

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
500 E 4th AVENUE
November 5, 2019
6:00 P.M.**

Commissioners may pose questions to staff prior to the scheduled board meeting. To view Commissioners' pre-meeting questions and staff responses, visit <http://www.eweb.org/about-us/board-of-commissioners/2019-board-agendas-and-minutes>.

Commissioners Present: Sonya Carlson, President; John Brown, Dick Helgeson, Mindy Schlossberg, Commissioners

Commissioners Absent: Steve Mital, Vice President

Others Present: Frank Lawson, General Manager; Eric DeFreest, Luvaas Cobb/General Counsel to the Board; Sarah Gorsegner, Purchasing and Warehouse Supervisor; Sue Fahey, Assistant General Manager/Chief Financial Officer; Deborah Hart, Financial Services Manager; Lena Kostopulos, Chief Workforce Officer; Rod Price, Chief Engineering and Operations Officer; Adam Rue, Fiscal Services Supervisor; Nate Schultz, Senior Financial Analyst

President Carlson called the Regular Session to order at 6:15 p.m.

Agenda Check

There were no changes or additions to the agenda.

Items from Commissioners and General Manager

Commissioner Brown said he recently had the pleasure of meeting with a group of fifth-graders to discuss their entries into a poster contest and thanked staff for putting that together. He also asked for Board support to get a report from staff on EWEB's investment into the McKenzie Watershed and the Strategic Plan (SP) EWEB put together for them in 2017.

Mr. Lawson offered staff had an update on that topic scheduled for March of next year.

Commissioner Brown said that would be an acceptable time for a report on the McKenzie Watershed SP.

Finally, Commissioner Brown welcomed former EWEB Commissioner John Simpson, who was in the audience.

Commissioner Helgeson offered he recently made a trip to California, and some of the salient topics of conversation from that trip included: wildfires, power outages, and the challenges related to the integration of solar and renewable energy sources

Commissioner Schlossberg reported she had recently attended the Community Vitality and Natural Hazards Workshop, and the follow-up Resiliency Workshop. She said she recently handed out awards at the O'Hara School in Eugene for the poster contest. Commissioner Schlossberg added that she had also attended a Carbon Challenge Workshop put on by Eugene 350. Lastly, she said she had attended the first joint meeting with the City of Eugene, where they discussed coordinating efforts over climate.

President Carlson stated that she had also attended a lot of the same meetings and events Commissioner Schlossberg mentioned attending. She said she was honored to be able to present the award for the Public Power Poster Contest at El Camino Del Rio Elementary. President Carlson reported she had recently met with the Leadership Team at City of Eugene about various topics; she said she was looking forward to working directly with the City of Eugene in the future.

Mr. Lawson reported that he had spent a lot of time over the last few months doing outreach about: environment, power supply, electrification, and carbon. He said he met with City of Eugene, the Governor's Office, and several environmental groups.

Public Input

Zachary Vishanoff of Eugene, wondered if there were any members of the media listening in on tonight's Executive Session; he was also curious who exactly would be considered media. Mr. Vishanoff suggested the Board have a conversation about allowing independent media to listen in on the Executive Sessions.

Mr. Vishanoff distributed copies of a letter to the editor of the Eugene Weekly he had written in the summer of 2013. The letter addressed a local toxic waste site that was in the works to be capped and left alone, as opposed to cleaned up or mitigated. He said there was no public outreach explaining EWEB's decision(s) and their attitudes toward the aforementioned toxic waste site.

Patrick James Dizon of the Philippines, introduced himself as one of the eleven Professional Fellows representing the Young Southeast Asia Leaders Initiative. He thanked EWEB for their part in welcoming him to the States.

Louisa Hamachek of Eugene, asked EWEB to cease their reliance on the nuclear power of the Columbia Generating Station (CGS). She urged the Board to read a 2014 article featured in Earth Island Journal, which describes how the CGS is very near to major fault lines, and a substantial earthquake would be disastrous. Ms. Hamachek was especially concerned with wind directions, as prevailing winds would bring any toxic fallout from this site straight down the Valley into Lane County and Eugene.

