

SPRINGFIELD UTILITY BOARD

223 A STREET, SUITE F

SPRINGFIELD, OR 97477

MINUTES

June 13, 2018

The regular session of the Springfield Utility Board was called to order by Chair Willis at 6:02 p.m.

ATTENDANCE: Board: David Willis, Chair; John DeWenter, Vice Chair; Pat Riggs-Henson; Virginia Lauritsen; Mike Eyster. Staff: Jeff Nelson; Bob Fondren; Sanjeev King; Greg Miller; Nick Amann; Tracy Richardson; Tamara Pitman; Cindy Flaherty; Mary Bridget Smith, Attorney for the Board. Others: Raina Whillhite, Robert O'Connor, Bill Drummond, Laura Stephenson, Cathy Hoover, Marlene R. Young, LuAnne Brannies, Shen Andersen, and Eric Andersen, LDS Church; Bill Belcher, SUB Budget Committee; Ken Vogeney, City of Springfield; Nick Nevins, EWEB.

ACTION ITEMS:

CONSENT AGENDA

MINUTES: May 9 Special Session Board Meeting & May 9 Regular Board Meeting

ACCOUNTS PAID: May 2018

BIDS/PROPOSALS:

1. Bid #2018-10: S. 57th St. Reservoirs #1 & #2 Seismic Retrofit. The Water Division staff recommends award of bid to T. Bailey Inc. for the lowest bid meeting specifications in the amount of \$2,298,940 (Exhibit A).
2. Bid #2018-12: Pavement Restoration for North System Transmission - Mill Street. The Water Division staff recommends award of bid to Wildish for the lowest bid meeting specifications in the amount of \$241,870 (Exhibit B).

* 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
Changes to SUB's Dark
Fiber Rate Schedule DF-1

SUB's General Manager Jeff Nelson referred to his overheads (Exhibit C), noting that SUB's dark fiber system had an installed cost of \$1.4 million. SUB had a number of fiber-pair miles that

have grown over time as we expanded our dark fiber system. The system is installed, operated, and maintained by Telecom Utility which is operationally formed under assets/resources from the Electric Utility. The primary purpose on the installation of that system was to improve utility communications. But also an opportunity to provide surplus fiber to third parties. Existing customers include PeaceHealth, Willamalane, School District, City of Springfield, and private providers.

Mr. Nelson explained that prior to 2017, dark fiber services were provided to the Water Utility at no charge. In 2017, SUB began charging all divisions for fiber services they use. Fiber revenues reflect revenues from SUB for dark fiber services. Prior to 2018, telecommunications was a department under the Electric Utility. He added that starting in 2018, the Telecommunications Utility is a stand-alone utility for budget purposes. Inter-departmental (support) costs are assigned to the Electric, Water, and Telecommunications Utility. The purpose is to more accurately track revenues and expenses, as SUB's telecommunications services have matured. Mr. Nelson then explained that SUB proposes a dark fiber rate increase because the existing dark fiber rate was established in 2004 and updated in 2007, 2013, and 2016. In previous years, the Electric Utility has absorbed the support costs associated with telecommunications service. Allocating costs for support functions has rebalanced the support functions across all (Electric/Water/Telecom) utilities. Staff is proposing to phase in rate increases over time to balance revenues and costs rather than have one larger rate increase in 2018.

Mr. Nelson reviewed the summary of changes and shared that SUB is proposing an overall rate increase of 17.1% and shared comparisons on dark fiber costs per fiber-mile with other EWEB, Douglas PUD, and Grant PUD. SUB has a dark fiber rate design component for customers under the rate schedule, where if they're a public entity they get a discount of 5%; and if they use all of the ring, they get a discount of 5%; so they could get a total 10% discount.

He shared that SUB has had a 20-year agreement in place, which will expire in a couple of years, where SUB has given access to the TEAM Springfield partners (City of Springfield, Willamalane, and School District) for access of two fibers at no charge. He said when that agreement expires, the Board will need to deliberate about how the Board wants to approach rate design with regards to different types of customers.

Mr. Nelson shared a graph that shows what the potential rate increases are. It shows the 17.1% proposed dark fiber rate increase effective July 1, 2018, and also shows what the rate increases could be over time to achieve essential balance between projected costs and revenues to cover those costs.

