



The following questions have been posed by Commissioners prior to the scheduled Board Meeting on August 6, 2019. Management responses are included below, and are sorted by Agenda topic.

Quarterly Strategic & Operational Report for Q2 2019 – (HART) Community Investment Report: Please confirm the amount of CILT payments shown in the report. It's my understanding that EWEB pays approximately \$1M + per month to the City.

RESPONSE: *The total amount for Contributions in Lieu of Taxes (CILT) through Q2 is just over \$6.7 million. The spreadsheet provides a quarterly breakdown for both the City of Eugene and City of Springfield (Q1 – about \$3.5M and \$150K respectively, Q2 – about \$2.9M and \$130K) and a year-to-date total.*

Climate Change Report/Home Energy Audits - Do we track what happens after an audit is performed? Do we have any evidence that customers make changes afterwards? – (FAHEY)

RESPONSE: *Analyzing data after a home energy audit was added to the process as part of the 2019 program changes. The analysis will be done quarterly to identify patterns/trends and inform decisions around products and services offered.*

Climate Change Report/Clean Fuel Credit - How does this program work? How much money do we receive from the program and how is the money used? – (ACKERMAN)

RESPONSE: *The purpose of the Clean Fuels program is to reduce the carbon from Oregon's transportation fuels by 10 percent over a 10-year period. Regulated parties subject to the Clean Fuels Standards are importers of gasoline, diesel, ethanol, and biodiesel located outside of Oregon and parties that produce ethanol and biodiesel in Oregon.*

- *When the carbon intensity of a regulated party's fuel exceeds the fuel standard for the given compliance year, they will generate deficits. When it is lower than the fuel standard, they generate credits.*
- *EWEB is not a regulated party of the Clean Fuels program but a voluntary participant of the program as a credit generator. As a provider of fuel used for electric vehicles in its service territory that is lower than the fuel standard for gasoline, credits are generated and available for EWEB to sell to regulated or other interested parties (e.g. a broker).*
- *The program uses an online system for parties to transact (buy and sell) credits.*
- *The money derived from selling credits is based on an agreed upon negotiated price between the parties and subject to vary year over year. To date, EWEB has generated over \$700,000 in revenue from the sale of slightly more than 5,000 credits.*
- *Typically, wholesale revenue from energy, RECs, and credits goes into the general fund and is separated from the actual budget process that determines allocation of dollars.*

Climate Change Report/Energy and Water Conservation and Efficiency: How many customers do we serve upriver? According to the update, there were 34 customers that have taken advantage of the new Generator loan program. I am trying to put this number into context. Are most of those taking advantage of the program from Upriver? – (FAHEY)

RESPONSE: *EWEB serves approximately 3,000 customers upriver, and 20 of the 34 Generator loans were made to upriver customers.*

Advanced Metering Report: How does the delay in the AMI installations affect the overall timing of the project? Given that we are at only 30% of annual target, do we anticipate this process being closer to 5 years instead of the approved accelerated timeframe? – (FAHEY/PRICE)

RESPONSE: *While system, process and communication infrastructure improvements are being performed, the intent is to slow down 2019 installations and then ramp back up once improvements are in place. Smart electric meters have community-wide impacts by increasing resiliency and providing the ability to create consumption flexibility, and the plan continues to be completing installation by the end of 2021. Management is currently determining how to effectively and efficiently achieve this goal. Smart water meters do not provide the same system-wide benefits, and installations are much more time consuming. In order to safely complete installations, Management believes a 4-5 year smart water meter installation is prudent.*

Consent Calendar

CONTRACTS

Customer Experience Improvement Project (CEI) – Consent Calendar Items No. 2 Milestone Utility Services; No. 3 Paymentus and No. 4 Utilitec - (BARTON) What level of assurance does staff have in relying on these programs to function as anticipated? Please provide an assurance or comments on the vetting process.

RESPONSE: *The selection process for systems to support the Customer Experience Improvement Project was more comprehensive and included more stakeholders than prior selection processes. Some of the additional steps were:*

- *Staff visited multiple utilities before issuing the Request for Proposals to review current marketplace offerings which included the vendors requested for Board approval.*
- *Proposals were evaluated by 44 staff across 18 departments which was much more inclusive than in the past.*
- *Finalists were brought on site to demonstrate how their solution met EWEB's functional and technical requirements and shared their implementation approach, all 44 staff from the 18 departments also participated in this step.*
- *The three firms returned to EWEB and participated in a week long process which took a deeper dive into their implementation approach, functionality, security, and technology. This step involved 29 staff from 10 departments.*
- *Since selection, staff has visited another utility who recently implemented a new EBPP system with the selected vendor and gained valuable insights on implementation and functionality.*

Engineering/Remediation Resources Group, Inc. – for environmental construction for the Upland MGP Removal project - (MCCANN / MCLAUGHLIN) EWEB is negotiating a possible transfer of this property, after remediation, to a user who may install a roundabout, etc. Please explain why we should pay for an asphalt cap and storm drain system in the remediation costs.

