



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Brown, Carlson, Mital, Simpson and Helgeson
FROM: Rod Price, Chief Electric Engineering & Operations Officer
Mel Damewood, Chief Water Engineering & Operations Officer
DATE: May 1, 2018
SUBJECT: Electric and Water 2018 Capital True Up and Budget Amendment
OBJECTIVE: Board Action – Approval of Resolution No. 1814, 2018 Capital True Up Budget Amendment

Issue

On May 1, 2018 EWEB Management will present to the Board the Electric and Water Capital True up along with the Electric Utility Budget Resolution No.1814. Amended updates of both the Electric and Water 10-Year Capital Improvement Plans (CIPs) are also provided.

Background

Each spring, the Board has asked that the Electric and Water Utilities present an updated view of the current year capital budget and updated 10-Year CIP based on projected expenses for the remainder of the year, along with any changes in revenue forecasts.

Changes in the projected capital expenditures for the current year may differ from what was originally budgeted for various reasons. These include such things as updated estimates, emerging capital priorities, resource constraints, or permitting delays. For the purpose of understanding the driver(s) behind each of items in the proposed amendments, they have been associated with the following in the Discussion section:

- 1) Carryover: Funding for projects that did not close out by year-end as planned.
- 2) Revised Estimates: Revisions to project budgets caused by a variance in scope, labor, material or construction costs, or a schedule shift on a multi-year project.
- 3) Emergent Priority: Project additions resulting from equipment failures or past due improvements that have been put off because of resource constraints or higher priority work.
- 4) Deferral: Capital projects that are being deferred due to changing priorities or alternatives, resource constraints, or funding source shortfalls.

Discussion

The proposed changes in the Electric and Water Utility 2018 budgets are discussed below and reflected in Attachments 1 and 2. Proposed changes are highlighted in yellow and it should be noted that Attachments 1 and 2 only show changes in the CIP for 2018. In July, staff will provided an updated 10 year CIP showing changes projected in 2019 and later years of the CIP.

Electric Capital Budget Summary

The 2018 Electric Utility Capital Budget is being increased by approximately \$4.2 million. This increase is primarily the result of emergent and carry over Type 2 projects and to bring the predicted year end reserve to board required level. The Type 2 projects most significant shifts are summarized below:

Downtown Distribution Network – Type 2, (Emergent Priority, Note 9)

Original 2018 budget was \$1.0 million for Downtown Distribution Network improvements, which included updates to several network protectors and installation of switches to tie the two network sources together in order to avoid outages during emergencies and planned work. Early this year, a large vault 9NE1, at 10th and Pearl, was found with cracked walls and the possibility of imminent collapse. The vault contains a number of electric facilities and is buried near other utilities making the replacement an involved project. The project will result in a reconfiguration of the network, which will simultaneously fix the cracked vault and fulfill a portion of future CIP projects to replace cable within the network. Current project estimates are \$1.5 million, meaning an increase of \$474,000 in 2018 for the downtown network budget.

Downtown Fiber Project – Type 2, (Carryover, Note 10)

This project was originally included in the Operations and Maintenance (O & M) budget. Due to a change in the nature of the agreement with the City of Eugene, this project has now been deemed capital at an estimated cost of \$1.4 million. This project is fully funded by the City of Eugene and the increase to capital is offset entirely by revenues from the project. The project is on track for completion by the end of the year. The O & M budget associated with this project will be moved to contingency, where it cannot be spent without executive oversight.

Advanced Metering Infrastructure – Type 2, (Revised Estimate, Note 11)

Original 2018 budget for electric meters was \$938,000 (includes \$250,000 from Type 1 which will be set to \$0) which would provide a 12-15 year rollout of AMI. The Board approved an eight year rollout in late 2017 which requires an estimated \$1.9 million for 2018 and a net increase of \$962,000.

