



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD
GENERAL MANAGER'S DIVISION

Rely on us.

TO: Eugene City Council
FROM: Ken Beeson, EWEB Roosevelt Building Project Manager
DATE: November 2, 2007
SUBJECT: EWEB Roosevelt Operations Center Project Review

Issue Statement.

EWEB expects in February 2008 to request City Council authorization to issue Electric Utility System Revenue Bonds under provisions of the Uniform Revenue Bond Act. These bonds will be used for development and construction of new facilities in West Eugene to house EWEB water and electric utility engineering and operations functions currently located at the downtown riverfront site. This memo provides a review of EWEB development work associated with that request.

Background.

In February 2006, the EWEB Board authorized relocation of EWEB water and electric utility engineering and operations functions currently located at the downtown riverfront site. Customer Service and certain administrative functions will remain downtown in the existing headquarters building. This decision followed consensus Board agreement that most of the existing downtown operations facilities have outlived their useful life and need to be replaced, and that long-term use of the downtown site for EWEB water and electric operation, staging and equipment storage functions was not in the best interest of the utility or the community.

In April 2006, the Board authorized \$8 million in system revenue bonds under provisions of the Uniform Revenue Bond Act. In May 2006, the City Council approved that authorization. These bonds are helping finance the Roosevelt Project development including purchase of the West Eugene property as well as work associated with final design for the new facilities.

In July 2006, EWEB started working on the final design of the new facilities. In February 2007, after detailed review, the Board agreed that the cost estimate (\$98 million) for the project was too high and directed staff to reduce the scope and cost for the new facilities. In July 2007, after several months of review, including a space and cost reduction of approximately 15 percent and a third-party project review completed by several local contractors, the Board approved a revised project budget of \$83.5 million and authorized staff to proceed with design and preparation of a cost estimate to use in project financing in early 2008.

Discussion.

Project Description. The proposed new operations center is located on a 52-acre site at the southeast corner of Beltline Road and Roosevelt Boulevard, and includes an operations and engineering building (combination shops and offices); warehouse; fleet services building; equipment and material storage and staging yard; driveways and employee parking. The total square footage is approximately 197,000 square feet under cover.

Sustainability and Efficiency Measures. EWEB intends to incorporate energy conservation and efficiency measures into the development with the goal of achieving a LEED Gold certification.

Permits. Because part of the Roosevelt site is designated as developable wetlands, EWEB will obtain removal and fill permits from the US Army Corps of Engineers and Oregon Department of State Lands. A permit will also be obtained from the Oregon Department of Environmental Quality. These permits, that are expected to be approved by mid-2008, will allow for the initial earthwork portion of the project construction which is expected to take four months and, in accordance with the fill permits, must be completed prior to Nov. 1. Any delays in completion of this initial earthwork will push project completion back by at least one year.

EWEB is also working with City staff to obtain the required City building permits.

Wetland Mitigation Bank. The EWEB development will impact approximately 16.5 acres of wetlands on the site. To offset that impact, EWEB will restore and create approximately 10.5 acres of wetlands on site and, in addition, purchase approximately 8.2 acres of mitigation bank credits from the City's West Eugene wetlands mitigation bank. The EWEB payment to the City mitigation bank is expected to be approximately \$435,000.

Project Cost and Funding Process. The project budget approved by the Board in July 2007 is \$83.5 million. A refined cost estimate (expected to be within the \$83.5 million project budget) will be submitted to the Board in February 2008 for approval for project financing. Assuming Board approval, submission to the Council of an authorization request for project financing will follow. As mentioned above, the financing is expected to be accomplished under provisions of the Uniform Revenue Bond Act (URBA), which has been used by EWEB since 1992 for electric and water utility financing authorizations.¹

Estimated Rate Impact. Based on the project budget assumptions, the average rate increase related to the Roosevelt project is estimated to be 1.7 percent for electric customers and 11.2 percent for water customers. Credits from future sale of any EWEB riverfront property will reduce these estimated increases.

Project Schedule. Significant schedule dates include:

- Feb. 5, 2008 – request for EWEB Board authorization for financing
- Feb. 25, 2008 – request for City authorization for financing (assuming EWEB Board authorization)
- March/April 2008 – Complete URBA financing process
- July 2008 - start construction
- Sept. 2010 – complete construction

Conclusion.

This memo is informational and there is no recommendation at this time. As mentioned above, the EWEB Board is expected to consider financing authorization for the Roosevelt Operations Center in February 2008 and, assuming Commissioners' approval, a request for City Council authorization would follow.

For additional information, please contact any members of the EWEB Board or contact me directly at 341-3772 or ken.beeson@eweb.eugene.or.us.

cc: EWEB Board of Commissioners

¹ In referring a request to the community to issue revenue bonds, the EWEB Board can have the question placed on the ballot or they can publish a "Notice of Revenue Bond Authorization" stating intent to issue debt, describing the amount, purpose, and process whereby if written petitions signed by at least 5% of the city's qualified electors are filed within 60 days after the date of publication of the Notice, the question of issuing the debt shall be placed on the ballot at the next available election date.