



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital
FROM: Mel Damewood, Engineering Manager
Matt Sayre, IT Manager
DATE: October 23, 2013
SUBJECT: Capital Budget Amendments No. 8 – 16
Electric and Water 5-Year Capital Improvement Plan Updates
OBJECTIVE: Board Action - Approval of Budget Amendments

Issue Statement

On November 2, 2013, EWEB management will present to the Board as separate Consent Calendar items Budget Amendments (BAMs) No. 8 – 16 for approval, along with amended updates of both the Electric and Water 5-Year Capital Improvement Plans (CIP).

Background

Board Policy EL-1(3) requires Board approval of budget amendments when expenditures for a “major capital” project are projected to exceed or are actually expended in excess of the budgeted amount for that project by the lesser of 25%, or \$250,000 for Electric or \$125,000 for Water. Additionally, the Board must approve a budget amendment for expenditures of a project that is not in the approved Five-Year Capital Improvement Plan that is projected to cost in excess of \$500,000 for Electric or \$250,000 for Water in the current year. In cases where amendments affect water and electric budgets, an 82% electric, 18% water division is used.

Major Capital Budget Projects are defined as those projects in excess of \$500,000 for the Electric Utility or \$250,000 for the Water Utility. The budget amendments described above 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. The update is for review purposes only; the Five-Year Capital Improvement Plan will only be approved once per year.

Discussion

EWEB management proposes the following budget amendments to the Board for approval.

Budget Amendment No. 8 –IS Capital – SAN/VM Ware Replacement: \$1,250,000

Management proposes a change associated with the consolidation of two budgets, Disaster Recover and IT Operations Support, to fund a common project to purchase storage and virtualization

hardware (“SAN/VM Ware”) that will support both operations and future disaster recovery. The amendment creates and budgets Job 36482, SAN/WM Ware, at \$1,250,000, which is funded from reductions to Job 25067 *Disaster Recovery* and Job 33831 *IT Ops Support*. This amendment also includes a \$600,000 addition to capital reserves from Job 33831.

Budget Amendment No. 9 – Metro Ethernet: \$415,000

Proposed is an adjustment that increases the budget of Job 35958 *Metro Ethernet* by \$415,000 from \$860,000 to \$1,275,000, which funds additional labor associated with software fixes on EWEB’s Metro E. system. This work is funded by budget reductions from within the existing approved capital budget, including from Job 36342 *Emergency (IT)Capital*, and two infrastructure jobs (one electric and one water).

Budget Amendment No. 10 – WAM Implementation: \$534,374

Management proposes a \$534,374 increase to the Work and Asset Management (WAM) capital implementation portion of the WACFR project, from a 2013 budget of \$3,378,567 to \$3,912,941. This capital increase is funded by offsets in 2013 budgeted O&M work on WAM. The “As-Is” design assessment work, which was budgeted as O&M, was accelerated, moving the project to the new system configuration (i.e. capital) phase earlier than expected. There is no change to the overall project budget.

Budget Amendment No. 11 – Energy Insight™: \$749,641

Management is proposing a reclassification of existing expenditures from O&M accounts, along with additional funding of \$60,000 from operating reserves, to correct emerging issues associated with Energy Insight™ (EI). These requests also qualify the project as “Major Capital”, based on financial policy EL-1.

Energy Insight™, EMS records and reporting application, development started in 2010 with the purpose of replacing antiquated data bases and adding automation and efficiency to EMS, and a total projected multi-year cost of approximately \$1.1 million. With most of the development completed, the 2013 budget included \$90,013 of planned capital. EI was released-to-service after initial testing in April 2013. Following release, several issues were found and corrections pursued including customer interface, firewall/security, and automated payments. After delivery in April it was anticipated any further effort would be considered maintenance with the cost tracked as O&M. Internal auditing processes revealed the need to re-classify these costs per Generally Accepted Accounting Principles (GAAP) as capital due to the work being more development in nature instead of maintenance, along with the requirement to estimate the remaining capital costs to correct the aforementioned issues.

Budget Amendment No. 12 – Back-Up Control Center: \$175,000

Management proposes a FY2013 budget amendment from \$675,000 to \$850,000 for the Back-Up Control Center (Job 33758). EWEB’s 2012 Capital Improvement Plan (CIP) estimated the total Back-Up Control Center project cost at \$1.47 million, primarily bond-funded in 2012 with a completion date of July 1, 2013. EWEB met the NERC-required completion of July 1, 2013. However, supplier-caused technology delays associated with networking equipment pushed most of the work to 2013. In April, EWEB staff underestimated the remaining 2013 work at \$675,000. The

main contributors included costs associated with additional security measures, under-estimated labor and overtime due to the compressed schedule, and unanticipated upgrades to telecommunications equipment. Overall, the total spending on the Back-Up Control Center (Job 33758) will land around \$1,265,000, approximately 14% under initial the total project estimate of \$1.47 million.

Budget Amendment No. 13 – Hayden Bridge Filter Upgrades: \$120,000

Management proposes a budget amendment from \$1,850,000 to \$1,970,000 on the Hayden Bridge Filter Upgrade Project. This project is a two year (2012-2013) project. Construction started late in 2012 and at year end 2012, there was approximately \$1,000,000 available to rollover to 2013 to complete the project. Based on estimated 2013 costs, \$612,000 of the \$1,000,000 available was added to the 2013 budget as part of Budget Amendment 4 in April. Several items however caused the 2013 costs to exceed our earlier estimate. Primarily this was due to higher than anticipated media costs and the required repair of the existing filter underdrains. These, together with several smaller items, require an additional \$120,000 budget for project completion.

Budget Amendment No. 14 – Carmen-Smith Relicensing: \$550,000

Management proposes a budget amendment from \$2,961,000 to \$3,511,000 on the Carmen-Smith Relicensing Project. As presented and discussed with the Board previously, the issuance of the new Carmen-Smith operating license from the Federal Energy Regulatory Commission (FERC) continues to be delayed due to circumstances outside of EWEB's control. Earlier this year, staff reduced the Project's 2013 capital budget to reflect the unlikelihood that the license would be received in 2013. Staff subsequently identified monitoring, assessment, life extension and early implementation work prudent and necessary to keep the Project operating during the license delay. All of the additional work covered through this budget amendment was forecast and budgeted for future years and the overall CIP for the Carmen-Smith Project remains unchanged.