Grid Edge Project – Type 2, (Carryover, Note 12)

The original project budget was \$837,000 for 2017 and \$320,000 for 2018 for total project budget of \$1.2 million. Project re-scoping pushed the project into 2018 and actual bid costs increased the total cost to \$1.3 million. The proposed change in budget for 2018 is an increase of \$930,000 over the already budgeted \$320,000 for a total of \$1.3 million. The project is on track for installation at Howard school to be installed in September of 2018.

Predicted Year End Reserve balance (Revised Estimate)

Net spending in Type 1, Type 3 and shared services does not change significantly. The proposed budget changes in Type 2 will result in the Electric Capital Reserve dropping from \$23.2 Million to \$20.5 Million. An increase \$1.5 million will be needed to restore the capital reserves to the Board mandated level of \$22 million.

Water Capital Budget Summary

The 2018 Water Utility Capital Budget is being decreased by \$907,000. This is a result of various changes in Type 1, Type 2, and Type 3 projects, with the most significant projects summarized below:

Type 1 –Hayden Bridge and Distribution Facilities Projects (Carryover, Revised Estimates, Notes 2 & 3)

A proposed increase of \$516,000 is requested to account for revised 2018 estimates on several projects. These include the new Crenshaw Pump Station, a sludge pond improvement project at Hayden Bridge, and a hatch improvement project at the Crest 800 and 975 reservoirs where higher than anticipated bids were received.

Type 2 (Source-Hayden Bridge) – (Carryover, Deferral, Note 6)

Although there is only a \$74,000 increase shown in this area there were significant changes. These include a reduction (deferral to 2019) of \$1,130,000 in the budget for the Hayden Bridge Disinfection System to sync up with the construction schedule. This item also includes an increase of \$1,150,000 (primarily carryover) for the Hayden Bridge Standby Power Upgrade. Design and equipment contracts were completed last year for this project but equipment delivery is not occurring until this June putting the bulk of the project costs in 2018.

Type 2 – Distribution Pump Stations and Reservoirs (Deferral, Note 7)

There is a \$1,507,000 reduction in this area due to the removal of the Hawkins Hill Reservoir Upgrade from the Capital Plan. In 2017, structural evaluations were completed for the reservoir in anticipation of an upgrade. The results of the evaluation however caused EWEB to re-think the cost effectiveness of the upgrade and ultimately abandon the project in favor of a replacement in the coming years. This replacement is being incorporated into our long term distributed based level reservoir program.

Type 2 – Advanced Meter Infrastructure (Emergent Priority, Note 8)

With the recent changes in the direction for Advanced Metering, \$600,000 is being added to provide for 2018 anticipated meter replacements. This will increase in the following years as the meter replacement program develops.

Type 3 – Emergency Water Supply (note 10)

There is a reduction of \$630,000 in the budget for the Emergency Water Supply Program. In 2017, approximately \$1,000,000 was put in as a placeholder on an annual basis. As efforts have begun on the implementation it has become apparent that the per site cost for the emergency water distribution sites will be much less. The reduced budget is projected to provide for one, possibly two, distribution plus exploratory work for future sites. This reduction will be reflected in the CIP for the coming years.

Predicted Year End Reserve Balance

The predicted year-end balance for 2018 increased significantly. This is primarily due to the fact that the 2017 year end reserve balance ended up over \$4,000,000 higher than projected. This carried through to the projected 2018 year end reserve balance.

Shared Services Summary

Changes in shared services projects resulted in minimal net change in Electric and Water budgets.

Recommendation / Requested Board Action

Management is recommending and requesting Board approval of:

1) Budget Resolution No. 1814, 2018 Capital True Up Budget Amendment

If you have any questions or wish to discuss please contact Rod Price, Chief Electric Engineering and Operations Officer at 541-685-7122 or email rod.price@eweb.org.

