

**EUGENE WATER & ELECTRIC BOARD
REGULAR MEETING
November 12, 2024
5:30 p.m.**

Commissioners Present: Matt McRae, President; John Barofsky, Vice President; and Commissioners Mindy Schlossberg, John Brown, and Sonya Carlson

Commissioners Absent: None

Others Present: Frank Lawson, EWEB General Manager; Rodney Price, Assistant General Manager; Deborah Hart, Assistant General Manager/Chief Financial Officer; Adam Rue, Rates Manager; Alicia Voorhees, Interim Budgets & Rates Supervisor; Aaron Balmer, AIC Financial Services Manager; Travis Knabe, Chief Information Officer; Julie McGaughey, Chief Customer Officer

REGULAR SESSION

Call to Order [0:0:0]

President McRae called the meeting to order at 5:29 p.m.

Agenda Check [0:0:5]

There were no changes to the agenda.

Items from Board Members and General Manager [0:0:22]

Commissioner Brown visited a local elementary school, attended a presentation at College Hill, and completed an ethics class for Board members. He brought attention to the need for communications companies to properly trim trees to keep their overhead utility lines clear ahead of snow and ice.

Vice President Barofsky visited two local schools, Camas Ridge Community School and Edison Elementary School.

Mr. Lawson commented that EWEB is in a light/warm Incident Command System (ICS) with potential 40-50 mph winds and staff are ready to mobilize.

Responding to Commissioner Brown's comment about communications companies, Mr. Lawson said beyond their calculation for attachment fees, a legislative solution would likely be the next option.

President McRae provided a Facility and Safety Awareness and Meeting Logistics briefing.

City of Eugene Fire Fee Update [00:07:24]

City of Eugene Manager Sarah Medary and Assistant Finance Director Neil Obringer provided information regarding the Revenue Proposal Fire Services Fee via PowerPoint presentation. They referenced a handout provided to the commissioners.

Ms. Medary stated that the City of Eugene has 35 reporting funds. The general fund is one of them. The discretionary fund has historically funded police, fire, library, parks, and more. She explained that the bi-annual budget revealed \$30K in cuts and an \$8M placeholder for new revenue. As a result, revenue advisors began looking for solutions. Ms. Medary noted that three quarters of general fund expenses are employees, and the rest are materials and equipment. Every year that plus cost increases must equal revenue. In the general fund the top three sources of revenue are: property taxes, EWEB contribution in lieu of taxes, and fees for services. The City has limited control of rates. She noted that the current focus on fire and emergency medical services (EMS) is because the City has not added a firefighter/paramedic since the 1980s.

Mr. Obringer delved into the rate development process. The City has looked to eight other Oregon jurisdictions as a model. The limitations of Measures 5 and 50 have created a challenge for all Oregon jurisdictions given the limitations placed on property tax revenue and thus the challenge to fund basic governmental services. The model cities have implemented a utility service fee. He introduced a rate model approach that generates \$10M annually, is based on building square footage, and encompasses an understanding of residential vs commercial. 3% of gross revenues would be set aside for an income-based assistance program.

Ms. Medary said there is a City of Eugene City Council Public Hearing scheduled for November 18, 2024. She opened the floor for questions.

Commissioner Brown commented that because EWEB just raised their bills \$30/month on average, he is hesitant to approve another rate increase for something that has nothing to do with EWEB. He said if they could bill it a different way he would have a different perspective on it.

Ms. Medary responded that the City shares Commissioner Brown's value around not wanting to shut off people's power for not paying the fire fee. She referenced the income-based assistance program and reassured Commissioner Brown that if that does not work, they will find another way.

Commissioner Schlossberg suggested redesigning the bill so that it does not appear like it is coming from EWEB, but rather from EWEB and the City of Eugene.

Mr. Lawson pointed out that EWEB already bills two services for the City. They are easy to distinguish when reviewing the bill. The challenge is that a lot of customers do not look at their bill, other than the total amount at the bottom.

There was discussion around establishing standards relating to partial payments.

Mr. Lawson mentioned a new customer information billing system that is currently being implemented. They are unsure if the new system will allow EWEB to disconnect for one thing and not another.