Budget Amendment No. 15 – ROC Fuel Tanks: \$245,951

Management proposes to amend the capital budget for the design and installation of fuel tanks at the ROC facility from \$400,064 to \$646,015, a \$245,951 increase, and to monitor the job as "major capital". Construction bids for the project exceeding original estimate is the primary driver for the requested amendment.

Budget Amendment No. 16 – Oracle Replatforming: \$13,000, "Major Capital" Designation

Management proposes amending Job 37271 *Oracle Replatforming* from \$465,000 to \$478,000. The primary intent of this budget amendment is to classify the job as "major capital" for reporting and monitoring purposes, as expenditures are close to the EL-1 \$500,000 threshold.

Electric Capital Plan Impact

For review, EWEB management has attached an update to the Five-Year Electric Capital Improvement Plan based on the budget amendments above. The presently approved plan (2014-2018) does not include 2013, so the impact of these budget amendments is on the go-forward capital

reserve balance, or when future funds are being used for the amendments. The 2013 changes are shown compared to the latest 2013 capital plan from this past April. Overall, Type 1 rate-funded capital expenditures increased by \$908,187, but are fully offset by reductions or reclassifications in present-year O&M. Additionally, All of the other electric capital changes, including BAM-12 *Back-Up Control Center*, BAM-14 *Carmen License Implementation*, and BAM-15 *ROC Fuel Tanks* are bond-funded and do not affect the capital reserve balance. The 2013 ending capital reserve was adjusted to reflect the forecasted year-end balance.

Water Capital Plan Impact

In addition, EWEB Management has attached an update to the Five-Year Water Capital Improvement Plan based on the budget amendments described above. Similar to Electric, the 2013 changes are shown compared to the latest 2013 capital plan from this past April. With the budget amendments, the Type I rate funded expenditures increase by approximately \$222,000 and the Type II bond funded expenditures increase by \$84,000. The 2013 year end capital reserve balance and subsequent year capital reserve balance projections were adjusted to reflect the effect of the budget amendments.

TBL Assessment

No TBL assessment is included in this action.

Recommendation

Management recommends the Board approve the budget amendments, as described herein, affecting the 2013 capital budgets of the Electric and Water Utilities.

Requested Board Action

Management will be requesting Board approval of the following budget amendments. Each amendment will be presented as a separate Consent Calendar item.

- 1) BAM-8 – SAN/VM Ware Replacement
- 2) BAM-9 – Metro Ethernet
- 3) BAM-10 – WAM(WACFR) implement Asset and Work Management
- 4) BAM-11 – Energy Insight
- 5) BAM-12 – Back Up Control Center
- 6) BAM-13 – WAM Implementation-Electric
- 7) BAM-14 – Carmen-Smith License Implementation
- 8) BAM-15 – ROC Fuel Tank
- 9) BAM-16 – Oracle Replatforming

To discuss this material, please contact Mel Damewood, Engineering Manager at 541-685-7145 or mel.damewood@eweb.org, or Matt Sayre, IT Manager at 541-685-7721 or matt.sayre@eweb.org .

Attachments:

- BAM-8 – SAN/VM Ware Replacement
- BAM-9 – Metro Ethernet
- BAM-10 – WAM(WACFR) Implementation
- BAM-11 – Energy Insight
- BAM-12 – Back Up Control Center
- BAM-13 – Hayden Bridge Filter Upgrade
- BAM-14 – Carmen-Smith License Implementation
- BAM-15 – ROC Fuel Tank
- BAM-16 – Oracle Replatforming
- Electric Capital Improvement Plan (Update)
- Water Capital Improvement Plan (Update)

Budget Amendment Form

Date: October 18, 2013

Amendment # 8

Contact Information:

Name/Title/E-mail: Matt Sayre, Information Technology Manager, matt.sayre@eweb.org
 Maria Wren, Senior IT Project Manager, maria.wren@eweb.org

General Information:

Project No./Name	Job No./Name
Project 33831 - IT Capital - Operations Support Umbrella	Job 36482 - SAN/VM Ware Replacement Project

Amendment Type: *(Check all that Apply)*

Utility: Electric 82% Water 18%

Category: Major Capital Project Capital O & M Labor & Benefits

Description and Justification for Budget Amendment:

Budget amendment #8 captures changes to the Electric and Water Utility capital budgets for projects that meet the criteria as a "Major Capital Project" under financial policy EL-1. Two budgets, Operations Support Umbrella and Disaster Recovery are consolidated to fund purchase of storage and virtualization hardware necessary to support both IT operations and disaster recovery. Budget is also being transferred from the Operations Support Umbrella to the Capital Reserves to cover costs associated with the WAM project in 2014.

Table 1 – Budget variance Summary

Beginning 2013 Budget – SAN/VM Ware Replacement Project	\$0
Current Budget – SAN/VM Ware Replacement Project	\$0
This Job was under the Umbrella Job 33831.	\$1,250,000
Requested 2013 Year-End Budget	\$1,250,000

(Project No.-Job No.) & Description	Actual Expenditures Through 9/30/13	Projected Year-End Expenditures	Amount Currently Budgeted	Funds Transferred In / (Transferred Out)	Funding Source <i>(job transfer, reserves, bond funds, new revenue)</i>
23826 - Job 36482 SAN/VM Ware	\$577,071	\$ 1,250,000	\$ 0	\$1,250,000	Job transfer from 25067 DR 750,000
37446-Job 25067 Disaster Recovery Capital Execution	\$0	\$0	\$ 750,000	(\$750,000)	To SAN/VM Ware Replacement Project, aspects of DR captured in SAN/VM Ware purchases

