qualify for the economic development financing program, customers would need to meet two levels of program criteria. The first level of eligibility would consist of a project review based on benefits to EWEB and its customers. A point system matrix with the following categories would be applied to determine program eligibility. Criterion, based loosely on triple bottom line analysis, would include:

1. Alignment with Regional Prosperity Initiative or Metro Partnership goals
2. Ability to participate in EWEB programs
3. Social Equity
4. Environmental Health
5. Economic Prosperity

Attached is a hypothetical example using Lane Community College’s Downtown Campus.

The next step in eligibility would be a review of the applicant’s credit worthiness. This step would be accomplished using EWEB’s established loan program criteria where the program applicant would need to satisfactorily demonstrate the ability to meet loan payment obligations.

Proposed Loan Terms

Minimum	Maximum
\$50,000	\$500,000
One year	10 years

- The interest rate would be EWEB’s cost of money plus one half percent (0.5%).
- Loan amount and repayment terms would be determined by project economics.
- For large development projects, where potential loans would be greater than \$500K, EWEB’s Executive Management Team (EMT) would provide staff direction required with Board approval required before project funding.

Similar to the Energy Management Services (EMS) Loan Pool, repayment of the economic development program would be used to fund future projects. Also like the EMS Loan Pool, repayment of the loan obligation would return to the pool for future projects.

The program would not require any new FTE. Promotion, marketing, program management and implementation would be accomplished through the Key Accounts Team.

Staff is requesting \$2 million from reserves to fund the Economic Development Loan Pilot Program. The transfer of funds would be accomplished as part of the Board’s annual reserve transfer process, scheduled for May 2, 2012.

**Recommendation and Requested Board Action**

Staff recommends the approval of the plan as outlined above. Funding would happen in May.