



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Helgeson, Brown, Mital, Simpson and Carlson  
FROM: Mel Damewood, Chief Water Engineering and Operations Officer  
DATE: September 22, 2017  
SUBJECT: Water Utility – Customer Service Policy Update  
OBJECTIVE: Board Approval

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## **Issue**

Updates are requested to the Water Utility Customer Service Policies (Policies) to reflect a change in practice regarding the development process for new water infrastructure, primarily main extensions for new subdivisions.

## **Background**

The existing Policies outline processes to provide water service for main extensions (Developments). The cost for work and improvements required to provide water service is borne by the Developer/Customer and the existing Policies allow for either the Developer/Customer or EWEB to design the required improvements to serve the Development.

Historically however, EWEB has completed the design of the main extensions under the following sequence:

- 1) The Developer/Customer signs a design agreement with EWEB and pays the design costs.
- 2) EWEB completes the design for the main extension and prepares estimate of the work that would be completed by EWEB.
- 3) Developer/Contractor pays EWEB the estimated costs for its work and provides a financial guarantee (bond or letter of credit as required by ORS 92.090).
- 4) Developer/Contractor constructs improvements which EWEB then disinfects and ties into its live system.

## **Discussion**

While the previously described process works there are issues with it, specifically:

- 1) The Developer/Customer' schedule is dependent upon EWEB's workload.
- 2) The Developer/Customer needs to wait for estimates to be prepared in order to calculate the total cost of the Development.
- 3) Some efforts by EWEB and the Developer/Customer are redundant. Both are preparing drawings of the same Development. The Developer/Customer for the sewer, storm and all other improvements and EWEB for the water, electric, and joint trench utilities.

To alleviate the above issues the Water Utility has begun asking Developers/Customers to prepare the designs for the Developments and compensate EWEB for its work (as described below) based on

flat fees instead of estimates (similar to what is currently done for new water services). Having the Developer/Customer prepare the design allows for them to be in more control of the project schedule. Also, the total cost of the Development is easily determined due to the flat fees and redundant design and coordination processes are reduced.

The current Policies include the requirements that the Developer/Customer must follow when preparing the designs and state the EWEB will be reimbursed for its work.

The proposed flat fees have been developed based on review of historic costs for completing the work. The proposed fees are:

Plan Review Fee

These are the costs incurred by EWEB to review and comment on the design plans prepared by the Developer/Customer.

Length of Main in Development	Fee
Up to 500 Feet	\$1,000
500 Feet to 1,000 Feet	\$1,200
1,000 Feet to 2,000 Feet	\$1,600
2,000 Feet to 3,000 Feet	\$2,000
3,000 Feet to 4,000 Feet	\$2,400
Greater than 4,000 Feet	\$2,800

Financial Guarantee

The Oregon Revised Statutes require the receipt of a financial guarantee prior to the approval of a plat for a subdivision to ensure that a water supply will be installed to every lot line in the subdivision. This guarantee, which is intended to ensure construction of the water system is completed, is normally in the form of a bond or letter or credit which is released upon completion of construction.

The financial guarantee amount is based on the total of two items, a unit price per foot of pipe and the number of services:

Cost per foot of pipe (up to 8-inch diameter – costs for pipe greater than 8-inch will be estimated)	\$130
Cost per service	\$1,300

System Connection Fee

This fee is for the costs incurred by EWEB to physically connect the newly constructed main extension into EWEB’s live water system. Two costs are proposed, one when the removal and replacement of an asphalt or concrete surface is required (With Hard Surface Restoration) and one without this requirement (No Hard Surface Restoration)

System Connection Fee – With Hard Surface Restoration

Cost per system connection (up to 8-inch diameter – costs for pipe greater than 8-inch will be estimated)	\$9,000
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System Connection Fee – No Hard Surface Restoration

Cost per system connection (up to 8-inch diameter – costs for pipe greater than 8-inch will be estimated)	\$6,500
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Disinfection and Hydrant Testing Fee

EWEB operations staff disinfects all new main extensions prior to connecting into EWEB’s live system. Once connected, flow tests are completed for all fire hydrants. The fees below are for the costs incurred due to these activities:

Cost per foot of pipe (for disinfection)	\$3
Cost per hydrant test	\$300

Inspection and Permit Fee

EWEB Engineering staff provide periodic inspection of new main extensions and witness all pressure tests for the new systems. EWEB also obtains the City Permit for work within the Public Right-of-Way and passes this cost onto the Developer/Customer. The fees below are for the costs incurred due to these activities:

Cost per foot of pipe (for inspection)	\$2
Pressure Test	\$320
Permit cost	Calculated by City

EWEB has applied the above costs to several previously constructed developments and compared the costs using the above flat fees to those based on estimates. These comparisons showed an average reduction of about 20% in the total EWEB costs paid for by the Developer/Customer using the flat fees. This reduction is due to the fact that EWEB is no longer doing the design of the improvements. The Financial Guarantee amount was similar.