<i>23826-Ops Support Umbrella Job 33831</i>	<i>\$34,104</i>	<i>\$124,842</i>	<i>\$1,224,842</i>	<i>(\$1,100,000)</i>	<i>(\$500,000) To SAN/VM Ware Replacement Project (\$600,000) to Capital Reserves</i>
<i>Total</i>	<i>\$611,175</i>	<i>\$1,374,842</i>	<i>\$1,974,842</i>	<i>(\$600,000)</i>	<i>(\$600,000) to Capital Reserves</i>

Finance Manager Approval: _____ Department Manager Approval: _____

Fiscal Services Supervisor Approval: _____

Board Approval Date: _____

Budget Amendment Form

Date: October 18, 2013

Amendment # 9

Contact Information:

Name/Title/E-mail: Matt Sayre, Information Technology Manager, matt.sayre@eweb.org
 Maria Wren, Senior IT Project Manager, maria.wren@eweb.org

General Information:

Project No./Name	Job No./Name
Project 23826 - Information Services Capital Work	Job 35958 - Metro Ethernet Capital Project

Amendment Type: *(Check all that Apply)*

Utility: Electric 82% Water 18%

Category: Major Capital Project Capital O & M Labor & Benefits

Description and Justification for Budget Amendment:

Budget amendment #9 captures changes to the Electric and Water Utility capital budgets for projects that meet the criteria as a "Major Capital Project" under financial policy EL-1. The change reflected below transfers Emergency Capital dollars to cover additional labor costs required to resolve critical product software bug fixes in Metro Ethernet Project.

Table 1 – Budget variance Summary

Beginning 2013 Budget – Metro Ethernet Capital Project	\$860,000
Additional equipment required to support Metro E project	\$103,750
Labor expenditures to meet compliance requirements; per the Reliability Council	\$207,500
Critical product bug fixes involving additional labor	\$103,750
Requested 2013 Year-End Budget	\$1,275,000

(Project No.-Job No.) & Description	Actual Expenditures Through 9/30/13	Projected Year-End Expenditures	Amount Currently Budgeted	Funds Transferred In / (Transferred Out)	Funding Source <i>(job transfer, reserves, bond funds, new revenue)</i>
23826-Job 35958 Metro Ethernet	\$907,927	\$ 1,275,000	\$ 860,000	\$415,000	Job Transfer from 36342 Emergency Capital
23826-Job 36342 (IS) Emergency Capital	\$0	\$85,000	\$300,000	(\$215,000)	To Metro Ethernet Capital Project
14009-Job 24475 Substation Oil Containment System	\$90,385	\$336,497	\$500,497	(\$164,000)	To Metro Ethernet Capital Project
14204-Job 34984 Dillard 800 PS Replacement	\$0	\$0	\$351,999	(\$36,000)	To Metro Ethernet Capital Project
Total	\$907,927	\$1,160,000	\$2,012,496	\$0	

Finance Manager Approval: _____ Department Manager Approval: _____

Fiscal Services Supervisor Approval: _____

Board Approval Date: _____

Budget Amendment Form

Date: October 18, 2013

Amendment # 10

Contact Information:

Name/Title/E-mail: Matt Sayre, Information Technology Manager, matt.sayre@eweb.org
 Sheila Crawford, Project Manager, sheila.crawford@eweb.org

General Information:

Project No./Name	Job No./Name
034931 Strategic Technology	035027 WACFR Implementation Asset and Work Mgmt

Amendment Type: (Check all that Apply) (Electric portion \$420,668, Water portion \$113,706)

Utility: Electric Water

Category: Major Capital Project Capital ___ O & M ___ Labor & Benefits ___

Description and Justification for Budget Amendment:

Management proposes a FY 2013 budget amendment to move \$534,374 back to capital from the operations & maintenance (O&M) budget for the Work Order and Asset Management (WAM) project. In April O&M work on the project was anticipated to take longer than what was originally budgeted for 2013. The budget amendments approved at the April 2nd Board meeting transferred \$718,776 from the WAM capital budget to WAM O&M. Capital work started earlier than anticipated and accordingly, most of the funds transferred to O&M now need to be transferred back to capital. This budget amendment is correcting the allocation between capital and O&M budgets. There is no change to the overall project budget.

Table 1 – Budget Variance Summary

Beginning 2013 Budget – WACFR Implementation	\$4,097,343
BAM #2 and #4 (Board Approved April 2013)	(\$ 718,776)
Current Budget - WACFR Implementation	\$3,378,567
Increase in Capital work	\$534,374
Requested 2013 Year-End Budget	\$ 3,912,941

(Project No.-Job No.) & Description	Actual Expenditures Through 10/16/2013	Projected Year-End Expenditures	Amount Currently Budgeted	Funds Transferred In / (Transferred Out)	Funding Source (job transfer, reserves, bond funds, new revenue)
034931-Job35027 WACFR Implem. Asset and Work Management	\$ 1,676,952	\$ 3,912,941	\$ 3,378,567	\$ 534,374	Transfer from O&M job 35028 WAM & MWM Implementation
Total	\$ 1,676,952	\$ 3,912,941	\$ 3,378,567	\$ 534,374	

Finance Manager Approval: _____ Department Manager Approval: _____

Fiscal Services Supervisor Approval: _____

Board Approval Date: _____

Budget Amendment Form

Date: October 18, 2013

Amendment # 11

Contact Information:

Name/Title/E-mail: Matt Sayre, IT Manager, Matt.Sayre@eweb.org
Mark Freeman, Energy Management & Customer Service Manager,
mark.freeman@eweb.org

General Information:

Project No./Name	Job No./Name
23826 Information Services Capital Work	34880/EMS Database Project-Execution

Amendment Type: (Check all that Apply)

Utility: Electric Water

Category: Major Capital Project Capital O & M Labor & Benefits

Description and Justification for Budget Amendment:

Management proposes to transfer \$749,641 from operations & maintenance (O&M) funds to the capital job for the Energy Insight (EI) system which is the EMS records and reporting application. Work commenced on the EI project in 2010 with system development work starting in 2011. EI was originally put into production in April 2013. At that time there were a few known issues that required additional system work; however they were not considered material. Accordingly, EI was considered in maintenance mode and future costs were shifted to O&M as required by generally accepted accounting principles. Given the amount of work required to make the system production ready, recently a determination was made that all 2013 work prior to the October re-release date should be capital. Total capital costs for the EI project are projected to be approximately \$1.1 million for 2011-2013. Funds to cover \$60,000 of this budget amendment will be funded from electric capital reserves, because higher customer service revenue has contributed to capital reserves more than projected for 2013.

