

EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Work Session: Eugene Water & Electric Board Sale of Water to Veneta

Meeting Date: June 28, 2010
Department: City Manager's Office
www.eugene-or.gov

Agenda Item Number: B
Staff Contact: Brenda Wilson
Contact Telephone Number: 541-682-8441

ISSUE STATEMENT

Eugene Water & Electric Board (EWEB) entered into a contract to sell water to the City of Veneta. EWEB has filed a lawsuit asking the court to declare that EWEB has independent authority to enter into that contract without City Council approval. The primary issue for the council to consider is how to respond to the proposed sale of water to Veneta.

BACKGROUND

Section 44(3) of the Charter provides that EWEB shall operate the water utility and electric utility of the City "subject to control by the council of extension of water service." Section 2.212 of the Eugene Code provides, in part, that the "city, including EWEB, shall not provide water, water service or sewer service outside the city limits except as authorized pursuant to the city charter, this code, and adopted resolutions."

Late last year, EWEB informed the City Manager about EWEB's interest to sell water to Veneta in order to certify part of EWEB's third water right and to help ensure that the water in this water right would be available to Eugene residents in the future when needed. In mid-April, EWEB and the City of Veneta signed a water-sale contract. EWEB then submitted the contract to the Lane County Circuit Court for validation.

On May 12, 2010, the council was presented with background information on the water sale and the court process. The council raised many questions about the sale and the certification/perfection of water rights in general. Accordingly, the council directed staff to schedule (1) a joint meeting with the EWEB Board of Directors before the council takes up this issue for decision; (2) a public forum, with EWEB's involvement, in order to provide information to the public about the proposed sale of water; and (3) following that forum, a public hearing on EWEB's proposed sale of water to Veneta. In order to provide more time for the process directed by the council, EWEB filed for a 30-day extension of time in which to file an appearance in the validation case. The deadline to do so is now June 30, 2010.

The joint meeting with EWEB was held on June 7, 2010; the public information forum was held on June 8, 2010; and the public hearing was held on June 14, 2010. Staff has received three sets of public comment: one from Jan Wilson of the Western Environmental Law Center; one from Shawn Boles, Howie Bonnett, and Dave Funk, and one from EWEB. Those documents are attached as exhibits B, C, and D, respectively.

While the City Manager continues to believe that perfection of the third water right is in the City's interest, the City Manager believes that the issue of Charter authority should be resolved first. Accordingly, the City Manager recommends the City intervene in the pending validation proceeding.

RELATED CITY POLICIES

Section 44 of the Eugene Charter sets out the Eugene Water & Electric Board functions. It states, in part:

“(1) The power of the city to generate, collect, and distribute electricity, steam, and other kinds of physical energy is hereby vested in the Eugene Water & Electric Board (the Board).

* * *

“(3) The board shall maintain and operate the water utility and the electric utility of the city, subject to control by the council of extension of water service.”

Section 2.212 of the Eugene Code, 1971, contains provisions for extraterritorial water and sewer service extensions. It states:

“The city, including EWEB, shall not provide water, water service or sewer service outside the city limits except as authorized pursuant to the city charter, this code, and adopted resolutions. The city manager or the manager's designee is hereby authorized to receive on behalf of the city requests for the extra-territorial extensions of water service or sewer service from inside the city limits to serve property located outside the city limits or for the provision of water or sewer service to special service districts. Such requests shall be accompanied by the application fee established by the city manager as provided by section 2.020 of this code. Requests for the extra-territorial extension of water service or sewer service shall be processed and approved or denied as provided in section 9.8115 to 9.8121 of this code.”

