

EUGENE WATER & ELECTRIC BOARD
WORK SESSION
EWEB BOARD ROOM
NOVEMBER 20, 2007
5:30 P.M.

Commissioners present: Mel Menegat, John Simpson, and Ron Farmer. Commissioners Patrick Lanning and John Brown were excused.

Others present: Randy Berggren, Tom Buckhouse, Dick Varner, Patty Boyle, Jim Origliosso, Cathy Bloom, Debra Smith, Lance Robertson, Ken Beeson, Marty Douglass, and Krista Hince of the EWEB staff; Harriet Cherry, Eric Gundersen, PIVOT Architecture; Ruth Atcherson, City of Eugene minutes recorder.

President Menegat convened the work session of the Eugene Water & Electric Board (EWEB).

ROOSEVELT PROJECT REVIEW

Roosevelt Project Manager Ken Beeson provided a high level overview of the progress on the Roosevelt Building Project. He explained that the project was still in the schematic design phase and not everything was settled at this point. He stressed that substantial additional material would come before the Board in advance of when Board-level decisions would need to be made. He stated that more detailed schematic design work on the project was planned. He acknowledged escalating costs, but underscored that “concrete tilt” buildings would be a better investment in the long term and could be completed within the current project budget estimate. He reviewed a slide of the current site plan, noting that the employee parking had been moved closer to the building. He said plans were still moving forward as if the administration building would move to the Roosevelt location at some point in the future.

Mr. Beeson covered the following points:

- The permit application for a traffic signal had been resubmitted to the city and he expected approval given the number and size of the vehicles entering and exiting the road.
- The same general shape was planned for the operations building, though the size had been reduced in accord with the budget reduction. The functional work areas were close to the same size.
- The operations building was still planned to be two stories, with shops on the first floor and offices on the second.
- Design was proceeding assuming the Warehouse and Fleet buildings would be “concrete tilt” type construction based on analysis that concrete tilt would be approximately the same cost as pre-engineered metal buildings.
- The design group had discussed the proposed “eco-machine” extensively, i.e. an onsite sewage treatment process. They were reviewing to ensure that it would work and that it would be permit able prior to making final decision for use.

Vice President Simpson asked where the security gate would be located. Mr. Beeson replied that it would be on the east entrance. He underscored that there would be lighting and security as well.

In response to another question from Vice President Simpson, Mr. Beeson stated that electric and water service would come underground from Roosevelt Boulevard. He said electric, water, and communications would be collocated in a joint trench. Regarding Vice President Simpson's question on whether there would be a back-up data center at the Roosevelt location, he said there had not been plans to put one there but one of the pieces of work they were moving into was to "get clear" on what data requirements would be at the site. He said one thing the design team would review would be the potential inclusion of a disaster recovery center at the Roosevelt site if space were there to accommodate such a facility.

Vice President Simpson asked how they could insure the longevity of the asphalt. Mr. Beeson replied that it would be constructed on a bed of rock and built to specifications consistent with expected use. He said that after 20 years money would have to be spent on repairs. He also indicated that concrete could not be afforded.

Vice President Simpson asked what traffic modifications to Roosevelt Boulevard would be required. Mr. Beeson replied that a deceleration lane from Belt Line Road and a signal (assuming permit approval), with a turn lane, would be constructed. He underscored that they were working with the city to ensure that access to the site was safe.

Continuing, Vice President Simpson asked where photovoltaic (PV) panels would be located. Mr. Beeson replied that there were none in the budget. He said when the canopies were built they would likely "think ahead" to the possibility of one day installing a PV system. He noted that solar hot water heaters were still included in the plans. Vice President Simpson encouraged pre-engineering activities so that the capacity to support PV panels was built into the structures.

Commissioner Farmer asked what the current operations yard was paved with. Mr. Beeson replied that it was asphalt and had been replaced in 1985.

In response to a question from Commissioner Farmer, Mr. Beeson explained that the Fire Department had indicated that only one access would meet the needs for the property and that a second access point had been dropped from the plan.