Pending public comment, staff recommends that the Board adopt the dark fiber rate increase, as presented.

Public Hearing for
Proposed Changes to
SUB's Dark Fiber Rate
Schedule DF-1

Board Chair Willis opened the public hearing at 6:16 p.m. and asked if anyone wanted to make public comment.

As there were no public comments, Board Chair Willis closed the public hearing at 6:17 p.m.

Consideration of Resolution
2018-3, Adopting Changes to
SUB's Dark Fiber Rate
Schedule DF-1

- * Mike Eyster motioned, and Virginia Lauritsen seconded, to adopt Resolution 2018-3, adopting changes to SUB's Dark Fiber Rate Schedule DF-1, adopting an overall rate increase of 17.1%, effective on billing statements rendered on or after July 1, 2018, as presented (Exhibit D). This motion **CARRIED** unanimously.

Overview on Proposed
\$500 Advanced Engineering
Fee and a Proposed Increase
to Water Development/
Redevelopment Charges

Prior to SUB's Water Division Director Greg Miller's overview, Jeff Nelson explained that the Electric Utility and the Telecommunications Utility already have \$500 advance engineering fees. The Water Division recommends a proposed \$500 advanced engineering fee for preparation of a detailed project cost estimate, as well as a proposed increase to water development/redevelopment charges (DRCs).

Greg Miller then began his overview by referring to SUB's Water Sr. Civil Engineer Bart McKee's Memo (Exhibit E), and explained that the Water Utility recommends adding language to Board policy for the Water Division to address the need for an advance engineering fee. He explained that the Water

Division has situations where they're faced with developers and builders looking to the Water Utility for cost estimates for services to provide for potential future development of properties. These may range from a minimal number of residential service connections, or a single commercial connection, to the development of a residential subdivision, or larger commercial development. In those cases, it may require them to go into the field and may involve surveying and pot-holing, to gather that information for Engineering to put together those cost estimates. It's an incentive for developers to provide more clarity to what they're asking for and gives the Water Utility an opportunity to recover their costs for the time spent providing that information up front. Quite often the Water Utility is faced with those situations where the developer obtains this information/cost estimate from the Water Utility and then decides to walk away from the project due to the information being too discouraging. At that time, SUB may have a substantial amount of time and resources invested in it, and then never hear any more from the developer.

Mr. Miller added that there will be language in the proposed modification to Board policy that gives us the opportunity to wave the advanced engineering fee in special circumstances, if approved by the General Manager.

He also added that it is proposed that the \$500 fee be required up front for SUB to perform a cost estimate, and then if the developer chooses to move forward with their development within 90 days of when SUB presented the cost estimate to the developer, SUB would then give the developer a credit for the \$500 advanced engineering fee.

Mr. Miller shared an overview on the proposal to adjust the DRCs, and added that there's a methodology which is published each year that follows SUB's Construction Cost Index. He noted SUB's DRCs have not been adjusted since 2016. This year, SUB is proposing an 8.25% increase to DRCs, based on the survey numbers and in proportion to the change in the Seattle Construction Cost Index as published in the Engineering News-Record (ENR).

The implementation date, pending Board approval, for increase to DRCs is effective October 1, 2018, and the implementation date for the \$500 advanced engineering fee would be effective upon Board approval.

Public Hearing on Proposed
Increase to Water
Development /
Redevelopment Charges

Board Chair Willis opened the public hearing at 6:28 p.m. and asked if anyone wanted to make public comment.

As there were no public comments, Board Chair Willis closed the public hearing at 6:29 p.m.

Consideration of Resolution
2018-4, Approving Proposed
\$500 Advanced Engineering
Fee and Increase to
Water Development /
Redevelopment Charges *

Virginia Lauritsen motioned, and Pat Riggs-Henson seconded, to adopt Resolution 2018-4, approving a \$500 advanced engineering fee effective upon Board approval, and an increase to Water DRCs, effective after September 30, 2018, as presented (Exhibit F). This motion **CARRIED** unanimously.

