



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Simpson, Brown, Helgeson, Manning, and Mital  
FROM: Mel Damewood, Engineering Manager  
DATE: April 22, 2016  
SUBJECT: EL1 Capital Report for Q1 2016.  
OBJECTIVE: Information Only

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## **Issue**

As per EWEB's EL1 Financial Policy that was approved on February 4, 2014, EWEB staff has prepared and attached the 2016 Q1 EL1 Capital Reports for Electric, Water, and Shared Services for the Board.

## **Background**

According to Financial Policy EL1:

Throughout the year, staff will provide the Board with quarterly financial reports that compare actual results with budget. Additionally, staff will provide the Board with quarterly updates for all current year projects on the Capital Improvement Plans. General Capital Renewal and Replacement projects (Type I) will be reported by category (e.g., substations, shared IT infrastructure, transmission & distribution mains). Infrastructure Rehabilitation & Expansion (Type II) and Strategic Projects (Type III) will be reported individually. Type II and III projects are further defined as those that are projected to be greater than \$1 million for the life of the project.

Management has attached three reports, Electric, Water and Shared Services Capital Q1 results for the Board's review.

## **Discussion**

The first quarter of 2016 is off to a good start. Although many projects have not yet started into the construction or high spending rates due to their schedule, most project are tracking well. As mentioned in the Capital True Up on April 19, 2016, there are a few projects to keep monitoring closely; below is a discussion of those projects:

## **Water**

As discussed at the Capital True Up, we are closely monitoring the Water Main Replacement, Improvement and Transmission -Type 1 project. Spending to date is tracking on schedule and is important to pace in order to not over or under commit water construction crew schedules.

The Willamette 800 reservoir repair project was deferred until 2018. This was done to help balance the available amount of funding and priorities. Concerns about pushing the funding out and causing a financial spending bubble in the future will be controlled by staying within the current Long Term Financial Plan projections for the Water Utility. Priorities will be reassessed and balanced in order to accomplish this goal.

Overall, Water has \$15,057,000 budgeted for capital in 2016 (Adjusted from April 19<sup>th</sup> True up) and anticipates to spend that full amount. Again, as stated in the True-Up, engineering's target is to attain at least 90% expenditures of the capital budget amounts.

## **Electric**

Type 1 projects are moving forward with some advanced spending on PUC and neutral upgrade work, trending ahead of schedule in anticipation that the balance of the year will be spent on the LTD EmX project for electric.

In Type 2 projects, the Leaburg Roll Gate Projects are trending on schedule and budget, and Roll Gate #3 should start construction this late spring. There are some punch-list items being conducted with Roll Gates #1 and #2 in 2016, which show unbudgeted expenditures. These expenditures are planned to be covered through the Roll Gate #3 budget, where overall underspending is anticipated. Significant underspending occurred in 2015 with the LTD EmX project, which has been delayed due to property and easement acquisitions, however contractor work is progressing and EWEB electric crews are now working. The Holden Creek Substation is experiencing a delay due to FERC licensing requirements that need to be addressed. We do not anticipate any issues with this other than potential time delay.

Overall, the 2015 Electric capital budget was \$32.7 million (not including shared services) and at about 10% expended so far this year.

## **Shared Services**

Type 1 projects are progressing with a redesign being conducted on the HQ elevator. IT is also re-gearing its Type 1 capital and should be on track for this year.

AMI is moving forward and the CIS project is just starting up, however downgraded it amount spent for 2016 due to spending schedule starting late in the year

Overall, Shared Services has a 2016 capital budget of \$7.8 million.