Attachments:

1. Revised Electric 10 Year CIP
2. Revised Water 10 Year CIP
3. Resolution 1814 Electric Utility Capital True-up Budget Amendment

Electric Capital Improvement Plan: 2018-2027 --DRAFT - Mid-Year True Up

		2018 Revised	2018 Approved	2019	2020	2021	2022	2023	2024	2025	2026	2027	5-Year Total 2018-2022	5-Year Total 2023-2027	10-Year Total
General Funding															
Capital Reserve Balance		\$22,400,000	\$22,000,000	\$23,235,000	\$23,207,000	\$20,135,000	\$21,779,000	\$22,201,000	\$22,048,000	\$21,781,000	\$21,683,000	\$22,645,000			
Electric Rates - Operational Funding		\$18,665,000	\$18,665,000	\$18,665,000	\$19,500,000	\$19,500,000	\$19,500,000	\$18,665,000	\$18,665,000	\$18,665,000	\$18,665,000	\$18,665,000			
Customer-Driven Capital Re-Imbursement	NOTE (1)	\$3,050,000	\$2,063,000	\$2,150,000	\$2,192,000	\$2,233,000	\$2,275,000	\$2,316,000	\$2,358,000	\$2,407,000	\$2,456,000	\$2,505,000			
Residential		\$560,000	\$720,000	\$735,000	\$750,000	\$765,000	\$780,000	\$795,000	\$810,000	\$825,000	\$840,000	\$855,000			
Commercial		\$940,000	\$1,193,000	\$1,215,000	\$1,238,000	\$1,260,000	\$1,283,000	\$1,305,000	\$1,328,000	\$1,358,000	\$1,388,000	\$1,418,000			
Telecom		\$1,550,000	\$150,000	\$200,000	\$204,000	\$208,000	\$212,000	\$216,000	\$220,000	\$224,000	\$228,000	\$232,000			
Grant Funding	NOTE (2)	\$180,000	\$215,000												
Total Funds:		\$44,295,000	\$42,943,000	\$44,050,000	\$44,899,000	\$41,868,000	\$43,554,000	\$43,182,000	\$43,071,000	\$42,853,000	\$42,804,000	\$43,815,000			
Type 1 - General Capital															
Electric Infrastructure - Generation	NOTE (3)	\$1,900,000	\$2,020,000	\$1,367,000	\$2,395,000	\$1,585,000	\$1,115,000	\$500,000	\$500,000	\$500,000	\$500,000	\$1,510,000	\$8,482,000	\$3,510,000	\$11,992,000
Customer-Driven Capital Expense	NOTE (4)	\$1,650,000	\$2,063,000	\$2,150,000	\$2,192,000	\$2,233,000	\$2,275,000	\$2,316,000	\$2,358,000	\$2,407,000	\$2,456,000	\$2,505,000	\$10,913,000	\$12,042,000	\$22,955,000
Electric Infrastructure - Transmission & Distribution	NOTE (5)	\$7,150,000	\$6,212,000	\$6,440,000	\$6,462,000	\$6,585,000	\$6,727,000	\$6,710,000	\$6,832,000	\$6,967,000	\$7,092,000	\$7,217,000	\$32,426,000	\$34,818,000	\$67,244,000
Telecom Fiber - EWEB Driven	NOTE (6)	\$75,000	\$102,000	\$104,000	\$346,000	\$108,000	\$110,000	\$112,000	\$114,000	\$116,000	\$118,000	\$120,000	\$770,000	\$580,000	\$1,350,000
Telecom - Radio	NOTE (7)	\$0	\$175,000	\$175,000	\$0	\$0	\$0	\$0	\$200,000	\$300,000	\$300,000	\$300,000	\$350,000	\$1,100,000	\$1,450,000
Information Services (IS) - Shared & Electric		\$965,000	\$965,000	\$1,010,000	\$1,366,000	\$1,260,000	\$660,000	\$660,000	\$656,000	\$652,000	\$996,000	\$1,053,000	\$5,261,000	\$4,017,000	\$9,278,000
General Plant - Buildings & Land		\$390,000	\$390,000	\$238,000	\$131,000	\$82,000	\$82,000	\$115,000	\$156,000	\$164,000	\$123,000	\$287,000	\$923,000	\$845,000	\$1,768,000