Standard forms have been created for all the above charges so that the Developer/Customer can calculate the total fee amount that will be applicable to the Development. As mentioned previously, this is similar to what is currently done with new water service installations. Also, as is done for new water service installation it is anticipated that these fees will be updated periodically to ensure they are representative of actual costs incurred.

While the EWEB Water Utility is using the new process on several ‘test cases’ currently, we anticipate officially changing to the new process November 1, 2017, pending Board Approval. EWEB’s electrical utility anticipates adopting a similar process in the future.

There are several changes that staff will need to make to the Water Main Extensions Policy to align it with this new method. Since the existing Main Extensions Policy is primarily based upon estimates of work conducted by EWEB, this methodology falls within the intent of the current policy. We recommend that staff work on the changes and have them align with the new model by the beginning of 2018. We are also recommending that the General Manager approve these procedural changes (with legal review) when they are completed.

### **Requested Board Action**

Management requests Board Approval of the above fees through Attached Resolution No. 1725. Upon approval, the Water Utility Customer Service Policies will be updated to reflect these changes.

If you have any questions please contact Mel Damewood, Chief Water Engineering and Operations Officer at 541-685-7145 or email [mel.damewood@eweb.org](mailto:mel.damewood@eweb.org).

**RESOLUTION NO. 1725  
OCTOBER 2017**

**EUGENE WATER & ELECTRIC BOARD  
RESOLUTION APPROVING WATER UTILITY FEES**

**WHEREAS**, The Eugene Water & Electric Board (EWEB) periodically reviews, revises and updates Board Policies for consistency, legality, correctness and to reflect actual practices evolving as continual improvement;

**WHEREAS**, Changes to the Water Utility Customer Service Policies including standard Water Utility Fees for Main Extensions have been presented at the October 3, 2017 Regular Board Meeting as follows:

Plan Review Fee

Length of Main in Development	Fee
Up to 500 Feet	\$1,000
500 Feet to 1,000 Feet	\$1,200
1,000 Feet to 2,000 Feet	\$1,600
2,000 Feet to 3,000 Feet	\$2,000
3,000 Feet to 4,000 Feet	\$2,400
Greater than 4,000 Feet	\$2,800

Financial Guarantee

This is based on the total of two items, a unit price per foot of pipe and the number of services:

Cost per foot of pipe (up to 8-inch diameter – costs for pipe greater than 8-inch will be estimated)	\$130
Cost per service	\$1,300

System Connection Fee – With Hard Surface Restoration

Cost per system connection (up to 8-inch diameter – costs for pipe greater than 8-inch will be estimated)	\$9,000
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System Connection Fee – No Hard Surface Restoration

Cost per system connection (up to 8-inch diameter – costs for pipe greater than 8-inch will be estimated)	\$6,500
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Disinfection and Hydrant Testing Fee

This is based on the total of two items, a unit price per foot of pipe and the number of hydrants to test:

Cost per foot of pipe	\$3
Cost per hydrant	\$300

Inspection and Permit Fee

This is based on the total of three items, a unit price per foot of pipe, a set cost for pressure tests, and the City calculated permit cost:

Cost per foot of pipe	\$2
Pressure Test	\$320

**NOW THEREFORE, BE IT RESOLVED**, that the Eugene Water & Electric Board does hereby resolve to adopt the stated Water Utility Fees for Main Extensions. Furthermore, be it resolved that the Board hereby authorizes the General Manager to update the current Customer Service Policies accordingly.

DATED this 3<sup>rd</sup> day of October, 2017.

THE CITY OF EUGENE, OREGON  
Acting by and through the  
Eugene Water & Electric Board

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President

I, ANNE M. KAH, the duly appointed, qualified and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is true and exact copy of the amended Resolution adopted by the Board in its October 3, 2017 Regular Board Meeting.

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Assistant Secretary