Commissioner Carlson said it is challenging that there are costs rising across the board. She does not want to put customers in a position where their water and electricity are turned off

because they did not pay a fire fee. She cited hotter and drier conditions. She described a no-win situation and stated that if it is more efficient for EWEB to do it, and they can protect the most vulnerable, she will support it.

Vice President Barofsky agreed with Commissioner Carlson's statement. He added that if EWEB does it, the cost will be less for constituents. If EWEB does not, the cost will be higher. He suggested working with the City to find the most fair and equitable way to bill.

President McRae stated there is a natural opportunity to make sure that EWEB is doing the most sensible thing to ensure that people understand the fees they are paying.

Mr. Lawson explained that if the City Council directs the City of Eugene to pursue the fire fee, EWEB would be working with the City over a number of months to understand the details before bringing this issue back to the Board. He added that City Manager Medary said tentative implementation is slated for July 2025 so staff will also need to see how that timing fits with the changes to EWEB's billing system.

Correspondence [0:42:11]

Mr. Lawson commented on several pieces of correspondence that were included in the meeting packet.

- 2024 Community Table Session 1 Feedback: Mr. Lawson said there is additional detail pertaining to feedback regarding the process for energy planning.
- Federal, State, and Regional Legislative Policy Update: Mr. Lawson noted an update from Jason Heuser regarding potential legislative trends and topics relevant to EWEB.
- Quarterly Operational and Strategic Goals Report for Q3: Mr. Lawson mentioned upcoming project updates relating to 2024 organizational goals.

Public Input: [0:47:47]

The following testimony was provided to the EWEB Commissioners: The Board neither endorses nor opposes, or is responsible for the accuracy of content, of testimony including any links or references provided.

Isaac McCoy-Sulentic, of Ward 7, shared comments related to the upcoming BPA decision, including using available knowledge and skills to provide the public with a series of options.

Dan Carol, of Ward 1, provided testimony related to the College Hill reservoir project, including his concern about an anticipated 24 days of fracking and dynamite in his neighborhood. He cited potential risks and urged better communications with the public, gas line inspections, seismic monitoring, a two day pause after blasting begins, and fire station crews on standby.

Eric Dziura, of Ward 7, provided testimony related to the construction of three single-family residences. He thanked EWEB employees for excellent service, communication, and personnel.

Mark Robinowitz shared comments related to federal climate policy in light of the reelection of US President Elect Donald Trump, including impacts to the Environmental Protection Agency (EPA) that may affect EWEB, such as privatizing of the EPA and policies resulting in major economic shocks. He cited the BBC documentary “Vigilantes Incorporated: America’s New Vote Suppression Hit Men.”

BOARD ACTION ITEMS

Approval of Consent Calendar – A, Minutes and Routine Contracts [01:01:30]

MINUTES

1. a. October 1, 2024 Regular Session
- b. October 15, 2024 Work Session

CONTRACTS

2. Cascade Water Works, LLC – for Hayden Bridge Raw Water Intake – Pump #6 Replacement. \$629,000 based on Formal Invitation to Bid.
3. Habitat Contracting and Oregon Woods – for additional funds for Vegetation Management and Enhanced Services on EWEB Owned and/or Controlled Properties. \$600,000 (cumulative total over 5 years). (Original amount \$400,000, Amount this request \$200,000) based on formal invitation to bid.
4. Mythics, LLC – for the purchase of Oracle Software, Support and Maintenance Services. \$1,856,000 (over 3 years) based on a cooperative contract.

MOTION: Commissioner Schlossberg moved to adopt Consent Calendar A.
The motion passed unanimously, 5:0; President McRae, Vice President Barofsky, Commissioner Schlossberg, Commissioner Brown, and Commissioner Carlson all voting in favor.

Approval of Consent Calendar – B, Nonroutine Contracts/Other Consent Items [01:02:00]

CONTRACTS

5. Carpi USA, Inc. – for the Provision of a Liner at the Walterville Canal Forebay at EWEB’s Leaburg-Walterville Project. \$3,000,000 based on the Sole Source purchasing process.
6. Industrial Service Solutions LLC – for Annual Pump and Motor Rebuild and Repair for Hayden Bridge. \$365,000 (over 5 years) based on Formal Request for Proposals.
7. Sanipac, Inc. – for Solid Waste & Recycling Services. \$250,000 (over 5 years) based on Direct Negotiation/Sole Source.
8. Unit Process Company – for AUMA Electric Actuators. \$179,000 (over 5 years) based on Sole Source.

