

SPRINGFIELD UTILITY BOARD
223 A STREET, SUITE F
SPRINGFIELD, OR 97477
MINUTES
March 13, 2019

The regular session of the Springfield Utility Board was called to order by Chair DeWenter at 6:05 p.m.

ATTENDANCE: Board: John DeWenter, Chair; Mike Eyster, Vice Chair; Pat Riggs-Henson; David Willis; Position 2 Vacant. Staff: Jeff Nelson; Sanjeev King; Tracy Richardson; Bart McKee; Nick Amann; Brandon Harper; Cindy Flaherty; Joe Leahy/Matt Dahlstrom, Attorneys for the Board. Others: Courtney Griesel, City of Springfield, and Cole Griesel; Jeff Paschall, City of Springfield; Emily David, Springfield Public Library; Michael Warren; Jeff Wagner; Prince Griffin; Dawn Craig; Chris Davison.

ACTION ITEMS:

CONSENT AGENDA

1. MINUTES:

- 1.a. December 12 Special Session
- 1.b. December 12 Regular Board Meeting
- 1.c. January 6 Special Session
- 1.d. January 6 Regular Board Meeting

2. ACCOUNTS PAID: February 2018

3. AWARD of CONTRACT:

- 3.a. Stoel Rives, LLP, for Consulting Services. The Water Division staff recommended award of agreement to Stoel Rives, LLP, to prepare and submit to the Oregon Water Resources Department an updated Water Management Conservation Plan and Water System Master Plan for 2019, in the amount of \$60,000. This contract is exempt from public purchasing requirements under board policy 3-7-7 General Personal Service Contracts. (Exhibit A).

- * Pat Riggs-Henson motioned, and Mike Eyster seconded, to approve the Consent Agenda, as amended with correction to the December 12, 2018, Regular Board Meeting and the January 9, 2019, Regular Board Meeting to accurately reflect the minutes approved at these meetings; and with Item 1.b. removed from the Consent Agenda to be discussed separately and with separate approval. This motion **CARRIED** unanimously.

Item '1.b.' Removed
From Consent Agenda

Chair DeWenter requested corrections be made to Item 1.b. – December 12 Regular Board Meeting Minutes, as follows: 1) Page 3, paragraph 2, where it is noted that the Board motioned to approve the water rate increase; clarify the overall water rate

increase was 9 percent with 25 percent for base charges and 75 percent for usage charges, and effective January 1, 2019.

- * Pat Riggs-Henson motioned, and Mike Eyster seconded, to approve Item 1.b. of the Consent Agenda, December 12 Regular Board Meeting Minutes, as amended. This motion **CARRIED** unanimously.

**BUSINESS FROM
THE AUDIENCE:**

Emily David, 2843 Friendly Street, Eugene, Director of the Springfield Public Library, expressed gratitude to the Board for their valued support of the Library's recent fundraiser, 'Books & Brews'. With the Board's support, they were able to raise \$22,000 for this important community event. Money raised at this event goes to support the Springfield Public Library Foundation and the many programs and services it funds at the Springfield Public Library. Ms. David noted the many events that SUB supports and thanked the Board for their continued support.

**BUSINESS FROM
THE BOARD:**

**Proposed Electric Rate
Increase, Effective
May 1, 2019**

Jeff Nelson provided a brief presentation, similar to the one he shared last month, on the proposed electric rate increase (Exhibit B). He noted that the Board scheduled two public hearings for a proposed electric rate increase, the first one was held during the February 13 Board meeting, with the second public hearing to be held during tonight's Board meeting. He shared that during the discussions with the SUB Budget Committee, the Board provided direction to spread a recommended rate increase out in smaller phases. The 2019 Budget assumed a 5 percent increase in electric rates, effective May 1, 2019.

Bonneville's transmission and power rates that are part of SUB's budget, represents about 66 percent of SUB's overall Electric Utility costs. When Bonneville raises rates, it has an impact on SUB's costs. Bonneville has another rate increase projected for October 2019. SUB's 10-Year Plan contains increased capital costs due to investment in infrastructure. Mr. Nelson discussed methodology and noted that the proposed rate increase is consistent with the Budget Committee recommendations. He then shared statistics on rate revenue using 2018 data, and rate changes by year by customer class.

