



INTEROFFICE MEMO

EUGENE WATER & ELECTRIC BOARD
CUSTOMER AND FINANCIAL SERVICES

Rely on us.

TO: Commissioners Bishop, Menegat, Simpson, Lanning, and Farmer

FROM: Jim Origliosso

March 28, 2006

RE: Resolution Requesting City Council Action on Series 2006 Bonds

Issue

City Council action is required to proceed with the Uniform Revenue Bond Act (URBA) authorization for the Roosevelt Building Project design as well as the bond issue for Carmen Smith costs that had been planned for 2006. Also included in the requested City Council action is sufficient authority to proceed with the refunding of all or part of the Series 1996 Electric Revenue Bonds.

Background

Prior to the decision to relocate EWEB operations to West Eugene, EWEB had planned to issue bonds during 2006 for the following purposes:

- \$3.8 million to complete the Carmen Smith license application process
- \$1.0 million to buy-out the purchase contract for the Roosevelt site
- Up to \$12.4 million to refund the Series 1996 Electric Revenue Bonds used to provide the equity contribution to the Western Generation Agency (WGA).

All of the above purposes had been duly authorized by the Council through prior URBA processes, and the anticipated City Council action was to merely update the relevant resolutions with the terms and conditions of the upcoming 2006 bond sale.

Now that a decision has been made on the scope of the relocation, EWEB staff also wishes to request City Council approval to proceed with a new URBA process to authorize an additional \$8 million for the design related to the Roosevelt Building Project. (See accompanying explanatory memo from Ken Beeson).

Analysis

Financing can be accomplished more efficiently when funding is obtained for multiple projects and purposes through a single bond sale. By doing so the fixed costs associated with the financing can be shared by multiple projects and not borne solely by a single project. EWEB and the City have worked out a protocol whereby EWEB bond issues can proceed with a single City Council action even though the bond sale may have multiple components and purposes.

Recommendation

Staff recommends approval of Resolution #0606 requesting City Council action to proceed with the issuance of \$26,354,280 which includes a new URBA authorization request for \$8 million for design and development related to the Roosevelt Building Project. Contact person is Cathy Bloom ext. 3277.

**EUGENE WATER & ELECTRIC BOARD
RESOLUTION NO. 0606**

**A RESOLUTION REQUESTING THE CITY OF EUGENE TO AUTHORIZE THE
ISSUANCE AND SALE OF ELECTRIC UTILITY SYSTEM REVENUE AND
REFUNDING BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO
EXCEED TWENTY-SIX MILLION THREE HUNDRED FIFTY-FOUR THOUSAND
TWO HUNDRED EIGHTY DOLLARS (\$26,354,280) FOR THE PURPOSE OF
FINANCING AND REFINANCING IMPROVEMENTS TO THE
ELECTRIC UTILITY SYSTEM AND PROVIDING FOR RELATED MATTERS**

WHEREAS, ORS §288.805 to §288.945, commonly known as the Uniform Revenue Bond Act, authorizes the City of Eugene (the “City”) to issue bonds payable solely from revenues generated by facilities, projects, utilities or systems owned or operated by the City; and the City, acting by and through the Eugene Water & Electric Board (“EWEB”), owns and operates an electric utility and related facilities and systems;

WHEREAS, on June 16, 1986, EWEB adopted a resolution authorizing and providing for the issuance, from time to time, of City of Eugene, Oregon Electric System Revenue Bonds to be equally and ratably secured by the pledge of revenues, funds and accounts thereunder (as amended and supplemented, the “Bond Resolution”);

WHEREAS, the Bond Resolution provides in part that the principal of, premium, if any, and interest on the bonds issued thereunder shall not be payable from any funds of the City nor constitute a general obligation of the City or create a charge upon the tax revenues or any other property or revenues of the City;

WHEREAS, the City, acting by and through EWEB, has previously issued the City of Eugene, Oregon, Electric System Revenue Bonds, Series 1996 (the “1996 Bonds”), which 1996 Bonds will be outstanding in the principal amount of \$12,420,000 as of August 1, 2006;

WHEREAS, EWEB hereby determines that substantial present value savings may be achieved by issuing refunding bonds for the purpose of refunding and defeasing (the “2006 Refunding”) the outstanding 1996 Bonds which may be called and redeemed as of August 1, 2006, without premium (the “Refunded 1996 Bonds”);

