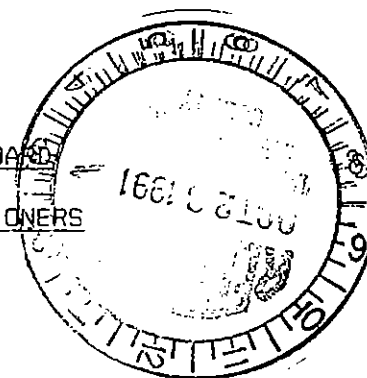


JOINT DINNER MEETING

EUGENE WATER & ELECTRIC BOARD  
and  
LANE COUNTY BOARD OF COMMISSIONERS

5:30 P.M.

PACIFIC DAYLIGHT TIMEOCTOBER 1, 1991

EWEB Board Members present: Sarah Hendrickson, Jack Delay, Susie Smith, Mike Dyer, and Dorothy Anderson.

Lane County Board Members present: Jack Roberts, Ellie Dumdi, Jerry Rust, and Marie Frazier.

Others present: Randy Berggren, Jim Origliosso, Garry Kunkel, Susan Brody, Tom Santee, Laurie Power, Marty Douglass, Krista Hince, Shirley West, and Evan Gentry of the EWEB Staff; Jim Johnson, Roy Burns, Jackie Mikalonis, and Kent Howe of the Lane County staff; and Louise Billheimer, Oregon Rivers Council.

President Hendrickson called the EWEB Board to order and Chairman Roberts called the Lane County Board to order at 5:45 p.m. Commissioner Steve Cornacchia was excused.

Welcome - Sarah Hendrickson, EWEB Board President

President Hendrickson welcomed the Lane County Board of Commissioners. She said that since both the County and EWEB had significant stakes in the future of the McKenzie River, it was appropriate for them to talk about, and find, their common ground.

EWEB Hydroelectric Relicensing Effort

Randy Berggren, EWEB's General Manager, prefaced this presentation with some general comments about EWEB's extensive relicensing effort for its Leaburg and Waierville hydroelectric plants. He said that retention of the plants was necessary for EWEB to keep its future rates competitive.

Mr. Berggren explained that, for the relicensing process, the Federal Energy Regulatory Commission (FERC) had mandated that EWEB consult with customers and interested parties as to their interests and needs. He said that staff had decided to go beyond FERC's minimum requirements in terms of understanding what would be required and what should be done.

Mr. Berggren said that, early in the effort, EWEB had received "mixed reviews" from water-interest groups regarding the utility's past stewardship of the McKenzie River, and that those reviews had acted as a catalyst for staff to listen more carefully, now and in the future, to user perspectives and points of view. Through listening to users, staff also learned that there needed to be a more appropriate balance of all water uses on the river.

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Marty Douglass, EWEB's Governmental Affairs Coordinator, then began his presentation by saying that EWEB was now "at a crossroad." He said that currently the utility purchases 70 percent of its power from Bonneville Power Administration (BPA), and that, if it acquired no new resources, the utility would be purchasing 90 percent of its power by the year 2012, and that substantial power cost increases would have to be passed along to its customers.

Mr. Douglass said that EWEB staff had attempted to project power resource needs and possibilities, and was now doing an Energy Resource Management Plan analysis. He explained that the utility had also formed the Citizens' Involvement Committee (CIC), an advisory group, to examine all potential new sources of power generation and conservation that could be used for the next 30 to 50 years. He said that the committee had, as its objective, the reduction of EWEB's reliance on BPA, and the provision of some long-term rate stability for EWEB's customers. He said that, in November, the committee would make its recommendations to the EWEB Board.

Mr. Douglass then showed a map of EWEB's three generating plants on the McKenzie River: Waltherville, built in 1911, which produces 60 megawatt hours of electricity (MWH) per year; Leaburg, 1930, 100 MWH; and Carmen-Smith, 1962, 245 MWH. He explained that the federal licenses to operate the Leaburg and Waltherville facilities would expire on December 31, 1993, and that the utility was in the process of filing an application for new licenses. He said that EWEB staff's relicensing goal was to continue operating the projects in a manner that equitably balanced power generation, recreation, and environmental interests.

Mr. Douglass said that the relicensing process had been a real challenge for the utility and that a key focal point was the McKenzie Network Group, another citizens' advisory group that was formed to advise EWEB staff about various relicensing issues. He said that the key elements of the relicensing effort were: scientific research, a public involvement process, and consultation with resource agencies.

Mr. Douglass showed an extensive list of studies that EWEB had conducted, including: a general description of local geography of the McKenzie River Basin; water use and quality; fish resources; wildlife and botanical; historical and archaeological; recreation; and land use and management.

Mr. Douglass then highlighted some of the recommendations contained in the draft relicensing application that resulted from the studies:

1. Increased minimum flows in the McKenzie River, especially for recreational use in summer and during fishing season. This improvement got favorable comments from user groups. In fact, when applying to FERC for an interim flow adjustment, EWEB was supported by a resolution adopted by the Board of County Commissioners and forwarded to FERC.