## **Recommendation and Action**

This is an information item only, no action required. If you have any questions or wish to make comments on the reports please contact Mel Damewood a 541-685-7145 or email at [mel.damewood@eweb.org](mailto:mel.damewood@eweb.org)

Attachments:

Water Q1 2016 Capital EL1 Report  
Electric Q1 2016 Capital EL1 Report  
Shared Services Q1 2016 EL1 Report

### Water Capital Projects Quarterly Status Report 2016-Q1

**Type 1 - General Capital**

Project	2016			Status/Comments
	Budget	YTD Actual	Year-End Projection	
Source - Water Intakes & Filtration Plant	\$312,000	\$7,200	\$312,000	● Includes treatment trailer, beginning work on SCADA upgrade
Mains - Replacements, Improvements, & Trans.	\$4,213,000	\$724,100	\$4,213,000	● Will track this area closely over course as overages occurred last year.
Services and Meters	\$1,703,000	\$539,000	\$1,703,000	● Includes both new services and meters as well as replacement of existing service lines
Pump Stations	\$1,322,000	\$205,000	\$1,322,000	● Bulk of work is new Shasta 1150 pump station and emergent work at Santa Clara.
Reservoirs	\$33,000	\$0	\$33,000	● Only minor work anticipated this year.

*These categories will match the Capital Improvement Plans (CIPs) submitted by Water & Electric.*

*Type 1 - General Capital is budgeted Year-by-Year for recurring capital expenditures from January through December. Typical Type 1 Capital includes categorized collections of projects of less than \$1 million.*

*Typical examples include "main replacements". This work typically involves dozens of jobs that add up to \$3-\$3.5 million per year.*

**Type 2 Rehabilitation & Expansion Projects**

Project	2016			Project Total			Schedule			Status/Comments
	Budget	YTD Actual	Year-End Projection	Initial Plan	To-Date Actual	Project-End Projection	Start	Initial Planned Completion	Projected Completion	
Hayden Bridge Filter S1-S6 Upgrades	\$3,513,000	\$609,000	\$3,513,000	\$7,713,000	\$5,518,690	\$8,420,000	2011	YE-2017	Q3-2016	● Upgrade of Filters N1-N6 Complete. Upgrade of Filters S1-S6 in construction. Seismic upgrades added costs for S1-S6. (Initial Plan - 2011 CIP)
Hayden Bridge Seismic Upgrades	\$0	\$0	\$0	\$1,215,529	\$1,117,067	\$1,760,000	2014	YE-2015	YE-2018	● Phase 1 (Basins and Filters) is complete. Phase 2 (Headhouse) deferred to 2017-2018. Phase 1 costs more expensive than anticipated. (Initial Plan - 2013 CIP)
Distribution System Scada/PLC Upgrades	\$309,000	\$18,000	\$309,000	\$3,079,780	\$335,109	\$2,050,000	2013	YE-2016	YE-2019	● Multi-Year upgrade project. Completing Crest System then moving to Shasta system. (Initial Plan 2013 CIP)
Hayden Bridge Standby Power Improvements	\$213,000	\$800	\$213,000	\$1,728,000	\$16,466	\$1,700,000	2015	YE-2017	YE-2017	● Completed preliminary design, beginning final design for Hayden Bridge. Phase 2 will be purchase of mobile generator for intake. (Initial Plan - 2015 CIP)
LTD EMX	\$140,000	\$103,000	\$140,000	\$0	\$2,720,862	\$2,760,000	2014	YE-2015	Q2-2016	● Only minor work remaining for water.
Willamette 800 Reservoir Project	\$0	\$0	\$0	\$1,639,760	\$137,850	\$1,770,000	2018	YE-2014	YE-2019	● Project deferred until 2018. This will be the final report on EL1 for this project and it will reappear on report when project is started up again.

**Type 3 - Strategic Projects & Programs**

Project	2015			Project Total			Schedule			Status/Comments
	Budget	YTD Actual	Year-End Projection	Initial Plan	To-Date Actual	Project-End Projection	Start	Initial Planned Completion	Projected Completion	
Alternative Water Supply	\$1,815,000	\$26,000	\$1,815,000	\$52,707,167	\$326,000	\$67,000,000	2014 with Planning	YE-2021	YE-2021	● Property purchased anticipated in 2016. Also beginning preliminary design for Filtration Plant and Intake