RESPONSE: *The components of the remediation contract are dictated by the Record of Decision, Consent Judgement and Settlement Agreement by and among ODEQ, Cascade Natural Gas and PacifiCorp. This work must be conducted to complete the remedy. Any work to be contemplated following completion of the remedy is considered speculative. We need to complete the full remedy in order to move forward on the project. We won't be able to transfer the property without completion of the full remedy.*

Oregon Woods, Inc. – for environmental construction for the Stabilization of Riverbank project - (MCCANN / MCLAUGHLIN) EWEB received only one bid, and that bid is higher than our engineer's estimate for the work. What was the discrepancy between the projected cost and the bid? After discussing the discrepancy, the contractor lowered the total bid amount by \$10,800 which is appreciated, however I would like to know the original estimate.

RESPONSE: *We believe, after discussing things with the bidder and others who chose not to bid, that the primary issue was one of too much work and not enough local folks to do the work. Everyone is busy. We had firms decide not to bid because they don't have the capacity. We likely paid a premium because of this market condition. Additionally, the engineers' estimate that we used as a comparator was completed two years ago and some market costs for construction have changed since that time. The 2017 estimate for the work was \$258,000.*

Garten Services, Inc. – for Janitorial Services – (PRICE) Why is EWEB one of the few public agencies who contract for cleaning services? The City, County, U of O, and school district all have their own janitorial staff on payroll. According to my last calculation, EWEB was paying 2-3 times what it would cost in the private sector, however, since we are required to use QRF, cost is not a consideration in contracting. I am glad a local company was selected. I would like to pull this item to make comments for the record.

RESPONSE: *Staff has plans to perform a review of internal janitorial services vs. contracting for these services in 2020. Once we have completed our consolidation of HQ employees to the ROC, and have a good feel for the future of EWEB's interests in the 500 East 4th building, we will complete the evaluation. As a note, we estimate approximately \$50,000 yearly net savings in contract janitorial services from the consolidation to ROC and we have gathered good information to date to do a complete cost/benefit analysis once the consolidation is complete. As an FYI, Philips is funding their own janitorial services at the East 4th building.*

RESOLUTIONS

Resolution No. 1921, Authorize acquisition of property along Leaburg Canal - (MCCANN / MCLAUGHLIN)
How do timber rights work? If we purchase the property, does EWEB decide whether to harvest or not, or does the owner of the timber rights get to decide? Is it typical to sell a property but keep the timber rights with the original owner?

RESPONSE: *EWEB is buying the property but allowing the seller to retain the future rights to sell the existing timber from the land. This right to harvest the timber in the future runs for 20 years or until the seller's death, whichever comes first. This allows EWEB to buy the property based upon a "cleared land" value rather than having to pay for the future value of the timber. The agreement requires the seller to provide EWEB with a harvest plan prior to selling or clearing any timber and EWEB will have the right to then buy the timber "as it stands." In this way, EWEB can prevent timber from being sold and cut from areas we deem critical for dam safety or condition monitoring. We believe that this is a reasonable approach because EWEB is able to acquire today a piece of land that we believe is necessary for safe monitoring and management of the canal at a price that is based upon the value of the land without the standing timber. In addition, it provides EWEB with some level of control over future timber harvest on the property.*

Please provide me with the market analysis that was used to determine the price. Why would EWEB pay that much money and give the owner the timber rights for 25 years? Why wouldn't EWEB buy all of it today, as in 25 years the timber value will increase substantially and the seller will receive the benefit. If the site will not be cut by EWEB, why let the value of the timber appreciate and then buy it and not cut it, as I don't think we would cut the timber if we owned it. Is that correct? I'm in full support of acquiring the property however I would hate to pay for it twice

RESPONSE: *The purchase price was negotiated with the seller. The market analysis identifies three comparable sales that provide reasonable market support for the subject property's estimated market worth (copy of analysis provided to Commissioners). We are not so much interested in acquiring the timber rights as we are in preventing access roads and home construction on the property and having the ability to control the future timber harvests. Purchasing the property now will allow us to lock in its current condition while being able to work with the seller mitigating the impacts of future timber harvests. If the seller proposes in the future to cut areas that we want to preserve for monitoring or dam safety purposes, we have the option to buy the standing*

timber. Upon the termination of the reserved timber rights, EWEB will manage the entire property as part of the Leaburg forest.