General Plant - Fleet	NOTE (8)	\$213,000	\$510,000	\$520,000	\$531,000	\$541,000	\$1,104,000	\$1,126,000	\$1,149,000	\$1,172,000	\$1,195,000	\$1,219,000	\$3,206,000	\$5,861,000	\$9,067,000
Total Type 1 Net Expenditures		\$12,343,000	\$12,437,000	\$12,004,000	\$13,423,000	\$12,394,000	\$12,073,000	\$11,539,000	\$11,965,000	\$12,278,000	\$12,780,000	\$14,211,000	\$62,331,000	\$62,773,000	\$125,104,000
Total Type 1 Net Expenditures Not including Customer Reimbursable															
Type 2 - Rehabilitation & Expansion Projects															
<u>Type 2 - Bond (Non-Rate) Funds Allocated</u>															
Downtown Distribution Network Bonds													\$0	\$0	\$0
LTD EmX Project (Electric)													\$0	\$0	\$0
Total Type 2 Bond (Non-Rate) Funds			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Type 2 - Rehabilitation & Expansion Project Expenditures</u>															
Downtown Distribution Network	NOTE (9)	\$1,500,000	\$1,026,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$5,026,000	\$5,000,000	\$10,026,000
Downtown Fiber Project	NOTE (10)	\$1,400,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
LTD EmX Project (Electric)		\$0													
Advanced Meters (Electric)	NOTE (11)	\$1,900,000	\$688,000	\$750,000	\$750,000	\$750,000	\$650,000	\$650,000	\$600,000	\$600,000	\$600,000	\$600,000	\$3,588,000	\$3,050,000	\$6,638,000
Generation - Type 2 Strategic Project(s)		\$0	\$0	\$0	\$0	\$275,000	\$4,915,000	\$1,700,000	\$1,000,000	\$2,300,000	\$0	\$0	\$5,190,000	\$5,000,000	\$10,190,000
Grid Edge Demonstration Project	NOTE (12)	\$1,250,000	\$320,000												
Electric T & D - Type 2 Strategic Project(s)	NOTE (13)	\$860,000	\$1,022,000	\$535,000	\$3,875,000	\$2,260,000	\$1,300,000	\$5,135,000	\$6,705,000	\$4,685,000	\$3,565,000	\$3,890,000	\$8,992,000	\$23,980,000	\$32,972,000
Information Technology - Type 2 Strategic Project(s)	NOTE (14)	\$3,826,000	\$3,600,000	\$4,709,000	\$4,076,000	\$3,410,000	\$1,415,000	\$1,110,000	\$20,000	\$307,000	\$2,214,000	\$845,000	\$17,210,000	\$4,496,000	\$21,706,000
Buildings & Land - Type 2 Strategic Project(s) Total	NOTE (15)	\$700,000	\$615,000	\$1,845,000	\$1,640,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,100,000	\$0	\$4,100,000
Type 2 Capital Expenditures (Bond, Customer, & Rate Funded)		\$11,436,000	\$7,271,000	\$8,839,000	\$11,341,000	\$7,695,000	\$9,280,000	\$9,595,000	\$9,325,000	\$8,892,000	\$7,379,000	\$6,335,000	\$44,426,000	\$41,526,000	\$85,952,000
Type 2 - Rate-Funded Capital Expenditures		\$11,436,000	\$7,271,000	\$8,839,000	\$11,341,000	\$7,695,000	\$9,280,000	\$9,595,000	\$9,325,000	\$8,892,000	\$7,379,000	\$6,335,000	\$44,426,000	\$41,526,000	\$85,952,000
Type 1 + Type 2 Rate-Funded Capital Expenditures		\$23,779,000	\$19,708,000	\$20,843,000	\$24,764,000	\$20,089,000	\$21,353,000	\$21,134,000	\$21,290,000	\$21,170,000	\$20,159,000	\$20,546,000	\$106,757,000	\$104,299,000	\$211,056,000

