

**EUGENE WATER & ELECTRIC BOARD**  
**WORK SESSION**  
**June 16, 2022**  
**5:30 P.M.**

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

**Others Present:** Frank Lawson, General Manager; Lisa Krentz, Generation Manager; Tyler Nice, Electric Operations Manager; Jeannine Parisi, Strategic Program Manager; Rod Price, Assistant General Manager; Jeremy Somogye, Generation Engineering Planner IV; Mark Zinniker, Generation Engineering Supervisor

President Brown called the Work Session to order at 5:30 p.m.

**Agenda Check**

There were no changes or additions to the agenda.

**Wildfire Mitigation Plan/Compliance Revision(s)**

Ms. Parisi and Mr. Nice offered the Board a report and PowerPoint presentation on the Wildfire Mitigation Plan (WMP) and compliance revisions.

President Brown said he was impressed with the scope of the WMP. He asked if the utility was allowed to take action, or require the communications companies to take action, to clear or otherwise trim any of the large trees along Willamette Street in South Eugene that posed a threat to their communication lines in the event of a red flag event.

Ms. Parisi said this was an area of contention at the recent Oregon Public Utilities Commission (PUC) hearings. She said the PUC was leaning toward making electric utilities more responsible for communications infrastructure, which includes hazardous trees.

President Brown wondered how much notice would be given to ratepayers prior to shutting off electricity due to a red flag event.

Ms. Parisi said that was still being discussed.

Commissioner Schlossberg asked if EWEB could provide zero-interest loans for generators as part of the WMP.

Ms. Parisi said she believed that was an option. She added EWEB staff had been in contact with the utility's partners at the County about it.

Commissioner Barofsky wondered if regional utilities' plans were comparable to EWEB's WMP.

Ms. Parisi said that several of them were, describing EWEB as being in the middle as per WMPs.

Commissioner Barofsky said that communication was key with EWEB ratepayers (especially the upriver community and South Eugene) about every step from the utility's end during a red flag event.

Commissioner McRae offered he was glad to see EWEB working through and with its partners very well, and he was supportive of the utility leveraging federal funding for the WMP. He asked if there was an undergrounding incentive program available for EWEB ratepayers.

Ms. Parisi said staff could bring back a proposal to that end if the Board was interested.

Commissioner McRae replied that he was in favor of a proposal to set aside a reasonable amount of budget to help customers with undergrounding power lines in some instances where they would be adjusting their service anyway, and providing generator funding assistance for small households that need power for medical equipment.

President Brown obtained clarification from Commissioner McRae and polled the Board for their support in asking staff to provide more information around incentivizing undergrounding and generators for customers in high-risk areas of EWEB's service territory.

Mr. Price pointed out the aforementioned undergrounding incentive programs for the upriver area were for secondaries, not primaries, and commented on the different terrains of the upriver and south Eugene areas; upriver being mostly greenfield, while south Eugene is mainly comprised of landscaped back yards.

Commissioner Barofsky asked if it was to be found in the Eugene City Code that all new construction must have undergrounded utilities.

Mr. Price said that was true, but there were economic issues at play in new construction utility undergrounding.

A majority of Commissioners agreed to Commissioner McRae's request for a proposal on expanding the undergrounding and generator incentives.

Ms. Parisi asked the Board's expectation in terms of a timeline for the proposal. She asked if the end of the year would be alright.

President Brown, and the Board, said it would be fine to provide a response as time allows.

Vice President Carlson wanted to make sure everyone was aware that suburban areas are also at risk for wildfires.

### **Goal #3(a): Leaburg Canal Triple Bottom Line (TBL) & Strategic Assessment Update**

Ms. Krentz, Mr. Somogye, and Mr. Zinniker offered the Board an update and PowerPoint presentation on Goal #3(a): Leaburg Canal TBL & Strategic Assessment.

President Brown asked if staff felt like they needed more help—perhaps additional staff—to help with this extremely large project.

Ms. Krentz said that it was a very large project, and staffing needs would be assessed as the project's direction was solidified.

President Brown discussed full return to service (RTS) versus partial RTS. He pointed out a full RTS would generate much more electricity than a partial RTS, but the price difference between the two did not make sense; he asked for clarification.