**Total Water Capital (This Report)**

\$ 15,057,000    \$ 2,252,996    \$ 15,057,000    15%

# Capital "EL1" Report: Electric, 2016 -Q1

<b>Type 1 - General Capital</b>				Note - Changes from previous report(s) are in <b>BOLD</b>									
Capital Category	2016 thru Q1			Status/Comments									
	Budget	YTD Actual	Year-End Projection										
Electric Infrastructure - Generation	\$916,000	\$67,560	\$916,000	● Debris boom and public safety cable installed at Leaburg Lake on schedule in advance of fishing season. LB Dam fish ladder improvements on schedule for summer construction. Other miscellaneous Type 2 improvements at LB-WV and Carmen-Smith progressing on schedule. (ZINNIKER)									
Electric Infrastructure - Substations & Telecom	\$1,650,000	\$91,614	\$1,650,000	● Major project work includes transmission and distribution breaker replacements at Monroe Substation (Friendly Street Area), RTU work at Bertelson, and potentially new transmission breakers at Bertelson. A telecommunications enhancement includes the design phase for a tower at ROC (LAWSON)									
Electric Infrastructure - Transmission & Distribution	\$8,350,000	\$1,857,955 (1)	\$8,350,000	● PUC and basic compliance work is ahead of estimated pace YTD, partially to offset upcoming work on LTD EmX. Customer-Driven Capital is slightly behind pace for the year at a run rate of 10% through Q1. Initial concrete transmission pole testing was completed at OSU. (LAWSON)									
<b>Type 2 Rehabilitation &amp; Expansion Projects</b>				2016 thru Q1			Project Total			Schedule			Status/Comments
Project	Budget	YTD Actual	Year-End Projection	Initial Plan	To-Date Actual	Project-End Projection	Start	Initial Planned Completion	Projected Completion				
Leaburg Roll Gate #2 Re-Build	\$0	\$13,020	\$110,000	\$1,600,000	\$3,027,080	\$3,150,000	Jul-2012	Jun-2014	Feb-2015	● Substantial completion attained in February 2015, final construction work and system adjustments to occur in 2016. (ZINNIKER)			
Leaburg Roll Gate #1 Re-Build	\$0	\$12,081	\$61,000	\$2,000,000	\$1,927,427	\$2,000,000	Mar-2015	Nov-2015	Dec-2015	● Substantial completion attained in November 2015, punch list and final commissioning activities to complete in 2016. (ZINNIKER)			
Leaburg Roll Gate #3 Re-Build	\$1,550,000	\$241	\$1,121,000	\$1,550,000	\$428,521	\$1,550,000	Dec-2015	Nov-2016	Nov-2016	● Work scheduled to start in June with final completion expected by the end of 2016. (ZINNIKER)			
LTD EmX Project (Electric)	\$6,175,000	\$813,608	\$5,627,000	\$5,700,000	\$2,163,424	\$7,000,000	Sep-2013	---	Nov-2016	● EWEB resolved all known electric conflicts west of Bertelson on W.11th ahead of LTD's work. Completed work is under previous cost estimates. LTD is continuing to acquire property rights out ahead of EWEB's work to allow crews to continue east along W.11th. (THOMAS)			
Upriver Re-Configuration/Holden Ck. Substation	\$1,500,000	\$28,385	\$1,500,000	\$3,000,000	\$143,350	\$5,700,000	Jan-2014	Oct-2015	Jul-2017	● Some potential delays in FERC licensing requirements may delay construction scheduled for summer 2016 (LAWSON).			
Downtown Distribution Network	\$2,000,000	\$5,116	\$2,000,000	\$15,000,000	\$4,592,261	\$20,000,000	Sep-2010	Dec-2015	Dec-2019	● Worked planned for 2016 is progressing: Hospital 480V network re-configuration is planned awaiting hospital for scheduling; Installation of arc-flash disconnects needed for 480V spot network; Primary conductor re-design for future year replacement. All this work is required independent of Radial versus Network decision. (FRASER)			
<b>Type 3 - Strategic Projects &amp; Programs</b>				2016 thru Q1			Project Total			Schedule			Status/Comments
Project	Budget	YTD Actual	Year-End Projection	Initial Plan	To-Date Actual	Project-End Projection	Start	Initial Planned Completion	Projected Completion				
Carmen Smith License Implementation	\$10,590,000	\$406,629	\$10,590,000	\$135,000,000	\$38,267,785	\$181,000,000	May-2009	Dec-2021	Dec-2025	● Settlement Agreement re-negotiation efforts (of scope) continue to move forward with expected revisions completed in fall of 2016. Project NPV projections are improved based on reduced capital costs and despite declining forward power pricing forecasts. Carmen gantry crane construction preparation on schedule for fall completion. Turbine shut-off valve procurement on schedule for delivery Spring 2017. Heavy plant upgrade planning and design efforts underway. (ZINNIKER/BOYLE)			
<b>Total Electric Capital (This Report)</b>	<b>\$32,731,000</b>	<b>\$3,296,209</b>	<b>10%</b>										




