



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Farmer, Brown, Cassidy, Cunningham and Ernst  
FROM: Mel Damewood, Water Engineering Manager  
DATE: April 14, 2009  
SUBJECT: 2009 5-Year Water Capital Improvement Plan (CIP) Adjustments

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## *Issue Statement*

On April 21<sup>st</sup>, staff will present to the Board during the work session the six-month update on Water's 5-Year CIP and give background on Budget Amendments to jobs within the 2009 budget. Staff will also introduce the impacts of the economic downturn to Systems Development Charge (SDC) revenues to the 5-Year CIP. Staff is also planning to give the Board a quick update on the Hayden Bridge Expansion Project.

## *Background*

Each spring, the Board has asked that the Water Utility present an updated view of its current 5-Year CIP to anticipate changes in both Capital jobs being conducted as well as responses to changes in revenue forecasts. Also, according to Board Policy EL1, budget amendments will be accompanied by an updated view of the Five-Year Capital Improvement Plan, with the impact of the proposed amendment reflected in the plan. The update is for review purposes only; the Five-Year Capital Improvement Plan will only be approved once per year.

## *Discussion*

**Proposed Revisions to the 2009-13 CIP:** Changes in the CIP generally result from one of the four *categories* described below. Details of the proposed CIP changes are listed by project and category in **Attachment 2:**

- 1) Carryover: Carryover funding for projects that did not complete by year-end as planned but were not anticipated and re-budgeted accordingly.
- 2) Revised Estimates: Revisions to project budgets that reflect one or more of the following: a change in the scope of work, an increase in labor or material costs, a reflection of actual bid results, or a shift in anticipated year-to-year cash expenditures on multi-year projects.
- 3) Emergent Priority: New additions to the CIP/budget consisting of projects that had formerly been deferred due to shortage of funds and/or labor or new priorities not formerly anticipated.
- 4) Deferral: Capital projects that are being deferred due to changing priorities or alternatives, resource constraints, or funding source shortfalls.

**2009 Budget Amendments:** Policy EL-1 also requires Board approval of budget amendments that exceed either 25% or \$125,000 of approved funding on major capital projects (budgets in excess of \$250,000). For this reason, proposed 2009 budget amendments are separated into two categories; the first addresses projects on the "Major Capital Projects" list and the second "Omnibus"

amendment incorporates all other carryover and revised project estimates.

### ***Budget Amendment No. 5 - Major Capital Projects - Water:***

Attachment No. 2 is a spreadsheet outlining the needed budget amendments for 2009.

#### Hayden Bridge Expansion

Amends the budget to add \$1,135,500. This increase is a combination of carry-over dollars from 2008 and also a revised estimate due to additional control and instrumentation work, additional underground electrical work, anticipated contract change orders and some consulting engineering work not accounted for in 2008. Please read the attached Board Backgrounder (Attachment 1) for an update on the Expansion project.

#### Hayden Bridge House Water System Rehabilitation

Amends the budget to add \$96,150. This increase is due to a revised estimate due to additional costs for the first phase of the project that carried over into 2009. Contractor delays and additional control and electrical costs carried over into 2009. There was no additional money in the 2008 budget to cover these additional costs. Project will subsequently become a major capital project by definition.

#### Filter Piping, Valve, Instrumentation, & Flow Meter Upgrades

Amends the budget to reduce \$265,622. This job is being deferred simply because of resource conflict with the Hayden Bridge Expansion project. Project will ensue in 2010. Project will be taken off major capital status.

#### College Hill Reservoir Security Improvements

Amends the budget to add \$166,000. This is carry-over work that did not get completed or spent in 2008. Contract is being completed on time and within budget. Phase II of the project will begin in fall of 2009.

#### Intake Screen and Misc. Improvements

Amends the budget to reduce \$222,371. This job is being deferred. First, SDC funding is significantly down and EWEB cannot fund this project at this time. Second, the intake screen replacement was anticipating regulatory requirements that have not yet been imposed. EWEB will move forward with the project when either of these conditions change. Project will be taken off major capital status.

#### Shasta 975 to Bloomberg 700 Connector

Amends the budget to reduce \$310,118. Staff is deferring this job by one year in order to evaluate additional alternatives. Construction will ensue in 2010. Project will be taken off major capital status.

### City View 975 Pump Station

Amends the budget to add \$136,000. There was a small carry-over from 2008 on this project, but the bulk of the revised estimate is from final design being completed which increased costs from the 30 percent design that the budget was based upon.