COUNCIL OPTIONS

- 1. Postpone a decision on whether the council supports the proposed sale of water to Veneta until after the “Charter authority” question is resolved by the court.** If the council chooses this option, the City will intervene in the validation proceeding and argue that the City Charter grants to the council, rather than EWEB, the authority to decide to sell water outside the City's limits.
- 2. Support not only this proposed sale of water, but agree that EWEB should have the authority to approve other sales to municipalities without needing the council review and approval.** If the council chooses this option, staff will (a) present to the council a resolution authorizing this proposed sale to Veneta (since that can happen quickly), and (b) schedule a public hearing for the council on a proposed code amendment delegating to EWEB the authority to enter into wholesale water sale contracts.

3. **Support this particular proposed sale of water (i.e., to Veneta).** If the council chooses this option, staff will present to the council a resolution authorizing the proposed sale, and then argue to the court that the contract is valid because the council approved the proposed sale.
4. **Oppose the sale of water to Veneta.** If the council chooses this option, the City will intervene in validation proceeding and argue that the City Charter grants to the council, rather than EWEB, the authority to decide to sell water outside the City's limits.
5. **Take no position on the sale of water or the Charter question.** If the council chooses this option, the City will not participate in the validation proceeding, leaving it to the parties already part of the validation proceeding to litigate those issues.

CITY MANAGER'S RECOMMENDATION

The City Manager continues to believe that it is in the City's interest for EWEB to perfect the third water right; however, the City Manager believes the Charter authority question should be answered first and therefore recommends Option 1. This would provide more certainty to both EWEB and the City of Eugene.

SUGGESTED MOTION

Move to direct the Manager to intervene in the validation proceeding and argue that the City Charter grants to the council, rather than EWEB, the authority to decide to sell water outside the City's limits.

ATTACHMENTS

- A. Responses to Questions from Council – Updated June 29, 2010.
- B. Testimony from Jan Wilson, WELC and copy of Notice of Appearance and Motion to Intervene
- C. Testimony from Shawn Boles, Howie Bonnett, and Dave Funk
- D. Testimony from EWEB

FOR MORE INFORMATION

Staff Contact: Brenda Wilson
Telephone: 682-8441
Staff E-Mail: brenda.s.wilson@ci.eugene.or.us

RESPONSE TO EUGENE CITY COUNCIL QUESTIONS ON EWEB'S WATER RIGHTS ISSUES

~ Updated June 21, 2010 ~
(Questions 9 through 13)

1. How much water does Veneta use per day now?

The projections for Veneta's 2010 usage outlined in their Water Master Plan are as follows:

- Average Daily Demand is .90 million gallons a day
- Peak season demand is 1.1 million gallons a day
- Maximum Day Demand is 2.3 million gallons a day
- Peak Hour Demand is 2.9 million gallons a day
-

Maximum daily use for Veneta during the hot summer months is 2.2 million gallons a day (mgd), while the city's wells can produce just 1.69 mgd. Right now, Veneta can't meet demand on its maximum use days without drawing down its storage reservoirs. Because those reservoirs are meant to respond to emergencies such as fire, Veneta needs to add capacity. Veneta estimates that by 2030, it will need 4.3 mgd.

2. If this deal didn't go through, what is Veneta's "Plan B"?

Veneta's adopted 2009 Water Master Plan projected that they would continue to rely upon groundwater sources (wells) to meet Veneta's immediate needs through 2020, so they would go back to that plan if the pipeline project does not proceed. However, the plan noted that groundwater development alone was not likely sufficient to meet Veneta's long term needs. Please see the attached Project Overview for more information.

3. Could Veneta draw water from Fern Ridge Reservoir or the Long Tom?

Fern Ridge Reservoir is operated by the United States Army Corps of Engineers (CORP) as a flood control basin. Municipal waster supply is not an approved use for this body of water. Even if it was, the quality of this water is poor due to high summer water temperatures combined with nutrient rich influents from local feeder streams. This quality of water is very difficult to treat and the product water often contains undesirable taste or odor.