BUSINESS FROM THE
GENERAL MANAGER:

Presentation on the City's
Emergency Operations
Structure and Disaster
Planning

City of Springfield's Emergency Manager Ken Vogeney shared a brief history of his employment with the City and began his presentation by referring to his overheads (Exhibit G). He said the basic principle of emergency management is that local governments are in charge. They direct and coordinate everything that happens in their jurisdiction; they are the first to respond and the last to leave; when other agencies, businesses, or levels of government come to help, we define their authority and responsibilities, and they only get paid for what we authorize or request them to do.

Mr. Vogeney said that one other basic principle of emergency management is dealing with those issues; using what's called "Management by Objectives." Working together as a group, we set objectives based on our priorities of what we're trying to do and where we want to go, agreeing on key things to be accomplished during certain time periods and what resources are needed to do those things, and measure progress in order to be effective.

Oregon's emergency management is through the Oregon Office of Emergency Management (OEM) which is part of the Oregon military department, as referenced in Oregon Revised Statutes (ORS) Chapter 401. Mr. Vogeney emphasized that OEM is the link to other state agencies, other states, tribes, and federal resources. Another important component is that under ORS 401.305(2), counties are required to have an Emergency Management program; city programs are optional. He explained that if a city does not have a program, their county is responsible to have an Emergency Management program for them. Cities within Lane County with a program are Eugene, Springfield, Cottage Grove, and Florence. Lane County is responsible to provide emergency management for all other cities. Lane County statistics show that in the last 53 years (1964 – 2017) there have been 15 federally declared disasters. That's an average of 1 every 3.5 years. However, in recent times, there's been 1 federally declared disaster in each of 4 years of the past 6 years (an average of 2 every 3 years).

Springfield Municipal Code (SMC) 2.800 to 2.824 actually establishes and includes the Emergency Management program and assigns the responsibilities for that, and gives authority to the City Manager for declaring emergencies and the types of authorities he has at that time. The City of Springfield and the City of Eugene jointly adopt the same document. The purpose is it provides framework to be able to work together when a disaster happens. The City's goal is to have a representative, in the City's Emergency Operations Center (EOC), who would represent SUB. The City has not formally asked for someone to fill that role yet, however they have discussed a liaison position. The City provides the Emergency Management program for the City, overall.

Mr. Vogeney reviewed how the City and SUB will work together in a disaster/emergency response and explained that in a disaster/declared emergency, SUB functions as a Departmental Operations Center (DOC) for the City. SUB's focus and function is for the Utility. The City's focus and function is for the entire community. The City can request SUB's services for specific needs that the City asks for during a disaster/declared emergency. Springfield's Emergency Operations Plan (EOP) follows National Incident Management System (NIMS), Incident Command System (ICS) doctrine - adding Center Management System (CMS), includes framework for Eugene & Springfield to work together, and organization for operating EOC. The EOC provides coordination and support of operations in the field.

Command and control of field operations happens at Incident Command Post(s) (ICP) and/or DOC. He also shared a small list of community partners, below, and stated that Lane County COAD's (Community Organizations Active in Disaster) mission is to bring together a broad array of community organizations to foster an effective response to the people of Lane County in times of disaster.

Community Partners

Eugene	Lane County	SUB
Red Cross	U of O	Rainbow Water
Eugene-Springfield CERT	Willamalane	EWEB
Emerald Amateur Radio Society	Springfield School District 19	PeaceHealth
McKenzie Willamette	Lane County COAD	ODOT
Regional PIO Network	LTD	Oregon Emergency Management
Lane County Sheriff's Amateur Radio Organization	OSP	Corps of Engineers

He discussed how we actually get help from others and shared a slide on the hierarchy and order according to authority and level of assistance. Mr. Vogeney passed out his responses to questions from the Board (Exhibit H) and discussed the City's public outreach program through education and presentations, materials on social media, and the City has prepared reusable bags printed with "How Prepared Are You?" and important disaster information for the public/community outreach.

After discussion, the Board thanked Mr. Vogeney for his presentation and for responding to the Board's questions on emergency management.

Approval of Disclaimer and Release of Interest in Waterline Easement

Jeff Nelson shared that the purpose of the Disclaimer and Release of Interest in the waterline easement is to remove the encumbrance of the easement and said that staff recommends the Board approve the Disclaimer and Release of Interest.

Greg Miller explained that the Disclaimer and Release of Interest is basically a housekeeping item. SUB's water pipeline wasn't actually in the easement that was previously recorded, and this Disclaimer and Release of Interest vacates that portion of the easement.