WHEREAS, EWEB finds it in the best interest of the City to request that the City Council adopt a resolution in part to set the terms for the issuance of not to exceed \$13,500,000 principal amount of bonds (the “2006 Refunding Bonds”) and ORS 288.592 authorizes the issuance of the 2006 Refunding Bonds;

WHEREAS, on June 25, 2001, the City Council adopted Resolution No. 4677 authorizing the issuance and sale by the City, acting by and through EWEB, of electric revenue bonds, in one or more series, in an aggregate principal amount not to exceed \$50,000,000 for the purpose of financing certain capital improvements to the electric utility as described in said resolution;

WHEREAS, on July 22, 2001, there was published a Notice of Revenue Bond Authorization (the “2001 Notice”) in *The Register-Guard*, a newspaper of general circulation within the geographical boundaries of the City, and sixty (60) days elapsed since the publication of the 2001 Notice, and no voters residing within the geographical boundaries of the City filed a petition with the City asking to have the question of whether to issue the electric utility system revenue bonds referred to a vote (the “2001 URBA Authorization”);

WHEREAS, on May 12, 2003, the City Council adopted Resolution No. 4757 setting the terms for the issuance of not to exceed \$7,000,000 principal amount of bonds (the “2003 New Project Bonds”) for the purpose of financing capital improvements to the electric utility system which constitute Project purposes under the 2001 URBA Authorization, to fund necessary reserves for the 2003 New Project Bonds and to pay the costs of issuance of the 2003 New Project Bonds;

WHEREAS, on December 6, 2004 the City Council adopted Resolution No. 4817 setting the terms for the issuance of not to exceed \$5,400,000 principal amount of bonds (the “2005 New Project Bonds”) for the purpose of financing capital improvements to the electric utility system which constitute Project purposes under the 2001 URBA Authorization (the “2005 New Project”), to fund necessary reserves for the 2005 New Project Bonds, and to pay the costs of issuance of the 2005 New Project Bonds and setting the terms for the issuance of not to exceed \$10,000,000 principal amount of bonds (the “2005 Improvement Bonds”) for the purpose of financing the design, construction, installation and equipping of certain capital improvements to the Electric Utility System operated by EWEB, including structural and environmental enhancement facilities and facilities to improve the generation, transmission, distribution and operations of the Electric Utility System which constitute Project purposes under the 2005 URBA Authorization (as defined below) (the “2005 Improvement Program”), to fund necessary reserves for the 2005 Improvement Bonds, and to pay the costs of issuance of the 2005 Improvement Bonds;

WHEREAS, on December 13, 2004 there was published a Notice of Revenue Bond Authorization (the “2005 Notice”) in *The Register-Guard*, a newspaper of general circulation within the geographical boundaries of the City, and sixty (60) days elapsed since the publication of the 2005 Notice, and no voters residing within the geographical boundaries of the City filed a petition with the City asking to have the question of whether to issue the electric utility system revenue bonds referred to a vote (the “2005 URBA Authorization”);

WHEREAS, as of the date of this Resolution, the aggregate principal amount of bonds issued pursuant to the 2001 URBA Authorization is \$47,070,719.21, consisting of \$37,570,719.21 of Electric Utility System Revenue Bonds, Series 2001B, \$7,000,000 of the 2003 New Project Bonds and \$10,575,000 of Electric Utility System Revenue Bonds, Series 2005 (of which \$2,500,000 was issued under the 2001 URBA Authorization), leaving \$2,929,280.79 of authorized but unissued debt remaining under the 2001 URBA Authorization and the aggregate principal amount of bonds issued pursuant to the 2005 URBA Authorization is \$8,075,000, consisting of \$10,575,000 of Electric Utility System Revenue Bonds, Series 2005 (of which \$8,075,000 was issued under the 2005 URBA Authorization), leaving \$1,925,000 of authorized but unissued debt remaining under the 2005 URBA Authorization;

WHEREAS, EWEB finds it in the best interest of the City to request that the City Council adopt a resolution in part to set the terms for the issuance of not to exceed \$4,854,280 principal amount of bonds (the “2006 Improvement Bonds”) for the principal purposes of reimbursing the Electric Utility general account for funds expended in the application process for the Carmen Smith Hydroelectric license and additional funding toward the completion of that process, and for the purchase of property in West Eugene for a new Operations Center (the “2006 Improvement Program”), which constitute Project purposes under the 2001 URBA Authorization and the 2005 URBA Authorization (the “2006 Improvement Program”), to fund necessary reserves for the 2006 Improvement Bonds and to pay the costs of issuance of the 2006 Improvement Bonds.

