



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Brown, Mital, Helgeson, Manning, and Simpson
FROM: Mel Damewood, Engineering Manager
DATE: October 24, 2014
SUBJECT: Q3, 2014: EL-1 Capital Report
OBJECTIVE: Information Only

Issue

As per EWEB's EL1 Financial Policy that was approved on February 4, 2014, EWEB staff has prepared and attached the 3rd Quarter Capital Report 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. Some project status indicators are intentionally left "gray" due to the current inability to ascertain the state of scope, schedule, and/or budget.

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

This column won't be published **Type 1 - General Capital**

Notes(Ref. Jobs)	Capital Category	2014 thru Q3			Status/Comments
		Budget (Includes April Amendments)	YTD Actual	Year-End Projection	
13051, 28286	Electric Infrastructure - Generation	\$599,720	\$142,116	\$450,000	● Overall project list generally progressing on schedule and budget, though implementation delays caused by emergent work will push some projects into 2015. An emergent problem with the attraction water supply for a fish ladder at Leaburg Dam will not be resolved until 2015 and 2014 expenses will be more than offset by savings and delays on other project work. Does not include Leaburg Roll Gate (Type 2) (ZINNIKER)
22640	Electric Infrastructure - Substations & Telecom	\$2,707,083	\$2,019,166	\$2,400,000	● Underspending budget, will be shifting some projects to 2015. (ATKINSON)
22641, 36322	Electric Infrastructure - Transmission & Distribution	\$8,344,823	\$3,805,285	\$5,080,000	● The growth in customer initiated work has continued. Customers have paid almost \$1 mill in Contribution in Aid over what was budgeted. Focusing on the customer work also means we're not getting to all of the EWEB initiated work we had planned such a live-front switch change outs. (OBERLE)

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 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.

This column won't be published **Type 2 Rehabilitation & Expansion Projects**

Notes(Ref. Jobs)	Project	2014 thru Q3			Project Total			Schedule			Status/Comments
		Budget (Includes April Amendments)	YTD Actual	Year-End Projection	Initial Plan	To-Date Actual	Project-End Projection	Start	Initial Planned Completion	Projected Completion	
28286:18043:36146	Leaburg Roll Gate #2 Re-Build	\$2,857,000	\$492,350	\$2,500,000	\$1,600,000	\$806,914	\$2,790,705	Jul-2012	Jun-2014	Feb-2015	● Delays related to critical equipment delivery lead time has pushed the schedule for return to service into 2015. (ZINNIKER)
	LTD EmX Project (Electric)	\$755,000	\$541,051	\$1,225,000	---	\$541,051	\$5,700,000	Sep-2013	---	Jun-2015	● Electric relocation design is near 90% complete based on LTD's 60% design. LTD's design team is pursuing easements needed to accommodate displaced facilities. Electric relocations delayed at least 6 months pending easement acquisitions. Year end projection assumes some easements will be available for work within existing right-of-way allowing for ~ 10% completion of preliminary construction cost estimate. (THOMAS, OBERLE)
37397 (2014), Job# (2015)	Upriver Re-Configuration/Holden Ck. Substation	\$500,000	\$8,099	\$20,000	\$3,000,000	\$8,099	\$3,000,000	Jan-2014	Oct-2015	Jun-2016	● Continuing project review in coordination with BPA. Project design delayed approximately 6 months; maintain original budget totals. (ATKINSON)
Prog 22641 & 36322	Downtown Distribution Network	\$2,500,000	\$991,493	\$1,800,000	\$15,000,000	\$4,387,916	\$20,000,000	Sep-2010	Dec-2015	TBD	● Evaluating impact of technology change that allows DG over-generation in Network system. Current funding planned for system maintenance. Future system decision pending technology evaluation. (FRASER)

This column won't be published **Type 3 - Strategic Projects & Programs**

Notes(Ref. Jobs)	Project	2014 thru Q3			Project Total			Schedule			Status/Comments
		Budget (Prior to April Amendments)	YTD Actual	Year-End Projection (incl. April Amendments)	Initial Plan	To-Date Actual	Project-End Projection	Start	Initial Planned Completion	Projected Completion	
34997	AMI Deployment - Meter Acquisition Costs	\$0	\$0	\$0	\$10MM	\$0	See Comments	Jan, 2008	Jun, 2014	TBD	○ Status = Under Review (grey light); Re-planning for opt-in approach; Meter costs are included in LTFP and CIP. (ARMSTEAD)
32546	Carmen Smith License Implementation	\$2,953,241	\$769,656	\$1,562,000	\$135,000,000	\$33,812,945	\$164,000,000	May-2009	Dec-2021	Dec-2025	● Continued uncertainty regarding licensing date; renegotiation on downstream passage underway; implementing 5-year plan to address aging infrastructure issues at Carmen Powerhouse (MCCANN).