Aside from having no available water for appropriation, the Long Tom River is a poor quality source of water. The Long Tom experiences low flows during the period of highest water demand for the City of Veneta. It was estimated in the Veneta Master Water Plan that during periods of low flows, the City of Veneta would need to appropriate approximately 65% of the water in the Long Tom to meet peak demand. That amount of water is not available in this water source even if Veneta could purchase a water right from another water right holder.

4. If the deal does go through, Veneta will maintain a secondary source of water. What is it?

As outlined in the water purchase agreement with EWEB, Veneta will continue to operate and maintain their existing system as the secondary water source.

5. In EWEB's certification, what does "25% certification" mean referring to the third water right?

EWEB's third water right is not certificated. In other words, while the amount of water under that water right permit has been "set aside" for EWEB, the utility must move toward perfection (putting the water to beneficial use) of that water right or it will lose the right to use that water in the future. Failure to certify a water right permit or make reasonable progress toward certification can result in the loss of the permit – and the right to use any of the water under that permit in the future.

In order to move toward certification, municipal water rights applicants are required to prepare a plan that identifies when they expect to be using the full quantity of water allowed under each permit, and must describe the methods and assumptions used in determining those date(s). This schedule must also include the expected schedule for certification of each water rights permit.

The process of certification involves "proving up or perfecting" the water use allocated under a given permit, as defined by the rules governing beneficial use. Under Oregon law, a municipal water right permit may be partially perfected for not less than 25 percent of the permitted total allowed under the right, and a certificate can then be issued. This allows for a municipal water supplier to plan for increased capacity over time. Certification is the only way to obtain conclusive evidence of the priority and extent of the appropriation of a water right.

6. If EWEB does sell water to Veneta, do the water rights to that water also transfer to Veneta?

No, EWEB is the permit holder and the water right would still belong to EWEB.

7. In EWEB's memo and in the "Key Messages" it says that selling surplus water can "reduce costs for EWEB customers". Does this mean a reduction in the monthly water bill if water is sold to Veneta?

Not in itself. Treating and delivering water comes with high fixed overhead costs. Spreading those costs over a wider retail and wholesale base helps lower per capita costs and will help minimize the magnitude of future rate increases.

8. Eugene Code 9.8115 and 9.8121 seem to prohibit extensions of service out side of the Urban Growth Boundary. What would make the proposed sale to Veneta an exception?

EWEB's sale of water to Veneta is not an exception to Sections 9.8115 to 9.8121 as those Sections do not apply to EWEB's sale of water to Veneta. Rather, those Sections apply to extensions of water (or sewer) service to individual properties. One of the approval criteria, for example, is that the "applicant has entered into an annexation agreement on forms provided by the city pertaining the property proposed to be served or will enter into such an annexation agreement as a condition of approval." Wholesale delivery of water to another municipality couldn't qualify under this provision because those properties could not annex to Eugene. Other requirements in those sections also assume that the extension of water (or sewer) service is for individual properties – for example, by requiring notice of the application to be provided to owners of properties located within 750 feet of property to be served.

Section 2.212 also specifically notes that "extension of water service or sewer service" shall be processed as provided in section 9.8115 to 9.8121 of the code, but does not state that those provisions govern the extension of "water" outside city limits. Instead, the city attorney believes that section 2.212 requires that such an extension of "water" outside city limits (for example, to a special district or municipality) be approved by Council resolution.

9. How many water rights on the McKenzie are junior to the 1961 EWEB water right permit?

There are a total of 208 water rights on the McKenzie River which have been permitted and/or perfected on the river since 1961, with 2 new water right permit applications currently pending. These rights total 2,679 cubic feet per second (cfs). Six of these permits are in-stream water rights protecting 2,430 cfs. Two of these permits are municipal rights including 35.9 cfs for SUB who has not begun to use the water under the permit yet. This means that if EWEB got back in line to apply for another water right permit – assuming that is even possible – there would be 208 water right permits that would have seniority to EWEB.