Mr. Zinniker said the full RTS was much more expensive than the partial. He explained although full RTS would produce about three times more generation, it would require modification to some very tall, expensive portions of the canal.

Commissioner Schlossberg asked if the Board could have more information on the property lines in and around Leaburg Lake changing if the dam were removed.

Mr. Somogye said that individual property owners would have to review their deeds, and that EWEB would be happy to help with that, and work with the County.

Ms. Krentz strongly recommended that property owners work with the title company to truly understand site-specific details of their parcel.

Commissioner Barofsky asked if staff went past 2040 in their net present value (NPV) calculations.

Mr. Zinniker said yes, the study presumed a new license or an amendment that extends it for an additional forty years past the return to service date.

Commissioner Barofsky asked when comparing the costs for the alternatives, whether the second licensing included the energy production and RECs (renewable energy credits).

Mr. Zinniker replied that it does include all the power production and offsetting revenue, however the NPV does not include the value of the RECs. He commented on the capacity value saying the rough indication is that it is worth perhaps five or six million.

Commissioner Barofsky clarified that estimate was over the full life of the second license.

Commissioner Barofsky asked whether staff explored the cost for Alternative #3 (Partial RTS, Luffman Power Plant), without the power plant, which would result in less storm water conveyance.

Mr. Zinniker said if EWEB left the dam, and subsequently, Leaburg Lake, but generated no power from it, they would not have full control over the decommissioning requirements. He added that water rights would also become an issue in that scenario.

Commissioner Barofsky stressed that he wanted to know when the upriver listening sessions were taking place.

Mr. Lawson asked if licensing and permitting costs were captured in any of the return to service Alternatives listed in the presentation.

Mr. Zinniker answered it was staff's intent to capture those costs for each of the Alternatives suggested, however the next licensing period, in the 2060's time frame, was not included.

Mr. Lawson offered another way to convey Commissioner Barofsky's sentiments; by taking Alternative 4 and leaving the dam as it is, rather than putting in a new bridge, as the cost of the bridge is wide and unknown. He said it was important to understand the amount of investment, and recovery of investment specific to generation, or not, at that site while also recognizing regulator risk.

Mr. Zinniker said the further detail on Leaburg, that the Board would receive in August, would include that information, including line items associated with dam removal.

Commissioner McRae wondered how the generation capacity will change over time, and what EWEB's assumption was about the impacts of how long the utility could generate over the course of a year, given temperatures and pressures on fish.

Ms. Krentz replied that they have made some assumptions, particularly related to the upriver Corps of Engineers projects, and how the change in flow regime might impact generation. She offered that it does not change circumstances to the extent that the options would be flipped. She referred the question of accounting for potential changes to in-stream flows related to climate change to Mr. Zinniker.

Mr. Zinniker replied that the modeling for the future Corps operation is intended to capture the expectations for management of water; he said that has an impact, but it is not very big. He further explained that EWEB would not have full control over the outcome of licensing. The current assumption is that EWEB would be able to preserve the 1000 cfs minimum flow requirement, but that is not guaranteed and would be a risk factor in negotiations.

Mr. Lawson explained that various types of sensitivities impacting the value of generation would be shared with the Board in August.

Commissioner McRae asked if staff had done a full analysis of levelized costs of generating at the facility such that it could be compared to the cost of other types of low carbon electricity.

Mr. Lawson said staff could get that information to the Board, as well as context from other utilities who have indicated the minimum amount of megawatts of generation needed to have a return on investment.

Commissioner McRae said he was curious about the ongoing capital and maintenance costs in Alternative #1.

Mr. Zinniker said those costs assume that EWEB will be responsible for things like: creek maintenance, underpasses of the highway, recreational facilities, and a replacement bridge, or perhaps other bridge demands or related lingering responsibilities.

Vice President Carlson conveyed that she agreed with much of what had been said by other Commissioners. She said she had not seen the survey Commissioner Schlossberg mentioned and wondered if it was sent to the Commissioners.

Ms. Krentz said she did not believe it was sent to the Commissioners; it was sent to upriver residents, and that staff could provide it to the Board.

Mr. Lawson said it had been sent through the EWEB email system, and he would send another link.