Mr. Nelson explained that what is being presented at both public hearings are two scenarios for a 5 percent overall electric rate increase with one scenario being 50 percent of the increase put to the base charge, and 50 percent put towards the usage charge, and the other scenario is 25 percent of the increase put to the base charge, and 75 percent put towards the usage charge.

He then shared a graph on monthly base charges for residential electric service as compared to four other local utilities, showing data on both scenarios for SUB. He also shared a graph on residential rates comparison that included six local/regional utilities in Lane County with the 5 percent overall rate increase, and a graph on Oregon's residential electric rate comparison based on how SUB's bill would look like billed with the proposed 5 percent rate increase for the month of December. Mr. Nelson then reviewed his overheads and data on SUB's other customer classes for General Service (GS-1, GS-2, and GS-3) and Lighting (L-1, L-2, L-3, and L-4).

Second Public Hearing
to Gather Comment
on a Proposed Electric
Rate Increase

Chair DeWenter opened the public hearing at 6:30 p.m. for public comment.

Jeff Wagner, 1110 E Street, Springfield, spoke in support of the 25 percent base charge / 75 percent usage charge scenario for the proposed overall 5 percent electric rate increase, as opposed to the 50 percent base charge / 50 percent usage charge.

Chair DeWenter thanked Mr. Wagner for his comments and for attending tonight's Board meeting. He then asked General Manager Nelson to comment on whether SUB benefitted from the tax breaks that were passed by congress. Mr. Nelson said that tax breaks that applied were for investor owned utilities, because they pay a federal income tax, they did receive lower costs and they were able to do some adjustments for their rate structure. However, SUB is a municipal owned utility and doesn't pay federal tax so any change to the federal tax structure doesn't impact SUB.

Michael Warren, 863 Prescott Way, Springfield, spoke in support of the 25 percent base charge / 75 percent usage charge scenario for the proposed overall 5 percent electric rate increase. He encouraged more advertisement of that option.

As there were no other public comments, Chair DeWenter closed the public hearing at 6:36 p.m.

Consideration of
Resolution 2019-1
Approving Electric
Rate Increase

Chair DeWenter asked the Board to consider a motion to approve Resolution 2019-1.

- * David Willis motioned, and Pat Riggs-Henson seconded, that the Board adopt Resolution 2019-1, approving an overall 5 percent electric rate increase, as presented, and with 25 percent of the increase put to the base charge, and 75 percent put towards the usage charge, with the rate being effective April 1, 2019, on bills rendered on or after May 1, 2019. (Exhibit C). This motion **CARRIED** unanimously.

Process for Filling
Vacant Board Position

Chair DeWenter referred to Policy and Board process related to Filling Vacant Board Position and draft questions for applicants (Exhibit D). He explained that, at this point, the Board is tentatively planning on scheduling interviews for the vacant Board Position 2 either just prior to, or immediately following, the April Board meeting. It is the Board's intention to have a new Board member attending and sworn in at the May meeting, if possible.

Jeff Nelson added that the Board may consider scheduling a date for a special session to allow the Board to consider the applications and who to interview; then perhaps schedule a second special session to hold the interviews.

Joe Leahy noted that initial questions for each applicant should be the same, however, during the interview follow up questions may vary.

After brief discussion, the Board made the following decisions on the process:

- The list of approved questions will be sent out to the applicants prior to the interviews.
- If we received four or more applicants, the Board will consider scheduling a separate meeting for the interviews.
- Three would be the minimum number of applicants by the deadline of March 29, 2019; if less than three applicants were received by the current deadline, then the deadline would be extended out by two weeks.

Budget Committee
Appointment(s)

Chair DeWenter noted that Ken Boyst and Bill Belcher have resigned from SUB's Budget Committee. This is an opportunity to

discuss the possibility of new Budget Committee members. There are currently six members on the Budget Committee, which is within the Board policy range on how many members to have on the Committee.