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2. Installation of fish protection equipment, including a fish screen at Walterville, realigning the salmon rack in the Walterville tailrace, and rebuilding the right-bank fish ladder at Leaburg Dam.
3. A proposal to raise the level of Leaburg Lake by 18 inches and make efficiency improvements to the generators at the Leaburg and Walterville powerhouses. Together, those measures would allow for additional generation capacity and greater efficiencies. The benefits derived from the lake raising proposal alone would more than offset the mitigation EWEB might have to undertake with property owners on the river.
4. Recommended enhancements along the river that would result in greater recreational opportunities for river users, including several improvements at Water Board Park, construction of jogging trails along the Leaburg and Walterville canals, improvements at Rodman Island, and other measures.

Mr. Douglass said that the estimate for the total cost of all river enhancements would be approximately \$10 to \$10.5 million, but that the increased generation would approach offsetting the cost.

Mr. Douglass pointed out that EWEB's relicensing work wouldn't be complete when staff had submitted the final application to FERC, due by December 31. He said that when FERC undertakes its own public involvement process, the public would have additional opportunities to comment on EWEB's recommendations. He added that EWEB would hold additional public meetings early next year and, if warranted, submit application amendments to FERC.

Mr. Douglass then introduced Garry Kunkel, Director of Power Management and Relicensing Project Sponsor, and asked for comments and questions. Commissioner Rust asked how, regarding relicensing, EWEB might be involved with the issue of wild fish versus hatchery fish. Mr. Kunkel explained that EWEB had representatives of both fish groups on its McKenzie Network Group, were able to listen to both concerns, and that both groups were able to represent their concerns to one another. He said that the groups hadn't reached full agreement, but that they had reached balanced compromises.

Chairman Roberts then offered the Lane County Commissioners' support for EWEB's relicensing application.

(For the transparencies used in Mr. Douglass' presentation, see Documents No. 2330-1 and 2375-1 of the EWEB files.)

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Proposed Changes to Lane County's  
Riparian Vegetation Protection Regulations

Chairman Roberts prefaced this presentation by saying that he appreciated the opportunity to start what he hoped would be a "good, long-term, working relationship between Lane County and the EWEB Board." He then introduced Roy Burns, Jackie Mikalonis, and Ken Howe, who he said would present the riparian information.

Roy Burns, Lane County's Planning Director, first explained that concern for riparian protection had arisen earlier in the year, primarily in response to a number of issues on the McKenzie, not the least of which had been some areas of rather extensive removal of riparian vegetation. He said that, because of such concerns, the Lane County Commissioners had directed the Division of Land Management (DLM) to undertake a riparian study. He said that the scope of the study had since been expanded to include all areas of riparian vegetation in Lane County.

Mr. Burns said that the DLM had prepared a draft ordinance document that included analysis of proposals to mitigate potential removal of important riparian vegetation, and a study of more effective enforcement tools if there was removal of riparian vegetation. He said that the draft ordinance had been the subject of extensive public participation and involvement.

Mr. Burns said that the document had recently been submitted to the Lane County Board of Commissioners, who had some concerns about the ordinance, primarily regarding the extent of staff resources that would be necessary to administer the regulations. He said, though, that the Board had directed the DLM to undertake more extensive work to clarify ambiguous terms used in the ordinance, and to place greater emphasis on some of the enforcement aspects within the development ordinances for riparian protection.

Mr. Burns said that, pursuant to Board direction, staff would be drafting ordinance elements and then reporting back to the Board later in the month, with subsequent public hearings scheduled in November.

Chairman Roberts said there had been controversy surrounding the approach taken by the proposed ordinance because it would move the Board from a reactive to a pro-active stance. He said some of the Commissioners had rejected that approach, at least in principle, and that others had felt a need to verify that adequate staff resources would be available. He said the Commissioners were also aware that, if the new approach were taken, the public must be kept informed of the changes throughout the process.

Chairman Roberts said that, at the same time, their Board was inclined toward the new approach because of some specific incidents which had occurred on the McKenzie River, where they felt that adequate enforcement tools were not available. He said the County Commissioners also felt that rules were needed to more clearly address specific concerns of the Board and

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others. He said the Board had decided to continue to develop the new approach over time and, in the immediate term, try to create a more narrowly drawn ordinance to provide enforcement tools and the ability to come back and mitigate or restore a riparian area through replanting or other means.

Commissioner Rust said that he thought the concept of a pro-active ordinance was a good one, but that the majority of the Board--including himself--was concerned as to just how much riparian removal would trigger the County's involvement and enforcement powers, how the permit process would work, and if the County could afford to administer the ordinance.

Commissioner Dumdi said that she felt the ordinance would be a sensitive issue for people who owned land along the river. She said there needed to be a balance between landowner rights and the needs for the ordinance, and that she felt the County's staff had done a good job of trying to strike such a balance.

