



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Farmer, Brown, Cassidy, Cunningham and Ernst
FROM: Mel Damewood, Water Engineering Manager ~~MWA~~
DATE: April 28, 2009
SUBJECT: 2009 5-Year Water Capital Improvement Plan (CIP) Adjustments

Issue Statement

On May 5th, staff will ask the Board to approve the six month update of Water's 5-Year CIP and Budget Amendments No. 5 & 6 for jobs within the 2009 capital budget.

Background

At the April 21 Work Session, the Water Utility discussed a detailed Board Backgrounder (Dated April 14, 2009) which defined both major capital and (non-major) capital jobs estimate revisions for 2009. 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.

Within the updated view of the 5-Year CIP, it was also noted the need for the Water Utility to respond to the economic downturn and its effect on System Development Charge (SDC) revenue. The adjusted 2009-2013 CIP reflects the need to be pro-active in deferring our future capacity increasing capital projects, so we preserve adequate SDC reserves in the future.

Discussion

There have been slight adjustments to Budget Amendments 5 & 6 since last presented on April 21, most notably the inclusion of the Natoli Lot Purchase (City 1550 Pump Station Property) which was approved at the April 21st Board meeting. The following is a summary of Budget Amendments 5 & 6:

Budget Amendment No. 5 - \$712,849
Budget Amendment No. 6 - (\$54,348)
Net Budget Amendments - \$658,501

Funding Sources:

Additional Bond Draw: \$126,000
Capital Reserves: \$532,501
Total: \$658,501

A Summary to the 5-Year CIP of the Amendments and SDC Issue:

September 2, 2008 Approved 2009-2013 Water CIP

2009 Expenditures	\$18,387,563
2009 YE Capital Reserve Balance	\$3,802,153
2009 YE SDC Balance	\$2,930,800
2009 Bond Draw	\$7,687,000
2009-2013 Total Funding	\$66,234,563

May 5, 2009 Adjusted 2009-2013 Water CIP

2009 Expenditures	\$ 19,046,064
2009 YE Capital Reserve Balance	\$3,269,652
2009 YE SDC Balance	\$2,930,800
2009 Bond Draw	\$7,813,000
2009-2013 Total Funding	\$58,592,947

SDC Reserves

Staff will continue to work on the CIP, identifying capacity adding projects that can be deferred until the Water Utility SDC reserves can be replenished. The Water Utility will present the 2010-2014 5- Year CIP to the Board in July, with the goal of identifying capital requirements and funding strategies that preserve the following goals; Renewal And Replacement Projects are preserved; Capital reserves are increased and SDC reserves are maintained at a level to pay for debt service; No increase in planned rate increases.

Recommendation/Requested Action

Staff is recommending the approval of:

1. The revised 2009-2013 Water Capital Improvement Plan (Attachment 1)
2. Major Capital Improvement Budget Amendment 5 (Attachment 2)
3. Approval of Major Capital Projects to be Monitored (Contained within BAM 5)
4. Omnibus Budget Amendment 6 (Attachment 3)

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

Attachments:

