

**SPRINGFIELD UTILITY BOARD**  
223 A STREET, SUITE F, SPRINGFIELD, OR 97477  
MINUTES  
December 12, 2018

The regular session of the Springfield Utility Board was called to order by Chair Willis at 6:15 p.m.

ATTENDANCE: Board of Directors: David Willis, Chair; John DeWenter, Vice Chair; Virginia Lauritsen; Mike Eyster; Pat Riggs-Henson. Staff: Jeff Nelson; Bob Fondren; Sanjeev King; Nick Amann; Greg Miller; Bart McKee; Tamara Pitman; Cindy Flaherty; Joe Leahy and Matt Dahlstrom, Attorneys for the Board. Others: Bill Belcher, SUB Budget Committee; Paul Sundermier, Saalfeld Griggs, PC.

CONSENT AGENDA:

1. MINUTES: November 1 Budget Committee Meeting
2. ACCOUNTS PAID: November 2018
3. AWARD of BIDS/PROPOSALS:
  - 3.a. Statements of Qualification for PACE Engineers, Inc. for South Hills Pump Station & Site Improvements. Water Division staff recommends award of this proposal to PACE Engineers, Inc. for Civil/Structural Engineering Services for the South Hills Pump Station in the amount of \$51,250 for design, and \$43,375 for construction technical support; for a total amount of \$94,625. (Exhibit A).

- \* John DeWenter motioned, and Pat Riggs-Henson seconded, to approve the consent agenda, as presented. This motion **CARRIED** unanimously.

BUSINESS FROM  
THE AUDIENCE:                      None.

BUSINESS FROM  
THE BOARD:

Presentation on Proposed  
Water Rate Increase

Jeff Nelson began his presentation by referring to his overheads (Exhibit B) and redline documents and shared that the budget for the Water Division was assumed with third-party borrowing. The draft proposed budget for the Electric Division uses Electric reserves to mitigate rate impacts. Budget Committee feedback and the Board reserve policy were discussed in the Budget Committee meetings. The Budget Committee raised concerns about the amount of the proposed third-party borrowing, and discussed the Board minimum reserve target through third-party borrowing, or if higher rate increases are needed to meet some of the objectives. Ultimately, the Budget Committee recommended the Board

adopt a 9 percent water rate increase and assume a 5 percent electric rate increase for the 2019 budget. The Board will consider taking action on the proposed water rate increase, following tonight's public hearing. Mr. Nelson then handed out redline documents that show a different water rate increase that looks at a proposed 9 percent scenario with a 4 percent increase to base charges to review tonight. However, he first discussed the 9 percent scenario previously distributed to the Board for review, and which were also posted to SUB's website. Referring to his overheads, he discussed proposed water use rates; proposed water base charge rates; and other water rates that include meter station charges, upper level charges, and hydrant usage charges related to hydrant permit fees with comparisons of existing 2018 water rates; a proposed 4 percent water rate effective January 2019; and also a proposed 9 percent water rate that would be effective January 2019. He then reviewed overheads on the different percent revenue that would be increased, based on the different scenarios that were reviewed by the Budget Committee, the impact of the rate increase by customer class with some assumptions, and a couple of graphs on water reserves and debt scenarios in which the Budget Committee recommended the 9 percent (light blue line on graph) with some rate increases feathered in over time. He then shared a chart on the history of rate changes, by year, by customer class for the years 2003 to 2018; charts on SUB average total bills for 2019 rates; SUB total bill by year for the average residential customer; and monthly electric and water bill compared to seven other regional cities.

Pending public comment and discussion of any items raised in the public hearing, Mr. Nelson said, it is recommended that the board adopt the proposed 9 percent water rate increase. However, he added, there are two options for the Board to consider. The first option is the one given to the Board for review, previously. Those rate changes reflect the philosophy that every time the Board adopts a rate change, 50 percent of the revenue raised would come from the increase of the base charge and 50 percent of the revenue raised would come from the increase of the usage charge. He referred to the examples of what impacts would be for types of customers for both options/scenarios and compared the two options with the Board and discussed the different impacts to the customer. He noted that feedback in the media, regarding base charge increases, seems to be more of an impact on those with lower income.

After discussion, the Board thanked Jeff Nelson for his presentation on the proposed water rate increase.

Public Hearing to Gather  
Input on SUB's Proposed  
Water Rate Increase

Chair Willis opened the public hearing at 6:29 p.m. and asked if anyone would like to make public comment regarding the proposed water rate increase and charges.

As there was no public comment, Chair Willis closed the public hearing at 6:30 p.m.

Consideration of Resolution  
2018-6, Approving Water  
Rate Increase

Mr. Nelson recommended that the Board move away from the process based on 50 percent base charge and 50 percent usage charge, and consider adoption of Resolution 2018-6, with a 9 percent overall rate increase to include a lower base charge (25 percent) this year and balance it with a higher usage charge (75 percent), effective January 1, 2019.

- \* Pat Riggs-Henson motioned, and Mike Eyster seconded, that the Board adopt Resolution 2018-6, approving the water rate increase, with a 9 percent overall rate increase, as modified with 25 percent for base charges, and 75 percent for usage charges, to be effective on all billing statements rendered on or after January 1, 2019, (Exhibit C). This motion **CARRIED** unanimously.

Presentation on Proposed  
2019 Budget

Jeff Nelson gave a brief review of the presentation he gave last month on the proposed 2019 budget and referred to his overhead presentation (Exhibit D).