		<u>2018 Revised</u>	<u>2018 Approved</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>5-Year Total 2018-2022</u>	<u>5-Year Total 2023-2027</u>	<u>10-Year Total</u>
Type 3 - Strategic Projects & Programs															
<u>Type 3 - Bond (Non-Rate) Funds Allocated</u>															
Carmen-Smith Dedicated Funds	NOTE (16)	\$13,850,000	\$13,700,000	\$19,880,000	\$24,560,000	\$20,630,000	\$10,470,000	\$4,930,000	\$2,270,000	\$6,080,000	\$7,770,000	\$1,400,000	\$89,240,000	\$22,450,000	\$111,690,000
<u>Type 3 - Expenditures</u>															
Carmen-Smith Expenditures	NOTE (16)	\$13,850,000	\$13,700,000	\$19,880,000	\$24,560,000	\$20,630,000	\$10,470,000	\$4,930,000	\$2,270,000	\$6,080,000	\$7,770,000	\$1,400,000	\$89,240,000	\$22,450,000	\$111,690,000
Total Expenditures		\$37,629,000	\$33,408,000	\$40,723,000	\$49,324,000	\$40,719,000	\$31,823,000	\$26,064,000	\$23,560,000	\$27,250,000	\$27,929,000	\$21,946,000	\$195,997,000	\$126,749,000	\$322,746,000
Predicted Year-End Reserve Balance		\$20,516,000	\$23,235,000	\$23,207,000	\$20,135,000	\$21,779,000	\$22,201,000	\$22,048,000	\$21,781,000	\$21,683,000	\$22,645,000	\$23,269,000	\$110,557,000	\$111,426,000	\$221,983,000
(a) - Capital Reserve Uses Starting Value			\$23,235,000	\$23,207,000	\$20,135,000	\$21,779,000	\$22,201,000	\$22,048,000	\$21,781,000	\$21,683,000	\$22,645,000	\$23,269,000	End of 2022	End of 2027	End of 2027

NOTES:

- (1) Funding associated with decrease in anticipated customer distribution work by 22% based on current projections. Also includes reimbursement for Fiber installations (\$1.4M for downtown, \$150k for other customer work).
- (2) Grant funding expected to be received based on milestone completion of Howard Microgrid installation.
- (3) Decrease in spending due to delay of Stone Creek PLC replacement to 2019.
- (4) Decrease in anticipated customer distribution work by 22% based on current projections.
- (5) \$938k overspend due to 2017 project completion on distribution R&R occurring early in 2018 (\$500k), and change in pre-capitalized transformer budget to match actuals based on historical spending and current projections (\$710k)
- (6) Decrease in anticipated customer fiber work based on current jobs known and projections.
- (7) No spending expected on LRIG system in 2018 due to resource constraints.
- (8) Reduced spending this year due to longer than expected procurement lead times on equipment which will result in spending delayed to mid 2019.
- (9) Emergent failing vault on 10th & Pearl replacement estimated to cost \$1.5M. No additional work planned other than this critical replacement.
- (10) Previous report showed this at zero because of transfer to O&M budget due to grant funding stipulations resulting no EWEB ownership. With grant being cancelled; project funding will be capitalized and owned by EWEB.
- (11) Deployment accelerated to meet strategic objectives following approval of opt out policy change. Additional \$1M in meters and \$300k in labor.
- (12) Project delayed from 2017 to 2018 due to lack of contractor availability and scoping changes to align with strategic plan. Planned for 2018 completion by September.
- (13) Reduced spending on final completion due to more accurate estimates as design has been progressed.
- (14) \$500k of work completed in 2018 due to contractor delay; other work planned to be completed.
- (15) Additional \$85k due to higher than expected estimates for parking lot expansion at ROC.
- (16) Slight adjustment due to more refined estimates as design has progressed on substation and execution is nearly underway on TSV replacement.

