

SPRINGFIELD UTILITY BOARD
223 A STREET, SUITE F, SPRINGFIELD, OR 97477
MINUTES
July 11, 2018

The regular session of the Springfield Utility Board was called to order by Chair Willis at 6:12 p.m.

ATTENDANCE: Board: David Willis, Chair; John DeWenter, Vice Chair; Mike Eyster; Virginia Lauritsen; Pat Riggs-Henson. Staff: Jeff Nelson; Bob Fondren; Sanjeev King; Greg Miller; Nick Amann; Tracy Richardson; Amy Chinitz; Cindy Flaherty; Joe Leahy, Matt Dahlstrom, Attorneys for the Board. Others: Bill Belcher, SUB Budget Committee; Sandy Belson, City of Springfield; Jim Canterbury, Larry and Caroline Ruhe, SUB Customers.

ACTION ITEMS:

CONSENT AGENDA

MINUTES: June 13 Special Session and Regular Board Meeting

ACCOUNTS PAID: June 2018

BIDS/PROPOSALS:

1. Award of RFP 06.18 Substation Design Consultant: The Electric Division staff recommended award of RFP 06.18 to TriAxis for the amount of \$94,000. (Exhibit A).
2. Approval of Purchase Varasset XAM 6 Upgrade of Inspection Software: The Electric Division staff recommended approval of General Personal Services contract per Board Policy Section 3-7-7 for "Computer Programmers" to Accent Business Solutions for the amount of \$63,000. (Exhibit B).
3. Approval of 3-Year Agreement for Audit Services: Staff recommended approval to retain Moss Adams LLP for a 3-year agreement for \$41,000 for the 2018 Audit, \$42,250 for the 2019 Audit, and \$43,500 for the 2020 Audit. (Exhibit C).

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

**BUSINESS FROM
THE AUDIENCE:**

Jim Canterbury, spoke against the current backflow assembly requirements in relation to his 129 N. 9th Street property. Mr. Canterbury began with handing out information for the Board's review (Exhibit D). He asked for the Board's consideration of his specific situation, and thanked the Board for their time.

Jeff Nelson added that SUB ramped up its backflow program a few years ago, and as part of that process SUB was

performing a little more aggressive inspections to make sure we were right-sizing our backflow requirements. Mr. Nelson noted that sometimes when a new process is initiated, it may not be a perfect process at first; and so he thanked Mr. Canterbury for his important feedback.

Larry Ruhe, of 739 S. 70th Street, spoke against Accessory Dwelling Unit (ADU) fees and SUB's Development / Redevelopment Charges (DRCs). Mr. Ruhe noted that the City is waiving the System Development Charges (SDCs). He asked the Board to reconsider Board policy in relation to DRC fees and requirements in relation to his ADU project.

Jeff Nelson said that there is a plan to reconnect with the Board at a future Board meeting to discuss these issues that have been raised, in terms of how, operationally, SUB looks at these ADUs and how the Board might want to approach these issues going forward. Mr. Nelson thanked Mr. Ruhe for sharing this information with the Board.

**BUSINESS FROM
THE BOARD:**

Potential Board Action
Following Board Executive
and/or Special Session

None at this time.

Presentation on Proposed
Telecommunications Special
Procurement Process

Referring to her overheads (Exhibit E), SUB's Utility Planner Tracy Richardson shared that in addition to the current Fiber to the Premises (FTTP) procurement structure, staff is recommending the Board adopt an alternative Special Procurement, authorized as an Exception to the competitive bidding requirements of ORS 279C.335(1), pursuant to ORS 279C.335(2). Ms. Richardson added that she has been working on coming up with a framework in criteria and establishing criteria that promotes end use services, installation standards, and explained that eligible providers must be registered internet service provider (ISP) with the City of Springfield; once there are eligible providers, SUB will broadcast the opportunity for providers to participate, noting that SUB may reject any and all proposals; the provider or SUB will identify the neighborhood to have FTTP; the provider would pay for the design of the FTTP architecture;

the provider would submit a proposal to SUB through SUB's website; once SUB receives a proposal, SUB would provide the general public notice of receipt of proposal via our website, and that would give other providers the opportunity to submit a proposal; if more than one provider submits a proposal within thirty (30) days of the initial provider's proposal for the same or similar geographic area, SUB would consider all proposals. Once SUB's Board considers the proposal(s) and one or more providers is approved by the Board, then the provider is required to enter into an agreement to use SUB's telecommunication infrastructure. The provider installs passive and active components; and then at that point, SUB would own and reimburse the provider for the telecommunication infrastructure installation; and the provider reimburses SUB over time for the use of telecommunication infrastructure.