There were no public comments during the first public hearing, held on November 14, Mr. Nelson said. The second public hearing will be held this evening.

After brief discussion, the Board thanked Mr. Nelson for his presentation.

Second Public Hearing to  
Gather Input on SUB's  
Proposed 2019 Budget

Chair Willis opened the public hearing at 6:40 p.m. and asked if anyone wanted to make public comment.

As there was no public comment, Chair Willis closed the public hearing at 6:41 p.m.

Consideration of Resolution  
2018-7, Approving the 2019  
Utility Operating Budget

Mr. Nelson recommended the Board adopt Resolution 2018-7, approving the 2019 Utility Operating Budget, and as recommended by the Budget Committee.

- \* John DeWenter motioned, and Virginia Lauritsen seconded, that the Board adopt Resolution 2018-7, approving SUB's 2019 Utility Operating Budget as presented and as recommended by the Budget Committee. This motion **CARRIED** unanimously.

Reappointment of Budget  
Committee Members

The Budget Committee has three members who have a desire to be reappointed, Steve Moe, Neal Forrester, and Bobbie Adams, and whose terms expire December 31, 2018. It is the recommendation of SUB's Budget Committee to reappoint Mr. Moe, Mr. Forrester, and Ms. Adams for a 3-year term that would expire December 31, 2021.

- \* Virginia Lauritsen motioned, and Mike Eyster seconded, to reappoint Steve Moe, Neal Forrester, and Bobbie Adams for a 3-year term that would expire December 31, 2021. This motion **CARRIED** unanimously.

Discussion on Board  
Committees and Board  
Priorities

John DeWenter referred to the Status Report Regarding 2018 Board Tasks, specifically Item A, relating to emergency and disaster response that was distributed to the Board for review (Exhibit E). He recommended the Board consider adoption of the directions outlined in Item A for management regarding emergency and disaster response plans.

- \* John DeWenter motioned, and Pat Riggs-Henson seconded, to adopt directions outlined for management regarding emergency and disaster response plans listed in Item A of the Status Report Regarding 2018 Board Tasks. This motion **CARRIED** unanimously.

BUSINESS FROM THE  
GENERAL MANAGER:

McKenzie Source  
Development

Greg Miller explained that this is a brief presentation related to a presentation he shared last year on source development on

both the Willamette River and the McKenzie River. This presentation, he noted, is specific to source development on the McKenzie River, as it relates to the future construction of the water treatment plant. Referring to his overhead of a map previously distributed to the Board (Exhibit F), he explained this map shows the route for current proposed transmission pipeline construction projects, and discussed the phases of the project with the Board. He added that Phases 1, 2, and 3, have been completed, which included the North Cedar Creek Crossing, Platt Wellfield and South Cedar Creek Crossing, and the routing study that engineering consultants, Murraysmith, completed.

Mr. Miller then shared a list of projects with timelines and costs associated with those projects on his overhead, McKenzie Source Development Investments/Timeline (Exhibit G). He explained that the phases are not listed in numerical order, but by priority of the project workloads. Some projects have been moved around due to changing workloads and priority of work, but they are the original phases that were engineered for this project. He explained that the red line on the graph represents where we are today with completed projects, and the approximate investment that we have into those facilities, to this point. Projects listed beyond the red line are projects that are left on the schedule to be completed, as they relate to the transmission line and treatment plant at Thurston. These projects are spread out to 2025/2026 with a treatment plant startup around the end of 2026/beginning of 2027. He noted that it's roughly just over \$38 million in costs for those projects yet to be completed. In all, total project costs will be about \$44 million, spread out over the years, as detailed on the graph.

City of Springfield  
Transportation Plan  
Update

Jeff Nelson shared that he had been in communication with Springfield City Manager Gino Grimaldi regarding a couple of issues in particular that SUB had an interest in at the time; one issue was the transportation plan, the other issue was not transportation plan related. Regarding the other issue, he wanted to recognize SUB Water Operations Superintendent Cam Hanes, Springfield City Engineer Jeff Paschall, and SUB's legal counsel, for valuable interaction between them that ultimately resulted in the best outcome based on the given circumstances.

With regards to the Transportation Plan, the City is still going through the process, and the City Council is providing some guidance to staff. This issue is related to SUB's 56<sup>th</sup> Street

property where the treatment plant was planned to be constructed. The City has an interest in connectivity there. He said he represented to the City, potentially providing emergency access through SUB property at this site to allow multi-use path (pedestrian/bicycle) access through this property, mainly to allow better access for students to get to school rather than have to go down to Thurston Road, as well as access for emergency vehicles. Depending on City Council guidance, he remains optimistic for a potential Memorandum of Understanding (MOU).

Joe Leahy shared legal advice regarding the Transportation Plan, with regard to this specific site, to ensure there are some safeguards related to safety on the multi-use path.

TEAM Springfield Update

Mr. Nelson shared that the City recently reached out to him regarding a Federal Communications Commission (FCC) requirement for the City to update their code regarding attachments to facilities within a right-of-way. He wanted to recognize SUB Standards and Planning Engineer Tamara Pitman who worked diligently to provide the City with useful information for a more functional and better outcome.

ADJOURNMENT:

The meeting was adjourned by consensus at 7:02 p.m.

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John DeWenter, Board Chair

ATTEST:

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Jeff Nelson, Board Secretary