Attachment 1. 2009-2013 Capital Improvement Summary – Spring 2009 Amendments

Attachment 2. Budget Amendment No. 5, Major Capital Projects to be Monitored

Attachment 3. Budget Amendment No. 6

c: Randy Berggren
Tom Buckhouse
Patty Boyle

2009 - 2013 Capital Improvement Plan Summary - Spring 2009 Amendments

Project Number	Project Area	Budget 2009		Current 2010		Adjusted 2010		Current 2011		Adjusted 2011		Current 2012		Adjusted 2012		Current 2013		Adjusted 2013		Total CIP 2009-2013		Adjusted CIP 2009-2013		
14196	Water Source Additions	510,337	240,000	2,389,000	367,000	3,968,000	1,892,000	113,000	113,000	113,000	113,000	113,000	113,000	113,000	113,000	113,000	-	-	-	-	6,980,337	2,602,000	6,980,337	2,602,000
14270	Water Production Additions & Improvements	8,645,611	9,532,920	1,914,000	2,304,000	1,696,000	1,696,000	1,353,000	1,353,000	1,353,000	1,353,000	1,353,000	1,353,000	1,353,000	1,353,000	1,353,000	1,253,000	1,253,000	1,253,000	1,253,000	14,861,611	16,138,920	14,861,611	16,138,920
14204	Pump Station Improvements	774,494	790,932	971,000	174,000	767,000	776,000	609,000	609,000	609,000	609,000	609,000	609,000	609,000	609,000	609,000	540,000	540,000	540,000	540,000	3,661,494	2,988,932	3,661,494	2,988,932
14017	Water Reservoir Additions	1,149,849	1,315,641	4,083,000	3,101,000	2,195,000	784,000	1,112,000	2,195,000	784,000	1,112,000	2,195,000	784,000	1,112,000	2,195,000	784,000	1,871,000	1,871,000	1,871,000	1,871,000	10,410,849	6,382,641	10,410,849	6,382,641
14507	Water Transmission Improvements	166,208	135,262	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	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	22,000	56,000	56,000	12,000	56,000	56,000	56,000	12,000	12,000	12,000	12,000	600,983	722,983	600,983	722,983	
14152	Water Main Replacements	913,740	1,827,054	2,259,000	2,259,000	1,931,000	1,931,000	3,534,000	1,931,000	3,534,000	3,534,000	3,534,000	3,534,000	3,534,000	3,534,000	4,368,000	4,368,000	4,368,000	4,368,000	13,005,740	13,919,054	13,005,740	13,919,054	
14203	Water Main Improvements	887,046	524,928	1,315,000	1,622,000	408,000	731,000	899,000	408,000	899,000	899,000	899,000	899,000	899,000	899,000	296,000	296,000	296,000	296,000	3,785,046	3,319,928	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	946,000	946,000	946,000	1,005,000	1,005,000	1,005,000	1,005,000	1,061,000	1,061,000	1,061,000	1,061,000	6,309,513	5,664,676	6,309,513	5,664,676	
19948	General Plant Additions	1,546,355	1,745,241	816,000	818,680	794,000	762,535	665,000	794,000	762,535	665,000	665,000	665,000	665,000	632,154	632,154	714,000	714,000	714,000	714,000	4,535,355	4,636,124	4,535,355	4,636,124
14015	Utility Infrastructure	483,717	483,717	340,000	440,000	145,000	145,000	149,000	145,000	149,000	149,000	149,000	149,000	149,000	149,000	637,000	637,000	637,000	637,000	1,433,717	1,598,717	1,433,717	1,598,717	
14011	Instrumentation and Control General Plant	162,710	227,710	340,000	440,000	145,000	145,000	149,000	145,000	149,000	149,000	149,000	149,000	149,000	149,000	637,000	637,000	637,000	637,000	1,433,717	1,598,717	1,433,717	1,598,717	
	TOTAL CAPITAL BUDGET	18,387,563	19,046,064	14,772,000	12,070,680	12,872,000	9,689,535	9,451,000	12,872,000	9,689,535	9,451,000	12,872,000	9,451,000	12,872,000	9,689,535	10,752,000	10,752,000	10,752,000	10,752,000	66,234,563	66,234,563	66,234,563	66,234,563	
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	7,200,000	7,975,000	7,975,000	7,200,000	7,200,000	7,975,000	7,975,000	9,000,000	9,000,000	9,000,000	9,000,000	39,751,000	39,751,000	39,751,000	39,751,000	
	Capital Reserve Beginning Balance	3,232,937	3,232,937	3,802,153	3,269,652	3,225,153	1,885,607	3,473,153	3,225,153	1,885,607	3,473,153	3,473,153	3,473,153	3,824,072	3,824,072	2,779,153	2,779,153	2,779,153	2,779,153	3,232,937	3,232,937	3,232,937	3,232,937	
	Customer Contributions	918,779	918,779	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	918,779	918,779	918,779	918,779
	Bond Funding	7,687,000	7,813,000	2,751,000	2,624,635	5,000,000	3,537,000	1,463,000	5,000,000	3,537,000	1,463,000	5,000,000	3,537,000	1,463,000	1,463,000	10,438,000	10,438,000	10,438,000	10,438,000	10,438,000	10,438,000	10,438,000	10,438,000	
	New Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	SDC Funding	2,500,000	2,500,000	2,944,000	87,000	920,000	116,000	1,557,000	920,000	116,000	1,557,000	1,557,000	1,557,000	145,000	145,000	724,000	724,000	724,000	724,000	5,000,000	5,000,000	5,000,000	5,000,000	
	TOTAL FUNDING SOURCES	22,189,716	22,315,716	17,997,153	13,956,287	16,345,153	13,513,607	12,230,153	16,345,153	13,513,607	12,230,153	12,230,153	12,230,153	13,407,072	13,407,072	12,503,153	12,503,153	12,503,153	12,503,153	67,985,716	67,985,716	67,985,716	67,985,716	
	Proposed Capital Reserve Target	-	3,400,000	-	3,800,000	-	4,200,000	-	4,200,000	-	4,200,000	-	4,200,000	-	4,600,000	-	5,000,000	-	5,000,000	-	-	-	-	-
	Capital Reserve Balance YE	3,802,153	3,269,652	3,225,153	1,885,607	3,473,153	3,824,072	2,779,153	3,473,153	3,824,072	2,779,153	2,779,153	2,779,153	5,922,918	5,922,918	1,751,153	1,751,153	1,751,153	1,751,153	3,805,404	3,805,404	3,805,404	3,805,404	