### Crest Drive Main Relocations

Amends the budget to reduce \$944,837. The City of Eugene submitted plan and profile plans of the street reconstruction to EWEB in late winter. After EWEB staff analyzed the plans, we have determined that EWEB does not need to relocate as much main as was thought last summer. Staff recommends transferring this money to the Main Replacement Budget, \$892,737 to the 2009 Annual Pipe Replacement budget, and \$52,100 covering two main replacement projects completed by EWEB crews this winter that were carried over from 2008.

### 2009 Annual Pipe Replacements

Amends the budget by adding \$892,737. Money to go to individual main replacement project yet to be chosen from our list of jobs.

## ***Budget Amendment No. 6 – Omnibus Projects - Water:***

### Shasta 1150 Pump Station Expansion

Amends the budget to reduce \$93,063. Under the presumption that the Board will approve the pump station option for the Shasta 1150 service area, there is enough budget under the Shasta 1150 reservoir job to cover this work in 2009. This project will be re-categorized in the next CIP revision.

### Relocate Gillespie Butte Pump Station

Amends the budget to reduce \$156,118. This job is being deferred due to lack of SDC funds. Staff will complete the design and moth-ball the project until funding is available.

### EWEB Contributions to Main Extensions

Amends the budget to reduce \$52,000. Less development and developer driven main extensions reduce the need for EWEB contributions.

### Willamette 1150 to Fox Hollow 1150 Pipeline

Amends the budget to add \$20,000. Water and electric have planned to go joint trench on this project, and electric's need is more urgent which is driving the project to be completed earlier than originally anticipated in the 2009 CIP.

### Skyline Park Loop Main Replacement

Add to budget in the amount of \$27,600. Carry-over work from 2008 to 2009 with no specific budget in 2009. Monies are transferred from the Crest Drive Main Relocation Project.

### Taney Main Replacement – Marshall to Pattison Streets

Add to budget in the amount of \$24,500. Carry-over work from 2008 to 2009 with no specific budget in 2009. Monies are transferred from the Crest Drive Main Relocation Project.

#### Finished Water Pump Station Re-Programming

Amends budget to reduce \$52,031. Project being deferred and moved to O&M.

#### Raw Water Intake RTU Replacement

Amends budget to add \$65,000. This is internal EWEB labor and equipment purchased that have carried over from 2008. Also, this project will be moth-balled in 2009 due to internal resource constraints, and will be completed in 2010.

Other projects listed in Attachment 2 are the Water Utility's portion of General Plant projects from Facilities Additions.

#### Summary of 2009 Budget Amendments

**The Water Utility is asking for \$665,762 (net) in formal budget amendments. There is an additional \$137,400 in miscellaneous adjustments (credit) within the Capital Improvement Plan that are not being separated out within the budget amendments.**

**To fund the Budget Amendment for 2009, the Water Utility proposes drawing an additional \$126,365 from available bond funding. Due to an over-estimation in the financial plan for amount of bond funds that needed to be withdrawn in 2009, the additional monies needed are less than the actual difference in the budget amendments.**

**The water utility is holding its estimate for the amount of capital funding from Water Rates, Customer Contributions, and SDC withdraws for 2009.**

#### Emerging Issue – SDC Funding

**Collections of EWEB Water's Systems Development Charges (SDC), which support capacity increasing improvements for the water system, have significantly decreased over the last 6 months. After reviewing Water's 10-year financial plan, it is apparent that the 10-year Financial Plan has over-estimated the amount of income in the next 5 years in light of the economic downturn and recovery predictions.**

**In attachment No. 3, which is a Project Level Summary of Water 5-Year CIP, the Water Utility is adjusting the 5-Year CIP to respond pro-actively to the lack of SDC revenue. The "Adjusted CIP" columns represent keeping whole the renewal and replacement work that is vital to remedying the aging infrastructure issues, as well as attaining the goal of building Capital Improvement Reserves which were the foundations of the last two years rate increases to customers.**

**Staff will present details of this strategy to the Board during the work session on April 21.**

***Recommendation***

Staff is requesting Board authorization to proceed with finalizing the proposed revisions to the 2009-2013 CIP, based on the changes reflected in Budget Amendments 5 and 6 and the revised estimates for 2009-2012 customer contributions.