Table 1 – Budget Variance Summary

Beginning 2013 Budget – EMS Energy Insight	\$0
BAM #3, Board Approved April 2013	\$90,013
Current Budget - EMS Energy Insight	\$90,013
Unanticipated software development	\$749,641
Requested 2013 Year-End Budget	\$839,654

(Project No.-Job No.) & Description	Actual Expenditures Through 10/10/2013	Projected Year-End Expenditures	Amount Currently Budgeted	Funds Transferred In / (Transferred Out)	Funding Source (job transfer, reserves, bond funds, new revenue)
33830-Job 34880 EMS Energy Insight Application	\$425,924	\$839,654	\$90,013	\$749,641	\$343,641 from Job 22215 \$132,000 from Job 180 \$54,000 from Job 35182 \$160,000 from Job 11379 \$60,000 from Op. Reserve
<i>Total</i>	\$425,924	\$839,654	\$90,013	\$749,641	

Finance Manager Approval: _____ Department Manager Approval: _____

Fiscal Services Supervisor Approval: _____

Board Approval Date: _____

Budget Amendment Form

Date: October 18, 2013

Amendment # 12

Contact Information:

Name/Title/E-mail: Mel Damewood, Engineering Manager, mel.damewood@eweb.org
Frank Lawson, Systems Engineering Supervisor, frank.lawson@eweb.org

General Information:

Project No./Name	Job No./Name
14011 / Instrumentation & Controls (Electric Systems)	33758 / Back Up Control Center (per NERC EOP-008)

Amendment Type: (Check all that Apply)

Utility: Electric Water

Category: Major Capital Project Capital O & M Labor & Benefits

Description and Justification for Budget Amendment:

Management proposes a FY2013 budget amendment from \$675,000 to \$850,000 for the Back-Up Control Center (Job 33758).

EWEB's 2012 Capital Improvement Plan (CIP) estimated the total Back Up Control Center project cost at \$1.47 million, primarily funded in 2012 with a completed date of July 1, 2013. EWEB met the NERC-required completion of July 1, 2013. However, supplier-caused technology delays associated with networking equipment pushed most of the work to 2013. After spending \$415,000 in 2011-2012, in April EWEB staff underestimated the remaining 2013 work at \$675,000. As summarized below, the main contributors included costs associated with additional security measures (\$34K), underestimated labor and overtime due to the compressed schedule (\$46K), and unanticipated upgrades to telecommunications equipment (\$79K).

Table 1 – Budget Variance Summary

Beginning 2013 Budget - Back-up Control Center	\$302,479	
BAM #2, Board Approved April 2013	\$372,521	
Current Budget – Back-up Control Center	\$675,000	
Additional Security Measures	\$34,208	5.1%
Underestimated Labor/Overtime (Equip. Delays)	\$46,102	6.8%
Unanticipated Telecom. Upgrades	\$79,081	11.7%
All Other Variances	\$15,609	2.3%
Requested 2013 Year-End Budget	\$850,000	125.9%

Overall, the total spending on the Back Up Control Center (Job 33758) will land around \$1,265,000, approximately 14% under the initial total project estimate of \$1.47 million.

<i>(Project No.-Job No.) & Description</i>	<i>Actual Expenditures Through 10/10/2013</i>	<i>Projected Year-End Expenditures</i>	<i>Amount Currently Budgeted</i>	<i>Funds Transferred In / (Transferred Out)</i>	<i>Funding Source (job transfer, reserves, bond funds, new revenue)</i>
<i>14011-Job 33758 Backup Control Center</i>	<i>\$822,002</i>	<i>\$850,000</i>	<i>\$ 675,000</i>	<i>\$175,000</i>	<i>“Type 2” Capital Bonds</i>
<i>Total</i>	<i>\$822,002</i>	<i>\$850,000</i>	<i>\$675,000</i>	<i>\$175,000</i>	<i>“Type 2” Capital Bonds</i>

Finance Manager Approval: _____ Department Manager Approval: _____

Fiscal Services Supervisor Approval: _____

Board Approval Date: _____

Budget Amendment Form

Date: October 18, 2013

Amendment # 13

Contact Information:

Name/Title/E-mail: Mel Damewood, Engineering Manager, mel.damewood@eweb.org
 Wally McCullough, Water Engineering Supervisor Wallace.mccullough@eweb.org

General Information:

Project No./Name	Job No./Name
14270 – Treatment Plant Additions	29711 – Filter Upgrades

Amendment Type: *(Check all that Apply)*

Utility: Electric Water

Category: Major Capital Project Capital O & M Labor & Benefits

Description and Justification for Budget Amendment:

Budget Amendment 13 provides additional funds for completion of Job 29711 – The current phase of the Hayden Bridge Filter Upgrades. The job budget variance summary is presented below:

Table 1 – Budget Variance Summary

Beginning 2013 Budget – Filter Upgrade	\$1,237,471	
BAM #4 , Board Approved April 2013 (Carryover of un-used 2012 funds)	\$612,529	
Current Budget – Filter Upgrade	\$1,850,000	
Additional Filter Media	\$64,000	3.5%
Repair of Existing Damaged Underdrains	\$37,000	2.0%
All Other Variances	\$19,000	1.0%
Requested 2013 Year-End Budget	\$1,970,000	106.5%

As shown, two items were the cause of the bulk of the overage. For the filter media, the quantity required and the unit price substantially exceeded the pre-construction estimate. With respect to the underdrain repair, this was for a condition not discovered until near completion of the construction. A repair was required prior to placing the filters into operation.