Water Capital Projects Quarterly Status Report 2014-Q3

Type 1 - General Capital

Project	2014			Status/Comments
	Budget	YTD Actual	Year-End Projection	
Source - Water Intakes & Filtration Plant	\$683,091	\$495,427	\$600,000	● Includes 7 Type 1 jobs at Hayden Bridge - on track so far. Network upgrade could sway YE Projection up or down.
Mains - Replacements, Improvements, & Transmiss	\$4,584,901	\$3,230,446	\$4,100,000	● YE Projection is approximate, EmX still affecting work.
Services and Meters	\$666,674	\$304,770	\$500,000	● Bulk of Type 1 is water meter replacements.
Pump Stations	\$847,035	\$251,075	\$670,000	● Includes new Shasta 1150 pump station and emergent work at Santa Clara. Limited resources are affecting schedule on Shasta 1150
Reservoirs	\$84,397	\$14,596	\$80,000	● On-going security and emergent work.

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

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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	2014			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	
Raw Water Intake Improvements	\$3,672,049	\$1,954,693	\$3,200,000	\$6,292,000	\$5,664,161	\$6,910,000	2011	YE-2013	Q1-2015	● Intake 1 Upgrades complete, in Construction at Intake 2. (Initial Plan - 2011 CIP)
Hayden Bridge Filter S1-S6 Upgrades	\$103,016	\$15,597	\$103,000	\$7,713,000	\$4,024,255	\$7,770,000	2011	YE-2017	YE-2016	● Upgrade of Filters N1-N6 Complete. Beginning design of upgrades of S1-S6 for const. in 2015-2016. (Initial Plan - 2011 CIP)
Hayden Bridge Seismic Upgrades	\$865,302	\$149,544	\$870,000	\$1,215,529	\$156,386	\$1,190,000	2014	YE-2015	Q2-2015	● Phase 1 (Basins and Filters) is in construction. Phase 2 (Headhouse) will start in 2015 (Initial Plan - 2013 CIP)
Terry to Green Hill Extension (Veneta)	\$60,000	\$4,199	\$50,000	\$1,545,000	\$1,204,273	\$1,250,000	2012	YE-2012	YE-2014	● New transmission line is in operation. Working on closeout instrumentation/communications. (Initial Plan - 2012 CIP)
WM River Crossing at Beltline	\$380,000	\$352,308	\$466,000	\$2,000,000	\$2,382,646	\$2,500,000	2011	YE-2012	Q3-2014	● Crossing very near completion. Minor punch list item remains. Early permitting issues pushed project into 2014. (Initial Plan 2011 CIP)
Distribution System Scada/PLC Upgrades	\$149,999	\$89,687	\$150,000	\$3,079,780	\$110,109	\$2,900,000	2013	YE-2016	YE-2019	● Multi-Year upgrade project. 2014 first significant year of work. Developed standard and completed upgrade of first pump station. Working on selecting second station for upgrade. (Initial Plan 2013 CIP)
Dillard 800 Reservoir Repair/Structural Upgrade	\$154,504	\$43,200	\$50,000	\$1,745,850	\$43,200	\$50,000	2014	YE-2015	Q2 - 2014	● Structural evaluation better than anticipated. Shifting priorities, will focus on WM 800 then begun another rehab following Master Plan. (Initial Plan 2014 CIP)
Willamette 800 Reservoir No.1 Replacement	\$543,763	\$44,768	\$250,000	\$1,639,760	\$112,127	\$1,750,000	2013	YE-2014	Q3-2015	● After evaluation, project changed from rehab to a replacement. Construction pushed back one year. Currently in design. (Initial Plan 2013 CIP)
LTD EMX	\$0	\$951,065	\$1,700,000	\$0	\$951,065	\$3,450,000	2014	2015	Q2-2015	● EWEB has completed service relocations on 6th and 7th Aves. Decision has been made to contract main replacements for EMX. These should start in early 2015.

Type 3 - Strategic Projects & Programs

Project	2014			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	\$51,665	\$105,851	\$60,000	\$52,707,167	\$105,851	\$65,910,000	2014 with Planning	YE-2021	YE-2021	● Recent activities including property work and revising the estimate to more accurately reflect the anticipated costs have alleviated some of the uncertainties with this project. This has led from a change from yellow to green on the status.