WHEREAS, it is in the best interest of the City, acting by and through EWEB, to provide funds for the principal purposes of final design work associated with relocation of certain EWEB operating functions to a new site in West Eugene, final design work for remodel of the existing downtown EWEB headquarters building and certain planning work necessary for future disposal of surplus EWEB property located at the downtown riverfront site (the “2006 New Project”), to fund necessary reserves for the 2006 New Project Bonds and to pay the costs of issuance of the 2006 New Project Bonds (as defined below);

WHEREAS, the cost of the 2006 New Project, including bond issuance costs and debt service reserves, is estimated not to exceed \$8,000,000;

WHEREAS, EWEB finds it in the best interest of the City to request that the City Council adopt a resolution in part to authorize and set the terms for the issuance and sale of not to exceed \$8,000,000 principal amount of bonds (the “2006 New Project Bonds”), which bonds will not be general obligations of the City, nor a charge upon its tax revenues, but will be payable solely from revenues of the Electric Utility System which EWEB pledges to the payment of such bonds pursuant to ORS 288.825(1) and the resolutions to be adopted by EWEB pursuant to such resolution of the City Council;

WHEREAS, EWEB shall cause to be prepared a plan showing that EWEB’s estimated Electric Utility System revenues are sufficient to pay the estimated debt service on the 2006 New Project Bonds authorized by resolution of the City Council;

WHEREAS, the City and EWEB anticipate incurring expenditures (“Expenditures”) to finance the costs of the 2006 Improvement Program and the 2006 New Project and wish to declare their official intent to reimburse themselves for the Expenditures made on the 2006 Improvement Program and the 2006 New Project from the proceeds of the 2006 Improvement Bonds and the 2006 New Project Bonds. To the extent that the expenditures and the use of proceeds of the 2006 Improvement Bonds and the 2006 New Project Bonds may qualify under federal tax law and regulations, the City, including EWEB, intends for the interest on such bonds to be excludable from gross income for federal income tax purposes under §103 of the Internal Revenue Code of 1986, as amended (the “Code”);

WHEREAS, EWEB finds that it is in the public interest of the City to request that the City Council adopt a resolution in part to authorize the publication of the Notice of Revenue Bond Authorization relating to the 2006 New Project Bonds (being the revenue bonds to be authorized which are not already authorized under the 2001 URBA Authorization and the 2005

URBA Authorization), such notice being in substantially the form attached to this Resolution as Exhibit "A" (the "Notice"). The Notice shall specify the last date on which petitions may be submitted, and the City, acting by and through EWEB, shall cause the Notice to be published in *The Register-Guard*, Eugene, Oregon, a newspaper of general circulation within the boundaries of the City, in the same manner as are other public notices of the City; and

NOW THEREFORE, BE IT RESOLVED BY THE EUGENE WATER & ELECTRIC BOARD OF THE CITY OF EUGENE, OREGON, as follows:

Section 1. Request for Authorization of Bonds and Publication of Notice; Purpose of Issue. Based on the above findings, EWEB hereby requests the City Council to authorize EWEB, on behalf of the City, to issue and sell "City of Eugene, Oregon Electric Utility System Revenue and Refunding Bonds" (the "Bonds") in one or more series (being 2006 Refunding Bonds and/or 2006 Improvement Bonds and/or 2006 New Project Bonds), in the aggregate principal amount of not to exceed \$26,354,280, for the purpose of refunding and defeasing the Refunded 1996 Bonds and financing the costs of the 2006 Improvement Program and the 2006 New Project as set forth above, and to fund any required reserves and costs of issuance, and to publish the Notice as aforesaid. If petitions for an election, containing the valid signatures of not less than 5 percent of the City's qualified electors, are received within the time indicated in the Notice, the question of issuing that portion of the Bonds which are 2006 New Project Bonds shall be placed on the ballot at the next legally available election date. If such petitions are received no Bonds which are 2006 New Project Bonds may be sold until the question of whether to issue such Bonds is approved by a majority of electors living within the boundaries of the City who vote on that question; provided that, the issuance of the Bonds which are 2006 New Project Bonds shall not for any reason constitute a condition to the issuance of the Bonds which are 2006 Refunding Bonds and/or 2006 Improvement Bonds. Any such petitions will be subject to ORS 288.815 and Sections 2.970-2.992 of The Eugene Code, 1971.