Attachment No. 1

Budget Amendment Form

Amendment #5

General Information

Date: April 28, 2009

Project Name and No : Water Source Additions (014196), Water Production and Additions (014270), Pump Station Improvements (014204), Water Main Replacements (014152), Water Main Improvements (014203), Water Main Relocations (014339)

Job No and Name. (29710) 2008/2009 Hayden Bridge Expansion, (29713) HB House Water System Rehabilitation, (29711) Filter Piping, Valve, Instrumentation, & Flow Meter Upgrades, (29844) College Hill Res. Security Improvements, (29719) Intake Screen and Misc. Improvements, (29847) Shasta 975 to Bloomberg 700 Connector, (29848) City View 975 Pump Station, (30851) Crest Drive Main Relocations, 2009 Annual Pipe Replacements

Amendment for: Major Water Capital Projects

Category of Amendment (Check all that Apply):

Utility: Electric Water Steam
 Major Capital Project O & M Labor & Benefits

Contact Information:

Name: Mel Damewood ext. 3218 or Jim Origliosso ext. 3753

Description and justification for Budget Amendment: Budget amendment #5 encompasses all changes to Water Utility projects that meet the criteria for a Major Capital Project under financial policy EL-1. Refer to the background memo for specific details.

<i>Actual Expenditures thru 3/31/09</i>	<i>Projected Year-End Expenditures</i>	<i>Amount Currently Budgeted</i>	<i>Additional Funds Needed</i>	<i>Funding Source (reserves, new revenue, bonding)</i>
(29710) 2008/2009 Hayden Bridge Expansion \$1,101,810	\$8,661,000	\$7,525,497	1,135,503	\$1,009,503 Capital Reserve/ \$126,000 Bond Funds
(29713) HB House Water System Rehabilitation, \$37,680	\$280,000	\$153,854	\$126,146	Capital Reserve *Add Major Capital
(29711) Filter Piping, Valve, Instrumentation, & Flow Meter Upgrades \$2,270	\$40,000	\$305,622	(\$265,622)	Capital Reserve *Delete from Major Capital
(29984) College Hill Res. Security Improvements \$14,375	\$527,000	\$361,208	\$165,792	Capital Reserve

<i>Actual Expenditures thru 3/31/09</i>	<i>Projected Year-End Expenditures</i>	<i>Amount Currently Budgeted</i>	<i>Additional Funds Needed</i>	<i>Funding Source (reserves, new revenue, bonding)</i>
(29719) Intake Screen and Misc. Improvements \$3,500	\$30,000	\$252,371	(\$222,371)	Capital Reserve *Delete from Major Capital
(29847) Shasta 975 to Bloomberg 700 Connector \$875	\$20,000	\$330,118	(\$310,118)	Capital Reserve *Delete from Major Capital
(29848) City View 975 Pump Station \$23,800	\$600,000	\$464,381	\$135,619	Capital Reserve
(30851) Crest Drive Main Relocations \$1,065	\$200,000	\$1,144,837	(\$944,837)	Capital Reserve *Delete from Major Capital
2009 Annual Pipe Replacements \$200,900	\$1,699,954	\$807,217	\$892,737	Capital Reserve
Total \$1,386,275	\$ 12,057,954	\$ 11,345,105	\$ 712,849	

Finance Director Approval: _____

General Manager Approval: _____

Division Director Approval: _____

Board Consent Date: _____

GM Assistant Secretary Approval: _____

Budget Amendment Form

Amendment #6

General Information

Date: April 28, 2009

Project Name and No : Water Source Additions (014196), Water Production and Additions (014270), Pump Station Improvements (014204), Water Transmission Improvements (014507), Water Main Replacements (014152), Water Main Improvements (014203), Water Main Relocations (014339), General Plant Additions (019948)