Water Capital Improvement Plan: 2018-2027 -- DRAFT - Mid-Year True Up

Funds Available	2018 Revised	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	5 Year Total 2018-2022	5 Year Total 2023-2027	10 Year Total
Capital Reserve Balance (Includes Bond Funds)- Prior Year End	Note (1) \$ 16,620,582	\$ 12,216,000	\$ 7,354,000	\$ 7,389,000	\$ 7,141,000	\$ 7,177,000	\$ 7,213,000	\$ 7,249,000	\$ 7,285,000	\$ 7,321,000	\$ 7,357,000			
Annual Revenue														
Customer Contributions	\$ 1,133,000	\$ 1,133,000	\$ 1,167,000	\$ 1,202,000	\$ 1,238,000	\$ 1,275,000	\$ 1,313,000	\$ 1,353,000	\$ 1,393,000	\$ 1,435,000	\$ 1,478,000			
Water Rates and Reserves	\$ 8,179,000	\$ 8,179,000	\$ 11,982,000	\$ 13,642,000	\$ 14,402,000	\$ 13,043,000	\$ 14,043,000	\$ 12,328,000	\$ 14,264,000	\$ 16,167,000	\$ 16,786,000			
SDC	\$ 412,000	\$ 412,000	\$ 425,000	\$ 439,000	\$ 454,000	\$ 468,000	\$ 484,000	\$ 499,000	\$ 516,000	\$ 532,000	\$ 550,000			
Interest Earnings on Capital Reserve Fund	\$ 35,000	35,000	35,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	37,000			
Interest Earnings on Bond Reserve Fund	\$ 14,000	14,000	1,000	-	-	-	-	-	-	-	-			
Subtotal - Annual Revenue	\$ 9,773,000	\$ 9,773,000	\$ 13,610,000	\$ 15,319,000	\$ 16,130,000	\$ 14,822,000	\$ 15,876,000	\$ 14,216,000	\$ 16,209,000	\$ 18,170,000	\$ 18,851,000			
Total Funds	\$ 26,393,582	\$ 21,989,000	\$ 20,964,000	\$ 22,708,000	\$ 23,271,000	\$ 21,999,000	\$ 23,089,000	\$ 21,465,000	\$ 23,494,000	\$ 25,491,000	\$ 26,208,000			

Expenditures

Type 1 - General Capital (rate funded)