<i>(Project No.-Job No.) & Description</i>	<i>Actual Expenditures Through 9/30/13</i>	<i>Projected Year-End Expenditures</i>	<i>Amount Currently Budgeted</i>	<i>Funds Transferred In / (Transferred Out)</i>	<i>Funding Source (job transfer, reserves, bond funds, new revenue)</i>
14270-29711 Filter Upgrades	\$ 1,808,000	\$ 1,970,000	\$ 1,850,000	\$120,000	Type 2 Bond Reserves
<i>Total</i>	\$ 1,808,000	\$ 1,970,000	\$ 1,850,000	\$120,000	

Finance Manager Approval: _____ Department Manager Approval: _____

Fiscal Services Supervisor Approval: _____

Board Approval Date: _____

Budget Amendment Form

Date: October 18, 2013

Amendment # 14

Contact Information:

Name/Title/E-mail: Roger Kline, Generation Manager, roger.kline@eweb.org
 Michael McCann, Hydro License Implementation Project Manager
mike.mccann@eweb.org

General Information:

Project No./Name	Job No./Name
Program 32546 –Carmen License Implementation	Projects: 32548, 32752, 32753

Amendment Type: *(Check all that Apply)*

Utility: Electric Water

Category: Major Capital Project Capital O & M Labor & Benefits

Description and Justification for Budget Amendment:

Budget Amendment 14 captures changes to the Electric Utility capital budget for the Carmen-Smith License Implementation Program under financial policy EL-1. Refer to the background memo for specific details.

Table 1 – Budget Variance Summary

Beginning 2013 Budget –C-S License Implementation	\$7,453,218
BAM #2, Board Approved April 2013	(\$4,492,218)
Current Budget –C-S License Implementation	\$2,961,000
Carmen Crane Repair	156,000
Carmen Bypass Road NEPA/ESA	128,000
Carmen Turbine Vibration Monitoring	74,000
Carmen Governor Oil Pump Repair	50,000
Carmen Governor Air Compressor Replacement	63,000
Carmen Control System Upgrades	53,000
Other minor projects	26,000
Requested 2013 Year-End Budget	\$3,511,000

<i>(Project No.-Job No.) & Description</i>	<i>Actual Expenditures Through 9/30/2013</i>	<i>Projected Year-End Expenditures</i>	<i>Amount Currently Budgeted</i>	<i>Funds Transferred In / (Transferred Out)</i>	<i>Funding Source (job transfer, reserves, bond funds, new revenue)</i>
32546 Program; Projects 32548, 32752, 32753; Carmen-Smith License Implementation	\$ 2,338,605	\$ 3,511,000	\$ 2,961,000	\$550,000	Carmen-Smith Relicensing Type 3 Dedicated Funds
<i>Total</i>	\$2,338,605	\$3,511,000	\$2,961,000	\$550,000	Type 3 Capital Only

Finance Manager Approval: _____ Department Manager Approval: _____

Fiscal Services Supervisor Approval: _____

Board Approval Date: _____

Budget Amendment Form

Date: October 18, 2013

Amendment # 15

Contact Information:

Name/Title/E-mail: Kevin McCarthy, Operations Support Service Manager, kevin.mccarthy@eweb.org
 Todd Simmons, Electric T & D Operations Manager, todd.simmons@eweb.org

General Information:

Project No./Name	Job No./Name
37039 / EWEB Roosevelt Building Project	36057 / Install above ground fuel tanks at the ROC

Amendment Type: *(Check all that Apply)*

Utility: Electric Water

Category: Major Capital Project Capital O & M Labor & Benefits

Description and Justification for Budget Amendment:

This amendment is for a FY2013 budget increase from \$400,064 to \$646,015 for ROC above ground fuel tank project. EWEB’s 2012 Capital Improvement Plan (CIP) estimated the design and installation of the above ground fuel tanks at the ROC operations facility would be \$400,000 with a completed date of December 31st 2013. Three bids were received, and the lowest bid was \$500,000. Another \$62,000 is for the design of the project.

Table 1 – Budget Variance Summary

Beginning 2013 Budget – ROC Above Ground Fuel Tanks	\$400,064
Increased Contract cost	\$128,000
Design of the Project	\$62,000
All other Variances	\$55,951
Requested 2013 Year-End Budget	\$646,015

(Project No.-Job No.) & Description	Actual Expenditures Through 10/10/2013	Projected Year-End Expenditures	Amount Currently Budgeted	Funds Transferred In / (Transferred Out)	Funding Source <i>(job transfer, reserves, bond funds, new revenue)</i>
37039-Job 36057- ROC above Ground Fuel Tanks	\$60,743	\$646,015	\$ 400,064	\$245,951	“Type 2” Roosevelt Capital Bond Fund
Total	\$60,743	\$646,015	\$400,064	\$245,951	

Finance Manager Approval: _____ Department Manager Approval: _____

Fiscal Services Supervisor Approval: _____

Board Approval Date: _____

Budget Amendment Form

Date: October 23, 2013

Amendment # 16

Contact Information:

Name/Title/E-mail: Matt Sayre, Information Technology Manager, matt.sayre@eweb.org
 Tammy DenOuden, IT Project Manager, tammy.denouden@eweb.org

General Information:

Project No./Name	Job No./Name
Project 23826 - Information Services Capital Work	Job 37271- Oracle Replatforming Project - Capital

Amendment Type: *(Check all that Apply)*

Utility: Electric 82% Water 18%

Category: Major Capital Project Capital O & M Labor & Benefits

Description and Justification for Budget Amendment:

This budget amendment transfers a small amount of funds (\$13,000) from both utilities to cover an expected variance in the project budget. This amendment also alerts the Board that the spending thresholds are approaching Board policy limits established in EL1. This project is near completion and not expected to exceed those limits, but will be monitored as a major capital project through completion.