These categories match the Capital Improvement Plans (CIPs) submitted by Water & Electric.

Type 1 - General Capital is budgeted Year-by-Year for recurring capital expenditures from January through December. Type 1 Capital includes categorized collections of projects of less than \$1 million. Typical examples include "pole replacements" as part of Transmission & Distribution. This work typically involves many small projects that up to \$1.2-\$1.7 million per year.

Type 2 projects have "discrete" scopes, schedules (launch through completion), and cost over \$1MM during the project life.

Note(s) 1. Distribution transformers are being capitalized when received in inventory, therefore some projects in T&D and Downtown network are understated.  
 2. Budget amounts are adjusted to reflect changes presented to the Board on April 19, 2016.

## Capital "EL1" Report: Shared Services, 2016-Q1



<b>Type 1 - General Capital</b>	2016 - Q1			Note - Changes from previous report(s) are in <b>BOLD</b>						
Capital Category	Budget	YTD Actual	Year-End Projection	Status/Comments						
General Plant - Information Technology (I.T.)	\$1,328,913	<b>\$206,756</b>	\$1,328,913		IS expects improved Capital performance due to resolution of WISCA issue and an increase in Capital projects from 2015. (Barton)					
General Plant - Buildings & Land Management	\$557,744	<b>\$204,756</b>	\$557,744		HQ HVAC Project comple pending pipe chemical prep and final sign off. HQ Elevator Upgrade redesigned to utilize existing technology. (Simmons)					
General Plant - Electric& Water Fleet Capital	\$1,722,124	<b>\$101,365</b>	\$1,722,124		Projects are on track. (Lentsch)					

*In the future, these categories will match the Capital Improvement Plans (CIPs) submitted by Water & Electric.*

*Type 1 - General Capital is budgeted Year-by-Year for recurring capital expenditures from January through December. Type 1 Capital includes categorized collections of projects of less than \$1 million. Typical examples include "pole replacements" as part of Transmission & Distribution. This work typically involves many small projects that add up to \$1.2-\$1.7 million per year.*

*Type 2 projects have "discrete" scopes, schedules (launch through completion), and cost over \$1MM during the project life.*

<b>Type 2 Rehabilitation &amp; Expansion Projects</b>	2016 - Q1			Project Total			Schedule			Status/Comments
Project	Budget	YTD Actual	Year-End Projection	Initial Plan	To-Date Actual	Project-End Projection	Start	Initial Planned Completion	Projected Completion	
AMI Information Technology & Integration	\$2,977,005	<b>\$339,044</b>	\$2,977,005	\$6,475,700	<b>\$1,187,899</b>	\$6,475,700	May-2015	Dec-2017	May-2018	 Projects on track per status reporting. YTD spending reflects upcoming invoices from milestone payments. (Barton)
Customer Information System (CIS) Replacement	\$2,500,049	<b>\$0</b>	\$1,250,000	\$9.7M	<b>\$0</b>	\$9.7M	Sep-2016	Aug-2018	Jun-2018	 Project on track per status reporting. Estimated start of Capital spend is October 2016 (Barton)

<b>Total Shared Services Capital (This Report)</b>	<b>\$9,085,835</b>	<b>\$851,921</b>	<b>\$7,835,786</b>							
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Note(s) 1. Financials are based on year-end un-audited reporting. Any substantial adjustments during the year-end audit will be noted on the next EL-1 Report.