



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Brown, Mital, Helgeson, Manning, and Simpson
FROM: Mel Damewood, Engineering Manager
DATE: April 25, 2014
SUBJECT: EL1 Capital Report for Q1 2014
OBJECTIVE: Information Only

Issue

As per EWEB's EL1 Financial Policy that was approved on February 4, 2014, EWEB staff has prepared and attached the 1st Quarter Capital Report for Electric, Water, and Shared Services to the Board.

Background

According to Financial Policy EL1:

Throughout the year, staff will provide the Board with quarterly financial reports that compare actual results with budget. Additionally, staff will provide the Board with quarterly updates for all current year projects on the Capital Improvement Plans. General Capital Renewal and Replacement projects (Type I) will be reported by category (e.g., substations, shared IT infrastructure, transmission & distribution mains). Infrastructure Rehabilitation & Expansion (Type II) and Strategic Projects (Type III) will be reported individually. Type II and III projects are further defined as those that are projected to be greater than \$1 million for the life of the project.

Management has attached three reports, Electric, Water and Shared Services Capital Q1 results for the Board's review. This is the inaugural effort at the new reporting format and staff is seeking feedback from the Board on the following:

- 1) Does the report provide the correct level of overall information for the Board to follow Type I, II and III capital projects?
- 2) Are there any columns that need to be better defined or explained?
- 3) Do the status lights align with your sense of what is being reported from a budget and schedule standpoint?
- 4) Do the notes provide clarifications of the status of projects at appropriate levels?

For this inaugural round, we included in the 2014 budget column the approved budget after the April true up. This was done to align future reports and to provide more clarity to where the project was today rather than on March 31. Also, some project reports are intentionally left "gray," primarily due to the current inability to ascertain the status of either scope, schedule and budget on certain projects.

Recommendation and Action

This is an information item only, no action required. If you have any questions or wish to make comments on the reports please contact Mel Damewood a 541-685-7145 or email at mel.damewood@eweb.org

ELECTRIC Capital Projects Quarterly Status Report 2014-Q1

Type 1 - General Capital

Capital Category	2014			Status/Comments
	Budget <small>(Includes April Amendments)</small>	YTD Actual	Year-End Projection	
Electric Infrastructure - Generation	\$599,720	(\$15,199)	\$750,000	● Negative YTD actual includes a (-\$96K) payment from a contractor (dispute resolution). Overall project list generally progressing on schedule and budget except an emergent problem with the attraction water supply for a fish ladder at Leaburg Dam that may lead to additional \$100k+ in 2014, perhaps \$250k+ more in 2015. Does not include Leaburg Roll Gate (Type 2) (ZINNIKER)
Electric Infrastructure - Substations & Telecom	\$2,707,083	\$104,005	\$2,707,083	● 2014 includes upgrades at Jefferson substation (at the fairgrounds) in advance of upcoming Downtown Network refurbishments. (LAWSON)
Electric Infrastructure - Transmission & Distribution	\$8,344,823	\$1,360,365	\$8,344,823	● The February ice storm delayed some Q1 capital work in the 14 categories of T&D. Early forecasts predict recovery close to budget/scope by year-end. (LAWSON, HANKINS, OBERLE)

In the future, these categories will match the Capital Improvement Plans (CIPs) submitted by Water & Electric.

Type 1 - General Capital is budgeted Year-by-Year for recurring capital expenditures from January through December. Type 1 Capital includes categorized collections of projects of less than \$1 million. Typical examples include "pole replacements" as part of Transmission & Distribution. This work typically involves many small projects that up to \$1.2-\$1.7 million per year.

Type 2 projects have "discrete" scopes, schedules (launch through completion), and cost over \$1MM during the project life.

