



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD
GENERAL MANAGER'S DIVISION

Rely on us.

TO: Commissioners Bishop, Menegat, Lanning, Simpson, Farmer
FROM: Ken Beeson
DATE: July 12, 2006
SUBJECT: Roosevelt Building Project – Design Agreement and Capital Budget Amendment

Issue Statement.

On Tuesday, July 18, 2006, staff will request Board authorization to execute an amendment to the existing EWEB – PIVOT Architecture Agreement to provide for design services for the Roosevelt Building Project. Staff will also request Board approval of Capital Budget Amendment No. 5.

Background.

In early 2005, EWEB retained WBGs Architecture and Planning, PC (now named PIVOT Architecture) to complete a schematic design (i.e., 30% design) and cost estimate for new EWEB facilities to be located in west Eugene. The original agreement (“EWEB Contract #048-2004 for Architecture and Engineering Services for EWEB’s New Headquarters and Facilities Site”) was amended four times during the year, including a revision that provided for completion of schematic design and cost estimate for a “split alternative” whereby EWEB electric and water operations functions will move to the new Roosevelt site in west Eugene, and administrative and customer service functions will remain at the existing downtown location. That work was completed and delivered to the Board in November 2005.

In February 2006, the Board decided to proceed with the split alternative. At the same time, the Board authorized staff to break the Project financing into two phases: Phase I for design, and Phase II for construction. In early May, the Board and the City council authorized issuance of \$8 million in revenue bonds via the URBA process to fund the Phase I design work. The URBA process (60 day remonstrance period) was completed on July 12 and, at this point, EWEB has necessary authority to proceed with funding for the design work on the project.

Discussion.

In order to complete the final design for the Roosevelt Building Project, staff is proposing Amendment 5 to the EWEB – PIVOT Agreement as described below.

Overview of Amendment. Amendment 5 to the Agreement provides for completion of final design necessary for construction of the new facilities planned at the Roosevelt site. These new facilities include the 1) operations and engineering building, 2) warehouse, 3) fleet storage building, 4) fleet services building, 5) fuel and wash building, 6) equipment and yard storage areas, 7) wellness center and mechanical plant, 8) visitor and employee parking, and 9) access driveways.

More specifically, the amendment provides for completion of Design Development (completion of final design and cost estimates) and Construction Documents (all final construction drawings and specifications necessary for construction of the facilities). All of the design is expected to take about 16 months to complete with Design Development taking approximately six months and Construction Documents taking approximately ten months.

In the Design Development phase, the size, character and quality of the facilities will be determined and fixed, including architectural, structural, electrical, mechanical, and civil systems. In this phase of the work, the plans, elevations, and sections describing systems and components will be prepared. Types, sizes, locations, configurations, and location relationships of equipment will be determined. Site plans and floor plans are developed. Constructability reviews will be ongoing with advice from the Construction Manager / General Contractor. Criteria for the initial design decisions made in the schematic design phase will be reviewed and reevaluated. The basic systems of the project will be evaluated for suitability and cost versus the final use or design intent.

At the end of Design Development (February 2007), a formal project budget estimate will be completed. Our intention at this time is to reconcile that estimate with an estimate prepared by the CM/GC and the resulting estimate could be used as a basis for project funding authorization.

Completion of Construction Documents will follow Design Development and, as mentioned above, is expected to take approximately 10 months. In this phase of the work, all final drawings and specifications will be completed in a form that allows for bidding and construction of the new facilities. All of the information necessary to obtain the final permits will be prepared.

PIVOT Architecture is the primary firm responsible for managing all phases of the design work. They are supported by the following firms: BNIM Architects (sustainability), Parson Brinkerhoff (industrial), Balzhiser & Hubbard Engineers (civil, mechanical, electrical), Hohbach Lewin Engineers (structural), Satre Associates (landscape), Environmental Solutions (environmental), Foundation Engineering (geotechnical), Architectural Cost Consultants (cost estimating), and Group McKenzie (traffic engineering). All of these firms worked on the schematic design in 2005.

Cost for Final Design. The total of the fees and expenses for Amendment 5 is \$4,365,888. This is a maximum, not to exceed amount. PIVOT will bill EWEB actual costs as the work is completed. This amount is consistent with the estimated cost for project design that was included in the project budget estimate approved by the Board on June 6, 2006.¹

Capital Budget Amendment No. 5. In addition to requesting Board approval to execute Amendment 5 to the EWEB – PIVOT Agreement, staff is also requesting Board approval of Electric Capital

¹ The estimated cost for architect and engineer fees included in the June 6 estimate was \$5,640,554. This amount also included estimated costs for architectural and engineering services required in the construction phase of the project. It is expected an additional amendment to the existing EWEB – PIVOT Agreement will be executed for this additional work.

Budget Amendment No. 5 which is necessary to cover the architectural and engineering costs estimated in 2006 for final design work on the EWEB Roosevelt Building Project. The funding source is the 2006 Revenue Bonds.

The proposed budget amendment is attached. The projected year-end expenditures of \$3.3 million is broken down as follows:

- Approximately \$1,485,000 of the current year budget of \$1,559,350 will be used to complete property acquisition associated with the Roosevelt Project.
- The estimated cost in 2006 for architecture and engineering fees associated with Amendment 5 is \$1,600,000.
- An additional \$100,000 is estimated for completion of the riverfront preliminary planning process.
- \$110,000 is estimated for project management and related staff work associated with the Roosevelt project.

Recommendation / Requested Action.

Staff recommends the following Board actions:

- Board approval of Amendment 5 to the EWEB Contract #048-2004 providing for design services for the EWEB Roosevelt Building Project; and
- Board approval of Electric Capital Budget Amendment No. 5 due to design costs estimated in 2006 for the EWEB Roosevelt Building Project.