Vice President Carlson was concerned that ratepayers would be swayed by the rate increases, and she suggested another survey, after the cost projections have been updated, to ensure the line of communication with EWEB ratepayers remained open.

President Brown noted that the Leaburg and Walterville projects are under the same license. He asked if the cost of relicensing Walterville had been factored into the full Leaburg RTS option.

Ms. Krentz referred to the written responses that were provided as Commissioners/Staff Pre-Meeting Q&A. She said staff had not concentrated too hard on Walterville, only because of the urgency, their current focus is Leaburg, but the latter and the former were licensed together, so it was something they would have to look at as any changes made to the Leaburg project would result in some type of license proceeding that will trigger a reopener for the license. She added that it is staff's assumption that a similar evaluation would also be done for Walterville.

President Brown said he was concerned that EWEB ratepayers would be servicing EWEB debt for the Leaburg project, and it was anticipated the utility would be generating revenue from that debt, and now they were not.

Commissioner Schlossberg expressed concern about the timeline, offering there was only one more work session on the topic before a decision would have to be made.

Ms. Krentz said they would be coming back to the Board every month or two between now and the end of the year. She said the intent is to prepare the Board, so they are comfortable making an informed decision, and part of that is determining the priorities to focus on from a social and environmental perspective.

Commissioner Schlossberg asked if the Board decision on Leaburg had to choose only one of the Alternatives presented.

Mr. Lawson explained that this is a directional decision; either a return to service or stormwater conveyance. He said he believes it is feasible for the Board to choose a preferred Alternative staff could focus on, but, he added, there would of course be opportunities to check in with the Board on an ongoing basis.

Commissioner Schlossberg announced she would not be at the October 4, 2022 EWEB Board meeting, as it was Yom Kippur.

Commissioner Barofsky said that he hoped the Board would have a free-flowing meeting to discuss the Leaburg protect, with the five Commissioners, after receiving all the staff information, before they reached a decision.

President Brown opined that Alternative #1 should be removed, so that staff could focus more on RTS, or stormwater conveyance.

Vice President Carlson questioned the large range of cost variances in the TBL report, and she wondered if tightening those ranges would change the outcomes in tangible ways.

Commissioner Barofsky agreed with President Brown, citing the amount of analysis alone for Alternative #1 would be a tremendous amount of work.

Ms. Krentz reminded those present that decommissioning was a negotiated agreement, involving many agencies. She explained the two extreme options are bookends for what the possibilities might look like.

Commissioner McRae wondered if the NPV calculations would be further refined.

Mr. Zinniker said there would not be a lot of refinement on the numbers, adding that there was a lot of sensitivity analysis yet to be done on the numbers EWEB staff already has.

Vice President Carlson said it was important to communicate with the public which of the Alternative(s) the Board was considering. She added she thought it was far too early to be removing Alternatives without seeing the accompanying analyses.

Commissioner Schlossberg agreed that the Board should not make a decision to remove any of the Alternatives, until seeing all the analyses.

President Brown adjourned the Work Session at 7:08 p.m.

*Recorded by Rodney Cimburke*

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Assistant Secretary

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President

**EUGENE WATER & ELECTRIC BOARD  
EXECUTIVE SESSION 1  
4200 ROOSEVELT BOULEVARD / VIRTUAL  
JULY 5, 2022**

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

**Others present:** Frank Lawson, General Manager; Tim O'Dell, Right-of-Way Agent; Anne Kah, Administrative Services Manager; Rod Price, Assistant General Manager; Lena Kostopulos, Chief Workforce Officer; Deborah Hart, Chief Financial Officer; Julie McGaughey, Chief Customer Officer; Karen Kelley, Chief Engineering & Operations Officer; Holly Shugart, Administrative Assistant; Owen Morgan, IT Support Specialist; Ken Baldwin, Physical Security Supervisor.

**EXECUTIVE SESSION 1 – EWEB Riverfront Property RFP Evaluation Instructions:**

The Executive Session was called to order at 4:45 p.m.

**Pursuant to ORS 192.660 (2)(f)**

The EWEB Board of Commissioners met in Executive Session to consider information or records that are exempt by law from public inspection.