Type 2 Rehabilitation & Expansion Projects

Project	2014			Project Total			Schedule			Status/Comments
	Budget <small>(Includes April Amendments)</small>	YTD Actual	Year-End Projection	Initial Plan	To-Date Actual	Project-End Projection	Start	Initial Planned Completion	Projected Completion	
Leaburg Roll Gate #2 Re-Build	\$2,857,000	\$212,146	\$2,857,000	\$1,600,000	\$526,710	\$3,147,705	Jul-2012	Jun-2014	Dec-2014	● Construction bids significantly exceeded engineer's estimates. Projection includes \$1.67M April BAM. On schedule for return to service for 2014/15 wet weather season. (ZINNIKER)
LTD EmX Project (Electric)	\$4,250,000	\$254,117	\$4,250,000	---	\$254,117	\$5,663,000	Sep-2013	---	Jun-2015	● LTD and EWEB are working together to minimize EmX conflicts with existing EWEB facilities. Exploratory excavations, (potholes) will dictate the final costs for EWEB relocations. All EmX driven relocations are 100% reimbursable from LTD. EWEB is evaluating some facility upgrade work to be done along route at EWEB's expense. EWEB electric to start on relocations in September 2014 pending LTD acquires easements beyond existing right of way. Year end projection assumes 75% cost est. complete by year's end. Expect Budget Amendment later in Summer 2014. (THOMAS, OBERLE)+A1
Upriver Re-Configuration/Holden Ck. Substation	\$500,000	\$5,578	\$500,000	\$3,000,000	\$5,578	\$3,000,000	Jan-2014	Oct-2015	Jun-2016	● Evaluating trade-offs between transmission rebuild versus de-commissioning a portion of upriver 69kV A&B lines between Leaburg and WALTERVILLE. (LAWSON)
Downtown Distribution Network	\$2,500,000	\$59,884	\$2,500,000	\$15,000,000	\$3,456,282	\$20,000,000	Sep-2010	Dec-2012	TBD	● Evaluating impact of technology change that allows DG over-generation in Network system. Current funding planned for system maintenance. Future system decision in limbo during evaluation. (FRASER)

Type 3 - Strategic Projects & Programs

Project	2014			Project Total			Schedule			Status/Comments
	Budget <small>(Prior to April Amendments)</small>	YTD Actual	Year-End Projection <small>(incl. April Admmendments)</small>	Initial Plan	To-Date Actual	Project-End Projection	Start	Initial Planned Completion	Projected Completion	
AMI Deployment - Meter Acquisition Costs	\$0	\$0	\$0	\$10MM	\$0	See Comments	Jan, 2008	Jun, 2014	TBD	○ Status = Under Review (grey); Re-planning for opt-in approach; Meter costs are included in LTFP and CIP in T&D Type 1 funds @ \$1MM/Year (ARMSTEAD)
Carmen Smith License Implementation	\$2,953,241	\$176,189	\$2,541,241	\$135,000,000	\$33,219,478	\$164,000,000	May-2009	Dec-2021	Dec-2025	● Continued uncertainty regarding licensing date; renegotiation on downstream passage underway; powerhouse exhibiting aging infrastructure issues that are being evaluated. (MCCANN)

Water Capital Projects Quarterly Status Report 2014-Q1

Type 1 - General Capital

Project	2014			Status/Comments
	Budget*	YTD Actual	Year-End Projection	
Source - Water Intakes & Filtration Plant	\$683,091	\$110,633	\$582,000	● Includes 7 Type 1 jobs at Hayden Bridge - on track so far. Network upgrade could sway YE Projection up or down.
Mains - Replacements, Improvements, & Transmissio	\$4,630,328	\$1,185,301	\$4,600,000	● YE Projection is approximate, more definitive after Q2
Services and Meters	\$666,674	\$86,998	\$666,000	● Bulk of Type 1 is water meter replacements.
Pump Stations	\$847,035	\$20,719	\$847,000	● Includes new Shasta 1150 pump station and emergent work at Santa Clara.
Reservoirs	\$84,396	\$1,069	\$82,000	● On-going security and emergent work.