Please call me if you have any questions or if I can provide additional information.

Attachment

Budget Amendment Form

Amendment # 5

General Information

Date: July 18, 2006

Project Name: EWEB Headquarters Building Project

Project Number: 27146

Amendment For: Electric Major Capital

Category of Amendment (Check all that apply):

Utility: Electric Water Steam

Major Capital Project O&M Labor & Benefits

Contact Information:

Name: Ken Beeson (ext 3772)

Description and Justification for Budget Amendment:

This budget amendment is necessary due to architectural and engineering costs estimated in 2006 for final design work on the EWEB Roosevelt Building Project. The funding source is the 2006 Revenue Bonds. Additional background on this budget amendment is provided in the July 12, 2006 memorandum from Ken Beeson to EWEB Board titled "Roosevelt Building Project – Design Agreement and Capital Budget Amendment." Contact person is Ken Beeson.

Actual Expenditures through June 2006	Projected Year-End Expenditures	Amount Currently Budgeted	Additional Funds Needed	Funding Source (reserves, new revenue, bonding)
\$850,115	\$3,297,115	\$1,559,350	\$1,737,765	2006 Revenue Bonds

Finance Director Approval: _____ General Manager Approval: _____

Division Director Approval: _____ Board Consent Date: _____

GM Assistant Secretary Approval: _____

2006 - 2010 Electric Capital Plan	<i>Includes Budget Amendment #5 & #6</i>									
Adjusted By Budget Amendments and Cap Imp Res										
Updated 07/11/06										
	2006	2006	2006	2006	2007	2008	2009	2010	Adjusted	
	Original	Amendments	Adjusted	Projected					2006-2010	
I. Program Estimates										
Hydro Relicensing BAM-01	1,058,559	1,134,500	2,193,059	2,193,059	745,000	895,000	8,500,000	42,926,000	55,259,059	
Generation (BAM-01, BAM-02, BAM-03, *BAM-04, BAM-06)	5,938,675	1,336,139	7,274,814	5,845,118	1,102,061	50,000	2,618,824	1,265,040	12,310,739	
Transmission & Substation BAM-04*	3,153,319	(271,700)	2,881,619	2,332,535	5,882,594	6,345,589	1,885,816	2,743,365	19,738,982	
Electric Distribution	11,401,785		11,401,785	8,750,056	9,473,741	9,065,237	10,056,614	9,831,843	49,829,220	
Power Management	430,046		430,046	381,322	845,000	280,000	318,000	318,000	2,191,046	
Facilities Capital Improvements (BAM-02D, BAM-05) (Note 1)	2,360,952	1,937,765	4,298,717	4,073,717	1,047,000	1,077,000	607,000	388,000	7,417,717	
Information Resource Management	1,065,440		1,065,440	972,954	745,540	788,540	758,440	746,540	4,104,500	
DSM & Retail Services (Note 2)	5,398,500		5,398,500	745,540	6,940,525	7,021,776	7,105,411	7,202,453	33,668,664	
Telecommunications Infrastructure	1,080,261		1,080,261	200,000	490,000	120,000	130,000	150,000	1,970,261	
Total Expenditures	31,887,537	4,136,704	36,024,241	25,494,301	27,271,461	25,643,141	31,980,105	65,571,241	186,490,189	
II. Capital Fund Sources										
Electric Rates	15,707,705		15,707,705	15,707,705	15,363,852	15,020,000	15,020,000	15,700,000	76,811,557	
Rate Funds Carryover from 2005 (Note 3)	7,757,641		7,757,641	6,860,641					7,757,641	
Customer Contributions	4,284,886		4,284,886		2,083,590	2,152,798	2,343,782	2,306,595	13,171,650	
Steam Utility Payment	270,000		270,000	270,000	270,000	270,000	270,000	270,000	1,350,000	
Carmen Smith Relicensing bonds BAM-01	1,053,366	1,134,500	2,187,866	2,187,866	745,000	395,000	9,000,000	42,926,000	55,253,866	
Telecom bonds	820,261		820,261	200,000	380,000	-	-	-	1,200,261	
2006 Bonds for Roosevelt Project			-	1,559,350					-	
New 2006 Roosevelt Project Bonds		1,737,765	1,737,765	1,537,765					1,737,765	
Capital portion DSM 5% Allocation	3,835,000		3,835,000	745,540	5,960,025	6,050,276	6,141,911	6,238,953	28,226,164	
Conservation Augmentation	1,500,000		1,500,000	-	-	-	-	-	1,500,000	
Conservation & Renewable Discount	900,000	-	900,000	900,000	900,000	900,000	900,000	900,000	4,500,000	
									-	
Total Funds	36,128,859	2,872,265	39,001,124	29,968,867	25,702,467	24,788,073	33,675,693	68,341,548	191,508,904	
Funds - Expenditures	4,241,322	(1,264,439)	2,976,883	4,474,566	(1,568,994)	(855,068)	1,695,588	2,770,307	5,018,715	

Notes: Adjusted total for 2006-2010 does not include 2006 projections.

1,497,683

Original CIP 5,375,268
Net Change -356,553

* BAM-04 Budget Amendment #4 for Waltherville Chevron increases Generation budget and reduces the Transmission & Substation budget by \$271,700. Budget Amendment #6 reallocates \$367,439 between the Generation project and reduces 2007 budget by like amount.

(1) Facilities Capital Additions Project (Roosevelt Project) has projected variance of \$1.74 million (Budget Amendment #5). Expenditures are within budget.

(2) Demand-side & Retail Services projected variance is due to accounting treatment change. The expenditures were moved to O&M. This summer a budget amendment will be processed that will have no effect on the capital plan as the funding will move also to O&M.

(3) Rate Funds Carryover had \$545,641 higher than the original \$7,212,000