Staff will be requesting Board approval of the revised CIP and Budget Amendments 3 and 4 in the May 5, 2009 regular Board meeting.

***Suggested Action***

No action is required. If there are any questions or if more information is needed, please contact Mel Damewood, Water Engineering Manager at 341-1878 or [mel.damewood@eweb.org](mailto:mel.damewood@eweb.org)

Attachments:

Attachment 1. Hayden Bridge Expansion Memo from Wally McCullough

Attachment 2. 2009 Budget Amendment 5 & 6 Detail

Attachment 3. 2009-2013 Capital Improvement Summary – Spring 2009 Amendments

c: Randy Berggren  
Tom Buckhouse  
Patty Boyle



**INTEROFFICE MEMO**  
**EUGENE WATER & ELECTRIC BOARD**  
**WATER DIVISION**

April 15, 2009

ATTACHMENT No. 1

TO: Commissioners Farmer, Brown, Cassidy, Cunningham and Ernst

FROM: Wally McCullough, Senior Water Engineer

RE: Hayden Bridge Filtration Plant Expansion

***Issue Statement***

In June 2008, the Board approved award of a construction contract for \$10,076,000 to Wildish Building Company for the expansion of the Hayden Bridge Filtration Plant. A status update is being presented to inform the Board as to the progress of this expansion project.

***Background***

The Hayden Bridge Filtration Plant has a capacity of approximately 68 MGD, about the same as the highest average maximum day demand seen in the EWEB system. Due to this capacity issue, planning efforts have occurred over the last several years to identify expansion plans for the plant. The result of these efforts was a recommended three phase expansion of the plant to meet water demand forecasts. The expansions were recommended to occur in 2010, 2039, and 2050 with each expansion adding approximately 12.5 MGD of capacity to the plant.

The current project is the first of these expansions and includes the following principle elements:

- 1) A Third Contact Basin
- 2) Two Additional Filters
- 3) A Filter to Waste Separation and Recovery System
- 4) Chemical Feed System Modifications.

The primary purpose of these improvements is to 1) increase capacity and 2) provide redundancy so that portions of the existing plant may be taken out of service in the future for much needed maintenance and repair.

***Discussion***

**Project Status** – Wildish Building Company began construction of the expansion in June 2008 with a contract completion date of December 31, 2009. To-date they have constructed the following:

- 1) The third contact basin – essentially complete.
- 2) Super-structure for a new coagulant (chemical feed) building. Walls and roof are up, finish work and mechanical remains.
- 3) Approximately 70% of the underground piping and appurtenances.

Financially, out of an original contract amount of \$10,076,000, Wildish has completed approximately \$4,500,000 worth of construction as of the end of March. There has been one change order processed to date on the project. This change order, for approximately \$95,000, primarily addressed electrical issues. We are tracking numerous other changes which are a combination of deductive and additive items. Currently, it looks like the project will

have a fairly low change order percentage.

**Budget** – The total revised 2008-2009 budget for this project is approximately \$12,100,000 for the following activities:

- 1) Expansion Construction – Contractor Costs
- 2) EWEB Construction Management and Inspection
- 3) Design Consultant Document Completion and Support During Construction
- 4) Permit Required Special Inspections
- 5) EWEB Labor and Capital Cost Overhead and other miscellaneous items.

Under the above budget, \$3,400,000 was spent in 2008 and approximately \$8,660,000 is anticipated to be spent in 2009 for a total of \$12,100,000. The 2009 budget was set at \$7,530,000 and staff is requesting additional funding of \$1,140,000 to cover the following revised estimates.

- 1) Allowance for additional Control and SCADA work (\$200,000 estimate) – primarily internal labor not accounted for in earlier estimates.
- 2) Allowance for construction change orders (\$200,000 estimate).
- 3) Design consultant services (\$500,000) – not accounted for in earlier estimates.
- 4) Special Inspections (\$30,000 estimate)
- 5) Project required electrical relocations (\$60,000).
- 6) Carryover from 2008 (\$150,000)

The 2009 budget overage will be reflected in the Capital Plan Update presented to the Board at the April 21<sup>st</sup> meeting.

### ***Recommendation and Action***

Water Staff has no recommendation and actions required at this time. This is information only. If you have more questions please contact Wally McCullough at 341-1844 or e-mail at [wally.mccullough@eweb.org](mailto:wally.mccullough@eweb.org).