President Brown adjourned the Executive Session meeting at 5:25 p.m.

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Assistant Secretary

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President



**EUGENE WATER & ELECTRIC BOARD  
EXECUTIVE SESSION 2  
4200 ROOSEVELT BOULEVARD / VIRTUAL  
JULY 5, 2022**

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

**Others present:** Frank Lawson, General Manager; Karl Morgenstern, Watershed Restoration Program Manager; Susan Fricke, Water Resources & Quality Assurance Supervisor; Rod Price, Assistant General Manager; Lena Kostopulos, Chief Workforce Officer; Deborah Hart, Chief Financial Officer; Julie McGaughey, Chief Customer Officer; Karen Kelley, Chief Engineering & Operations Officer; Holly Shugart, Administrative Assistant; Owen Morgan, IT Support Specialist; Anne Kah, Administrative Services Manager; Robin Meacher and Joe Moll of McKenzie River Trust

**EXECUTIVE SESSION 2 – Finn Rock Phase II Property Acquisition:**

The Executive Session was called to order at 5:28 p.m.

**Pursuant to ORS 192.660 (2)(f)**

The EWEB Board of Commissioners met in Executive Session to consider information or records that are exempt by law from public inspection.

President Brown adjourned the Executive Session meeting at 5:50 p.m.

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Assistant Secretary

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President

**EUGENE WATER & ELECTRIC BOARD  
REGULAR SESSION**

**July 5, 2022**

**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/2022board-agendas-and-minutes>.

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

**Others Present:** Frank Lawson, General Manager; Aaron Balmer, Fiscal Services Supervisor; Deborah Hart, Chief Financial Officer; TiaMarie Harwood, Financial Services Manager; Karen Kelley, Chief Operations Officer; Karl Morgenstern, Strategic Program Manager - Watershed Restoration; Rod Price, Assistant General Manager; Alicia Voorhees, Senior Financial Analyst

President Brown called the Regular Session to order at 6:00 p.m.

**Agenda Check**

There were no changes or additions to the agenda.

**Items from Board Members and General Manager**

Mr. Lawson thanked Commissioner Barofsky for his help in opening the emergency water site at the Lane Events Center.

President Brown wondered if EWEB Commissioners could hand out water storage containers in their wards.

Mr. Lawson said he would check inventory.

Vice President Carlson agreed the water storage containers should be in homes.

**Public Input**

There was no one signed up to give public testimony.

**Approval of Consent Calendar – A, Minutes and Routine Contracts**

**MINUTES**

- 1. a. June 7, 2022 Executive Session**
- b. June 7, 2022 Regular Session**

## **CONTRACTS**

**2. Trout Mountain Forestry** – for additional funds for professional forestry consulting services. \$290,000 (over 5 years) based on Formal Request for Proposal. (Original contact amount \$145,000 – under board approval threshold thus not previously approved by board.)

***Commissioner Barofsky 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**

**3. Dell Marketing** – for the use of a cooperative contract for the purchase of computer hardware, software, and support from Dell Marketing. \$1.5 million (over 5 years).

**4. Landmark Ford** – for the use of a cooperative contract for the purchase of various Light Duty Vehicles. \$800,000 (over 3 years).

**5. McKenzie River Trust** – for the use of funding under the existing Memorandum of Agreement to support the McKenzie River Trust in the Acquisition and Management of an Additional 645-acres adjacent to the existing Finn Rock Reach Conservation Area. \$660,000 (from the existing \$1.5 million agreement with MRT).

**6. Northside Ford** – for the use of a cooperative contract for the purchase of Various Light Duty Vehicles. \$800,000 (over 3 years).

**7. Pape Machinery (John Deere dealer)** – for the use of a cooperative contract for the purchase of a Wheel Loader. \$210,000 (one-time purchase).

### **8. Wildfire Mitigation Plan Adoption**

### **RESOLUTIONS**

**9. Resolution No. 2214** – Update to Board Policy GP7 Board Parliamentary Procedures.

**10. Resolution No. 2215** – Policy to Replace Current Board Policy EL-4, Compensation and Benefits.

**11. Resolution No. 2216** - Western Generation Agency (WGA) Board Appointment.

***Commissioner Schlossberg moved to approve Consent Calendar – B. The motion passed unanimously 5:0.***

## **City of Eugene Electrification Response**

Mr. Lawson offered the Board a report on EWEB's draft responses to the City of Eugene's inquiries related to impacts of electrification.