- * Virginia Lauritsen motioned, and Pat Riggs-Henson seconded, to approve the Disclaimer & Release of Interest in an existing waterline easement, as presented, (Exhibit I). This motion **CARRIED** unanimously.

Thurston Water Treatment Plant Timeline Overview

General Manager Nelson shared a brief overview on the Memo and documentation provided by Greg Miller regarding the timeline and phasing of infrastructure for SUB's Thurston Water Treatment Plant for SUB's McKenzie River water source. Referring to Greg Miller's Memo, (Exhibit J), Mr. Nelson said he wanted the Board to have this information so that they could conceptually know how the project is phasing and more importantly to know that we have an end date where we need to have something online and the importance of moving forward with the project and staying on track.

Water Leak Credit Structure and Implementation of Credit Adjustments

Mr. Nelson provided a brief overview on an adjustment to the Water Leak Credit program. He referred to Greg Miller's Memo (Exhibit K) and explained that SUB offers a discretionary program for water leaks. Based on a request from a customer last year, the water leak credit structure was reviewed and the Water Division staff recommends authorization to increase the water leak credit maximum amount from \$100 to \$200. Mr. Miller's Memo explains the rationale for the change and the steps the Water Division has taken to date, including retroactive adjustments.

Presentation on the Future of Telecom in Springfield

After Mr. Nelson's brief introduction, SUB's Standards and Planning Engineer Tamara Pitman began her presentation by referring to her overheads (Exhibit L). She noted that the vision of the Springfield Telecommunications Enhancement Project (STEP) is to improve the service to the citizens of Springfield, reduces costs to consumers through increased competition, draws tech-savvy residents and businesses with high speed, reliable broadband service, and leverages existing SUB infrastructure for expansion of publicly owned fiber. She also

shared a comparison graph on last mile service with regards to the ranking of broadband modes (FTTP, wireless, cable, DSL, and satellite) when compared with affordability, speed, reliability, and availability.

She shared that the last mile advantage in a planned neighborhood would include all underground facilities, additional conduit in the ground and houses to accommodate fiber, may not have poles nearby for antennas, and would probably have higher density costs allocated to development. In an older neighborhood where there is no existing route for fiber, each pathway would require separate permissions for construction. For this reason, wireless would be much more manageable for the customer, with minimal costs allocated to individuals and fewer aesthetic concerns on where the wires would need to go.

After discussion, the Board thanked Ms. Pitman for her presentation.

Last Mile Fiber Connected Cluster Update

Mr. Nelson shared that SUB has been looking at the framework to take the next steps for the Board to move to the investment in last mile fiber to premises. He and SUB staff have created a draft agreement (Exhibit M), a draft Resolution (Exhibit N), and some framework, *Special Procurement Findings* (Exhibit O), regarding the last mile fiber connected cluster agreement, which was provided to the Board in draft form for review. Essentially, what the Board will be evaluating is moving forward with a special procurement for an exception that the Board could approve. Mr. Nelson reviewed the agreement details regarding responsibilities of operation, maintenance, and costs with the Board. He said a public hearing is to be held during the July 11 regular Board meeting to take comment from the public.

Authorization to Contest the 2018 Energy Supplier Assessment

Mr. Nelson noted that he provided a Memo (Exhibit P) for Board consideration for authorization to contest the 2018 Energy Supplier Assessment.

- * John DeWenter motioned, and Virginia Lauritsen seconded, that the Board authorize the General Manager to move forward to contest the 2018 Energy Supplier Assessment, as requested. This motion **CARRIED** unanimously.

Future Agenda Items Jeff Nelson shared discussion with the Board on future agenda items.
Jeff Nelson and Tracy Richardson updated the Board that they will continue to coordinate with Linda Cook with Lane County to present an update on Emergency Management at a future Board meeting.

Additional Item: The consensus of the Board was to schedule the Midyear Budget Committee Update Meeting for 5:00 p.m. Wednesday, August 8, just prior to the regular Board meeting.

ADJOURNMENT: The meeting was adjourned by consensus at 7:52 p.m.

David Willis, Board Chair

ATTEST:

Jeff Nelson, Board Secretary