

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION**

April 5, 2022

6:15 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/2022board-agendas-and-minutes>.

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

Others Present: Megan Capper, Energy Resources Manager; Julie Desimone, Moss Adams; Quentin Furrow, Purchasing & Warehouse Supervisor; Deborah Hart, Chief Financial Officer; Anne Kah, Administrative Services Manager; Karen Kelley, Chief Operations Officer; Frank Lawson, General Manager; Ben Ulrich, Senior Energy Resource Analyst

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

Agenda Check

There were no changes or additions to the agenda.

Items from Board Members and General Manager

Ms. Kah suggested that since the meeting was running ahead of schedule, they should come back to the Public Input agenda item.

President Brown said that he would look to the audience at 6:35 p.m. to see if anyone had come to give public testimony.

Approval of Consent Calendar – A, Minutes and Routine Contracts

MINUTES

- 1. a. February 15, 2022 Work Session**
- b. March 1, 2022 Executive Session**
- c. March 1, 2022 Regular Session**

CONTRACTS

- 2. Anixter** – for Substation Potential Transformers. \$315,000 (over 5 years) based on a Formal Invitation to Bid.

3. Habitat Contracting and Oregon Woods - for two new contracts for Vegetation Maintenance and Enhancement Services on EWEB Owned and/or Controlled Properties in the Hydroelectric Project Boundaries within the McKenzie River Corridor. \$400,000 (over 5 years between two contracts) based on Formal Invitation to Bid.

4. VEPO CrossConnex - for an information technology services agreement to Plan and Implement a Comprehensive Backflow Database solution. \$550,000 (over 5 years) based on Formal Request for Proposals.

Commissioner McRae moved to approve Consent Calendar – A. The motion passed unanimously 5:0.

Approval of Consent Calendar – B, Non-routine Contracts and Other Consent Items

CONTRACTS

5. Anixter – for various electrical products. \$5,000,000 (over 5 years) based on Cooperative Contract.

6. Cascade Pacific Resource Conservation and Development - for Fiscal Management Services of the Pure Water Partners Program (PWP). \$630,000 (Original contract amount \$700,000, additional amount previously approved \$232,000, resulting cumulative total \$1,562,000) based on Direct Negotiation.

7. Mason, Bruce & Girard – for Forest Management Services. \$650,000 (over 5 years) based on Formal Request for Proposals.

8. Pacific Excavation, Inc. – for the Construction of Two 7.5 Million Gallon Tanks at EWEB's East 40th Ave Storage Tank Site. \$19,200,000 based on Formal Invitation to Bid.

OTHER

9. U.S. Department of Interior, U.S. Geological Survey (USGS) – for a Joint Funding Agreement (JFA) to provide Monitoring and Consulting Services for Source Water Protection. \$294,000 based on Direct Negotiation.

RESOLUTIONS

10. Acquisition of Property along Leaburg Canal.

Resolution No. 2209

Resolution No. 2210

Tentative - Resolution No. 2211

Vice President Carlson moved to approve Consent Calendar – B, less items: 5, 8, 9, and 10. The motion passed unanimously 5:0.

Items Removed from Consent Calendar

Vice President Carlson pulled Consent Calendar – B items 5, 8, and 10. She said she pulled items 5, and 8, because of the size of the dollar amounts associated with each. She felt projects of that size should not be something voted on quickly in the Consent Calendar, but should be regular action items on the agenda

Mr. Furrow pointed out that item 5, Anixter, was what is referred to as an interstate cooperative agreement. He said it was advertised for multiple agencies across the United States to establish a larger contract that will offer substantial savings to its participating members, and that cooperative procurements are allowable under ORS.

Vice President Carlson said that she would still support the Consent Calendar as is, but reiterated that items of this financial magnitude, really deserved closer attention—more conversations with staff, and Board conversations.

Commissioner Barofsky moved to adopt Consent Calendar – B, Item 5, Anixter - for various electrical products. The motion passed unanimously 5:0.