10. When did EWEB apply for the latest extension?

EWEB applied for an extension on the 1961 water right permit in 2003. The extension application is currently on hold to allow EWEB to update the application materials, since things have changed since 2003. One item EWEB is updating is the projection in order to justify the length of time requested in the extension application (EWEB expects to request an extension period beyond 70 years). It should be noted that as part of the extension process, EWEB will have to submit a new Water Management Conservation P which identifies "green light" water for needs out to 20 years. The rest of the water that sits between 20 years and the length of extension gets a "red light" status. This brings in another layer of risk and complexity to the discussion and requires a thorough understanding of OAR 690-86.

11. Will the sale of water to Veneta be used as part of EWEB's justification for the extension?

YES. EWEB would use the sale of water to Veneta to help justify the extension request since under the construction plan, water could be delivered to Veneta by 2014. That delivery of water could help show that EWEB is moving towards certification of the first 25% of the 1961 water right.

12. What is the rush?

Aside from the permit extension request that is currently being updated by EWEB where we need to show reasonable progress towards certification, the City of Veneta needs to determine – by July 13, 2010 - what course of action it can take. Last week, Veneta received a draft "Intent to Award" letter from the U.S. Rural Development Service. Unfortunately, the award is for only \$2.6 million in grant funds, which will require Veneta to take out a \$13 million loan package from the agency. Rural Development has set a deadline of July 13, 2010 for Veneta to determine if they will accept the funding package.

13. On the graph EWEB created entitled "Securing EWEB Water Rights" it shows that we will not hit the ~105 mgd until sometime past 2050. As to amount of usage shown on the table - how were those amounts derived?

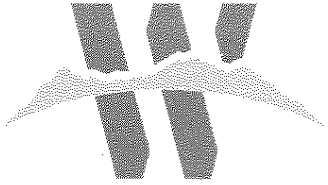
The projection EWEB used is based on the following:

- Water loss increase from the current 7% to 10% (the State goal under Water Management & Conservation Plans) because an increase in water loss from aging infrastructure.
- Industrial growth of 5 mgd between now and year 2050.
- Conservation reductions (5% reduction in per capita maximum daily demands) by 2040.
- Population Projections for City of Eugene.

Currently, EWEB serves approximately 180,500 people in and outside the city, with approximately 23,400 people outside the City limits (two water districts, Willamette Water Company, and customers of dissolved water districts that have boundaries outside city limits).

The projection in the graph assumes that by 2030, population within the City of Eugene is to grow to approximately 197,500 and assumes the same 23,400 number for existing customers outside City Limits by 2030. Beyond 2030, EWEB assumed the same growth rate as in the previous years out to year 2050.

EWEB acknowledges that while there are too many variables in the determination of water use to predict exactly when we will reach the ability to partially certificate the third water right, EWEB is trying to plan responsively around projected water needs and incorporate the future planning framework into their projections. The potential water sale to Veneta and other wholesale water customers represent one option to plan for future water needs and to show a need for water – and that we will put the water in the third water right to beneficial use within reasonable timeframes.



Northwest
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Defending the West

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Western Environmental Law Center

June 14, 2010

Eugene City Council – public hearing re. EWEB water to Veneta
testimony of Jan Wilson, WELC, 1216 Lincoln St., Eugene, OR 97401

Good evening, Mayor Piercy and City Councilors, and thank you for holding this public hearing on this important issue. As you probably know, I represent the two groups and three individuals intervening in the validation petition proceedings. I have a packet of five documents for each of you.

On May 10th, I read the Register-Guard article (first document in packet) and was surprised to see – confirmed in print – Veneta's "plan" to double its size by continuing to function as a "bedroom" community, providing commuter subdivisions on what could be prime farmland. Not providing any jobs for its residents, not providing food for urban residents, but instead providing housing for commuters. Relying on new infrastructure for, first, water, then, inevitably, roads, is a 1960's "suburban" plan that we know no longer works, and which runs *directly counter to Eugene's growth management and sustainability policies*, as well as the statewide land use planning goals. So just try to imagine my shock and outrage.