RESOLUTIONS

9. Resolution No. 2417 – Customer Service Policy Update, Fee for Shared Transformer Capacity Costs.

10. Resolution No. 2418 – Trojan Annual Operating Budget.

MOTION: Commissioner Schlossberg moved to adopt Consent Calendar B minus item 7. **The motion passed unanimously, 5:0; President McRae, Vice President Barofsky, Commissioner Schlossberg, Commissioner Brown, and Commissioner Carlson all voting in favor.**

Items Removed from Consent Calendar [01:03:10]

Regarding a contract with Sanipac for Solid Waste and Recycling Services, Commissioner Brown raised concern about local companies being unable to bid for the contract because of specific reporting criteria. He urged revisiting the topic.

Mr. Lawson responded that the requirement called out the reporting in Board policy. A March meeting has been scheduled to review Board policies. That a local company did not provide a proposal was their choice. He added that EWEB was not intentionally excluding a local organization, and Sanipac agreed to do the reporting without charge.

Vice President Barofsky suggested that if there is a policy restrictive to the point that it is excluding people that could do the same job but are not checking one box then he would like to see if that box needs to be checked in order to meet EWEB's sustainability goals.

MOTION: Commissioner Schlossberg moved to approve Consent Calendar B item 7. **The motion passed unanimously, 5,0; President McRae, Vice President Barofsky, Commissioner Schlossberg, Commissioner Brown, and Commissioner Carlson all voting in favor.**

GENERAL BUSINESS ITEMS [01:10:49]

City of Eugene Liaison Update [01:11:00]

Vice President Barofsky stated that he and Commissioner Brown attended a meeting with City of Eugene leadership. The City asked questions regarding grid reliability, including discussion around electrification, data farming, and other things that would influence the reliability of the [electric] grid. The commissioners communicated information about the increased amount of power needed for the region and transmission issues. Upcoming projects and incoming leadership were also discussed.

Mr. Lawson commented on the positive collaboration between EWEB and City staff.

Upcoming-Year (2025) Proposed Budgets and Prices [01:15:27]

Deborah Hart, Assistant General Manager and Chief Financial Officer; Adam Rue, Rates Manager; Aaron Balmer, AIC Financial Services Manager; and Alicia Voorhees, Interim Budgets and Rates Supervisor provided information related to 2025 proposed budgets and prices via PowerPoint presentation. A copy of the presentation was included in the meeting packet.

Mr. Balmer stated that last month the Board reviewed updated long-term financial plans and sought Board direction on the 2025 draft budgets. Now EWEB staff is presenting a detailed budget draft including refined price proposals for 2025 that include impacts to each of the customer classes. Following the Board's direction, they will incorporate any feedback and return in December seeking Board action on 2025 budgets and prices.

Public Hearing on Upcoming-Year (2025) Proposed Budgets and Prices [01:30:37]

President McRae opened the Public Hearing and provided comment instructions. There were no requests to comment.

Break [01:51:20]

EES "Go Live" Update [02:02:52]

Travis Knabe, Chief Information Officer and Julie McGaughey, Chief Customer Officer provided an EWEB Enterprise Solutions (EES) "Go Live" Update via PowerPoint presentation. They highlighted that EES is going live in two weeks. Their customer communications plan involves five touch points of communication: social media, email, postcard mailer, bill insert, and newsletter. Mr. Knabe mentioned that a Command Center will be set up at EWEB's Roosevelt Operations Center to provide additional support (for EWEB staff).

Ms. McGaughey opened the floor for questions.

Regarding communications, Commissioner Carlson asked if staff have data on open rates for emails. She is concerned that emails and newsletters may not be the most effective forms of communication.

Ms. McGaughey responded that she does not have that data. She added that they will issue several email notifications.

Commissioner Carlson brought up added security risks when switching systems.

Mr. Knabe responded that the new system is not going to look dramatically different from the previous one. He described it as an upgraded experience but not a massive departure.

Mr. Lawson added that customer service agents should be on the lookout for signs that people may be impersonating EWEB.

Regarding two contracts requiring Board approval, Mr. Lawson suggested a formal process be used for extending the contracts.