**ATTACHMENT 2: 2009 Budget Amendment Detail**

		<b>Job No.</b>	<b>Category</b>	<b>Existing 2009 Budget</b>	<b>Proposed 2009 Budget</b>	<b>Inc/Dec in 2009 Budget</b>	<b>Source of Funds</b>
<b>BUDGET AMENDMENT 5: MAJOR PROJECTS</b>							
<b>Program No. 15198 - Water Facility Improvements</b>							
Project							
14270	2008/2009 Hayden Bridge Expansion	29710	Carry-over/Revised Est	\$ 7,525,497	\$ 8,661,000	\$ 1,135,503	Capital Reserves/Bonds
14270	HB House Water System Rehabilitation	29713	Revised Estimate	\$ 153,854	\$ 250,000	\$ 96,146	Capital Reserves
14270	Filter Piping, Valve, Instrumentation, & Flow Meter Upgrades	29711	Deferral	\$ 305,622	\$ 40,000	\$ (265,622)	Capital Reserves
14017	College Hill Res. Security Improvements	29844	Carry-Over	\$ 361,000	\$ 527,000	\$ 166,000	Capital Reserves
14196	Intake Screen and Misc. Improvements	29719	Deferral	\$ 252,371	\$ 30,000	\$ (222,371)	Capital Reserves
14203	Shasta 975 to Bloomberg 700 Connector	29847	Deferral	\$ 330,118	\$ 20,000	\$ (310,118)	Capital Reserves
14204	City View 975 Pump Station	29848	Carry-Over/Revised Est	\$ 464,000	\$ 600,000	\$ 136,000	Capital Reserves
14339	Crest Drive Main Relocations	30851	Revised Estimate	\$ 1,144,837	\$ 200,000	\$ (944,837)	Transfer in Budget
14152	2009 Annual Pipe Replacements		Revised Estimate	\$ 807,217	\$ 1,699,954	\$ 892,737	Transfer in Budget

**Major Projects Total** **\$ 11,344,516** **\$ 12,027,954** **\$ 683,438**

**Budget Amendment 6: Non-Major Capital Projects**

**PROGRAM 15198 - WATER FACILITIES IMPROVEMENTS**

Project							
14204	Shasta 1150 PS Expansion* (Pending Board Approval)	29849	Deferral/Covered by another job	\$ 93,063	\$ -	\$ (93,063)	Capital Reserves
14204	Relocate Gillespie Butte Pump Station	28805	Deferral	\$ 206,118	\$ 50,000	\$ (156,118)	Capital Reserves
14203	EWEB Contributions to Main Extensions	10723	Revised Estimate	\$ 102,000	\$ 50,000	\$ (52,000)	Capital Reserves
14203	Willamette 1150 to Fox Hollow 1150 Pipeline	32312	Move up in CIP	\$ -	\$ 20,000	\$ 20,000	Capital Reserves
14152	Skyline Park Loop Main Replacement	28698	Carry-Over	\$ -	\$ 27,600	\$ 27,600	Transfer In Budget
14152	Taney St. Main Replacement	28704	Carry-Over	\$ -	\$ 24,500	\$ 24,500	Transfer In Budget
14270	Finished Water Pump Station Re-Programming	30857	Deferral	\$ 52,031	\$ -	\$ (52,031)	Capital Reserves
14011	Raw Water Intake RTU & Control Replacements	29891	Carry-Over	\$ -	\$ 65,000	\$ 65,000	Capital Reserves

**Water Facilities - Non Major Capital Total** **\$ 453,212** **\$ 237,100** **\$ (216,112)**

**PROGRAM 13057: BUILDING & LAND MANAGEMENT**

**Project 14326 General Plant Facilities Additions**

Project							
14326	UPS Upgrade	31699	Revised Estimate	\$ 40,874	\$ 230,860	\$ 189,986	Capital Reserves
14326	West Operations Yard Gate Replacement	30522	Revised Estimate	\$ -	\$ 8,450	\$ 8,450	Capital Reserves