Section 2. Delegation of Authority for Terms of Bonds; Provisions for Issuance. Pursuant to ORS §288.825(4)(a) and ORS §288.520(4), EWEB hereby designates that its Treasurer may determine, with respect to the Bonds, the form of bond and series designation, the manner of disbursement of proceeds of the bonds, the maturity dates, principal amounts, redemption provisions, interest rates or the method for determining a variable or adjustable interest rate, denominations, form and authorized signatory and other terms and conditions of the Bonds because the same cannot be determined by EWEB at this time. Prior to the issuance of any Bonds, EWEB shall: (i) prepare a plan showing that the estimated Electric Utility System revenues are sufficient to pay the estimated debt service on the Bonds; (ii) adopt a bond resolution and provide a copy of such resolution to the City; and (iii) provide to the City a resolution determining that any and all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of the Bonds, exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of Oregon, the Charter of the City of Eugene and this Resolution. Without the prior approval of the City Council and EWEB, the Bonds shall not (i) mature later than thirty (30) years from the date of issuance thereof, (ii) be sold other than through public competitive sale at par or with a net original discount or premium that does not exceed seven percent (7%) of the aggregate principal amount thereof; (iii) have an effective interest rate exceeding seven percent (7%) per annum; or (iv) exceed \$26,354,280 in aggregate principal amount.

Section 3. Declaring Intent To Reimburse. EWEB reasonably anticipates that the City and EWEB may incur preliminary, cost of issuance and other project expenditures that qualify as “Original Expenditures” under Treasury Regulation §1.150-2 prior to the date of issuance of the Bonds, and hereby declares its official intent to reimburse itself or EWEB with proceeds of the sale of the Bonds to be issued in an amount not to exceed \$26,354,280.

Section 4. Statement on Form of Bond. All Bonds shall include a statement on their face to the effect:

(a) That they do not in any manner constitute a general obligation of EWEB or of the City, or create a charge upon the tax revenues of the City, or upon any other revenues or property of the City, or property of EWEB, but are charges upon and are payable solely from the revenues of the Electric Utility System operated by EWEB, or any portion thereof, pledged to the payment thereof; and

(b) That the holders thereof may look for repayment only to the revenues of the Electric Utility System which are pledged for the payment thereof, and may not directly or indirectly be paid or compensated through the property of the City, or EWEB, or by or through the taxing power of the City.

Section 5. Bonds Payable Solely from Revenues. The Bonds shall not be general obligations of the City, nor a charge upon its tax revenues, but shall be payable solely from the revenues and funds which EWEB pledges to the payment thereof pursuant to ORS §288.825, the 2001 URBA Authorization and the 2005 URBA Authorization, the provisions of City Council Resolution 4677 and Resolution 4817 and in accordance with this Resolution.

Section 6. Bonds Reporting. EWEB shall submit to the City by May 1 of each year the following annual reports commencing after the first sale of any Bonds or other evidences of indebtedness hereunder and each year thereafter until the Bonds have been paid and retired:

(a) A report on the funds for each series of Bonds describing the funds established, the amounts in each fund, expenditure from each fund, the manner in which the monies in each fund have been invested, the income from such investments and the application of such income; and

(b) A report on Bond payments describing amounts paid and amounts scheduled to be paid and the source of such payments.

If the contents of the reports required by subsections (a) and (b) above are included in the yearly audit report of EWEB, then EWEB may comply with this section 7 by transmitting a copy of its yearly audit report to the City.

Section 7. Official Statement; Sale Documents. Subject to the prior approval by the City Council, EWEB hereby designates its Treasurer to direct the preparation and distribution of one or more preliminary official statement(s) or other disclosure document(s) for any of the Bonds or in connection with a preliminary official statement or other disclosure document for any other bonds, as determined to be necessary by EWEB, to obtain bond insurance or other credit enhancement or commitments therefor, if required, to obtain a rating on any or all of the Bonds from Moody's Investors Service, Inc., Standard & Poor's and/or Fitch Ratings, if required, to issue and publish such notices of sale of the Bonds as may be necessary or required to accomplish the public competitive sale of the Bonds in accordance with this Resolution and to select trustees, registrars, paying agents, financial advisor, bond counsel, disclosure counsel and any other professional assistance that may be necessary or convenient to accomplish the issuance and sale of any or all of the Bonds; and to determine any other terms, conditions or covenants regarding any or all of the Bonds, the 2006 Refunding, the 2006 Improvement Program or the 2006 New Project, which are necessary or desirable to effect the sale of any or all of the Bonds.