President McRae agreed and suggested that they include a memorandum.

Mr. Knabe responded that he will prepare two consent items for the next Board meeting.

Water System Development Charges (SDC)/Commissioner Positions to Inform Board Policy [02:42:00]

Mr. Lawson introduced Water System Development Charges (SDC)/Commissioner Positions to Inform Board Policy via PowerPoint presentation.

Mr. Lawson is seeking input from the Board on policies relating to SDCs. SDCs provide an opportunity for facilities to pay for capacity upfront. He said there is capital work and existing infrastructure that is eligible for SDCs.

Mr. Lawson posed the following questions:

- Who should pay for the eligible capacity? And how?
- When a project requires/consumes system capacity should the SDC-eligible value of that capacity be:
 - Paid as part of the project
 - Paid for by the broader customer base
 - Split between the project (direct beneficiaries) and the general customer base
 - Based on the category/type of the project, and whether the Board feels there is social/community value worth spreading across the broad customer base
- Should SDCs be used to favor some types of capacity-consuming development over others?
- Do commissioners concur that for development/project simplicity/clarity, EWEB approaches to SDCs should align with other jurisdictional (e.g. City of Eugene) processes?

Commissioner Schlossberg stated that she favors the option that SDCs be paid as part of a project. She supports a grant program for things that are considered community good, i.e. community housing. She concurs that SDCs should align with the methodology the City uses.

Commissioner Brown asked about unused capacity and questioned where the SDC credits go.

Mr. Lawson responded that he is not familiar with the crediting back of SDCs. He said he will follow-up with Commissioner Brown's question.

Vice President Barofsky voiced preference for a blended methodology. Regarding aligning SDCs with other jurisdictional processes, he said he would prefer understanding those processes better.

Commissioner Carlson cited an ECONorthwest study stating that "SDCs affect some housing more than others. Smaller, entry-level homes, lower-cost middle housing and apartments, and communities with weaker markets are disproportionately affected." She favors having lower SDC charges, favors grants for community-good projects, and is conflicted regarding aligning with the City's SDC methodology.

President McRae stated that he favors the option that SDCs should be paid as part of a project and that SDCs should align with the methodology the City uses. Regarding question two, he would prefer to see different types of projects and what type of capacity they take.

Board Session 1: Mission/Vision: What do we do? Why do we exist? [03:15:18]

Mr. Lawson engaged the Board in a brief evaluation of EWEB's mission and vision via PowerPoint presentation.

Mr. Lawson posed the following questions:

- What is EWEB's role in the community?
- What is *not* EWEB's role in the community?

Commissioner Carlson said they should continue to be more inclusive, such as engaging certain community perspectives. She said the trajectory that EWEB is on feels good to her.

Commissioner Brown said EWEB should take a more active role advocating for government policies that address high users of renewable energy such as data farms and AI.

Commissioner Schlossberg urged more legislative advocacy. She said EWEB could protect their interests more. She said they could strengthen resiliency, citing scarcity of resources and environmental pressures. She suggested revisiting EWEB vision language.

Mr. Lawson asked Commissioner Schlossberg how she characterizes EWEB services.

Commissioner Schlossberg responded clean water, carbon-free electricity, and renewables.

Vice President Barofsky spoke to EWEB's values around clean water. He said water is going to be one of the commodities of the next generations, thus source protection is key. He added helping rental stock become more efficient, resulting in lower utility bills.

President McRae emphasized watershed and source protection, particularly in watersheds that EWEB has not yet invested in. He mentioned the use of diverse, redundant systems to the greatest degree possible to prepare for curve balls. He said they can do less niche programs, such as carbon credits; and cautioned against big projects with huge potential risks.

Mr. Lawson summarized Board input: be inclusive, protect sources, and refine priorities. He added that part of the near-term strategy could be developing flexibility to handle multiple futures

Future Board Agendas [03:42:34]

Mr. Lawson said that schedules are packed for the remainder of the year. Policy work is slated for March 2025.

Board Wrap Up [03:43:45]

Commissioner Brown thanked President McRae for his leadership on the Board.

Adjourn [03:46:12]

President McRae adjourned the meeting at 9:15 p.m.

Recorded by Terah Van Dusen, LCOG

Assistant Secretary

President