Jared Weybright of Eugene, and representing the McKenzie Watershed Council (MWC) thanked EWEB for their Consent Calendar Item #2: Cascade Pacific Resource Conservation & Development - for fiscal management of the Pure Waters Partners Program (PWP). He said the long-term contract would give community partners, like the MWC, more structure and support for developing critical relationships with landowners.

Commissioner Helgeson thanked everyone for their testimony. He asserted there was a 20-25 year history of EWEB's engagement mitigating the contamination on the "toxic waste" site mentioned in public testimony. He also said there were links on EWEB's website to information, and a high-level summary, on the site, and all of EWEB's efforts to mitigate the site's contamination were a matter of public record.

Commissioner Helgeson expressed interest in a briefing on the subject of the CGS in memo form; he was especially interested in any decisions by the relevant parties (of which EWEB was not a member) to move toward the decommissioning of the facility.

Commissioner Brown thanked Mr. Dizon for his kind words for EWEB, he also thanked him for his dedication to water, and his enthusiasm.

On the toxic waste cleanup, Commissioner Brown asserted that local toxicity was not just confined to the EWEB property, and he assured those present the utility was listening to the professionals, and spending whatever money was necessary to mitigate the toxic waste.

President Carlson thanked everyone for their testimony.

General Manager Employment Agreement Amendment

Commissioner Brown covered five points; below are those five points, and any input from the Board or staff on each.

- **Vacation Accrual & Methodology:** makes GM vacation accrual the same as other vacation-eligible EWEB employees. Commissioner Schlossberg thought it was a good idea. Commissioner Helgeson said he was in support of it. President Carlson was in favor of it as well. Commissioner Brown was also in favor.
- **Methodology of Base Salary Adjustment:** currently, the average salary of local GMs with utilities similar to EWEB, is \$296,978, the base salary with the high and low ends removed is \$271,000, and the current EWEB base is \$289,000. The question was should Mr. Lawson's salary be adjusted to the "Fully Performing Range," adjusting his salary from \$289,000 to \$311,000. Commissioner Schlossberg was in support. Commissioner Helgeson was in support. President Carlson was in support. And Commissioner Brown was in support.
- **To Incorporate Methodology for Automatic Adjustment to Base Salary at the Beginning of Each Calendar Year in Accordance with Market Factors Such as the Consumer Price Index (CPI):** Mr. DeFreest explained the GM salary contract could be set up for five-year increments, to ensure that no future Boards would be bound by the GM salary decisions of past Boards.

Commissioner Schlossberg asked if this item amounted to a guaranteed cost-of-living increase of 2-4% annually for the GM. Ms. Kostopulos said that was correct, although it's not generally referred to as a "cost-of-living" increase. Commissioner Schlossberg was in support. Commissioner Helgeson was in support, but he wanted to know the methodology for determining the exact point between the floor and ceiling of 2 and 4%. Ms. Kostopulos said staff could provide that information. President Carlson said she was in support. Commissioner Brown said he was in support as well.

- **Whether to Modify the Methodology for Considering Subjective One-Time Award for Adjustments to the Base Salary Based Upon Merit Within the First Quarter of Each Year:** Ms. Kostopulos offered staff would not have the necessary information to award based on merit by the First Quarter. She asked if the Board would be comfortable with her and Mr. DeFreest looking at the actual timing, and writing the proposed agreement based on that. Commissioner Brown, Commissioner Schlossberg, Commissioner Helgeson, and President Carlson, were all in support.
- **Whether to Modify the Voting Requirements for a Without-Cause Termination and/or Extend the Contract Severance Period from 6 to 12 Months:** Commissioner Schlossberg said she was fine with the 12-month severance, but was not okay with needing four Commissioners instead of three to terminate without cause. Commissioner Helgeson said was okay with the 12-month severance, but was not okay with needing four Commissioners instead of three to terminate without cause. President Carlson was fine with the 12-month severance, but was not okay with needing four Commissioners instead of three to terminate without cause.