If the Special Procurement Exception is adopted, explained Ms. Richardson, it would be implemented effective upon adoption. She said SUB may still procure FTTP through SUB's current Request for Proposal (RFP) process, so the Exception does not replace any existing procurement method. She also said staff have presented 43 findings for Board consideration, and shared a partial list of those findings and explained why it is more flexible to go with the Exception.

Joe Leahy, SUB legal counsel, noted that by using an Exception process instead of an RFP process, it allows SUB to be more nimble in its response. SUB wouldn't have to generate a specific RFP every time, which would save staff time, as well as chronological time.

Ms. Richardson explained that pending Board consideration and public comment, staff recommends the Board adopt Resolution 2018-5, enabling the Exception.

Public Hearing for
Proposed Telecom Special
Procurement Process

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

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

Consideration of Resolution
2018-5, Adopting
Telecommunications
Special Procurement
Process

- * John DeWenter motioned, and Virginia Lauritsen seconded, to adopt Resolution 2018-5, adopting Telecommunications Special Procurement Process, effective upon Board approval, as presented (Exhibit F). This motion **CARRIED** unanimously.

BUSINESS FROM THE
GENERAL MANAGER:

Presentation on the
City's Housing Strategy

The City of Springfield's Comprehensive Planning Manager Sandra Belson began her presentation by referring to her overheads (Exhibit G), and shared that, at the Council's request, she'd like to discuss Springfield's housing strategy and specifically focus on two strategies that the Council has developed which are part of her July 5 Memo to the Board (Exhibit H). Ms. Belson shared that the City has been working on developing a housing strategy for the past couple of years and has been implementing that strategy for the past year. She reviewed the factors in housing selection as to what a person looks at when deciding where they live. This includes income, assets, demographics, and geography. She then shared a chart on the types of current housing in Springfield. There is currently a shortage of housing, both rental and for sale. Housing is also expensive, said Ms. Belson, and shared a chart on the number of households in Springfield with cost burden (53% of renters, 36% of owners, pay more than 30% of household income on housing and basic utilities). She added that housing costs are increasing faster than incomes, which is an unsustainable trend, going forward. Those affected, said Ms. Belson, are low-income, limited or fixed income, and special needs populations.

Looking at why there is a problem, Ms. Belson explained, Springfield has not fully recuperated from the recession, and shared a graph on new residential construction since 2008. There's also insufficient public subsidy to close that gap between the household income and the housing cost. Waiting lists are years long, and the Section 8 wait list is currently closed. The Council's approach to improve affordable housing in our community is three-pronged; to

encourage the community to construct new housing units, to preserve existing housing units, and to provide targeted populations access to housing. She referred to the handout in the Board's packet on Springfield's Housing Strategy (Exhibit I) that identifies strategies across the housing continuum that would increase the supply and accessibility of housing.

She then discussed two strategies where SUB could play a role: 1) Encourage accessory dwelling units (ADUs). She explained that the City has adopted a resolution to temporarily waive SDCs (Exhibit J) and has revised the development code to make it easier and potentially less expensive to add an ADU. They are also working on promoting awareness and possibilities for ADUs. As noted in her memo, the City did reach out to other agencies to help reduce the initial cost by offsetting SDCs/DRCs, and the Metropolitan Wastewater Management Commission has done this. 2) Secure property for development. The City has looked at publicly owned property that could be made available for housing, and then potentially use Community Development Block Grant (CDBG) funds for acquisition and preparation of these properties for construction of new housing units.

The City has identified property at the corner of 16th and Q Streets (Exhibit K), in which two lots are owned by SUB and one lot is owned by the City. Ms. Belson shared that SUB and the City have mutual first rights of refusal, and noted that SUB's Board has had discussions previously regarding this property, and how it fits in with SUB's future well planning and its water needs. The City would be interested in exploring the potential to look at this site for housing with SUB. With SUB's approval, she added, Cornerstone Community Housing (through an architecture student and their design team) would like to explore if this property is a viable site for the type of housing that they would want to construct for families.