These categories will match the Capital Improvement Plans (CIPs) submitted by Water & Electric.

Type 1 - General Capital is budgeted Year-by-Year for recurring capital expenditures from January through December. Typical Type 1 Capital includes categorized collections of projects of less than \$1 million.

Typical examples include "main replacements". This work typically involves dozens of jobs that add up to \$3-\$3.5 million per year.

Type 2 Rehabilitation & Expansion Projects

Project	2014			Project Total			Schedule			Status/Comments
	Budget*	YTD Actual	Year-End Projection	Initial Plan	To-Date Actual	Project-End Projection	Start	Initial Planned Completion	Projected Completion	
Raw Water Intake Improvements	\$3,672,048	\$687,560	\$3,672,000	\$6,292,000	\$4,397,028	\$7,380,000	2011	YE-2013	Q1-2015	● Intake 1 Upgrades near completion, Intake 2 Upgrades in design. One year permitting delay. (Initial Plan - 2011 CIP)
Hayden Bridge Filter S1-S6 Upgrades	\$103,016	\$247	\$100,000	\$7,713,000	\$4,008,905	\$7,660,000	2011	YE-2017	YE-2016	● Upgrade of Filters N1-N6 Complete. Will design upgrades of S1-S6 this year for const. in 2015-2016. (Initial Plan - 2011 CIP)
Hayden Bridge Seismic Upgrades	\$865,302	\$18,241	\$600,000	\$1,215,529	\$25,083	\$920,000	2014	YE-2015	Q2-2015	● Currently in design for construction start late summer. May shift to Type 1 job. (Initial Plan - 2013 CIP)
Terry to Green Hill Extension (Veneta)	\$60,000	\$7,535	\$60,000	\$1,545,000	\$1,207,609	\$1,260,000	2012	YE-2012	YE-2013	● New transmission line is in operation. 2014 work is closeout instrumentation/communications. (Initial Plan - 2012 CIP)
WM River Crossing at Beltline	\$380,000	\$243,172	\$390,000	\$2,000,000	\$2,273,510	\$2,420,000	2011	YE-2012	Q1-2014	● Crossing near completion. Final tie-ins remain. Early permitting issues pushed project into 2014. (Initial Plan 2011 CIP)
Distribution System Scada/PLC Upgrades	\$150,000	\$1,916	\$150,000	\$3,079,780	\$22,338	\$3,200,000	2013	YE-2016	YE-2019	● Multi-Year upgrade project. 2014 first significant year of work. Cost will likely drop as we get into project. (Initial Plan 2013 CIP)
Dillard 800 Reservoir Repair/Structural Upgrade	\$154,503	\$14,822	\$150,000	\$1,745,850	\$14,822	\$1,700,000	2014	YE-2015	YE-2015	● Structural evaluation better than anticipated. May shift priorities and begin design of another reservoir rehab. (Initial Plan 2014 CIP)
Willamette 800 Reservoir No.1 Replacement	\$543,763	\$160	\$540,000	\$1,639,760	\$67,519	\$1,610,000	2013	YE-2014	Q3-2015	● After evaluation, project changed from rehab to a replacement. Construction pushed back one year. (Initial Plan 2013 CIP)
Willamette 1325 Reservoir Replacement	\$65,000	\$36,131	\$40,000	\$1,043,000	\$1,777,058	\$1,780,000	2011	YE-2012	YE-2013	● New reservoir in operation. 2014 work was final closeout . Will not appear on Q2 Report. (Initial Plan 2011 CIP)
LTD EMX	\$0	\$108,668	\$3,000,000	\$0	\$108,668	\$3,450,000	2014	Jul-1905	Q2-2015	● LTD and EWEB are working together to minimize conflicts with existing EWEB facilities. Exploratory excavations, (potholes) will dictate the final costs for EWEB relocations. All relocations are 100% reimbursable from LTD. EWEB water to start on relocations in May. BAM for EmX will occur this summer.