Section 8. Effective Date of Resolution. This Resolution shall become effective immediately upon its adoption.

ADOPTED this 4th day of April 2006.

THE CITY OF EUGENE, OREGON
Acting by and through the
EUGENE WATER & ELECTRIC BOARD

President

I, KRISTA K. Hince, the duly appointed, qualified and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the Resolution adopted by the Board at its April 4, 2006 Regular Board Meeting.

Assistant Secretary

EXHIBIT A

FORM OF NOTICE OF REVENUE BOND AUTHORIZATION]

NOTICE IS HEREBY GIVEN that the City Council of the City of Eugene, Oregon (the “City”) has adopted Resolution No. 0606 on _____*, 2006, authorizing the issuance of the City’s revenue bonds acting by and through the Eugene Water & Electric Board (“EWEB”). The bonds will be issued in one or more series to provide funds for the financing of capital improvements to the Electric Utility System operated by EWEB, consisting primarily of final design work associated with relocation of certain EWEB operating functions to a new site in West Eugene, final design work for remodel of the existing downtown EWEB headquarters building, and certain planning work necessary for future disposal of surplus EWEB property located at the downtown riverfront site (the “2006 New Project”) and to fund any necessary reserves and costs of issuance.

Subject to certain parameters, EWEB may establish all terms, conditions and covenants regarding the bonds and the revenues, which are necessary or desirable to affect the sale of the bonds.

The City estimates that the bonds will be issued in an aggregate principal amount not to exceed \$8,000,000. Bond principal and interest are expected to be paid from EWEB’s Electric Utility System revenues. The bonds will not be general obligations of the City, nor a charge upon its tax revenues, but will be payable solely from the revenues which EWEB pledges to the payment of the bonds.

If written petitions, signed by not less than 5 percent of the City’s qualified electors, are filed at the Office of the City Recorder on or before _____*, 2006* (the 61st day after the date of publication of this notice), the question of issuing \$8,000,000 of the revenue bonds shall be placed on the ballot at the next legally available election date. Any such petition shall be subject to ORS 288.815 and Sections 2.970-2.992 of The Eugene Code, 1971.

The Office of the City Recorder is located at 777 Pearl Street, Room 105, Eugene, Oregon 97401. Information on procedures for filing petitions may also be obtained at such address or by telephone at (541) 682-5042.

The resolution authorizing the bonds is available for inspection at the Office of the City Recorder.

The bonds will be issued and sold under the Uniform Revenue Bond Act (ORS 288.805 to 288.945); this notice is published pursuant to ORS 288.815(7).

MEMORANDUM

Eugene Water & Electric Board

Date: March 23, 2006

To: Commissioners Bishop, Menegat, Lanning, Simpson, Farmer

From: Ken Beeson

Subject: EWEB Roosevelt Building Project

Issue Statement.

This memo provides an update on status of the EWEB Roosevelt Building Project and includes background on the proposed Phase I financing resolution (scheduled for Board consideration on April 4, 2006) and the related URBA process.¹

Background.

On February 21, 2006, the Board approved the “Split Move Alternative” where EWEB operations functions will move to the new site in West Eugene near Roosevelt and Beltline, and the administrative and public service functions will remain in the existing downtown headquarters building.

In addition, the Board authorized staff to break the project financing into two phases:

- Phase I to include costs for final design of new facilities in West Eugene, and costs for site planning and design work associated with the downtown site; and
- Phase II to include costs for construction of new facilities in west Eugene, and costs for site preparation and construction work associated with the downtown site.

The Board also authorized staff to prepare and schedule for formal Board consideration a resolution to issue bonds for the Phase I financing using the Uniform Revenue Bond Act (URBA) process.

Discussion.

Phase I Financing. On April 4, 2006, staff will request Board approval of a Resolution that, in part, will request the City Council to authorize issuance of up to \$8,000,000 in electric system revenue bonds for the purpose of financing design and development work for relocation of certain EWEB functions to the Roosevelt site in west Eugene and

¹ The final Resolution and a support memorandum on the Phase I financing will be provided to the Board prior to the April 4 Board Meeting.

remodel of existing facilities located at the current EWEB site in downtown Eugene.² Additional detail on the amount of the bond funding request is provided below.