Commissioner Farmer asked how much the security gate would cost. Mr. Beeson estimated the cost to be \$20,000 to \$30,000.

Commissioner Farmer wanted to know how many examples there were of the "eco-machine" sewage system. Mr. Beeson replied that he was aware of six or eight examples around the country. He reiterated that they intended to take a "hard look" at such a system. In response to a follow-up question from Commissioner Farmer, Mr. Beeson stated that such a system would cost EWEB approximately \$300,000, similar to the cost to hook up to the city's sanitary sewer system.

Commissioner Farmer asked if it would cost another \$300,000 if the system did not work. Mr. Beeson responded that he would research it further in order to provide an accurate answer. He

added that they were considering installation of a stub for the city's system when the earth work was undertaken just in case EWEB needed to connect to it.

Commissioner Farmer remarked that he supported the "eco-machine" process if there was certainty that the system would work.

Commissioner Farmer observed that lumber prices had come down. He asked how the current costs compared relative to the original projected costs. Mr. Beeson replied that they would conduct a detailed check of the current cost estimate. He said at present the design team would like to go forward with a project budget of approximately \$83.5 million, with the intention of carrying everything possible in the contingencies.

Commissioner Farmer encouraged the staff to look into the risk that lay in terms of financing costs. He felt that by the time EWEB was ready to build it could find itself in a "credit crunch" that would drive financing costs up.

Mr. Beeson reviewed the permits that would be required to build on the site. He underscored that EWEB was working closely with the city in order to ensure that the permits were in order and the project was on track. He explained that the joint permit application with the Corps of Engineers and the Oregon Department of State Lands included a mitigation plan for wetland impacts. He stated that approximately half of the 52 acre site was considered to be wetlands, but the wetlands were classified as developable with mitigation. He clarified that the mitigation would be conducted both onsite, with a 10-acre restoration project, and offsite, through the purchase of credits from the West Eugene Wetland Mitigation Bank. Regarding the latter, he stated that EWEB would be purchasing circa 8.7 acres of credit, at approximately \$50,000 per acre. He related that the Department of State Lands (DSL) would require an Instrument of Protection and a receipt for the mitigation bank purchase. He anticipated that the mitigation bank credits would be purchased when it was certain that EWEB would be able to obtain permits from the Department of Environmental Quality (DEQ), the Army Corps of Engineers (ACOE), and the DSL. He wanted to avoid making the purchase and then not engaging in the work for a year.

Regarding the financing process, Mr. Beeson stated that at the beginning of December Architectural Cost Consultants, a cost estimating firm working for EWEB, and Lease Crutcher Lewis, EWEB's contractor, would prepare detailed estimates based on all of the design conducted up to that point. He said those cost estimates would then be reviewed in detail by the design group and a final project budget would be brought before the Board on February 5 to request authorization to move forward. He underscored that this revised project budget would not be higher than the budget approved by the Board in July 2007,.

Mr. Beeson outlined the process for the Uniform Revenue Bond Act (URBA) related to the bond issue. He projected the amount to be financed at \$78 to \$80 million, reiterating that the amount would be established in detail prior to February 5. He anticipated that the URBA bond would be placed on the Eugene City Council Consent Calendar for authorization on February 25; the remonstrance period would then end on April 28. He said EWEB wanted to ensure the information was provided to the Council and that any questions would be directed to the Board or staff, depending on how technical they were.

Vice President Simpson asked if the bond sale notice would be published before or after the remonstrance period. Mr. Beeson explained that the notice in the paper started a 60 day clock on the remonstrance period, after which the debt could be issued.

Mr. Beeson reviewed the construction timeline and process. He explained that there would be three construction bid packages: for site work, for foundations and structures, and for buildings. A fourth bid contract for furniture and equipment would be smaller, would not be sought until the project was well underway, and would be administered by EWEB. He discussed the current cost estimate, noting that he believed the amount built in for escalating costs would be spent. He said if a bid came in such that there were savings from the original projections staff recommended allocating the surplus to contingency funds until the project was completed. He added that it was possible that a bid could come in needing additional money. EWEB would retain any budget amounts not spent.