In reference to Consent Calendar – B, Item 8, Pacific Excavation, Inc., Vice President Carlson said she wanted to talk a little bit more about the process, and how EWEB arrived at using Pacific Excavation, Inc. for this work.

Ms. Kelley said they did receive multiple bids for the project, and EWEB has a working relationship with Pacific Excavation, Inc.

Mr. Furrow added that Pacific Excavation, Inc. was the highest ranked through EWEB's bid-ranking criteria.

Commissioner McRae pulled Consent Calendar B – Item 9. He said that the items were out of order on his agenda, and he meant to pull Item 8, Pacific Excavation. He wondered why large excavation projects like this one consistently go over budget.

Mr. Furrow assured the Board there were measures in place to limit increases in said projects and there is a process for managing increases; EWEB does work with contractors on any additional work or change orders on the project. He explained that many times when contracts exceed the original limit it is due to additional staff-directed work that is identified after the project is underway. While the project total may increase, EWEB saves time and money by not having to conduct another process and mobilize another contractor.

Vice President Carlson asked if staff could add a column to bid projects such as this one that would let the Board know if any increases were driven by the utility, or by outside influences.

Mr. Furrow said that was possible, and that staff would look more closely at her suggestion.

Commissioner Carlson moved to adopt Consent Calendar – B, Items 8, Pacific Excavation and 9, U.S. Department of Interior, U.S. Geological Survey. The motion passed unanimously 5:0.

Vice President Carlson pulled Consent Calendar – B, Item 10, Acquisition of Property along Leaburg Canal. She said she was not happy about the way the Resolutions in question came about, and she wanted to gauge her colleagues' feelings about it.

Commissioner Barofsky said he was in favor of moving ahead with Resolutions 2209 and 2210, but to put a hold on Resolution 2211

Commissioner Schlossberg was in agreement with Commissioner Barofsky. She added that she would like to see—in the future—more information as to how decisions such as these are made.

Mr. Lawson said he supported the request of the Board to evaluate the processes that EWEB staff used for the acquisition or divestiture of real property, adding that he could work with staff as a follow-up to this meeting on that request.

Commissioner Barofsky moved to adopt Consent Calendar – B, Item 10, Resolutions 2209, and 2210. The motion passed unanimously 5:0.

Commissioner Barofsky moved to adopt Consent Calendar – B, Item 10, Resolution 2211. The motion failed unanimously 0:5

Prior Year-End (2021) Audited Financial Statements and Management Letter

Ms. Hart and Ms. Desimone offered the Board a report and PowerPoint presentation on Prior Year-End (2021) Audited Financial Statements and Management Letter.

Commissioner Barofsky asked which part of the dense report provided to the Board should they, as EWEB Commissioners, focus on.

Ms. Desimone suggested looking first at the audit opinion, then the management discussion, followed by EWEB's commitments and contingencies, located at the rear of the aforementioned report.

Commissioner Barofsky asked if items of concern from the previous audit were reflected in this audit, and if they have all been taken care of.

Ms. Hart said they had, and the results were reflected in this audit.

Commissioner Barofsky stressed the importance of a clean audit such as this one on the utility's bond rating.

President Brown posited that of all the many EWEB audits he had been on the board for, this was probably the best he had seen, and he praised staff for their diligence and hard work.

Goal #8: EWEB Headquarters Property “RFP Process and Document Approval”

Ms. Kah and Mr. Lawson offered the Board a report and PowerPoint presentation on Goal #8: EWEB Headquarters Property “Request for Proposal (RFP)” Process and Document Approval”.

Public Hearing for EWEB Headquarters Property RFP Process

President Brown opened the public hearing at 6:57 p.m.

No one present wished to speak; President Brown closed the public hearing at 6:57 p.m.

Vice President Carlson moved to approve the RFP process and also to approve the associated documents. The motion passed unanimously 5:0.

Break

President Brown called for a break at 7:04 pm. The meeting reconvened at 7:14.

Goal #5: Integrated Resource Planning “EWEB’s Electricity Consumption Profile and Forecasting”

Ms. Capper and Mr. Ulrich offered the Board a report and PowerPoint presentation on Goal #5: Integrated Resource Planning (IRP) “EWEB’s Electricity Consumption Profile and Forecasting”.