After brief discussion, the Board consensus was to make a decision on any new Budget Committee members after the interviews for a new Board member.

Board Liaison to
Retirement Program
Committee

Jeff Nelson shared that Virginia Lauritsen was the board delegate assigned to SUB's Retirement Program Committee. At this time, the Board may assign, or temporarily assign, a new delegate to this committee.

- * Mike Eyster motioned, and David Willis seconded, to approve Pat Riggs-Henson to serve as the new delegate on SUB's Retirement Program Committee. This motion **CARRIED** unanimously.

Update on 16th and
Q Street Property

Jeff Nelson updated the Board that SUB owns two lots at 16th and Q Street, and the City owns one. The City has expressed interest, and SUB has been in conversation with the City, in looking at this property, which is currently vacant, for redevelopment for low income housing. SUB has an electric transmission line that runs through the property on the south edge. SUB also has a future planned groundwater well site for that property. SUB has been working with the City on these issues, and the City has asked to set up a meeting. They've recently reached out to SUB for its availability. Mr. Nelson explained there are steps necessary for SUB to go through, to get to the point where SUB's Board would be able to determine if that property is surplus or not. If the Board determined SUB's property to be surplus, the current arrangement with the City and SUB in regards to the property is that both agencies would have the first right of refusal. He then discussed the process of title transfer and the subsequent sequence of events.

Board Retreat

Chair DeWenter shared that originally the Board had looked at a weekday in May 2019 for a Board Retreat. However, given the Board will be filling a Board vacancy, and the Board will also be giving a presentation at the Springfield City Club in June, the Board consensus was to look at July or August for scheduling a Board Retreat.

Regional Utility
Meeting Update

No update at this time.

Board Action
Following Tonight's
Executive Session

During the executive session prior to this meeting, the Board discussed John DeWenter's Memorandum regarding the Board's evaluation of SUB General Manager Jeff Nelson's performance during the period from July 1, 2017, through December 31, 2018. The Board thanked General Manager Nelson for the good work that he has been doing. Based on discussion during tonight's executive session, the Board made the following motion.

- * Mike Eyster motioned, and David Willis seconded, to approve that the Memorandum from John DeWenter (Exhibit E) as related to the Board's annual General Manager Performance Evaluation, to be placed in Jeff Nelson's personnel file, to indicate the good work of SUB General Manager Jeff Nelson for the period from July 1, 2017, through December 31, 2018, as discussed in executive session. This motion **CARRIED** unanimously.

Discussion of
Board Tasks

Chair DeWenter shared that the Board has been working on the task of a Board Retreat, as discussed earlier tonight. The Board has also scheduled a presentation at the Springfield City Club on Thursday, June 20. He suggested Board members schedule a period from 11:45 a.m. to 1:30 p.m. for this meeting with the presentation beginning at 12:00 p.m. at the Hilton Garden Inn in Springfield.

**BUSINESS FROM THE
GENERAL MANAGER:**

Release of Easement,
66th Street

Bart McKee shared that this Release of Easement is related to an easement that was acquired in 2008 from a previous property owner, when SUB was in the initial design phase of the Thurston transmission line. SUB was looking at bringing that transmission line down 66th Street, and crossing south Cedar Creek and north Cedar Creek, on the west side of the bridges, and getting outside of Lane County's right-of-way. SUB acquired easement adjacent to both bridges. Mr. McKee stated there's a 15 foot permanent easement for the pipeline that required a 25 foot adjoining construction easement for construction purposes for the pipeline. SUB no longer needs the construction easement, however we still have an interest in retaining the 15 foot permanent easement for the future extension of SUB's water system.

- * Pat Riggs-Henson motioned, and Mike Eyster seconded, to approve the Disclaimer and Release of Interest of Construction Easement Portion of “Exclusive Public Water Utility Easement,” as presented (Exhibit F). This motion **CARRIED** unanimously.