Table 1 – Budget variance Summary

Beginning 2013 Budget – Job 37271 Oracle Replatforming Project (under umbrella 33831)	\$0
Budget Transfer #22	\$465,000
Current Budget – Job 37271 Oracle Replatforming	\$465,000
Unanticipated increase in labor costs	\$13,000
Requested 2013 Year-End Budget	\$478,000

(Project No.-Job No.) & Description	Actual Expenditures Through 9/30/13	Projected Year-End Expenditures	Amount Currently Budgeted	Funds Transferred In / (Transferred Out)	Funding Source <i>(job transfer, reserves, bond funds, new revenue)</i>
23826 - Job 37271 Oracle Replatforming Project - Capital	\$244,679	\$ 478,000	\$ 465,000	\$13,000	Job transfer from 36351 Capital Projects Extended to 2013 \$13,000
23826 - Job 36351 Capital Projects Extended to 2013	\$0	\$52,000	\$ 65,000	(\$13,000)	To Oracle Replatforming Project - Capital
Total	\$244,679	\$530,000	\$530,000	\$0	

Finance Manager Approval: _____ Department Manager Approval: _____

Fiscal Services Supervisor Approval: _____

Board Approval Date: _____

Electric Capital Improvement Plan (2014-2013)

	<u>Approved</u> 2013 (April)	<u>Proposed</u> 2013 (Nov.)	<u>BAM</u> <u>Note(s)</u>	As-Approved, July 2013							5-Year Total 2014-2018	5-Year Total 2019-2023	10-Year Total
				2014	2015	2016	2017	2018					
Type 1 - General Capital													
Source of Funds:													
Capital Reserve Balance	\$13,548,356			\$17,500,000 ⁽¹⁾	\$18,352,830	\$20,499,775	\$19,312,556	\$20,934,221	\$17,500,000	\$19,401,304	\$17,500,000		
Customer Contributions	\$1,293,106	\$1,293,106		\$1,324,320	\$1,360,000	\$1,400,000	\$1,440,000	\$1,480,000	\$7,004,320	\$8,100,000	\$15,104,320		
Electric Rates	\$17,155,000	\$17,155,000		\$18,640,000	\$19,290,000	\$19,970,000	\$20,670,000	\$21,390,000	\$99,960,000	\$118,700,000	\$218,660,000		
Interest Earnings on Reserve Fund	\$65,000	\$65,000		\$75,000	\$100,000	\$150,000	\$200,000	\$225,000	\$750,000	\$1,500,000	\$2,250,000		
LTD West Site EMX									\$0	\$0	\$0		
Total Funds:	\$32,061,462	\$39,636,351		\$37,539,320	\$39,102,830	\$42,019,775	\$41,622,556	\$44,029,221	\$125,214,320	\$147,701,304	\$253,514,320		
Expenditures:													
Electric Infrastructure - Generation	\$1,966,710	\$1,966,710		\$1,840,000	\$920,000	\$520,000	\$1,450,000	\$2,450,000	\$7,180,000	\$14,860,000	\$22,040,000		
Electric Infrastructure - Substations & Telecom	\$1,455,456	\$1,291,456 (3)		\$3,075,000	\$3,590,000	\$4,120,000	\$3,590,000	\$3,970,000	\$18,345,000	\$24,400,000	\$42,745,000		
Electric Infrastructure - Transmission & Distribution	\$7,623,284	\$7,623,284		\$8,320,000	\$7,730,000	\$8,910,000	\$7,960,000	\$6,930,000	\$39,850,000	\$41,210,000	\$81,060,000		
Shared IT infrastructure	\$3,430,796	\$3,315,155 (2)(3)(5)		\$641,960	\$1,795,340	\$1,432,683	\$1,376,780	\$1,576,478	\$6,823,241	\$6,513,446	\$13,336,687		
Electric specific technology improvements	\$428,000	\$1,177,641 (5)		\$510,000	\$150,000	\$1,180,000	\$65,000	\$0	\$1,905,000	\$4,255,208	\$6,160,208		
AMI network and IT work	\$0	\$0		\$300,000	\$2,691,828	\$3,497,867	\$334,560	\$626,882	\$7,451,137	\$2,099,700	\$9,550,837		
WACFR - Work, Asset, Customer and Financials	\$4,024,624	\$4,462,811 (4)		\$2,753,847	\$0	\$1,298,466	\$1,640,000	\$2,152,500	\$7,844,813	\$102,500	\$7,947,313		
General Plant - Buildings & Land Management	\$770,594	\$770,594		\$764,800	\$586,860	\$451,000	\$410,000	\$492,000	\$2,704,660	\$2,667,460	\$5,372,120		
General Plant - Electric Fleet Capital	\$1,528,700	\$1,528,700		\$980,883	\$1,139,027	\$1,297,203	\$1,361,995	\$1,430,057	\$6,209,165	\$8,297,767	\$14,506,932		
LTD West Site EMX									\$0	\$0	\$0		
Total - Type 1 Expenditures	\$21,228,164	\$22,136,351		\$19,186,490	\$18,603,055	\$22,707,219	\$18,188,335	\$19,627,917	\$98,313,016	\$104,406,081	\$202,719,097		
Type 2 - Infrastructure Rehabilitation & Expansion Programs													
Source of Funds:													
Type 2 - Rate-Funded (incl. in Type 1 Funds above)							\$2,500,000	\$5,000,000	\$7,500,000	\$23,000,000	\$30,500,000		
Type 2 - Bond Funded	\$6,964,804	\$7,139,804		\$5,250,000	\$7,330,000	\$1,740,000	\$150,000	\$0	\$14,470,000	\$12,650,000	\$27,120,000		
Expenditures:													
Type 2 - Infrastructure Re-Build - Generation	\$0			\$0	\$0	\$0	\$0	\$0	\$0	\$12,650,000	\$12,650,000		
Type 2 - Infrastructure Re-Build - Substations & Telecom	\$2,738,659	\$2,913,659 (6)		\$250,000	\$250,000	\$150,000	\$150,000		\$800,000	\$6,000,000	\$6,800,000		
Type 2 - Infrastructure Re-Build - Transmission & Distribution	\$4,226,145	\$4,226,145		\$5,000,000	\$7,080,000	\$1,590,000	\$2,500,000	\$5,000,000	\$21,170,000	\$17,000,000	\$38,170,000		
Total - Type 2 Expenditures	\$6,964,804	\$7,139,804		\$5,250,000	\$7,330,000	\$1,740,000	\$2,650,000	\$5,000,000	\$21,970,000	\$35,650,000	\$57,620,000		
Type 3 - Strategic Projects & Programs													
Source of Funds:													
Advance Meter Infrastructure Bonds	\$0	\$0				\$306,000	\$10,710,000	\$918,000	\$11,934,000	\$0	\$11,934,000		
Carmen Smith Relicensing Dedicated Funds	\$2,961,000	\$3,511,000		\$3,232,000	\$425,000	\$1,414,000	\$7,820,000	\$19,000,000	\$31,891,000	\$108,415,000	\$140,306,000		
Power Reserve (or Developer) Funds	\$420,800	\$420,800					\$200,000		\$200,000	\$0	\$200,000		
Total - Type 3 Funds:	\$3,381,800	\$3,931,800		\$3,232,000	\$425,000	\$1,720,000	\$18,730,000	\$19,918,000	\$44,025,000	\$108,415,000	\$152,440,000		
Expenditures:													
AMI Deployment - Meter Acquisition Costs	\$0	\$0				\$306,000	\$10,710,000	\$918,000	\$11,934,000	\$0	\$11,934,000		
Carmen Smith License Implementation	\$2,961,000	\$3,511,000 (7)		\$3,232,000	\$425,000	\$1,414,000 ⁽⁷⁾	\$7,820,000 ⁽⁷⁾	\$19,000,000	\$31,891,000	\$108,415,000	\$140,306,000		
Riverfront Decommissioning	\$420,800	\$420,800					\$200,000		\$200,000	\$0	\$200,000		
Total - Type 3 Expenditures:	\$3,381,800	\$3,931,800		\$3,232,000	\$425,000	\$1,720,000	\$18,730,000	\$19,918,000	\$44,025,000	\$108,415,000	\$152,440,000		
Total Funds	\$42,408,066	\$50,707,955		\$46,021,320	\$46,857,830	\$45,479,775	\$60,502,556	\$63,947,221	\$183,709,320	\$268,766,304	\$433,074,320		
Total Expenditures	\$31,574,768	\$33,207,955		\$27,668,490	\$26,358,055	\$26,167,219	\$39,568,335	\$44,545,917	\$164,308,016	\$248,471,081	\$412,779,097		
YE Capital Reserve Balance	\$10,833,298	\$17,500,000 (1)		\$18,352,830	\$20,499,775	\$19,312,556	\$20,934,221	\$19,401,304	\$19,401,304 ⁽⁸⁾		\$20,295,223 ⁽⁸⁾		