Ms. Kostopulos asked if staff should bring the contract back as an Agenda Item, or as part of a future Consent Calendar.

President Carlson asserted she would like to see it as an Agenda Item.

Commissioner Brown said that he would speak with Vice President Mital about this particular Agenda Item and its implications, since he was not in attendance this evening.

Ms. Kostopulos asked when staff should plan on the adjustment of the General Manager's salary to \$311,000. She suggested December.

Commissioner Helgeson asked Ms. Kostopulos to help the Board define the mechanics of the adjustment when they come back before the Board with the previously requested information.

Ms. Kostopulos said certainly.

Approval of Consent Calendar MINUTES

1. October 1, 2019 Regular Session

CONTRACTS

2. Cascade Pacific Resource Conservation & Development - for fiscal management of the Pure Waters Partners Program (PWP). \$70,000 (for fiscal management of \$630,000 expected spend in the (PWP).

3. MacKay Sposito, Inc. - for engineering, design, and related services for recreation design services at the Carmen-Smith Project. \$650,000.

4. Schnabel Engineering LLC - for investigation of sinkholes at Carmen Diversion Reservoir. \$81,204 (resulting cumulative total \$343,286).

INTERGOVERNMENTAL AGREEMENTS

5. Oregon Department of Environmental Quality (DEQ) - for the regulatory oversight of the Manufactured Gas Plant (MGP) Investigation and Remediation. \$100,000 (\$55,000 for past work and \$45,000 for anticipated future work).

RESOLUTIONS

6. Resolution No. 1932 - Trojan Annual Operating Budget.

7. Resolution No. 1937 - Supplemental Retirement Plan Committee Updates.

Commissioner Brown moved to approve the Consent Calendar, minus Item 2. The motion passed unanimously 4:0

Items removed from the Consent Calendar

President Carlson pulled Item 2. She asked for an overview of the Pure Water Partners (PWP) Program.

Mr. Price offered the Board an overview of the PWP Program. He offered the target with this, and all EWEB grant-funded programs, was transparency. Mr. Price said the amount of approval sought was fairly small--\$70,000 over five years.

Commissioner Helgeson asked if the \$70,000 was EWEB's share, or the combined share of all the program's participants.

Mr. Price clarified it was EWEB's share.

Ms. Gorsegrner further clarified this was a Master Services Agreement, so any work approved for this would be set up as a Task Order, so only work approved and negotiated based on the dollar amount would be awarded under the contract.

Commissioner Brown moved to approve Item 2 on the Consent Calendar. The motion passed unanimously 4:0

2020 Proposed Budgets and Prices – Public Hearing

Ms. Fahey, Ms. Hart, Mr. Schultz, and Mr. Rue offered the Board an update and a PowerPoint presentation on 2020 Proposed Budgets and Prices.

President Carlson opened the Public Hearing at 7:30 p.m.

Zachary Vishanoff of Eugene offered that he did not see any money outlined in the proposed budget dedicated to remediation of the toxic waste site on EWEB property; he said he did notice mention of remediation for Manufactured Gas Plant (MGP) in the Consent Calendar under Intergovernmental Agreements (IGA), but he asserted the public should be privy to any and all IGAs, and he wondered if the aforementioned IGA came up in the Executive Session.

Mr. Vishanoff opined that EWEB meetings should be televised, because of the importance of water and energy for the public reliant on them.

Finally, Mr. Vishanoff said that he had actually went and taken a look inside the pit wherein lies the toxic waste, and he wondered if any of the EWEB Board members had done the same.

President Carlson closed the Public Hearing at 7:33 p.m.