Included in the Resolution will be a request to the City Council to authorize publication of a “Notice of Revenue Bond Authorization” which will describe the process whereby if written petitions signed by at least five percent of the city’s qualified electors are filed on or before the 61st day after the date of publication of the Notice, then the question of issuing this debt will be placed on the ballot at the next available election date. This Notice does not apply to the other financing provisions of the Resolution.

A similar Resolution is scheduled for City Council review and action on April 10. Assuming EWEB and City approval, the Notice is scheduled for local publication on or about April 12. This publication will start the 60-day remonstrance period.

Project Cost Estimate and Phase I Bond Authorization. Over the past several weeks, staff has been working internally and with the architect to review the overall project cost estimate in order to verify cost assumptions, ensure all costs are included, and allocate the estimate into Phase I (design) and Phase II (construction).

Attachment A (“Roosevelt Building Project Cost Summary”) provides a summary view of a) the current cost estimate for the project (“March 2006”), b) the estimate provided to the Board in November 2005 when the 30% design estimate was completed (“November 2005”), and c) the estimate provided in February 2006 when the “split alternative” decision was made (“February 2006”). Notes on the cost adjustments in the February and March estimates are included. The March estimate is split into three parts: Phase I, Phase II and “Other Financing”.

“Other financing” includes the Roosevelt property purchase (\$1.65 million), budgeted money (2006) for purchase of some additional property at the site (\$350,000), cost for completion of the 30% design and due diligence report (\$1.11 million), and cost for security fencing at the site (\$120,000). Most of this money has been spent and none is included in the Phase I or Phase II allocations.

- *Phase I (Design) Cost Estimate.* The current estimate for Phase I is \$6.2 million and includes costs for final design of the Roosevelt site, final design for remodel of the downtown headquarters building, and certain site planning and preparation work associated with the downtown site.
- *Phase I Bond Authorization.* As noted above, staff will be requesting Board authorization for issuance of up to \$8,000,000 in electric system revenue bonds, which will allow for payment of the Phase I costs, associated bond issuance costs, and also allow for some additional contingency. Any remaining bond authority

² The resolution, which will be forwarded to the Board in advance of the April 4 meeting, will also contain provisions allowing for 1) refunding of EWEB bonds issued in 1996, and 2) issuance of bonds for continued development work on the Carmen Smith license.

following completion of design would be applied to the Phase II (construction) financing.

- *Phase II (Construction) Cost Estimate.* The current estimate for Phase II construction is \$75.7 million and includes costs for construction of the new facilities at the Roosevelt site, remodel of the headquarters building, and certain site preparation work at the downtown site.

Staff is continuing to review the Phase II estimate with the expectation this estimate will become the “construction budget estimate” that will be reviewed in detail by the Board in May and approved by the Board in early June before the final design work begins. (Refer to the “*Design Review Process*” below.)

Other Matters.

- *Building Project Development Plan.* An updated version of the EWEB Roosevelt Building Project Plan is attached (Attachment B). Some key near-term schedule assumptions include:
 - April 4 – Board action on Phase I funding authorization, URBA process
 - April 10 – City council action on Phase I funding authorization, URBA process
 - April 12 – June 12 (approximate) – URBA remonstrance period Phase I financing
 - May 16 – Board review of “construction budget estimate” and “design review process”
 - June 6 - Board action on “construction budget estimate” and “design review process”
 - June 20 – Board action on design agreement with Pivot Architecture (formerly WBGs)
- *Design Review Process.* As noted in the February 14 staff memo (“*EWEB Roosevelt Building Project Decisions*”, Ken Beeson to EWEB Commissioners), staff believes prior to starting final design in late June, the Board should agree on and approve a “Design Review Process” and a related “Construction Budget Estimate”. As noted above, this proposed design review process and construction estimate would be reviewed with the Board in May with the intention of obtaining Board approval in early June. Board approval is not needed on April 4.
- *Contracting for Project Construction.* Staff believes it will be important to decide in the next few months on the appropriate contracting structure to use for construction of new facilities. Based on preliminary review, we are looking closely at using the Construction Manager / General Contractor (“CMGC”) approach to this work. To help make this decision, staff is evaluating the various structures used for construction of these kinds of facilities and will making a recommendation to the Board by June on how to proceed.