I then checked the website of EWEB, to find out about the contract and the validation petition – the same EWEB website that is all green and blue, touting its sustainability initiatives and conservation programs and "green" energy projects – to see that the PR "fact sheets" all *completely missed the implications of this contract*, totally buying into the "we must use it or lose it" premise underlying western water law, which, for nearly 200 years, has rewarded people who waste the most water by giving them "rights" and threatening them with loss of those rights if they don't continue to waste at the same levels forever. Imagine my shock and outrage.

Two days later, I watched the webcast of the city council's May 12th worksession, where councilors asked some really good questions – and were given some really bad answers.

I checked the city charter and the code (third document), and saw that there's no distinction between selling water and extending water service, no distinction between "wholesale" and any other type of water service – in fact, the operative word is "provide," as in, "The city, including EWEB, *shall not provide* water, water service or sewer service outside the city limits" EC 2.195 – no distinction about how it's provided or to whom. There is no allowance for "regional" water providing. EWEB has moved beyond its authority and is using as its excuse the fact that it has exceeded its authority in the past without the council either noticing or protesting.

I visited the local Water Resources Dept. office and their website, and obtained copies of the permit history and the water permit itself (fourth and fifth documents). I found that, while the permit was issued in 1961 to allow our water treatment system to be expanded to treat 180 MGD, we have rarely, if ever, used even the 75 MGD for which we have "certificated" water rights, despite 50 years of extensions. I saw that the city (not EWEB alone) owns that permit. I confirmed that the McKenzie River is not fully appropriated (as councilors had been erroneously told at the worksession), that we would not "lose our place in line," because there's no line, and that we could get a certificate for just the small portion of the 118 MGD of which we actually have adopted land use plans documenting projected future use inside the UGB. Imagine my shock and outrage at discovering our greed.

Because it did not look like the city was going to intervene in the validation proceedings before the deadline, I quickly pulled together the necessary paperwork to allow other citizens and EWEB ratepayers to do so. (I have sent a copy of that document to the city attorney, so if you don't have that, please ask either him or me, and it can be provided.) Later I was shocked to find out that EWEB purported to have the power to "give" the city an extension to a statutorily-imposed deadline, and even more shocked to see that the city somehow felt compelled to "request" EWEB's permission for such – isn't EWEB an agency of the city, rather than the other way around?!!

I attended the June 7th joint EWEB / city council worksession and the June 8th public forum. There I heard that this is just the first city that EWEB intends to supply in its quest to be a "regional" water provider. And I cringed when I heard somebody say, "Shame on us if we don't perfect this permit," as if there's some shame in conserving valuable resources and protecting the planet for future generations!

This whole mess seems to be driven by Veneta's grant application for federal stimulus money for "rural development" funds. But this is not "rural development" – it doesn't provide land-based jobs or anything even remotely "rural." This is "suburban" development, and it's a poor way to stimulate the economy in the short term, when we can employ so many more people re-building infrastructure inside the UGB, where we have plenty of aging water, sewer and other utility lines in need of upgrading and replacement. (It's the same as with roads, where we have gotten ourselves into a financial hole by constantly funding new roads without allocating money to fix the existing ones.)

And we have not even begun to have the conversation about whether or not the pipeline can be built outside the UGB of both cities, regardless of who pays for it. The pipeline is not in either city's comprehensive plan (which don't extend outside UGBs), and it is not in the county's Rural Comprehensive Plan (which doesn't allow for urban services outside UGBs anyway).

I thank you for carefully considering our request to get involved in this issue, to put a leash on EWEB, and to embrace sustainability . . . for all our children and grandchildren.