(1) - Adjustment(s) based on year-end capital reserve forecast.

(2) - BAM-8: Reduces Shared IT Expenditures by \$410,000

(3) - BAM-9: Transfers \$164,000 from Infrastructure to IT.

(4) - BAM-10: Increases Capital by \$438,187 from O&M

(5) - BAM-11: Increase Energy Insight Capital by \$749,641

(6) - BAM-12: Increase Bond-Funded Cap. By \$175,000

(7) - BAM-14: Carmen-Smith Revisions

(8) - Calculated impact on go-forward capital reserves

Water Capital Improvement Plan Update - November 2013

	<i>Approved 2013 (April)</i>	<i>Proposed 2013 (Nov)</i>	<i>BAM Notes</i>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>5-Year Total 2014-2018</u>	<u>5-Year Total 2019-2023</u>	<u>10 Year Total</u>
Type I. General Capital											
Source of Funds:											
Capital Reserve Balance - Prior Year End	\$ 3,382,210	\$ 3,382,210		\$ 3,253,420	\$ 4,140,848	\$ 5,293,912	\$ 6,414,859	\$ 8,007,920	\$ 27,110,959	\$ 40,664,133	\$ 67,775,092
Customer Contributions	\$ 772,500	\$ 772,500		\$ 772,500	\$ 795,675	\$ 819,545	\$ 844,132	\$ 869,456	\$ 4,101,307	\$ 4,754,539	\$ 8,855,847
Water Rates	\$ 7,110,837	\$ 7,110,837		\$ 7,300,000	\$ 7,519,000	\$ 7,745,000	\$ 7,977,000	\$ 8,216,000	\$ 38,757,000	\$ 44,924,000	\$ 83,681,000
SDC	\$ 350,000	\$ 350,000		\$ 400,000	\$ 450,000	\$ 450,000	\$ 500,000	\$ 500,000	\$ 2,300,000	\$ 3,200,000	\$ 5,500,000
Interest Earnings on Reserve Fund	\$ 700,000	\$ 700,000									
Total Funds	\$ 12,315,547	\$ 12,315,547		\$ 11,725,920	\$ 12,905,523	\$ 14,308,457	\$ 15,735,991	\$ 17,593,376	\$ 72,269,267	\$ 93,542,672	\$ 165,811,938
Expenditures:											
Water Infrastructure - Intake and Hayden Bridge	\$ 946,100	\$ 946,100		\$ 103,000	\$ 106,090	\$ 109,273	\$ 196,964	\$ 376,764	\$ 892,091	\$ 6,541,284	\$ 7,433,375
Water Infrastructure - Pump Stations & Reservoirs	\$ 397,688	\$ 397,688		\$ 1,160,738	\$ 803,027	\$ 799,800	\$ 767,518	\$ 558,689	\$ 4,089,772	\$ 2,500,056	\$ 6,589,827
Water Infrastructure - Trans & Distribution Mains	\$ 3,922,662	\$ 3,922,662		\$ 3,936,701	\$ 4,177,930	\$ 4,309,825	\$ 4,381,156	\$ 4,419,454	\$ 21,225,066	\$ 31,024,106	\$ 52,249,171
Water Infrastructure - Services & Meters	\$ 618,000	\$ 618,000		\$ 612,850	\$ 629,114	\$ 646,676	\$ 666,076	\$ 686,058	\$ 3,240,774	\$ 3,751,649	\$ 6,992,423
Water Infrastructure - Meter Replacement	\$ 515,000	\$ 515,000		\$ 515,000	\$ 530,450	\$ 218,545	\$ 225,102	\$ 579,637	\$ 2,068,734	\$ 3,169,693	\$ 5,238,427
Water Infrastructure - General Plant and Instrumentation	\$ 359,101	\$ 359,101		\$ 41,200	\$ 42,436	\$ 43,709	\$ 45,020	\$ 46,371	\$ 218,736	\$ 380,363	\$ 599,100
Shared IT Infrastructure	\$ 725,990	\$ 851,990	(1)(2)	\$ 119,040	\$ 365,660	\$ 292,617	\$ 302,220	\$ 346,137	\$ 1,425,674	\$ 1,369,230	\$ 2,794,904
WACFR - Work, Asset, Customer, and Financials	\$ 861,899	\$ 958,086	(3)	\$ 604,503	\$ -	\$ 285,029	\$ 360,000	\$ 472,500	\$ 1,722,032	\$ 22,500	\$ 1,744,532
Facilities Capital	\$ 175,500	\$ 175,500		\$ 165,200	\$ 126,140	\$ 49,000	\$ 90,000	\$ 108,000	\$ 538,340	\$ 707,040	\$ 1,245,380
Fleet Capital	\$ 318,000	\$ 318,000		\$ 327,540	\$ 459,140	\$ 590,741	\$ 620,869	\$ 652,533	\$ 2,650,823	\$ 3,797,123	\$ 6,447,946