Mr. Beeson explained that, after more review with EWEB Purchasing, he now wanted to bring the Board in May for approval a single construction contract for the entire project construction amount (currently estimated at \$63 million) and then manage that contract in accordance with EWEB contracting rules. He pointed out that approach was different from the process outlined in the backgrounder where he proposed to bring each contract amendment for each bid package to the Board for approval. He said there would still be project and budget status and budget information provided to the Board as the work proceeded.

Commissioner Farmer observed that Mr. Beeson was describing two different scenarios and asked him to more clearly delineate the difference. Mr. Beeson responded that the difference “at the end of the day” should not be anything. The main difference was that, with his preferred approach, he would come to the Board once for formal contract approval as opposed to coming three times over two years to ask approval for amendments to the contracts based on the bids.

In response to a question from Commissioner Farmer, Mr. Beeson affirmed that if the bids came in under projections he would not come before the Board to approve the change. He reiterated that the scope of work would be clear when the project budget was brought forward.

Mr. Beeson underscored that contingencies were in place to cover the possibility of bids coming in higher than projected and also to cover changes in the scope of the work. He explained, regarding the latter, that changes could occur because EWEB decided there was something else needed at the site or because of unforeseen circumstances. He said when they put out the bids they

would obtain bid prices for alternates – i.e. certain things which could be installed which were not scope additions that could be increased or decreased or eliminated. He cited insulation as an example of such a change, as the design team could determine that the building could be built with six inch insulation instead of eight inch insulation.

Commissioner Farmer said he would like to hear from the third party contractor group that previously provided input on the project regarding the contract approval described by Mr. Beeson. General Manager Randy Berggren responded that Mr. Beeson was discussing a standard purchasing policy for EWEB and trying to create administrative consistencies. He did not believe it would change the outcome of the project.

Commissioner Farmer asked if any of the guarantees on the wetlands mitigation would stop the headquarters from being sited at the Roosevelt Boulevard location in the future. Mr. Beeson said no and explained that the line at which the wetlands were located had been clearly established and there was room for the headquarters building outside of that line.

In response to a question from Commissioner Farmer, Treasurer Jim Origliosso remarked that EWEB's experience with URBA bonds at the Council level was that it typically was placed on the Consent Calendar and then would likely be pulled by one of the Councilors to discuss it.

Commissioner Farmer asked if the purchase of wetland mitigation bank credits was guaranteed to result in an equal parcel of wetlands being established elsewhere. Mr. Beeson replied that he was reasonably certain that credits were one for one acres of credit versus acres of renovated wetlands. He added that he would confirm this for the Board.

Vice President Simpson asked about the Instrument of Protection. Mr. Beeson responded that it had not been written at this point. He explained that how it would work was prescribed in the Oregon statute. He said staff would be bringing the Board a resolution called the Instrument of Protection that dictated that the portion of the property that was set aside for wetlands would remain that way into perpetuity.

In response to a follow-up question from Vice President Simpson, Mr. Beeson said the wetlands would be restored to how they were 150 years ago. Vice President Simpson asked if EWEB could help mitigate other wetlands sites rather than purchasing wetlands credits and save money. Mr. Beeson replied that he was not certain. He surmised that it would be hard to cost justify EWEB conducting mitigation on its own.

Mr. Beeson stated that staff intended to continue to keep working with the various constituencies to inform them about the project. He thought that staff would likely schedule another public briefing prior to the February action. He also indicated staff planned a public meeting out at Peterson Barn in the spring prior to starting construction.

President Menegat related that he had the opportunity to work with the BAT. He expressed appreciation for all of the work that Mr. Beeson, the construction manager, the architects, and staff

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were doing on the project. He suggested that the Board review the updated drawings. He averred they were “spectacular.”

President Menegat adjourned the meeting at 6:52 p.m.

Assistant Secretary

President