1 **IN THE CIRCUIT COURT OF THE STATE OF OREGON FOR LANE COUNTY**

In the Matter of the Petition of John Brown,
Bob Cassidy, Rich Cunningham, Joann Ernst
and Ron Farmer, as Commissioners of the
EUGENE WATER & ELECTRIC BOARD,
an Oregon municipal corporation.

Case No. 16-10-09774

For the Judicial Examination and Judgment of
the Court as to the Validity of a Contract for
the Sale of Water

2 **NOTICE OF APPEARANCE & MOTION TO INTERVENE**

3 Pursuant to ORS 33.710 and 33.720, Ashley Miller, Kevin Matthews, Charles
4 Biggs, Friends of Eugene, and LandWatch Lane County hereby appear and request to
5 intervene as interested persons in this matter.

6 The proposed intervenors are represented by:

7 Jannett Wilson, OSB 965561
8 Western Environmental Law Center
9 1216 Lincoln St., Eugene, OR 97401
10 (541) 485-2471 x104
11 wilson@westernlaw.org

12 The individually named proposed intervenors are residents of the City of Eugene
13 and ratepayers and purchasers of water service through the Eugene Water and Electric
14 Board (EWEB), and each has participated in numerous community planning endeavors
15 over many years. Friends of Eugene is an Oregon nonprofit organization comprised of
16 Eugene residents who advocate for a sustainably developed community with a compact

1 urban form. LandWatch Lane County is an Oregon nonprofit organization comprised of
2 Lane County residents who advocate for sustainable, compact urban form in order to
3 prevent rural sprawl that destroys farm and forest lands and open space outside the urban
4 growth boundaries. ORS 65.077 gives Oregon nonprofit corporations like Friends of
5 Eugene and LandWatch Lane County the ability to participate in legal proceedings in the
6 name of the organization. The intervenors are all concerned about the potential for the
7 contract at issue to further development of Veneta and other Lane County “bedroom
8 communities” that contributes to increased personal automobile use and thus increased
9 global climate change, as well as negative impacts to the West Eugene wetlands and
10 other open spaces surrounding the city of Eugene. Thus each proposed intervenor is an
11 interested person, as required by ORS 33.720.

12 Proposed intervenors request the right to be heard on issues relevant to the validity
13 of the contract at issue in this proceeding. Specifically, intervenors have four concerns
14 about the contract:

- 15 1. The contract has not been approved the Eugene City Council, as required by
16 the City Charter and the Eugene Code, and the distinction between supplying
17 “water” and supplying “water service” does not allow EWEB to evade the
18 legal requirement to obtain prior approval from the Eugene City Council.
- 19 2. The water certificates and/or permit underlying the contract are issued to the
20 City of Eugene, such that EWEB cannot unilaterally transfer such water
21 without the consent of the city.

1 3. The state land use laws do not allow either Eugene or Veneta to build the water
2 delivery infrastructure between the two cities, as required by the contract.

3 Thus the contract ostensibly requires a violation of existing law.

4 4. The distinction between “wholesale” and “retail” sale of water has no legal
5 significance with regard to requirements for EWEB to obtain prior approval by
6 the Eugene City Council and to comply with state land use laws.

7 This appearance is made within the time required by ORS 33.720.

8 Respectfully submitted on May 28, 2010

9 

10 Jannett Wilson, OSB 965561
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ATTACHMENT C

To: Mayor and City Councilors

Subject: Water Contracts outside the UGB

From: Shawn Boles, Howie Bonnett, and Dave Funk

Date: June 21, 2010

The intention of EWEB to gain perfection of water from the McKenzie River by becoming a regional water wholesaler will have adverse consequences for Eugene's sustainability efforts. Acting as a water wholesaler will enable growth of "bedroom communities" which might otherwise be required to grow within the limits of their natural resource availability. In the case of Veneta, which projects a doubling of population growth and a similar increase in water demand in the next 20 years, enabling this growth by providing water could well result in a doubling of commuter traffic to Eugene via highways and arterials already heavily impacted with automobile traffic. Nine-tenths of all workers in Veneta commute to our urban area, mostly by car, contributing to air pollution, carbon dioxide release, and congestion of our streets.