Commissioner Barofsky wondered if the City of Eugene had any other questions the Board might not be aware of.

Mr. Lawson said the reason EWEB staff implemented the FAQ approach, was to give them freedom to expand the topic list as needed.

Vice President Carlson asked if the Board could see the original questions before they were edited.

Mr. Lawson said the original questions were to be found in the background memo to this agenda item.

Commissioner McRae asked Mr. Lawson if he was going to be in any future conversations with the Eugene City Council.

Mr. Lawson said he planned to make himself and EWEB staff available to the Eugene City Council.

President Brown said it was important to stay in conversation with the Eugene City Council, especially as the city—and the utility—move toward electrification.

## **Goal #7: Rate Design Fundamentals/Background**

Ms. Hart and Ms. Harwood offered the Board a report and PowerPoint presentation on Goal #7: Rate Design Fundamentals.

Vice President Carlson said she appreciated the ongoing series of conversations with staff, and she wanted to make sure as the utility looked at more dynamic pricing types, they would consider equity. She added that it was important for the utility to offer other pricing options that would meet the different needs, capabilities, and values that make up EWEB's customer base.

Ms. Hart said that one of the utility's strengths, was its ability to provide their customers with options.

President Brown wondered if the time-of-use meters were available for the Commissioners to put in their homes to track consumption.

Mr. Lawson said a time-of-use program was not available at the moment, but he believed that most, if not all, commissioners have smart meters, and that analysis could be done.

President Brown asked why EWEB's flat rate was so much lower than other area utilities, and if that pricing was equitable.

Ms. Hart said there were upcoming discussions the Board would be having concerning changing the basic charge as it is currently.

Mr. Lawson added there was no correlation between consumption and income level, adding there were just as many heavy electricity users with low income as heavy users with high income.

Commissioner Barofsky said he was interested in the pre-pay option discussed, especially as the utility was able to use pre-pay to defer deposits.

Ms. Hart said staff was also intrigued by this possibility, and they would be looking deeper into it.

Vice President Carlson said it was important for the water side of the utility to be prepared for water curtailment if it becomes necessary.

### **Electric & Water Long-Term Financial Plan Update & 2023 Budget and Capital Improvement Plan Assumptions**

Mr. Price, Mr. Balmer, Ms. Hart, Ms. Kelley, and Ms. Voorhees offered the Board an update and PowerPoint presentation on the Electric & Water Long-Term Financial Plan (LTFFP), and the assumptions for the 2023 Budget and Capital Improvement Plan (CIP).

President Brown wondered what the basis was for changing the forward price curve from \$51 to \$85 per megawatt.

Ms. Voorhees said the forward price curve was elevated currently, driven by the price of natural gas which had to do with supply chain issues, the international market, and weather volatility. She added that prices are higher in the near term, then revert back down to the mean in later years of the Plan.

Mr. Lawson said those were the numbers they were seeing, trading five years out.

President Brown reiterated that the price of electricity was rising due to a shortage of natural gas.

Commissioner McRae wondered if the higher wholesale prices for electricity were driving any new investments in regional generation.

Mr. Lawson said most new investments in generation were driven by organizations' Integrated Resource Plans (IRP), and those choices are largely driven by regulatory or carbon legislation or other things.

Commissioner Barofsky wondered what drove the decision to change the IS software expense from operation and maintenance to capital on both the water and electric side. He asked if it was changed to capital, could it be depreciated differently.

Ms. Hart said that decision was driven by a change in Accounting Standards.

Commissioner Barofsky asked if a risk buffer was built into the LTFP.

Ms. Hart said that was coming up in the second half of the presentation.

President Brown asked if EWEB staff was comfortable using only 3-5% inflation in its forecasts.

Ms. Hart offered that in various forecasts, inflation has returned to historical averages.

Vice President Carlson wondered why the utility was holding off on putting higher calculations in the budget for the Leaburg project.

