

EUGENE WATER & ELECTRIC BOARD
WORK SESSION
EWEB BOARD ROOM
500 EAST 4TH AVENUE
MAY 2, 2006
7 P.M.

Commissioners present: Sandra Bishop, President; Mel Menegat, Vice President; Ron Farmer, John Simpson, Patrick Lanning, Commissioners.

Others Present: Randy Berggren, Jim Wiley, Debra Smith, Jim Origliosso, Dick Helgeson, Dick Varner, Patti Boyle, Lance Robertson, Ken Beeson, Tom Buckhouse, and Krista Hince of the EWEB staff; Kim Young, City of Eugene minutes recorder.

President Bishop convened the Work Session of the Eugene Water & Electric Board (EWEB) of Commissioners at 7 p.m.

ROOSEVELT BUILDING PROJECT—BUDGET GOAL

Energy Resource Projects Manager Ken Beeson introduced the topic, saying it was an initial discussion about a process to determine a final project budget for the Roosevelt Building project. He called the Commissioner's attention to a background memorandum sent out earlier and indicated that additional time for discussion was scheduled for May 16 and June 6. He noted the preliminary process suggested by staff in the background memorandum as a starting point for discussion.

Mr. Beeson provided a brief Powerpoint presentation on the process proposal. He asked the Commissioners to review the staff estimates for the timeline and the budget goals. He reviewed the anticipated steps in the process.

Mr. Beeson solicited comments about the process. He suggested that in the best of all worlds, EWEB would be in position by June 20 to come to the Board with a request for approval to execute a design agreement, with the design process to commence in July 2006.

President Bishop thanked staff for including definitions and determined from Mr. Beeson that the proposed process was intended to result in a budget estimate, followed by the design work that would help to more firmly tie down a final cost estimate. The final cost estimate would represent the final project budget to take forward for authorization.

Responding to a question from Commissioner Simpson, Mr. Beeson indicated the estimates were intended to be accurate within plus or minus ten percent of the cost of building the split alternative. He invited critical review of the estimates. Mr. Beeson anticipated that on May 16, he would return to the Board with an estimate based on the 30 percent design and adjusted with assumptions related to moving costs, some administrative costs, and value engineering. In response to a follow-up question from Commissioner Simpson, he acknowledged the May 16 estimate could be higher.

General Manager Randy Berggren believed that the 30 percent design number was a good number if one accepted all the programming assumptions. He said the Board now had the opportunity to review those assumptions and test their value. He recalled the Commissioners being clear, when it accepted the 30 percent design number, that it needed more time to consider the cost, and was not accepting the number as representing the potential project cost.

Commissioner Menegat determined from staff that the value engineering would occur toward the end of the January –June 2007 period. The Commissioners would then consider the question of a construction manager in August – September 2006. If the Commissioners decided to use a construction manager, staff would like to see that individual be on board toward the end of the design period.

Commissioner Farmer said if the Commissioners decided on a construction manager, he wanted to have that individual in place as soon as possible. He believed that having a construction manager would help EWEB realize savings in the process.

Commissioner Farmer wanted the Board to have a targeted methodology, such as a percent reduction or dollar amount based on a rate increase.

Speaking to the design issue, Commissioner Farmer emphasized that he was not interested in spending much money on the headquarters. He said the estimates included what he termed roughly \$7 million to change desks, which he could not justify at that figure or even at \$1 million.

President Bishop suggested the Board consider the issue of a construction manager in June. Mr. Beeson indicated he would prepare a memorandum including detail about the approach and the rationale for staff's support for the May 16 meeting. He noted that such an approach would require a public hearing and action by the board as the Contract Review Board.

President Bishop adjourned the Work Session at 7:35 p.m.

Assistant Secretary

President