Type 3 - Strategic Projects & Programs

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Alternative Water Supply	\$51,665	\$27,037	\$52,000	\$52,707,167	\$27,037	\$55,000,000	2014 with Planning	YE-2019	YE-2019	● 2013 CIP was used for Initial Plan. This was after costs were reduced by 50% from previous CIP Estimates.

SHARED SERVICES Capital Projects Quarterly Status Report 2014-Q1

Type 1 - General Capital

Capital Category	2014			Status/Comments
	Budget (Includes April Amendments)	YTD Actual	Year-End Projection (incl. April Admendments)	
General Plant - Information Technology (I.T.)	\$2,350,555	\$198,502	\$2,350,555	● Projection includes Metro E., Disaster Recovery; does not include WAM/WACFR or AMI; 67% of completed projects are on time and within budget. (SAYRE)
General Plant - Buildings & Land Management	\$1,546,517	\$263,076	\$1,546,517	● 2014 includes completion of the ROC fuel tanks and completion of the HQ renovation of the HVAC system. (MCCARTHY)
General Plant - Fleet Capital	\$1,743,629	\$0	\$1,743,629	● Year-End Projection includes April BAM (LENTSCH)

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Energy Insight Project (Electric Specific I.T.)	\$209,294	\$31,954	\$209,294	---	\$962,434	\$1,139,774	Jan-2011	---	Jun-2014	● The Energy Insight (EI) program is designed to web-initiate, manage, track, and report activity associated with the investments and returns (including BPA cost recovery) of incentivized conservation programs. The interface module being developed links EI with customer/contractor payables and incentives. EI Payment Interface uses a SOA platform, and is scheduled for June 2014. (FREEMAN, DENOUDEN)
Metro Ethernet (Shared I.T. Infrastructure)	\$495,660	\$47,314	\$495,660	\$5,725,000	\$5,327,516	\$5,775,862	Apr-2012	Jul-2013	Jul-2014	● Closeout project progressing toward July completion. (WREN)
WAM/MWM Implementation	\$4,508,408	\$932,789	\$4,508,408	\$8,327,614	\$4,498,554	\$8,327,614	Jun-2013	Aug-2014	Oct-2014	● Work Order and Asset Management and Mobile Work Management System is designed to provide real-time, utility-wide visibility into type, location and condition of our assets. This data will provide us the ability to forecast how and when to spend our capital and O&M funds. Establishes common processes; single asset repository; visibility of work across business units; creates/revises asset management policies and processes; reduces multiple systems and reduces/eliminates manual processes. (BLOOM, JOHNSTON)
Steam Plant De-Commissioning	\$1,100,000	\$107,977	\$1,100,000	\$1,250,000	\$700,436	\$1,692,459	Jan-2013	"2014"	Sep-2014	● Demolition contractor is removing equipment, flues and piping from the building. The removal work is consistent with our plan with SHPO. Phase 1 abatement and removal of Boiler#3 near completion; Phase 2 abatement of Boiler #1, and abatement/removal of Boiler#2 bid received - to Board in May. (NEWCOMB)
AMI Information Technology & Integration	\$280,000	\$4,043	\$400,000	---	\$4,043	\$3,700,000	Jan-2008	Jun-2014	Dec-2017	○ Status = Under Review (grey); In negotiations with MDM vendor. Forecast of \$3.7MM covers AMI "Initial Opt-In Phase" through 2017. (ARMSTEAD)
River-Front Property Development	\$350,000	\$56,845	\$350,000	n/a	\$1,900,000	\$2,400,000	Feb-2006	n/a	Dec-2019	○ Status = Under Review (grey); RFQ/I responses due 5/23. Forward costs related to subdivision, surveying, economic consulting with no cash incentives. Assumes revenues posted elsewhere. (BIERSDORFF)