Source - Intake and Hayden Bridge	Note (2) \$ 815,000	\$ 577,000	\$ 223,000	\$ 120,000	\$ 124,000	\$ 128,000	\$ 131,000	\$ 135,000	\$ 139,000	\$ 144,000	\$ 148,000	\$ 1,172,000	\$ 697,000	\$ 1,869,000
Distribution - Pump Stations & Reservoirs	Note (3) \$ 1,174,000	\$ 896,000	\$ 446,000	\$ 1,278,000	\$ 248,000	\$ 777,000	\$ 621,000	\$ 640,000	\$ 659,000	\$ 678,000	\$ 699,000	\$ 3,645,000	\$ 3,297,000	\$ 6,942,000
Distribution - Pipelines	\$ 4,069,000	\$ 4,069,000	\$ 4,212,000	\$ 4,338,000	\$ 4,468,000	\$ 4,602,000	\$ 4,740,000	\$ 4,883,000	\$ 5,029,000	\$ 5,180,000	\$ 5,335,000	\$ 21,689,000	\$ 25,167,000	\$ 46,856,000
Distribution - Services & Meters	\$ 1,545,000	\$ 1,545,000	\$ 1,591,000	\$ 1,639,000	\$ 1,688,000	\$ 1,739,000	\$ 1,791,000	\$ 1,845,000	\$ 1,900,000	\$ 1,957,000	\$ 2,016,000	\$ 8,202,000	\$ 9,509,000	\$ 17,711,000
Information Technology	\$ 245,000	\$ 245,000	\$ 145,000	\$ 144,000	\$ 145,000	\$ 245,000	\$ 145,000	\$ 144,000	\$ 143,000	\$ 169,000	\$ 251,000	\$ 924,000	\$ 852,000	\$ 1,776,000
Buildings & Land	\$ 86,000	\$ 86,000	\$ 52,000	\$ 29,000	\$ 18,000	\$ 18,000	\$ 25,000	\$ 34,000	\$ 36,000	\$ 36,000	\$ 70,000	\$ 203,000	\$ 201,000	\$ 404,000
Fleet	Note (4) \$ 173,000	\$ 313,000	\$ 321,000	\$ 329,000	\$ 337,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 708,000	\$ 1,650,000	\$ 2,108,000	\$ 3,758,000
Total Type 1 Expenditures	\$ 8,107,000	\$ 7,731,000	\$ 6,990,000	\$ 7,877,000	\$ 7,028,000	\$ 7,859,000	\$ 7,803,000	\$ 8,031,000	\$ 8,256,000	\$ 8,514,000	\$ 9,227,000	\$ 37,485,000	\$ 41,831,000	\$ 79,316,000

Type 2 - Rehabilitation & Expansion Projects (rate & bond funded)

Rate Funded Type 2 Projects

Information Technology	Note (5) \$ 870,000	\$ 790,000	\$ 876,000	\$ 664,000	\$ 61,000	\$ 261,000	\$ 216,000	\$ -	\$ 63,000	\$ 486,000	\$ 180,000	\$ 2,652,000	\$ 945,000	\$ 3,597,000
Subtotal - Rate Funded Projects	\$ 870,000	\$ 790,000	\$ 876,000	\$ 664,000	\$ 61,000	\$ 261,000	\$ 216,000	\$ -	\$ 63,000	\$ 486,000	\$ 180,000	\$ 2,652,000	\$ 945,000	\$ 3,597,000

Bond Eligible Type 2 Projects

Source - Intake and Hayden Bridge	Note (6) \$ 3,360,000	\$ 3,286,000	\$ 1,061,000	\$ 656,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,003,000	\$ -	\$ 5,003,000
Distribution - Pump Stations & Reservoirs	Note (7) \$ 156,000	\$ 1,663,000	\$ 2,864,000	\$ 3,278,000	\$ 7,879,000	\$ 5,507,000	\$ 6,627,000	\$ 4,919,000	\$ 6,587,000	\$ 7,829,000	\$ 8,063,000	\$ 21,191,000	\$ 34,025,000	\$ 55,216,000
Distribution - Pipelines	\$ -	\$ -	\$ 318,000	\$ 1,639,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,957,000	\$ -	\$ 1,957,000
Advanced Meters (Water)	Note (8) \$ 600,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Buildings & Lands	Note (9) \$ 235,000	\$ 135,000	\$ 405,000	\$ 360,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 900,000	\$ -	\$ 900,000
Subtotal - Bond Eligible Projects	\$ 4,351,000	\$ 5,084,000	\$ 4,648,000	\$ 5,933,000	\$ 7,879,000	\$ 5,507,000	\$ 6,627,000	\$ 4,919,000	\$ 6,587,000	\$ 7,829,000	\$ 8,063,000	\$ 29,051,000	\$ 34,025,000	\$ 63,076,000

Total Type 2 Expenditures	\$ 5,221,000	\$ 5,874,000	\$ 5,524,000	\$ 6,597,000	\$ 7,940,000	\$ 5,768,000	\$ 6,843,000	\$ 4,919,000	\$ 6,650,000	\$ 8,315,000	\$ 8,243,000	\$ 31,703,000	\$ 34,970,000	\$ 66,673,000
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Type 3 - Strategic Projects & Programs (bond funded)