Jeff Nelson explained that the well on the SUB property at 16th and Q Streets has been abandoned. SUB would need to go through a new re-delineation process which takes a year or more; then SUB would have a new delineation map without the well identified; and then the Board may be comfortable with entertaining having a transaction with the City for this property. At some time in the future, SUB is

looking to potentially have this property used for housing, if there's a viable option, and would like to accelerate that plan to evaluate that potential.

Mr. Nelson shared framework of what he will be presenting to the Board in the future; specifically targeting SUB's current policy of requiring a separate water meter service for ADUs, and potential options for the Board to consider.

Ms. Belson encouraged the Board to consider what is the true impact of an ADU and is SUB's charges set at the appropriate level for that impact of what will be, in some cases, an addition on a home; except it has a second address, a front door of its own, and a fully utilizable kitchen. Whether the Board decides to consider the SDC/DRC fees approach, she encourages the Board to at least consider all of your deliberations in terms of the equity and affordability within that methodology review.

Mr. Nelson noted that SUB is currently going through an SDC process and the SDC/DRC charges are based on meter size. Right now there is no mechanism to distinguish between square footage and of a dwelling that meter is serving. He will share his concerns and options, at a future date, to be discussed with the Board.

After discussion, the Board thanked Ms. Belson for her time and for her presentation.

Presentation on Dark Fiber / STEP Update

Referring to his overheads (Exhibit L), SUB's Electric Division Director Sanjeev King shared an overview of the Springfield Telecommunications Enhancement Project (STEP) and the definitions related to telecommunications and dark fiber. He said that SUB has explored local exchange options with the City. The estimated construction cost is \$1 million. He reviewed SUB's current middle mile fiber status, and noted that there are many entities using that fiber today, and it continues to grow. He also discussed the general process of extending SUB's middle mile fiber, as we essentially follow a process very similar to SUB's Electric Service Center process in regards to providing service to a specific site. Mr. King explained there's an advance engineering fee of \$500; we develop a cost estimate for SUB construction; apply current fiber rate to new leased facilities, and either create a new

contract or modify exhibits under existing contract (initially 1-year, then month-to-month). Typically, requests come from existing fiber lease customers. Mr. King then reviewed a slide on SUB's middle mile vs. last mile, and discussed the demarcation point in where the infrastructure ties back in to SUB. He also reviewed his slide on SUB's middle mile vs. connected cluster last mile, and explained that SUB does not currently have a wireless product for the last mile, but owns passive infrastructure and providers/users must install and operate equipment for active infrastructure (data).

Jeff Nelson explained that tactical opportunities are site or area specific which support the strategic objectives. Because we proposed what the strategic objectives are and we are implementing the tactical opportunities, he felt it was a good opportunity for SUB to have input and representation with some of these discussions with the stakeholders; and to look at what we are doing as related to our strategy. This process, Mr. Nelson explained, helps us to be informed as to what we need to do, in terms of the tactics that we employ. As we have these discussions, Mr. Nelson's suggestion is for the Board to designate a board member to participate in these discussions as a "Telecom Liaison" that could help engage with the stakeholders.

After discussion, the Board consensus was to appoint Board member Mike Eyster as the Telecom Liaison.

Presentation on Operator Calls

Referring to her overheads (Exhibit M), SUB's Customer Service Supervisor Valerie Shuck began her presentation with review of customer phone contacts to explain how customers flow through SUB's call system when they call the main line. Calls received through our operator queueing line, which means first call in will be the first call helped. However calls stack up, and so they have to wait until a representative is available to help them. In the past, operator calls were only answered by a Customer Service Representative (CSR) or a Customer Service Assistant (CSA) as a cashier; this meant that staff were taking phone calls, and helping customers who walked in to the main office to make payments, or speak to someone, or to be redirected to a different office or service center if they were in the wrong place. She explained that staff expressed concern when customers who presented themselves to the front desk seemed frustrated with the

current flow of service, due to their service being interrupted when front desk staff had to answer the phone. Ms. Shuck said that due to this customer frustration, they have expanded the operator queue to be taken by all of SUB's Customer Service Representatives who are not working the front desk. This process allows more available customer service staff to answer customer calls. Calls may still stack up, but will be greeted by an automated message when there is no available staff.