Commissioner Helgeson said he was on EWEB staff at the time initial reconnaissance was done on the site in question. Prompted by Mr. Vishanoff's testimony, Commissioner Helgeson asked staff to identify for the Board the amount of money in the budget for mitigation of this site.

2020 Proposed Budgets and Prices – Direction

Commissioner Helgeson expressed concern with respect to the System Development Charges (SDC) changes, more specifically, revisions to the language for methodology for low-income housing waivers. He highlighted two things he would have liked to have seen in the draft budget for 2020: in the Board's original consideration there was an annual limit for low-income housing waivers that he did not see in this draft, and the second piece was whether or not the aforementioned appropriations should be subject to Board approval.

Ms. Fahey said the proposed policy as written required any annual amount in SDCs waived over \$100,000 to require General Manager approval. She said the waivers would also be included in the Community Investment Report.

Commissioner Helgeson said he appreciated that, but he would like to revisit the matter as a possible policy change to require Board approval for low-income housing waivers.

Commissioner Schlossberg asked if any of the SDC waivers would be for electric service, or would they remain only for water.

Ms. Fahey said there were no SDCs on the electric side of the utility.

President Carlson asked what the driving factors for the River Road/Santa Clara Water District price increase were.

Mr. Schultz responded that the increase was driven by additional Operations and Maintenance (O&M) costs, and increased depreciation expenses.

President Carlson asked how depreciation was tied to a price increase.

Ms. Fahey said that Water District contracts were awarded based on an alternate utility-based Cost of Service Analysis (COSA), not a cash-based COSA like the rest of EWEB's Customer Classes.

Quarterly Strategic & Operational Report for Q3 2019

Mr. Price offered the Board a Quarterly Strategic and Operational Report, and PowerPoint presentation.

Commissioner Brown posited that emergency water stations were a very high priority for him. He wondered how EWEB would continue to show a positive on Leaburg, since that site is currently not functioning.

Mr. Price said there would be a lot of capital work to be done concerning Leaburg, but he felt the utility was in a good position to do that work through capital and pricing reserves.

Commissioner Helgeson said he appreciated the opportunity to evaluate the progress of EWEB's AMI project. Referencing graphs in the PowerPoint, Commissioner Helgeson wondered if EWEB equipment failures were starting to have an impact on the utility's reliability statistics.

Mr. Price said EWEB had about \$1 million more customer work this year, which was reimbursable, and he also said the FEMA reimbursement had not yet come in. On the equipment failure piece, Mr. Price said within the last year, staff had been taking steps to get more precise about tracking equipment failures across the utility.

President Carlson asked for clarification on operations at 103% over budget, as illustrated in the Power Point and report.

Mr. Price clarified that figure represented the utility being 3% over budget, not 103% over budget.

President Carlson said she was very happy to see the generator loan program up and running and succeeding.

Correspondence & Board Agendas

Mr. Lawson offered the Board a report on Correspondence and Board Agendas.

Commissioner Schlossberg asked if there was a plan in place for upriver customer outreach surrounding the Leaburg facility.

Mr. Lawson said there was.

Board Wrap-Up

Commissioner Schlossberg offered that she really appreciated the format with which the Board approached the Integrated Electric Resource Plan (IERP) discussion last month.

Commissioner Helgeson asked for clarification on a \$50,000 adjustment to ongoing services surrounding EWEB's IGA with Oregon DEQ as shown in Consent Calendar Item 5.

Ms. Gorsegrner said she would get back to the Board with the clarification Commissioner Helgeson asked for.

President Carlson announced she had an upcoming meeting with the Chair of the Springfield Utility Board (SUB).

Commissioner Brown asked staff for a fact sheet on the goings-on in the College Hill neighborhood, so he will have the facts of the situation in an upcoming meeting with representatives of that neighborhood.

Mr. Lawson said he would get that fact sheet to Commissioner Brown.

Adjourn

President Carlson adjourned the Regular Session at 8:28 p.m.

Assistant Secretary

President