**Building & Land Management Total** **\$ 40,874** **\$ 239,310** **\$ 198,436**

**Grand Total of Amendments** **\$ 11,838,602** **\$ 12,504,364** **\$ 665,762**

## 2009 - 2018 Capital Improvement Plan Summary - Spring 2009 Amendments

Project Number	Project Area	Budget	Adjusted	Current	Adjusted	Current	Adjusted	Current	Adjusted	Current	Adjusted	Total CIP	Adjusted CIP
		2009	2009	2010	2010	2011	2011	2012	2012	2013	2013	2009- 2013	2009-2013
14196	Water Source Additions	510,337	240,000	2,389,000	367,000	3,968,000	1,882,000	113,000	113,000	-	-	6,980,337	2,602,000
14270	Water Production Additions & Improvements	8,645,611	9,516,875	1,914,000	2,304,000	1,696,000	1,696,000	1,353,000	1,353,000	1,253,000	1,253,000	14,861,611	16,122,875
14204	Pump Station Improvements	774,494	660,932	971,000	174,000	767,000	776,000	609,000	201,000	540,000	1,047,000	3,661,494	2,858,932
14017	Water Reservoir Additions	1,149,849	1,315,641	4,083,000	3,101,000	2,195,000	764,000	1,112,000	244,000	1,871,000	958,000	10,410,849	6,382,641
14507	Water Transmission Improvements	166,208	135,262	-	-	-	-	-	-	-	-	166,208	135,262
14018	Water Services & Meters	500,983	500,983	54,000	54,000	22,000	56,000	12,000	56,000	12,000	56,000	600,983	722,983
14152	Water Main Replacements	913,740	1,858,577	2,259,000	2,259,000	1,931,000	1,931,000	3,534,000	3,534,000	4,368,000	4,368,000	13,005,740	13,950,577
14203	Water Main Improvements	867,046	524,928	1,315,000	1,622,000	408,000	731,000	899,000	197,000	296,000	245,000	3,785,046	3,319,928
14339	Water Main Relocations	2,666,513	1,721,676	631,000	931,000	946,000	946,000	1,005,000	1,005,000	1,061,000	1,061,000	6,309,513	5,664,676
19948	General Plant Additions	1,546,355	1,729,780	816,000	818,680	794,000	762,535	665,000	632,154	714,000	677,514	4,535,355	4,620,663
14015	Utility Infrastructure	483,717	483,717									483,717	483,717
14011	Instrumentation and Control General Plant	162,710	227,710	340,000	440,000	145,000	145,000	149,000	149,000	637,000	637,000	1,433,710	1,598,710
<b>TOTAL CAPITAL BUDGET</b>		<b>18,387,563</b>	<b>18,916,081</b>	<b>14,772,000</b>	<b>12,070,680</b>	<b>12,872,000</b>	<b>9,689,535</b>	<b>9,451,000</b>	<b>7,484,154</b>	<b>10,752,000</b>	<b>10,302,514</b>	<b>66,234,563</b>	<b>58,462,964</b>

FUNDING SOURCES													
	Water Rates	7,851,000	7,851,000	8,500,000	7,975,000	7,200,000	7,975,000	7,200,000	7,975,000	9,000,000	7,975,000	39,751,000	39,751,000
	Capital Reserve Beginning Balance	3,232,937	3,232,937	3,802,153	3,400,000	3,225,153	2,015,955	3,473,153	3,954,420	2,779,153	6,053,266	3,232,937	3,232,937
	Customer Contributions	918,779	918,779	-	-	-	-	-	-	-	-	918,779	918,779
	Bond Funding	7,687,000	7,813,365	2,751,000	2,624,635							10,438,000	10,438,000
	New Bonds					5,000,000	3,537,000		1,463,000			5,000,000	5,000,000
	SDC Funding	2,500,000	2,500,000	2,944,000	87,000	920,000	116,000	1,557,000	145,000	724,000	210,000	8,645,000	3,058,000
<b>TOTAL FUNDING SOURCES</b>		<b>22,189,716</b>	<b>22,316,081</b>	<b>17,997,153</b>	<b>14,086,635</b>	<b>16,345,153</b>	<b>13,643,955</b>	<b>12,230,153</b>	<b>13,537,420</b>	<b>12,503,153</b>	<b>14,238,266</b>	<b>67,985,716</b>	<b>62,398,716</b>
	Proposed Capital Reserve Target		3,400,000		3,800,000		4,200,000		4,600,000		5,000,000		
	<b>Capital Reserve Balance YE</b>	<b>3,802,153</b>	<b>3,400,000</b>	<b>3,225,153</b>	<b>2,015,955</b>	<b>3,473,153</b>	<b>3,954,420</b>	<b>2,779,153</b>	<b>6,053,266</b>	<b>1,751,153</b>	<b>3,935,752</b>		

**ATTACHMENT No. 3**