Ms. Hart said metrics are strained currently, the most strained of which is debt service coverage, adding that this metric is most likely to cause rate increases. She said that in August the Board would be provided with rate trajectories for each of the Leaburg scenarios.

Mr. Lawson explained that the LTFP presented this month established a baseline which would demonstrate the impact of the Leaburg project when those changes are highlighted in the next iteration of the LTFP. He reiterated the debt service coverage metric would be stressed, and the timing of borrowing, which would depend on the Leaburg Alternative chosen, would have an impact.

Mr. Price reminded the Board that the process was intended to set the next year's budget, and regardless of the option chosen for Leaburg, the budgets for the next couple of years would not be greatly impacted.

President Brown asked whether the \$150 million in water bond issuance in the presentation was for the second drinking water source.

President Brown inquired what the balance of the rate stabilization fund would be after the withdraw.

Ms. Hart replied that it would be at the target.

Commissioner Barofsky asked if debt service coverage would affect EWEB's bond rating.

Ms. Hart replied staff planned to bring back a rate trajectory that is compliant with Board policy as it is today.

Mr. Lawson explained that the debt service coverage metric was established by the Board to target certain bond ratings.

Commissioner Barofsky asked if EWEB planned to reallocate budget surpluses to the rate stabilization fund.

Ms. Hart replied that if actual expenses are less than the conservative budget, the utility would have an opportunity to keep those reserve funds available for future use.

Commissioner Barofsky asked when the next LTFP update would take place.

Ms. Hart said October.

Vice President Carlson wondered—given rising inflationary costs—if some of EWEB's larger projects might be put on hold in hopes of inflation stabilizing.

Mr. Lawson said EWEB recognized the consistent increase of inflation as a reality, and generally, the longer the utility waited to do a project, the more expensive that project would be.

Commissioner McRae asked over what time period the Leaburg project would be financed.

Mr. Lawson said a 25- to 30-year repayment was typical of a project that size.

### **McKenzie Watershed Recovery and Restoration Update**

Mr. Morgenstern offered the Board an update and PowerPoint presentation on the McKenzie watershed recovery and restoration efforts.

Vice President Carlson said she loved seeing the funding charts displayed so thoroughly, and she hoped these charts could be referenced at any and all future upriver meetings. She, and the rest of the Board, thanked Mr. Morgenstern and EWEB staff for their dedication to the upriver community, and the recovery of the McKenzie watershed.

Referencing the significant timber land that EWEB owns along the Leaburg canal, President Brown asked if the utility had given any thought to trading the land to another entity or entities now that the canal may no longer be operational.

Mr. Morgenstern said that staff had not yet considered that.

### **Correspondence & Board Agendas**

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

Commissioner Schlossberg asked if EWEB had shared the correspondence around EWEB's role in the Climate Action Plan CAP2.0 with the City of Eugene.

Mr. Lawson said they had not shared this particular summary with the City of Eugene, but he would be interacting with them and providing periodic updates.

**Board Wrap-Up**

Commissioner McRae said he appreciated the memo and framework given to the Board by Kelly Hoell; he said he found it very helpful. He also thanked staff for the information contained in the Board packets.

In the context of the sale of the EWEB headquarters property, President Brown inquired what the asset allocation was for electric and water. He also asked when the work session for the Board to discuss the Leaburg decision would be scheduled.

Mr. Lawson said he would work with staff to give the Board some options for the Leaburg meeting. He thanked Rod Price and the Executive Team for putting together a good meeting.

President Brown adjourned the Regular Session at 8:21 p.m.

*Recorded by Rodney Cimburke*

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Assistant Secretary

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President



## EWEB Board Consent Calendar Request

*For Contract Awards, Renewals, and Increases*

The Board is being asked to approve a new contract (price agreement) with **Professional Underground Services, Inc.** for **On-Call Boring and Potholing Services** to support the Water Utility.