Job No and Name: Refer to Chart Below

Amendment for: Omnibus Projects – Non-Major Capital Water

Category of Amendment (Check all that Apply):

Utility: Electric Water Steam
 Major Capital Project O & M Labor & Benefits Capital

Contact Information:

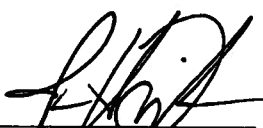
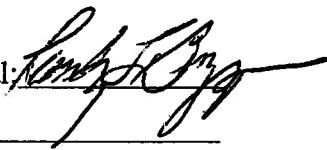

Name: Mel Damewood ext. 3218 or Jim Origliosso ext. 3753

Description and justification for Budget Amendment: Budget amendment #6 encompasses all changes to Water Utility 2009 Capital Budget that are not included in Major Capital.

<i>Actual Expenditures thru 3/31/09</i>	<i>Projected Year-End Expenditures</i>	<i>Amount Currently Budgeted</i>	<i>Additional Funds Needed</i>	<i>Funding Source (reserves, new revenue, bonding)</i>
(29849) Shasta 1150 Pump Station \$0	\$0	\$93,063	(\$93,063)	Capital Reserve
(28805) Relocate Gillespie Butte Pump Station \$1,700	\$50,000	\$206,118	(\$156,118)	Capital Reserve
(10723) EWEB Contributions to Main Extensions \$1,000	\$50,000	\$102,000	(\$52,000)	Capital Reserve
(32312) Willamette 1150 to Fox Hollow 1159 Pipeline \$10,600	\$20,000	\$0	\$20,000	Capital Reserve

<i>Actual Expenditures thru 3/31/09</i>	<i>Projected Year-End Expenditures</i>	<i>Amount Currently Budgeted</i>	<i>Additional Funds Needed</i>	<i>Funding Source (reserves, new revenue, bonding)</i>
(28698) Skyline Park Loop Main Replacement \$27,600	\$27,600	\$0	\$27,600	Capital Reserve
(28704) Taney St. Main Replacement \$24,500	\$24,500	\$0	\$24,500	Capital Reserve
(29891) Raw Water Intake RTU and Controls Replacement \$57,500	\$65,000	\$0	\$65,000	Capital Reserve
(30857) Hayden Bridge Finished Water Pump Reprogramming \$0	0	\$52,031	(\$52,031)	Capital Reserve
(32359) Natoli Lot Purchase – City View 1150 Pump Station \$4,000	\$130,000	0	\$130,000	Capital Reserve
(30879) Cathodic Protection For Transmission Mains \$0	0	30,946	(\$30,946)	Capital Reserve
(29720) Intake Security Improvements \$275	\$30,000	\$51,271	(\$21,271)	Capital Reserve
(30855) HB Power Distribution Analysis and Improvements \$1,300	\$30,000	\$51,092	(\$21,092)	Capital Reserve
(30852) Rehabilitate Hayden Bridge Settling Ponds \$1,325	\$64,000	\$52,040	\$11,960	Capital Reserve
(29716) Water Treatment Plant Security Upgrades \$11,300	\$30,000	\$77,555	(\$47,555)	Capital Reserve
(31699) IS Facility Upgrade –UPS Upgrade \$11,100	\$230,860	\$40,874	\$189,986	Capital Reserve
(30522) West Operations Yard gate Replacement \$6,150	\$8,900	0	\$8,900	Capital Reserve

<i>Actual Expenditures thru 3/31/09</i>	<i>Projected Year-End Expenditures</i>	<i>Amount Currently Budgeted</i>	<i>Additional Funds Needed</i>	<i>Funding Source (reserves, new revenue, bonding)</i>
(29205) Game Farm Road Intertie \$4,000	\$180,000	\$206,695	(\$26,695)	Capital Reserve
2010 Annual Pipe Replacements (Designs Only) \$6,200	\$75,000	\$106,523	(\$31,523)	Capital Reserve
Total \$168,550	\$1,015,860	\$1,070,208	\$ (54,348)	

Finance Director Approval:  General Manager Approval: 
 Division Director Approval:  Board Consent Date: _____
 GM Assistant Secretary Approval: _____