EWEB Commissioners Anderson and Smith each asked questions of clarification regarding the ordinance. Then EWEB Commissioner Delay asked whether, from the research the County had done, they had come to any conclusions about why landowners removed riparian vegetation. He said he wondered whether they were acting just out of ignorance, or knew better but did it anyway. Kent Howe, from the County's staff, said the County didn't have any data that would give them the answer to that.

EWEB Commissioner Delay asked whether there were points in the existing land-use mechanisms where people came in to do other things along the McKenzie River or other waterways, at which time there were opportunities to provide riparian regulation information. Mr. Burns said that an extensive set of public information documents was available to people who come in to the County, but that no specific information had been targeted to any specific geographical area. He added that, as part of the new process, an individual who requested a development proposal along any of the stream corridors would be given specific information about the importance of the riparian zones. He said that riparian information could also be highlighted in customer discussions, and that such information could also be mailed to property owners along the McKenzie River.

EWEB Commissioner Delay said that he was encouraged that the two Boards were talking about the riparian issue, and that he felt that EWEB staff and Board would support the County's informational efforts.

McKenzie River Management Issues  
and Concept of Locally Developed River Management Plan

Susan Brody, EWEB's Director of Planning & Development, gave a brief background statement regarding some of EWEB's interests in the McKenzie River. She first explained that EWEB staff was undertaking a major corporate planning process which had many different components, one of

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which--as mentioned earlier--was an energy resources management planning effort.

Ms. Brody said that, while involved in their corporate planning process, EWEB staff had identified one missing and needed link: a water resources management plan. She explained that they would begin producing one in 1992 and that staff was trying to ascertain the scope of that effort.

Ms. Brody said that EWEB staff had just begun to identify how their interests overlapped with those of the other agencies and what relevant activities were going on at the federal and state levels. She said that one meeting with local metropolitan agencies had already been held.

Ms. Brody said that part of staff's effort would be to look at what more could be done in the area of water conservation. She said she felt this was an area in which EWEB needed to be more active and that some major education work needed to be done as a part of that effort.

Ms. Brody said that, as a complement to the water conservation effort, staff felt it was important to look at the entire McKenzie River watershed and was trying to identify ways to have more of an impact on not just private property owners, but also the other users of the watershed.

Roy Burns then talked about the Willamette River Basin Plan. He said that the plan, currently in draft form, was an upgrade of an existing plan done in the early 1970's. He said that during the development of the current draft plan, a great deal of work had been undertaken in 1987 by the Water Resources Department to establish some elemental policy areas, and that the plan emphasized surface water allocations and ground water protection.

Mr. Burns said there had also been some major policy emphasis in the planning effort as to how to deal with municipal and domestic water uses. He added that the State of Oregon was placing emphasis on water conservation, and that EWEB was "on target" with its efforts there.

Mr. Burns said that earlier plans dealing with water allocation in the State established minimum stream flows. He explained that, as a result of State law and emphasis, those minimum stream flows were changing into an actual water appropriation. He said that, as a result, an ear-marked amount of water would be instream. He said that this water allocation was the focal point of most of the controversy occurring in the Willamette Basin Plan areas.

Mr. Burns said that the Willamette Basin Plan had been scheduled for adoption, but the Water Resource Department staff would recommend that they be given additional time to address some of the issues in more detail. He said he thought it was important to recognize that the plan would be primarily a policy document, but that Lane County and other municipalities were going to be expected to undertake strategies and methods for dealing with those policies. He said it was important to remember that surface and ground

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water in Oregon is extremely limited, considering the demands. He concluded his presentation by saying that it would be more important in the future to examine the prioritization of use upon the rivers and make sure that it was appropriate for the citizens of Lane County.

Ms. Brody said that she and Mr. Burns had discussed establishing the scope of an effective watershed management plan, figuring out which other agencies would need to be involved for it to be effective, and were looking at possibilities for obtaining federal and/or state funding.

Mr. Berggren and EWEB Commissioner Anderson asked questions of clarification. Then the two meeting chairs informally directed their staffs to think about the plan and then return to their respective Boards with a joint proposal for further consideration and official adoption. Many of the commissioners supported this cooperative plan.

#### Public Input

Louise Billheimer, State Conservation Coordinator for the Oregon Rivers Council (ORC), said her organization would provide support and assistance for the watershed management plan.

Ms. Billheimer also announced that the ORC had recently hosted a dozen fishery scientists and ecologists who performed ecological assessment mapping of the McKenzie River and put together maps of: physical habitat surveys, actual fish populations, state of the riparian zones, spawning areas for a range of fish species, temperatures on the river, and portions which are currently prime for restoration and protection. She said the maps weren't yet finalized, but that they and a technical report would be ready in six months or less. She said ORC would share that information with both Boards. She added that the ORC would also soon share some study data that was collected regarding the fish habitat and the pools on the river, and make copies of the study summary available to all Board members.

The meeting was adjourned at 7:40 p.m. by both Board chairs.

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Assistant Secretary

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President