Presentation on
Economic Development

Courtney Griesel began her presentation by referring to her overheads (Exhibit G) and explained that economic development improves the lives of Springfield’s citizens by increasing the per capita income and the number of family wage jobs in Springfield while providing the tools to reduce poverty in our community. In Springfield, 21 percent of the population lives at or below the poverty line. That’s why they do the work to get the jobs to grow the opportunities and get the wages to change that. She explained that what is happening in Springfield, from a traded sector standpoint, is that if we have the majority of holders making investments in jobs, assets, equipment, and taxes, they are falling in the following four categories of industries: Tech, Advanced Timber Manufacturing, Craft Food and Beverage, and Medical Technology; the latter being the City Council’s aspirational goal because there is such a knowledge base of people in the medical field, that maybe there’s an opportunity to entice some people with Medical Technology. Ms. Griesel discussed steps for a competitive approach to economic development and shared slides on how Springfield competes as related to fundamental factors of a competitive community, and how those factors influence growth.

Ms. Griesel cited the Utility Economic Development Association and how site selectors use it as a resource for when looking for areas for larger projects. She also shared information on Kansas and how they are aggressive in their economic development, specifically, McPherson Kansas helps to fund their local economic development corporation. They have an interesting method on their website, a sort of Do It Yourself (DIY) method to calculate your own rate. She said people use this type of DIY method a lot, and said that the City has their own request for its System Development Charges. Ms. Griesel then shared a brief review of ONCOR in Allen, Texas, and how they wanted to do some massive fiber overall in the community, and wanted to use a targeted recruitment for a user that would then justify some very large fiber installs. Through that process it created jobs. She briefly noted how Idaho Power in Twin Falls is very bold in showcasing how they rate with other regional states. Ms. Griesel shared these different strategies to show that it’s okay to use these and other strategies to show how great you are to encourage economic development in the community. She encouraged SUB to brand, celebrate, promote, display how

awesome you are, as well as showcase your ratings and medallions, but wait to promote fiber until it is closer to being ready. She also wanted to encourage SUB to continue with its current policy of installation of empty fiber conduit for future opportunity and development.

In response to Jeff Nelson's question as to why Albany is perceived to be better to live and work than Springfield, Ms. Griesel explained that Albany has been changing in the last five years. Partly because it's starting to pick up the younger population, as it's near to OSU. Also, the commuting distance to Portland is increasing. It used to be that it was mostly Salem that was commuting to Portland, but now people are moving south to commute to Portland. A lot of this has to do with where the wages are and who's commuting where. Albany has turned itself into a kind of destination community in the middle of the valley with a young population, which has a lot to do with the downtown turning around, and Corvallis is just 10 minutes away. Bend is a typical example of a place where people take less and pay more for the quality of life to live in Bend.

After extensive discussion the Board thanked Ms. Griesel for her thorough and informative presentation.

Snow Storm Outage Update

Sanjeev King provided an update on the snow storm outages in February and began his presentation by referring to his overheads (Exhibit H), and noted the following details of the first day of the outages, Monday, February 25: SUB had its first distribution feeder lockout at 1:29 a.m. in east Springfield; total of nine feeder lockouts (a feeder serves about 1,000 customers, and locked out means that all those customers were without power); three transmission/delivery point disruptions that impacted eight additional feeders, which meant that then about half of Springfield was without power at one point; all distribution feeders were restored by 3:00 p.m. that day; there were about 15,000 peak outages; and additional damage was to a fiber cable that ran from SUB's 10th Street substation to the Alvey substation in Goshen.

On Tuesday, February 26th, added Mr. King, we had additional snowfall during the night, which created additional outages, but by the end of the day SUB had less than 1,000 outages. He said progress continued through to Friday, March 1, when the day began with less than 50 outages; SUB crews were able to restore one residence across the McKenzie River, which required a crew on each end and to performed work across the river. Saturday, March 2, SUB had two crews that worked on another river

crossing to restore two more residences served across the McKenzie River. Crews also made progress on switching our system for fiber customers to help reroute them from the damaged cable.

