

**BOARD OF DIRECTORS
LANE COUNTY METROPOLITAN WASTEWATER SERVICE DISTRICT**

RESOLUTION AND ORDER 96-6-19-1M))))	IN THE MATTER OF ADOPTING THE 1996-97 BUDGET, MAKING APPROPRIATIONS AND LEVYING TAXES
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WHEREAS, the Metropolitan Wastewater Service District Budget Committee reviewed and approved the 1996-97 fiscal year budget for the Lane County Metropolitan Wastewater Service District; and

WHEREAS, after due notice, a public hearing was held on the 1996-97 fiscal year budget at 9:00 a.m. in Harris Hall, Lane County Public Service Building, on June 19, 1996; and

WHEREAS, the Board, having fully considered the Budget Committee's recommendations, the matters discussed at the public hearing; and

WHEREAS, the Bond Retirement Fund contains revenue resources of \$3,400,792 requiring a levy of \$1,975,170, of which \$158,013 is estimated to be uncollectible; now, therefore

IT IS HEREBY ORDERED, that the 1996-97 fiscal year budget for the Lane County Metropolitan Wastewater Service District as set forth below is hereby adopted; and

BE IT FURTHER ORDERED, that the amounts for the fiscal year beginning July 1, 1996, and for the purposes shown below are hereby appropriated;

BOND RETIREMENT FUND 81

Debt Service Payments	\$2,747,876
Unappropriated Reserve	<u>\$2,470,073</u>
Total Requirements	\$5,217,949

ADMINISTRATION AND CONSTRUCTION FUND 82

Materials & Services	\$22,035
Transfer Payments to Metropolitan Wastewater Management Commission	0
Operational Contingency	<u>\$2,551,965</u>
Total Requirements	\$2,574,000

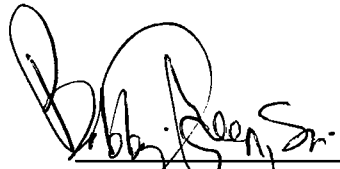
GRAND TOTAL REQUIREMENTS	<u>\$7,791,949</u>
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FILED
JUN 21 1996
COUNTY CLERK
BY Pam DeWille

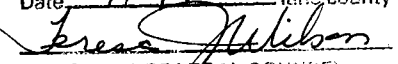
AND, BE IT FURTHER ORDERED that taxes provided for in the adopted budget in the aggregate amount of \$1,975,170 be levied by the Lane County Metropolitan Wastewater Service District and assessed pro rata upon all taxable property as of 1:00 a.m. July 1, 1996. The following allocation and categorization subject to the limits of section 11b, Article XI of the Oregon Constitution make up the above aggregate levy:

	Subject to the General Government <u>Limitation</u>	Excluded from <u>the Limitation</u>
Bond Retirement Fund	0	\$1,975,170

Adopted by the Lane County Metropolitan Wastewater Service District Board of Directors this 19th day of June, 1996.



 Chair, Board of Directors

APPROVED AS TO FORM
 Date 6/10/96 Lane County

 OFFICE OF LEGAL COUNSEL

IN THE MATTER OF ADOPTING THE 1996-97 BUDGET, MAKING APPROPRIATIONS AND LEVYING TAXES

Lane County
**Metropolitan Wastewater
Service District**



**Lane County
METROPOLITAN WASTEWATER SERVICE DISTRICT**

1996-97 BUDGET CALENDAR

May 5, 1996	Notice of Budget Hearing Published
May 14, 1996	Budget Committee Hearing; Public Comments, Review and Approve Budget
	Additional Review Scheduled as Necessary
June 2, 1996	Budget Summary and Notice of Budget Hearing Published
June 9, 1996	Second Notice of Budget Hearing Published
June 19, 1996	Governing Body Hearing: Public Comments, Budget Adoption

SERVICE DISTRICT BUDGET COMMITTEE MEMBERS

District Elected Officials

Steve Cornacchia
Ellie Dumdi
Bobby Green, Sr.
Gerald Rust
Cindy Weeldreyer

Citizen Members

Peter Bartel
Marie Bell
Scott Engstrom
Carol Jones
Chris Matson

Budget Officer

William A. Van Vactor, County Administrator

Contact person, Lane County

David Garnick, Sr. Management Analyst, County Administration
687-3694

Contact person, Metropolitan Wastewater Management Commission

Edward Black, Environmental Services Manager
726-3697

Lane County
METROPOLITAN WASTEWATER SERVICE DISTRICT
BUDGET FOR FISCAL YEAR 1996-97

Background

The Lane County Metropolitan Wastewater Service District (CSD) was formed by the Lane County Board of Commissioners on December 28, 1977, under Oregon Revised Statutes Chapter 451. The CSD is a separate legal entity from Lane County and is funded through a separate budget. The Board of County Commissioners serves as the policy board of the CSD, and the Lane County Administrator serves as the Budget officer. The CSD contracts with the Metropolitan Wastewater Management Commission (MWMC), an intergovernmental organization formed under ORS 190 by Lane County, the City of Eugene, and the City of Springfield, for design, construction, grants administration, operation and maintenance of the regional wastewater facility. The completed facility has cost approximately \$105 million.