Ms. Shuck briefly reviewed 2017 call statistics and operator transferred calls with the Board. It's projected that if we were to use an automated system, we would expect that at least 50% of customers would opt to use an automated attendant option. As proposed, we would use a simple and easy automated attendant during business hours and would just target the mainly used queueing areas, and explained that customers would be directed to a live person, except the pay-by-phone option. She then shared an audio recording of the proposed automated attendant, and a slide on why it is proposed to use an auto attendant.

After discussion, the consensus of the Board was to additionally offer an option for the customer to take a survey at the end of their call, to aid with tracking how the customers are accepting the new system.

The Board thanked Ms. Shuck for her presentation.

Presentation on
Pesticides Manual
Project

SUB's Drinking Water Source Protection Coordinator Amy Chinitz explained that this is a grant funded project that has been in the works for several years and shared some excitement about the project and being able to roll it out with its first mailing soon. She then began her presentation by referring to her overheads (Exhibit N), and explained the rationale for the project. She said there are several reasons why they wanted to pursue a grant funded project on pesticides. She added that SUB gets contacted with questions about impacts from specific pesticide products and how they affect the groundwater; mostly from professional landscapers, but also from other agencies, as well as other community residents. It became clear over the years that some kind of ready-made resource that would be consistent

from person to person would be very valuable to honor the interest that our community had in protecting our drinking water. We also have a very robust drinking water overlay district, which is the portion of the Springfield Development Code that regulates the use of hazardous materials within our wellhead protection areas, but it does not address the use of pesticides. The state, through the Oregon Department of Agriculture, regulates the use of pesticides. SUB's program can address things such as how pesticides are stored when they're not being used, but in terms of practices and uses, our overlay district does not address that. We count on voluntary measures to protect ourselves from problematic uses of pesticides. This is why it's such a great opportunity to provide some outreach around something that we hope people will do voluntarily. The pesticides manual doesn't just provide a list of pesticides with information about those pesticides, but it provides information on our drinking water sources in general; and further detailed how the pesticides manual can be used.

She said that SUB is now ready to distribute the pesticides manual via mailings to just over 100 landscape companies, as these may be the ones who would be most likely to make us of it; public agencies; a joint mailing with the OSU Extension pesticides applicator trainings and classes; and in conjunction with other outreach projects such as the City of Springfield and local watershed councils. The future vision, added Ms. Chinitz, is to be able to either access an app or go online to be able to pick a pesticide or chemical, along with your location, from a drop down menu and be able to get a risk score. For now, she said, we are pleased to have 250 copies of the pesticides manual to share with the community.

Update on Equipment Acquisitions – Long Lead Times

Jeff Nelson referred to Sanjeev King's July 3, 2018, memo (Exhibit P), and Mr. Nelson's February 2016 board memo, as reference (Exhibit Q); in that these were to update the Board that the Electric Division anticipates some equipment acquisitions with long lead times such that the approval, delivery, and payment will not occur in the same calendar/budget year. No Board action is required at this time.

Discussion of Future
Agenda Items / STEP

Mr. Nelson shared that, regarding future agenda items and STEP, he received Board direction from working with Mike Eyster as the Telecom Liaison, and will move forward with that initiative.

Additional Items:

Customer Correspondence: General Manager Nelson shared recent email correspondence between SUB and Bruce Berg regarding ADUs and current policy related to SDC/DRC fees. (Exhibit R)

OMEU Annual Board Meeting: He wanted the Board to be aware that the Oregon Municipal Electric Association (OMEU) will hold its annual meeting on October 11-12, at the Salishan Spa & Golf Resort, in Gleneden Beach, Oregon. Board members interested in attending should let SUB's Executive Assistant Cindy Flaherty know, so she may assist with registration.

Columbia River Treaty Update: Jeff Nelson shared that the U.S. and Canada are meeting again in mid-August.

Further Board Discussion: Joe Leahy, SUB legal counsel, suggested more time with the Board for a more in-depth review regarding ethics, conflicts, tort claims, and defamation.

Mid-year Budget Committee Update Meeting: Mr. Nelson reminded the Board of the upcoming mid-year budget committee update meeting scheduled to be held at 5:00 p.m., immediately prior to the August 8 regular board meeting.

ADJOURNMENT:

The meeting was adjourned by consensus at 7:40 p.m.

David Willis, Board Chair

ATTEST:

Jeff Nelson, Board Secretary