In general, under the CMGC model, EWEB would select a CMGC early in the design process (July – August) and that firm would participate in the design process and provide input on project constructability, sequencing and methods.³ Once design is completed, they will act as general contractor and execute and manage the necessary subcontracts needed to complete construction. At some point in the design process, EWEB and the CMGC could agree on a “guaranteed maximum price” (“GMP”), which would provide EWEB with certainty on the final construction cost.

As you would expect, use of a GMP entails an additional cost premium. However, based on review to this point, we believe most entities (public and private) using this structure think the CMGC approach provides overall savings on construction that offset any premium paid for the GMP.

The current cost estimate includes an allowance for a CMGC in the construction phase of the estimate. As noted on the attachment A Cost Summary, I have added \$200,000 to the estimate for employment of a CMGC in the design phase.

- *Public Information Plan.* Up to this point, staff has maintained on the EWEB website a substantial amount of information about the project including general overview, staff memos to the Board, the 30% design executive summary, the current project schedule, etc. We intend to continue providing all that information as we proceed through the URBA process and begin the final design work.

In addition, staff is developing, for review with the Board in September, a detailed communication and public information plan to support the Building Project development work in the last part of 2006 and on through the fall of 2007 when the Phase II funding authorization is tentatively scheduled.

Recommendation / Requested Action.

There is no recommendation or requested action associated with this memo. The final Resolution to authorize issuance of bonds to finance the Phase I development work associated with the Building Project will be sent to the Board in advance of the April 4 Board Meeting. A support memo with recommendation will be included.

If you have any questions on this material, please call me at 341-3772.

Attachments

C: Randy Berggren
Debra Smith

³ The selection process would include an RFP, selection recommendation based on qualifications, and Board approval of an alternate bid process under EWEB Contracting Rules.

revised: March 23, 2006

EWEB Roosevelt Building Project						Attachment A	
Cost Summary							
				(under review)	Estimate	Estimate	
		Estimate	Board Review	Estimate	Phase I	Phase II	Other
		November 2005	February 2005	March 2006	(Design)	(Construction)	Financing
	Property Acquisition, Preparation	\$ 2,500,000	\$ 3,500,000	\$ 3,306,895	\$ -	\$ -	\$ 3,306,895
	Architect & Engineer Services	\$ 9,700,000	\$ 6,600,000	\$ 7,681,674	\$ 4,732,875	\$ 2,948,799	\$ -
	Regulatory Agencies and Permits	(included above)	(included above)	\$ 1,892,540	\$ 733,898	\$ 1,158,642	\$ -
	EWEB Internal Costs	\$ -	\$ 450,000	\$ 1,338,750	\$ 430,500	\$ 908,250	
	Building and Site Construction	\$ 65,500,000	\$ 73,200,000	\$ 67,077,578	\$ -	\$ 67,077,578	\$ -
	Subtotal Project	\$ 77,700,000	\$ 83,750,000	\$ 81,297,437	\$ 5,897,273	\$ 72,093,269	\$ 3,306,895
	Contingency (5%)	\$ 3,900,000	(included above)	\$ 3,899,527	\$ 294,864	\$ 3,594,169	\$ -
	Total Project Costs	\$ 81,600,000	\$ 83,750,000	\$ 85,196,964	\$ 6,192,137	\$ 75,687,438	\$ 3,306,895
	<i>Revisions</i>						
	<i>(February 21, 2006)</i>						
	EWEB Internal Costs (Project Management, Internal Review)		\$ 450,000				
	Site Preparation		\$ 1,500,000				
	Site Planning		\$ 100,000				
	Additional contingency		\$ 100,000				
			\$ 2,150,000				
	<i>(March 20, 2006)</i>						
	Fencing (cost adjust)			\$ 70,000			
	Additional Roosevelt Property			\$ 350,000			
	Interest Payment on Roosevelt Property			\$ 50,000			
	Reduce Contingency (Property Acquisition - most of this money has been spent)			\$ (160,000)			
	EWEB Internal Costs (Internal Review, Legal, Public Information)			\$ 225,000			
	Value Engineering			\$ 100,000			
	CMGC (Phase I)			\$ 200,000			
	Moving Expenses			\$ 500,000			
	Additional Contingency			\$ 110,000			
				# \$ 1,445,000			

[illegible]