The Lane County Metropolitan Wastewater Service District received voter authorization on May 28, 1978, to sell \$29.5 million in general obligation bonds to finance the local share of the regional wastewater treatment construction program. Federal Environmental Protection Agency (EPA) grants provided the balance of the construction costs. The grants have been administered directly by the MWMC and are not a part of the District budget.

Setting Construction Priorities

Design and construction priorities are established by a seven member policy board of the MWMC. Construction of the regional sewerage facility has been phased over a 15-year period to accommodate the availability of federal grant funds appropriated under the Sewerage Works Construction Grants Program and distributed in Oregon in accordance with the Department of Environmental Quality Grant Priority List. Start-up of the regional facility took place on April 2, 1984.

Until FY 92-93, the remaining CSD funds had been reserved, except for initial design work of the East Springfield Interceptor project, pending Federal audit at the completion of the planned construction. Pre-audit work began in FY 90-91, funded by both MWMC and the CSD.

In March 1992, the CSD Board received and reviewed a Financial Master Plan for the Metropolitan Wastewater Management Commission, including both short-term and long-term capital improvements requirements. On the basis of the report and bond counsel's opinion, the Board authorized the use of unexpended bond proceeds for new projects.

In FY 92-93, the CSD Board approved an additional \$2 million for the first phase of the East Springfield Interceptor construction. This portion, Phase I, has been completed. In addition, the CSD Board approved the use of bond proceeds in the amount of \$3,381,500 for treatment plant Capital Improvement Projects. These projects included the Pretreatment Process Building Upgrade, sludge thickening equipment, enclosing the Fillmore Pump Station, and increasing the space in the Operation Building.

In FY 93-94 an initial draft of the federal audit was presented to MWMC for discussion and resolution prior to release of the final audit. Because the County Service District has a potential contingent liability for questioned costs from these grants, no new spending was authorized in FY 94-95. An identified \$500,000 was placed in spendable authority for possible audit exceptions; the balance was placed in Operational Reserves.

In FY 94-95, design work was completed for the Fillmore Pump Station and the Pretreatment Facilities Modifications. A regional Facilities Master Plan requiring an 18-month to a two-year effort was also implemented.

In FY 95-96, the Fillmore Pump Station project was completed. The Biosolids Plastic Removal was incorporated into the Pretreatment Improvements project and construction began in January. CH2M Hill, along with MWMC staff, made progress on the Regional Facilities Master Plan. Both projects will be completed in FY 96-97.

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For FY 96-97, capital projects include the completion of the Pretreatment Improvements and the Regional Facilities Master Plan. Rehabilitation of the Air Drying Beds at the Sludge Management Facility is also scheduled.

FISCAL YEAR 1996-97 BUDGET

The Fiscal Year 1996-97 budget for the Lane County Metropolitan Wastewater Service District is:

	<u>FY 96-97</u>	<u>Chg From FY 95-96</u>	<u>Percent Change</u>
Bond Retirement Fund	\$5,217,949	(\$144,711)	(2.7%)
Administration and Construction Fund	<u>2,574,000</u>	<u>194,000</u>	<u>8.2%</u>
TOTAL DISTRICT FUNDS	<u>\$7,791,949</u>	<u>\$49,289</u>	<u>0.6%</u>

The Bond Retirement Fund accounts for the debt service payments on the \$29.5 million general obligation bonds. The Administration and Construction Fund accounts for transfers to the MWMC for construction of the sewerage facilities and the balance of the bond sale proceeds.

Transfer of Funds to MWMC

Proceeds from the bond sales provide the administrative and construction funds for the regional facility. The funds are managed and invested for the CSD by Lane County until MWMC requests funds to reimburse costs incurred for approved design and construction projects. The CSD budget shows this transaction in the expenditure line item "Transfer Payments to the Metropolitan Wastewater Management Commission." Accountability of the Funds transferred to MWMC is maintained in several ways:

1. MWMC is required to submit annual cash flow projections to Lane County. The cash flow projections are used for planning investments and as a monthly and quarterly maximum amount of money the MWMC can request.
2. MWMC must make a formal requisition of the funds before payments will be transferred. The requisitions are for the expenses which have actually been incurred. The requisitions are reviewed by Lane County staff prior to reimbursement. The CSD also has access to all MWMC invoices, statements, and records.
3. MWMC must submit periodic reports to the CSD on the status of the project in accordance with a format established in the bond purchase agreements between the CSD and the Department of Environmental Quality.
4. MWMC is required to have an independent audit annually. The CSD is also audited annually.
5. The Lane County Board of Commissioners currently has access to the MWMC's budget via two channels: two representatives on the MWMC policy board, and the budget ratification process established in the intergovernmental agreement. Within the Urban Transition context, any future organizational changes in MWMC will be considered by the Metropolitan Policy Committee (MPC) and referred to the three governing bodies for final approval in accordance with the provisions of the intergovernmental agreement.