Ongoing progress is being done, in order to wrap up the work, by working on customer facility damage; coordination of power quality issues such as partial power issues; responding to a lot of low lines; progress on fiber restoration; and following up on temporary repair work to get customers' power back up.

Mr. King informed the Board that SUB participated in providing mutual aid. SUB has mutual aid agreements with electric utilities in Lane County. SUB also has mutual aid agreements with the American Public Power Association (APPA), Bonneville Power Administration (BPA), and Western Region Mutual Agreement Group (WRMAG). On Saturday, March 2, SUB sent one crew to EPUD in the morning, and one crew to Lane Electric Coop in the afternoon. SUB did not request any mutual aid during the storm.

SUB's standard process after an event like this is to gather input and feedback from all departments. Even though SUB didn't need any mutual aid, it relied on its own staff from all departments for support. Next steps were to consolidate that feedback, develop action items and assign tasks, as well as look at general areas for improvement which include communication, further refinement of outage database, and expanding on outage training.

Mr. King then shared the following things that went well: everyone stayed safe, no employee injuries despite vehicle accidents due to hazardous conditions; strong support across the organization; outage database performed well to help organize ourselves and assisted with strong communication to manage outages more efficiently; worked closely with public relations to update SUB's social media and website regarding the status of the outages for customers and noted how that helped customers to connect with their neighbors to help out in the community during the storm; shift schedule with staggering shifts for office staff and crews ended up a benefit as SUB staff were able to do most of the work during the day, and this had a positive effect throughout the event; pre-storm season review and training began in September to review expectations and the process; and SUB's commitment to tree trimming makes a huge difference when events like this occur. Mr. King added that the estimated cost for the storm outage was over \$600,000. He also commended SUB staff in their impressive effort to overcome challenges to safely make it in to work during hazardous conditions.

After brief discussion the Board thanked Mr. King for his informative update, and expressed their appreciation to everyone in the organization for all their hard work during the snow storm.

South Hills Update

Tracy Richardson offered an update on the Landslide Hazard and Risk Study of Springfield and referred to her overheads (Exhibit I). She said that in January 2019 the Oregon Department of Geology and Mineral Industries (DOGAMI) came out with a study. From the study, she pulled out the high level details to share with the Board. Two years ago the Lane County Natural Hazards Mitigation Plan paid for a study, commissioned with FEMA Grant monies, to do a study of Eugene, Springfield, and Lane County. She explained that Lane County in this case, consists of other cities in Lane County that are not Eugene, Springfield. She also noted that the study Project Manager Nancy Calhoun is not able to present and answer questions to the Board until the August 2019 Board meeting, when she will be able to tailor the information to be specific to Springfield.

Ms. Richardson discussed the detailed maps, methods, and old analyses used on the level and location of landslide hazard and risk to infrastructure in Lane County. She said the study used Lidar-based laser imaging of ground surface from an airplane, and discussed shallow landslide susceptibility and deep landslide susceptibility. She also shared a link to DOGAMI's study website that has interactive maps, as well as an actual narrative of the study. Ms. Richardson then shared data for the entire study area, and explained that the two most concentrated areas of the study were the South Hills in South Eugene and the Thurston\South Hills in Springfield. She then reviewed recommendations with the Board that came out of the study. She noted SUB has been, and will continue, to review construction, maintenance, and monitor practices, as well as provide review to the Board in the future.

Jeff Nelson discussed next steps for further review by the Board, based on this new study, as related to the Thurston Hills.

After brief discussion, the Board thanked Ms. Richardson for her presentation.

Deferred Agenda Items

In light of the hour, Chair DeWenter suggested to defer Agenda Items D, E, and G, until the next Board meeting. Joe Leahy also noted that regarding Agenda Item F, it is his recommendation to hold the next training to the Board after the legislature closes and after the Board has appointed its new Board member. Mr. Leahy suggested to hold the next training in about three months.

ADJOURNMENT: The meeting was adjourned by consensus at 8:30 p.m.

John DeWenter, Board Chair

Date

ATTEST:

Jeff Nelson, Board Secretary