Board Meeting Date: August 2, 2022  
Project Name/Contract #: On-Call Boring and Potholing Services / 22-029-PW  
Primary Contact: Karen Kelley Ext. 7153

### Contract Amount:

Original Contract Amount: \$1,000,000  
Additional \$ Previously Approved: \$0  
Invoices over last approval: \$0  
Amount this Request: \$1,000,000  
Percentage over last approval: NA  
Resulting Cumulative Total: **\$1,000,000 (Over 5 years)**

### Contracting Method:

Method of Solicitation: Formal Invitation to Bid  
If applicable, basis for exemption: NA  
Term of Agreement: 5 years (August 2022 – August 2027)  
Option to Renew? No  
Approval for purchases “as needed”  
for the life of the Contract: Yes  No   
Proposals/Bids Received (Range): 3 (\$999,399.75 - \$1,790,000)  
Selection Basis: Lowest Responsive and Responsible Bidder

Narrative:

#### Operational Requirement and Alignment with Strategic Plan

The Board is being asked to approve a new contract with Professional Underground Services of Eugene, Oregon for the purchase of boring (directional drilling) and potholing services on an as-needed basis.

Directional drilling avoids the excavations and “street cuts” that have become increasingly costly and/or restrictive in recent years and this contract would allow EWEB to be more efficient, effective, and flexible with our limited resources when completing water service installation and replacement work. The contract also includes potholing services which would allow for more accurate locating of existing buried infrastructure, further improving the efficiency of EWEB’s water main and service replacement work.

#### Contracted Goods or Services

If approved, staff will purchase as-needed Boring and Potholing Services at the agreed-upon prices over the life of the contract. The contract term is 5 years.

Historical usage estimates suggest that the total contract value will be approximately \$1,000,000 over the 5-year

contract period. The actual total dollar amount, however, is unknown and may be more or less than the estimated amount. Purchases will be based on need and not on any specific annual quantity. The annual cost will be within the amount budgeted for that specific year.

Purchasing Process

In June 2022, in accordance with the public procurement rules, EWEB initiated an Invitation to Bid (ITB) using the Formal Invitation to Bid Process. The ITB was advertised on the State of Oregon bid site, OregonBuys, and the Portland Business Tribune.

Three bids were received, and Professional Underground Services was the lowest responsive and responsible bidder for both Table A (Boring Services) and Table B (Potholing Services).

Bids Received

Vendor Name	City, State	Offered Price for Table A (Boring Services)	Offered Price for Table B (Potholing Services)	Ranking (for RFPs)
Professional Underground Services, Inc.	Eugene, OR	\$710,565	\$288,835	NA
C-2 Utility Contractors, LLC	Coburg, OR	\$798,875	\$318,500	NA
Accurate Underground	Eugene, OR	\$1,790,050	No Bid	NA

Prior Contract Activities

EWEB Contract	Project Name (Description)	Board Approved Date	Project Duration (Start to Close)	Original Amount	Final Amount	Reason Code
19-122	Installations of Underground Cameras at Sweet Water Creek	NA	9/12/19-10/22/19	\$38,180	\$39,120	AM/AW/SD
001-2015	Electric Substructure Installation	7/21/15	07/23/15-10/14/16	\$1,707,000	\$1,826,204	AW/SD/UC
041-2014	Boring Services EMX Utility Relocates	10/7/14	10/8/14-03/31/17	\$320,291	\$330,861	AW/SD
016-2016	Emergency Work	5/3/16	05/4/16-08/31/16	\$132,455	\$140,880	AM/AW/SD
Reason Code: AM = Additional Materials, AW = Additional Work, EW= Emergency Work, SD = Staff Directed, UC = Unforeseen Conditions, Other						

Contract 19-122: Additional materials and work were required to complete the project. Staff issued one change order to reflect the additional work.

Contract 001-2015: Staff directed additional work be added to contract via 13 Change orders throughout the contract term.

Contract 041-2014: Additional work was required to complete the project. Staff issued one change order to reflect the additional work.

Contract 016-2016: Additional materials and work were required to complete the project. Staff issued one change order to reflect the additional work.

Note: Contracts 001-2015, 041-2014 and 016-2016 were reimbursed by LTD.

**ACTION REQUESTED:**

Management requests the Board approve a new contract with Professional Underground Services, Inc. for on-call boring and potholing services. This work will be completed under the water main replacement and water services capital budget. Approximately \$5 million is allocated to this area of work in the overall Water Capital Budget annually over the next five years. Variances will be managed within the budget process and Board policy.