At the same time that Eugene's citizens are developing one of the most insightful and comprehensive climate and energy action plans in the Northwest, with proposals such as 20-minute neighborhoods in which residence, shopping, and employment are close together, it is ironic that EWEB, owned by Eugene's citizens, should be proposing a water wholesaling policy in opposition to the direction of the City Council to reduce energy consumption and carbon dioxide release.

The sale of water to Veneta will have little impact on EWEB's attempt to perfect an additional 29 million gallons per day. The Veneta sale would represent only a few percent of the total "beneficial" use Eugene needs to demonstrate. Through conservation and more efficient use of water, EWEB's use of water has grown much more slowly than was predicted in the 1960's. In fact, EWEB's maximum demand in millions of gallons/day has not increased in the last 10 years.

We recommend that you, members of the City Council, reaffirm our right to deny sale of water by EWEB outside the Urban Growth Boundary, and reject the proposal by EWEB to sell water to Veneta.



Eugene Water & Electric Board

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June 28, 2010

Testimony to Eugene City Council

Thank you for the time and focus you've put into understanding EWEB's decision to sell surplus water to the City of Veneta. Water rights are complicated and there are few easy answers. As you consider your next steps, we respectfully ask that you take the following points into consideration:

- As the City of Eugene's public utility, EWEB is responsible for providing two essential products to the community we serve – water and electricity. We are fortunate to have access to one of the most pristine sources of drinking water in the country, and we can provide our customers energy at reasonable rates with relatively low carbon content. The wise decisions that led to our current position were not without controversy. But as a result, Eugene has reliable sources of clean water and power, and the flexibility to respond to changing future conditions. Fortunately, we are not charged with making decisions about growth strategies, sprawl or density. We trust that the City, the County and the Planning Commissions will make those informed decisions, just as the city has relied on EWEB to make sound and thoughtful decisions about our water supply for nearly 100 years.
- It is our job to engage in the long range planning that will protect the water rights acquired by this community almost 50 years ago. EWEB would not be working in the best interests of our public if we were not making every attempt to keep this abundant supply in public hands. Securing our water rights is one of the most important things EWEB can do for the long-term future of Eugene. The contract with Veneta is not a silver bullet solution, but we believe it represents a reasonable first step that demonstrates a plan of action towards partial certification and meets the needs of both communities.
- Ensuring future water supplies is the ultimate long-range planning effort and requires much longer timeframes than twenty-year windows. If Eugene is going to exist as a city in another 100 or 200 years, and longer, decisions must be made now to ensure adequate water supplies for future residents. It would be foolish to short-change our grandchildren, and their grandchildren, by making decisions that are based solely on our current short-term need for water. We may not need all of the remaining water right now, but we surely will need it 100 and 200 years from now as our community grows.

EWEB has provided you with our analysis of the Veneta contract in terms of benefits to Eugene residents, protections for the McKenzie River, and the value of regional partnerships to spread the costs of major capital expenditures. Regardless of what position the City Council chooses to take regarding the Veneta contract, we do request that any resolution passed is written to facilitate continuation of the validation process through the courts.

We believe that having clearly defined authority around wholesale water sales will protect interagency relationships and provide more certainty to other communities that may be considering whether EWEB is a viable strategy in their own long range water planning.

We have the water rights to be a regional provider, and the commitment to maintaining a proactive stewardship role of the McKenzie River. Our task at this moment is to take the necessary steps to protect that water right for future generations.

A handwritten signature in black ink that reads "Debra Smith". The signature is fluid and cursive, with a long horizontal stroke at the end.

Debra Smith
Division Director
Employee Customer & Community Services Division
541-685-7196
Eugene Water & Electric Board