President Brown wondered what price assumption was used in the electricity forecasting of the IRP.

Mr. Ulrich replied they looked at demand before EWEB intervenes with resources or customer demand side programs that influence customer behaviors, such as time of use or other new pricing programs.

President Brown pointed out that the more expensive a commodity becomes, the more that commodity’s consumption drops off, and he wondered if EWEB continued raising electricity prices, how it might negatively affect EWEB electricity consumption.

Mr. Ulrich replied that the model does not take into account future price increases and how customers might respond.

Commissioner McRae said he appreciated the IRP being broken down into easier-to-digest pieces. He said he appreciated that EWEB was dedicating resources to stay ahead of the curve as far as the complexity of energy planning was concerned.

Commissioner Schlossberg asked if there was anything built into the IRP process that would account for more customers buying air-conditioning if the trend of hot summers continued. She also wondered how that would affect peak energy usage.

Ms. Capper said that was an area of regional energy focus, and EWEB had been working to strengthen their understanding as far as peak energy usage prompted by hot summers.

Commissioner Barofsky stated that although 90% of EWEB ratepayers were residential, they share the energy load equally with the commercial ratepayers. He stressed the importance of conservation and demand management work in the industrial, or commercial sector.

Ms. Capper agreed, saying this was a direction EWEB staff was already moving in. She added that action items would be necessary in the future, instructing staff to go and do energy research in the commercial sector.

Mr. Lawson asserted that once EWEB began to understand the forecasting assumptions, they will start discussing resource-mix in the near future.

General Manager's Annual Performance Evaluation and Merit Discussion for Prior Year

Commissioners all thanked Mr. Lawson for his commitment to EWEB, and each said his leadership has been exemplary. They all agreed that the utility as a whole had improved since he has been General Manager.

Commissioner Barofsky moved to increase the General Manager's base salary by 3%.

Commissioner Carlson asked if Commissioner Barofsky meant a one-time bonus, or a permanent increase to his salary.

Commissioner Barofsky said he meant a 3% increase to the General Manager's base salary.

Commissioner Barofsky's motion to increase the General Manager's base salary by 3%, passed unanimously 5:0.

Correspondence & Board Agendas

Mr. Lawson offered the Board a brief report on correspondence and future Board agendas.

Vice President Carlson moved to direct staff to investigate and propose applicable policy changes directing that all procurements presently requiring Board approval of values over five million be deliberated on by the Board in a dedicated agenda item.

Commissioner Barofsky asked if there was a distinction between \$5 million over the course of one year, and that same amount across multiple years.

Vice President Carlson asserted that it did not matter if it was for one year or multiple years—adding that for multi-year contracts, it was even more important to have Board agenda items surrounding these larger contracts, as decisions made today, will affect future Boards.

Commissioner McRae wondered how much extra work for the staff would be created if they decided to pass Vice President Carlson’s motion.

Mr. Lawson offered that he did not see Vice President Carlson’s motion as adding a lot of work for staff. He clarified the motion directed staff to investigate and propose applicable policy changes, and he asked the Board to pass it so he and staff could do just that for these larger contracts.

Vice President Carlson’s motion to direct staff to investigate and propose applicable policy changes directing that all procurements presently requiring Board approval of values over five million be deliberated on by the Board in a dedicated agenda item passed unanimously 5:0

Board Wrap-Up

President Brown expressed concern about the upcoming river floating trip; he was afraid they would not be able to fill all the spots, to justify the expense of the boat itself.

Ms. Kah assured President Brown they would fill the slots before the May trip.

Commissioner Barofsky said he hoped they would have information on the upcoming upriver meeting well in advance of the meeting itself.

Mr. Lawson said that he would work with staff to make sure any and all pertinent information regarding the upriver meeting was passed on the Board.

President Brown adjourned the Regular Session at 8:19 p.m.

Recorded by Rodney Cimburke

Assistant Secretary

President