

Editorial Letters Commentary:

Allow EWEB's move, Published: The Register Guard, February 8, 2008

Building a new operations center for the Eugene Water & Electric Board will cost \$85.5 million. That's a lot of money, although part of the cost could be offset by sale of the riverfront property where the utility's operations currently are housed. Doing nothing, however, also would entail costs.

The Eugene City Council should give EWEB the approval it needs to sell bonds to finance the project.

EWEB has been studying what to do with its operations — that is, the departments that design, install and repair electric and water lines — for 10 years or more. Its trucks, supplies, crews and engineers are scattered in four buildings and temporary modular offices on its land near the viaduct that leads to the Ferry Street Bridge. The utility has a headquarters building that is only 20 years old, but some of the operations buildings are 60 years old.

Remodeling the buildings, or tearing them down and rebuilding on the same site, would be expensive — and the constraints of the current location would remain. Access to the EWEB property is limited, particularly for trucks, as anyone who has tried to enter traffic from the portion of Fourth Avenue that curves in front of the headquarters building can attest. The quasi-industrial operations of a utility are not the highest and best uses of the riverfront area, which with the construction of the new federal courthouse nearby could one day become an attractive portion of the city's core area.

These factors led the utility's board to conclude that operations should be moved elsewhere. That was in 2004, and a year later the board approved the purchase of 52 acres on the southwest corner of Belt Line Road and Roosevelt Boulevard. EWEB spent the past two years designing a new operations center, reducing the initial \$98 million cost estimate to the current figure. Now, it's time to take the next step.

The operations center itself will cost an estimated \$83.5 million, plus about \$2 million for bond issuance costs. The actual number could be lower. The budget for the project includes a \$5.5 million bond reserve, substantial contingency funds and a 10 percent allowance for inflation during the two-year construction period. It's necessary to include such cushions in a big project, but it's possible that not all of them will be needed.

EWEB's combined electric and water rates would need to increase 2.3 percent to generate the revenue to repay \$85.5 million in bonds. The utility estimates that a typical residential customer who uses electric heat would pay about \$52 a year for the operations center. The effect on rates would be reduced if project costs were offset by proceeds from the sale of the riverfront land. No one knows for certain what the 16-acre property is worth, but it's probably quite valuable. A \$30 million sales price would cause the rate increases to be cut by half.

Running the utility from two locations should not cause serious logistical problems. It's possible that the utility's internal culture will be affected, with the people in suits at the riverfront headquarters five miles away from the people who actually keep the lights on and the water running. But a high degree of separation already exists between EWEB operations, which has about 250 workers, and the 240 employees who work in administration, finance, customer service and other "inside" departments. Ensuring that all EWEB employees see themselves as members of a single organization has always been a challenge, and it will continue to require attention.

The utility board and its staff have done a good job of scaling back the cost of the operations center while at the same time maintaining a commitment to a high-quality facility that will serve EWEB customers well for decades. The City Council should have no reservations about approving the bonds.