PROGRAM SUMMARY

Administration and Construction Fund

The Administration and Construction Fund accounts for revenues received from the general obligation bond sales, interest earned from investment of bond-sale proceeds, and the expenditure of those funds to the Metropolitan Wastewater Management Commission for the construction of the regional wastewater treatment facility.

In FY 96-97 no new spending is authorized except for a new indirect charge totalling \$6,099. This cost is now being charged to all funds by the County as a result of a new full cost allocation plan. The remaining Materials & Services expenses are \$12,426 for the Financial System Assessment (year 2 of 3), and \$3,510 for other miscellaneous expenses. No transfer payment to MWMC is budgeted for next year since they currently have sufficient working capital. All available resources are therefore being held in reserve pending resolution of the federal audit. Once resolved, the remaining bond proceeds will again be available for approved capital projects.

**Lane County
METROPOLITAN WASTEWATER SERVICE DISTRICT
FY 96-97
Administration and Construction Fund**

	1993-94 <u>Actual</u>	1994-95 <u>Actual</u>	1995-96 <u>Budget</u>	1996-97 <u>Proposed</u>
<i><u>Resources</u></i>				
Investments	\$121,010	\$79,843	\$120,000	\$140,000
Fund balance	<u>3,513,764</u>	<u>2,206,052</u>	<u>2,260,000</u>	<u>2,434,000</u>
Total	<u>3,652,774</u>	<u>2,285,897</u>	<u>2,380,000</u>	<u>2,574,000</u>
<i><u>Expenditures</u></i>				
Materials & Services	4,967	2,318	15,936	22,035
Transfer Payments to MWMC	1,441,755	0	500,000	0
Operational Reserve	<u>0</u>	<u>0</u>	<u>1,864,064</u>	<u>2,551,965</u>
Total	<u>\$1,446,722</u>	<u>\$2,318</u>	<u>\$2,380,000</u>	<u>\$2,574,000</u>

PROGRAM SUMMARY

Bond Retirement Fund

The Bond Retirement Fund is a nonoperating fund which provides accounting control for the payment of interest and principal on the Service District's general obligation bonds.

The initial \$29.5 million bonds were sold in four issues between 1979 and 1982, at interest rates ranging from 4.86% to 8.86%. The Department of Environmental Quality (DEQ) purchased the majority of the bonds.

In September 1989, at the request of the governing body of the Metropolitan Wastewater Service District, Lane County completed an advance refunding of the Series 1980 and 1982 bonds which carried the highest interest rates. This resulted in a savings to district taxpayers of \$940,000 over the life of the bonds.

In December 1992, Lane County completed a second advance refunding which saved an additional \$454,000. The present bonds carry interest rates of 4.85% to 5.03%. The proceeds from the Advance Refunding were used to purchase U.S. Government State and Local Government Series securities that were placed in an escrow account for the purpose of making payments on all of the principal and interest on the refunded debt. The refunding is considered to be an in-substance defeasance.

Tax Levy

Debt service payments in FY 96-97 will be budgeted for \$2,747,876. However, total debt service requirements through November 1997 (when the subsequent fiscal year's tax levy is received) are \$5,217,949. The fund's balance and other revenues are estimated at \$3,400,792. This leaves a balance of \$1,817,157 to be collected through property taxes. Uncollectible taxes of \$158,013 are also budgeted, making a total levy requirement of \$1,975,170.

The current year's tax rate is .2526 based on the district's assessed value of \$8.254 billion. The district tax payer owning a \$100,000 house has paid \$25.26. For FY 96-97 the total levy requirements will go down. The levy decrease is due primarily to the 1989 Series bonds being called in September 1995. The assessed value of the district is expected to rise to \$8.344 billion in FY 96-97, resulting in an estimated tax rate of .2367, or about \$23.67 for the district taxpayer owning a \$100,000 residence.

Equalization Payments

In 1990 the Cities of Eugene and Springfield adopted new equalization charges that allow residences outside the district, but within the Metropolitan Plan area, to receive sewer services. The equalization charge is a catch-up charge so that new users buy into the capital equity of the system.