This column won't be published **Type 1 - General Capital**

Notes(Ref. Jobs)	Capital Category	2014			Status/Comments
		Budget (Includes April Amendments)	YTD Actual	Year-End Projection	
13050	General Plant - Information Technology (I.T.)	\$2,134,807	\$822,311	\$1,657,084	● Savings in capital costs is due to Disaster Recovery being embedded in current and future projects as they are executed. Projection includes Metro E; does not include WAM/WACFR or AMI; 50% of IT projects completed on time and within budget and within scope. The Year-End Projection for Q3 reflects a reduction from Q2 which is attributed to the CIS and Payment Interface projects. Payment Interface costs will be carried over to 2015. The planning (O&M) specific phase of the CIS Replacement Project has grown to provide time for additional requirements gathering from our Customer Service, Energy Management, and Public Affairs Divisions. Capital dollars will still be needed once the project reaches its execution phase. (SAYRE)
13057	General Plant - Buildings & Land Management	\$1,726,519	\$567,817	\$794,044	● 2014 includes completion of the ROC fuel tanks. HQ renovation of the HVAC system, Midgley Bldg roof replacement and Credit Union Heating and Cooling Upgrade to be deferred to 2015. Q3 reduction to Year-End Projection will roll over to 2015. (BONDIOLI)
13078	General Plant - Fleet Capital	\$1,743,629	\$1,188,013	\$1,743,629	● Year-End Projection includes April BAM (LENTSCH)

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Jobs 24880 & 38131	Payment Interface (Energy Insight)	\$209,294	\$54,750	\$100,000	---	\$985,230	\$1,139,774	Jan-2011	---	End of Q1 2015	● The Energy Insight (EI) program is designed to web-initiate, manage, track, and report activity associated with the investments and returns (including BPA cost recovery) of incentivized conservation programs. The interface module being developed links EI with customer/contractor payables and incentives. EI Payment Interface uses a SOA platform, and project continuation is on hold until WAM is complete. Q3 reduction to Year-End Projection will carry over to 2015. (FREEMAN, DENOUDEN)
Job 35958, 38182	Metro Ethernet (Shared I.T. Infrastructure)	\$584,879	\$197,997	\$495,660	\$5,725,000	\$5,478,199	\$5,775,862	Apr-2012	Jul-2013	Dec-2014	● Project will transition to closing phase in November; planned completion by 12/31/14. (WREN)
35027 & 35228	WAM/MWM Implementation	\$4,643,720	\$2,643,522	\$4,508,408	\$8,327,614	\$6,209,287	\$8,327,614	Jun-2013	Aug-2014	Nov-2014	● Work Order and Asset Management and Mobile Work Management System is designed to provide real-time, utility-wide visibility into type, location and condition of our assets. This data will provide us the ability to forecast how and when to spend our capital and O&M funds. Establishes common processes; single asset repository; visibility of work across business units; creates/revises asset management policies and processes; reduces multiple systems and reduces/eliminates manual processes. All procurements have been completed. All change orders and updates to scope, schedule, and budget have been vetted and approved. WAM is currently tracking for a November 3, 2014 go-live date. WAM cutover and process transition will continue to be a focus throughout the upcoming quarter (BLOOM, JOHNSTON, Karen Lee)
13054:14109:36460	Steam Plant De-Commissioning	\$1,100,995	\$888,146	\$1,100,955	\$1,250,000	\$1,480,605	\$1,693,414	Jan-2013	"2014"	Nov-2014	● The first phase of the asbestos abatement and demolition (for Boiler #3) has been successfully completed. The Phase II asbestos abatement/demolition work (for Boilers # 1 and 2) is currently in progress with an estimated completion date of November 1, 2014. Boilers No. 2 and 3 have been removed and the historic Boiler #1 will remain at the end of the decommissioning effort. Any remaining budget will be applied to additional steam decommissioning needs. (NEWCOMB/RUBEN)
Program 31950; 30833, 34997, 30837, 30850, 35125, 35126	AMI Information Technology & Integration	\$280,064	\$5,651	\$280,064	---	\$5,651	\$3,700,000	Jan-2008	Dec-2014	Dec-2017	● Status = Under Review (grey light); In negotiations with MDM vendor. If AMI/MDM contract is not awarded in Dec. 2014, spending may be postponed until early 2015. Forecast of \$3.7MM covers AMI "Initial Opt-In Phase" through 2017. (ARMSTEAD)
13054:14144:28059/34 483	River-Front Property Development	\$350,000	\$213,312	\$300,000	n/a	\$2,113,312	\$2,400,000	Feb-2006	n/a	Dec-2019	● Master Developer selected (10/7/14) forward costs primarily for negotiation support: Legal & dev consulting. Assumes multi-year phased disposition (BIERSDORFF/NEWCOMB)