Emergency Water Supply	Note (10) \$ 400,000	\$ 1,030,000	\$ 1,061,000	\$ 1,093,000	\$ 1,126,000	\$ 1,159,000	\$ 1,194,000	\$ 1,230,000	\$ 1,267,000	\$ 1,305,000	\$ 1,344,000	\$ 5,469,000	\$ 6,340,000	\$ 11,809,000
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Total Type 3 Expenditures	\$ 400,000	\$ 1,030,000	\$ 1,061,000	\$ 1,093,000	\$ 1,126,000	\$ 1,159,000	\$ 1,194,000	\$ 1,230,000	\$ 1,267,000	\$ 1,305,000	\$ 1,344,000	\$ 5,469,000	\$ 6,340,000	\$ 11,809,000
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Total Expenditures	\$ 13,728,000	\$ 14,635,000	\$ 13,575,000	\$ 15,567,000	\$ 16,094,000	\$ 14,786,000	\$ 15,840,000	\$ 14,180,000	\$ 16,173,000	\$ 18,134,000	\$ 18,814,000	\$ 74,657,000	\$ 83,141,000	\$ 157,798,000
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Predicted YE Capital Reserve Bal. (Includes Bond Funds)	\$ 12,665,582	\$ 7,354,000	\$ 7,389,000	\$ 7,141,000	\$ 7,177,000	\$ 7,213,000	\$ 7,249,000	\$ 7,285,000	\$ 7,321,000	\$ 7,357,000	\$ 7,394,000			
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Notes

- (1) Prior year end balance actual increased from 2017 mid-year estimate.
- (2) Increase of \$238,000 - Combination of carryover and revised estimates for work at Hayden Bridge
- (3) Increase of \$278,000 - Revised estimates in both pump station and reservoir projects
- (4) Reduction of \$140,000 in Fleet budget. These funds will help offset 2019 projected increase to purchase new Vac-Truck.
- (5) Increase of \$80,000 in CIS Spending.
- (6) Several significant changes in this area. Reduction of \$1,130,000 for Disinfection System which will be moved to 2019. Increase of \$1,150,000 in Hayden Bridge Generators which is primarily carryover from 2017. Other minor changes are also included.
- (7) Reduction of \$1,507,000 primarily due to the removal of the Hawkins Reservoir Upgrades. Evaluations showed the upgrades were cost prohibitive. A future replacement will be planned for in the CIP.
- (8) Addition of \$600,000 to provided for AMI meter installations. This is anticipated to increase in the following years to approximately \$1,600,000 per year.
- (9) Addition of \$100,000 for help fund ROC parking lot addition.
- (10) Reduction of \$680,000 to reflect projected annual cost for an Emergency Water Water Supply Distribution Site.

**RESOLUTION NO. 1814
MAY 2018**

**EUGENE WATER & ELECTRIC BOARD
2018 CAPITAL TRUE UP BUDGET AMENDMENT**

WHEREAS, the Eugene Water & Electric Board (EWEB) is the body designated by the City of Eugene Charter and Code to administer the Eugene Electric and Water Utilities;

WHEREAS, Oregon Revised Statute 225.230 requires municipal utilities to make an annual written estimate of probable expenses to establish spending authority;

WHEREAS, the Eugene Water & Electric Board anticipates expenditures in excess of that authority;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves an increase to the Electric Utility Capital budget of \$4.2 million.

Dated this 1st day of May 2018.

THE CITY OF EUGENE, OREGON
Acting by and through the
Eugene Water & Electric Board

President

I, ANNE M. KAH, the duly appointed, qualified, and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the Resolution adopted by the Board at its May 1, 2018 Board meeting.

Assistant Secretary