Equalization charges are collected and held by the Metropolitan Wastewater Management Commission in a special account. The amount paid to the CSD is on a previously agreed to declining percentage basis, dropping by 15 percent per year. For FY 94-95 the CSD received 50 percent of the payments. For FY 95-96 the CSD portion dropped to 35%, and for FY 96-97 the amount drops to 20 percent. In FY 97-98 the CSD will receive only 5% of these payments. Beginning in FY 98-99 and thereafter, the MWMC will retain all collections.

That portion which is attributable to the CSD is paid to the district in July as a resource to reduce the annual tax levy. The first payment of \$466,060 was received in July 1992. In July 1993, the District received \$539,372; in July 1994, the District received \$384,094; and in July 1995, the District received \$379,038. The equalization estimate for July 1996 is \$330,000.

In-Lieu of Tax Payments

Once connected, new users outside the district pay both a user fee to the utility and a payment-in-lieu of tax to the District. In-lieu of tax payments are included on individual tax account statements prepared by the Lane County Assessor. The rate is the same as the in-district users are charged. In FY 95-96, the in-lieu-of taxes assessed were \$114,985.

**Lane County
METROPOLITAN WASTEWATER SERVICE DISTRICT
FY 96-97
Bond Retirement Fund**

	1993-94 <u>Actual</u>	1994-95 <u>Actual</u>	1995-96 <u>Budget</u>	1996-97 <u>Proposed</u>
<i><u>Resources</u></i>				
Property taxes/current year	\$1,690,322	\$1,694,662	\$1,918,923	\$1,817,157
Property taxes/prior years	175,677	138,238	131,758	70,000
Interest	0	120,983	92,003	96,786
Advance Refunding*	608,977	0	0	0
Equalization credits	539,372	384,094	359,866	330,000
Agripac	242,941	225,034	225,192	224,876
Fund balance	<u>3,021,450</u>	<u>3,096,888</u>	<u>2,634,918</u>	<u>2,679,130</u>
Total	<u>6,278,740</u>	<u>5,659,899</u>	<u>5,362,660</u>	<u>5,217,949</u>
<i><u>Expenditures</u></i>				
Materials & Services	0	0	0	0
Debt Service:				
Interest	1,541,888	957,700	649,856	537,876
Principal	2,115,000	1,915,000	2,210,000	2,210,000
Reserved for future years' requirements**	<u>0</u>	<u>0</u>	<u>2,502,804</u>	<u>2,470,073</u>
Total	<u>\$3,656,888</u>	<u>\$2,872,700</u>	<u>\$5,362,660</u>	<u>\$5,217,949</u>

* Resource available from earnings in excess of requirements to fulfill "call" on earlier bonds from advance refunding.

** Bond principal and interest payments due and payable between July and November must be levied in the current fiscal year in order to have funds immediately available at the beginning of the next fiscal year.

REQUIREMENTS FOR BOND REDEMPTION

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**Lane County
METROPOLITAN WASTEWATER SERVICE DISTRICT
FY 96-97**

<u>Requirements</u>	#781	#891*	#921 New Refunding Bonds	<u>Total</u>
	<u>(1978)</u>	<u>(1989)</u>	<u>(1992)</u>	
Bonds Due 07/01/96 to 06/30/97	\$205,000	0	\$2,005,000	\$2,210,000
Interest Due 07/01/96 to 06/30/97	<u>27,350</u>	<u>0</u>	<u>510,526</u>	<u>537,876</u>
Subtotal	232,350	0	2,515,526	2,747,876
Bonds Due 07/01/97 to 11/01/97	215,000	0	2,010,000	2,225,000
Interest Due 07/01/97 to 11/01/97	<u>11,113</u>	<u>0</u>	<u>233,960</u>	<u>245,073</u>
Subtotal	226,113	0	2,243,960	2,470,073
Total requirements	<u>\$458,463</u>	<u>0</u>	<u>\$4,759,486</u>	<u>\$5,217,949</u>

* These bonds were called 9/95.

REQUIREMENTS FOR BOND REDEMPTION

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Lane County METROPOLITAN WASTEWATER SERVICE DISTRICT FY 96-97

Bonds Due 07/01/96 to 06/30/97	\$2,210,000	
Interest Due 07/01/96 to 06/30/97	537,876	
Bonds Due 07/1/97 to 11/01/97	2,225,000	
Interest Due 07/01/97 to 11/01/97	<u>245,073</u>	
Total Funds Needed		<u>5,217,949</u>
Cash On Hand 07/01/96	2,679,130	
Prior Years Receipts	70,000	
Investment Earnings	96,786	
Advance Refunding	0	
Equalization Credits	330,000	
Agripac Reimbursement	<u>224,876</u>	
		<u>3,400,792</u>
Balance Needed		1,817,157
Estimated Current Year Uncollected: 8%	<u>158,013</u>	
Total Levy Needed	<u>\$1,975,170</u>	