AMI Network and IT Work - Non Meter	\$ -	\$ -		\$ -	\$ 371,377	\$ 548,312	\$ 73,440	\$ 137,609	\$ 1,130,738	\$ 285,660	\$ 1,416,398
Total Expenditures	\$ 8,839,940	\$ 9,062,127		\$ 7,585,772	\$ 7,611,364	\$ 7,893,526	\$ 7,728,365	\$ 8,383,753	\$ 39,202,780	\$ 53,548,703	\$ 92,751,483
Type II. Infrastructure Rehabilitation & Expansion Programs											
Source of Funds:											
Project Bonds: Water Infrastructure Re-build Program	\$ 10,573,861	\$ 10,657,861		\$ 5,109,000	\$ 4,010,000	\$ 3,967,000	\$ 6,978,000	\$ 8,208,000	\$ 28,272,000	\$ 24,999,000	\$ 53,271,000
Expenditures:											
Water Infrastructure - Intake and Hayden Bridge	\$ 5,713,452	\$ 5,833,452	(4)	\$ 3,409,300	\$ 2,259,717	\$ 3,256,326	\$ 1,406,886	\$ 1,507,056	\$ 11,839,286	\$ 5,905,114	\$ 17,744,400
Water Infrastructure - Pump Stations & Reservoirs	\$ 1,321,500	\$ 1,285,500	(2)	\$ 1,699,500	\$ 1,750,485	\$ 710,273	\$ 3,545,353	\$ 3,222,782	\$ 10,928,392	\$ 11,822,067	\$ 22,750,459
Water Infrastructure - Trans & Distribution Mains	\$ 3,538,909	\$ 3,538,909		\$ -	\$ -	\$ -	\$ 2,025,916	\$ 3,477,822	\$ 5,503,738	\$ 7,271,778	\$ 12,775,517
Total Expenditures	\$ 10,573,861	\$ 10,657,861		\$ 5,108,800	\$ 4,010,202	\$ 3,966,599	\$ 6,978,155	\$ 8,207,660	\$ 28,271,416	\$ 24,998,960	\$ 53,270,376
Type III. Strategic Projects/Programs											
Source of Funds:											
AMI Meter Infrastructure Bonds	\$ -	\$ -		\$ -	\$ -	\$ 332,000	\$ 9,139,000	\$ 725,000	\$ 10,196,000	\$ -	\$ 10,196,000
Other Bonds	\$ -	\$ -		\$ 52,000	\$ 53,000	\$ 109,000	\$ 113,000	\$ 3,478,000	\$ 3,805,000	\$ 48,478,000	\$ 52,283,000
Total Funds	\$ -	\$ -		\$ 52,000	\$ 53,000	\$ 441,000	\$ 9,252,000	\$ 4,203,000	\$ 14,001,000	\$ 48,478,000	\$ 62,479,000
Expenditures:											
AMI Deployment	\$ -	\$ -		\$ -	\$ -	\$ 174,100	\$ 4,804,000	\$ 380,250	\$ 5,358,350	\$ -	\$ 5,358,350
Meter Body Replacement	\$ -	\$ -		\$ -	\$ -	\$ 158,100	\$ 4,335,000	\$ 344,250	\$ 4,837,350	\$ -	\$ 4,837,350
Second Source	\$ -	\$ -		\$ 51,500	\$ 53,045	\$ 109,273	\$ 112,551	\$ 3,477,822	\$ 3,804,191	\$ 48,478,523	\$ 52,282,714
Total Expenditures	\$ -	\$ -		\$ 51,500	\$ 53,045	\$ 441,473	\$ 9,251,551	\$ 4,202,322	\$ 13,999,891	\$ 48,478,523	\$ 62,478,414
Total Funds	\$ 22,889,408	\$ 22,973,408		\$ 16,886,920	\$ 16,968,523	\$ 18,716,457	\$ 31,965,991	\$ 30,004,376	\$ 114,542,267	\$ 167,019,672	\$ 281,561,938
Total Expenditures	\$ 19,413,801	\$ 19,719,988		\$ 12,746,072	\$ 11,674,611	\$ 12,301,598	\$ 23,958,071	\$ 20,793,735	\$ 81,474,087	\$ 127,026,185	\$ 208,500,272
YE Capital Reserve Balance	\$ 3,475,607	\$ 3,253,420		\$ 4,140,848	\$ 5,293,912	\$ 6,414,859	\$ 8,007,920	\$ 9,210,640	\$ 9,210,640	\$ 8,539,994	
								Balance at year end 2018	Balance at year end 2023		

- | | |
|--|-------------------------|
| (1) - BAM-8: Adds \$90,000 to Shared IT Expenditures | \$xxxxxx |
| (2) - BAM-9: Transfers \$36,000 from Infrastructure to IT. | Calculated Value Change |
| (3) - BAM-10: Adds \$96,187 to WACFR | |
| (4) - BAM-13: Adds \$120,000 to Intake/Hayden Bridge | |