

BOARD OF DIRECTORS
LANE COUNTY METROPOLITAN WASTEWATER SERVICE DISTRICT

ORDER NO 94-06-22- 1 M) IN THE MATTER OF ADOPTING THE 1994-95
) BUDGET, MAKING APPROPRIATIONS AND
) LEVYING TAXES

WHEREAS the Budget Committee reviewed and approved the 1994-95 fiscal year budget for the Lane County Metropolitan Wastewater Service District; and

WHEREAS, after due notice, a public hearing was held on the 1994-95 fiscal year budget at 9:00 a.m. in Harris Hall, Lane County Public Service Building, on June 22nd, 1994; and

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

WHEREAS the Bond Fund contains revenue sources of \$4,987,252 requiring a levy of \$1,743,403, of which \$174,340 is estimated to be uncollectible; now, therefore

IT IS ORDERED that the 1994-95 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, 1994, and for the purposes shown below are hereby appropriated;

BOND FUND

Debt Service Payments	\$3,018,231
Unappropriated Reserve	\$2,616,821
Total Requirements	\$5,635,052

FILED

JUN 22 1994

COUNTY CLERK
BY *Cher DuBois*

IN THE MATTER OF ADOPTING THE 1994-95 BUDGET, MAKING APPROPRIATIONS AND LEVYING TAXES

Lane County
**Metropolitan Wastewater
Service District**



**Lane County
METROPOLITAN WASTEWATER SERVICE DISTRICT**

1994-95 BUDGET CALENDAR

May 15, 1994	Notice of Budget Hearing Published
May 23, 1994	Budget Committee Hearing; Public Comments, Review and Approve Budget
	Additional Review Scheduled as Necessary
June 5, 1994	Budget Summary and Notice of Budget Hearing Published
June 12, 1994	Second Notice of Budget Hearing Published
June 21 or 22, 1994	Governing Body Hearing: Public Comments, Budget Adoption

SERVICE DISTRICT BUDGET COMMITTEE MEMBERS

District Elected Officials

Steve Cornacchia
Ellie Dumdi
Marie Frazier
Jack Roberts
Gerald Rust

Citizen Members

Peter Bartel
Marie Bell
Scott Engstrom
Kate Jones
Chris Matson

Budget Officer

William A. Van Vactor, County Administrator

Contact person, Lane County

Margo Drivas, Asst. Dir., Human Resources and Management Services
687-3766

Contact person, Metropolitan Wastewater Management Commission

Katherine Schacht, General Manager, 726-3697

Lane County
METROPOLITAN WASTEWATER SERVICE DISTRICT
BUDGET FOR FISCAL YEAR 1994-95

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 will be authorized in FY 94-95. An identified \$500,000 is placed in spendable authority for possible audit exceptions; the balance is placed in Operational Reserves.

BUDGET FISCAL YEAR 1994-95

The Fiscal Year 1994-95 budget for the Lane County Metropolitan Wastewater Service District is:

Bond and Retirement Fund	\$5,635,052
Administration and Construction Fund	<u>\$2,360,000</u>
TOTAL DISTRICT FUNDS	<u>\$7,995,052</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.

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 94-95 no new spending is authorized. All available resources are held pending resolution of the federal audit. Once resolved, any remaining bond proceeds will again be available for approved capital projects.

Lane County
METROPOLITAN WASTEWATER SERVICE DISTRICT
 FY 94-95
 Administration and Construction Fund

	1991-92 <u>Actual</u>	1992-93 <u>Actual</u>	1993-94 <u>Adopted</u>	1994-95 <u>Proposed</u>
<i>Resources</i>				
Investments	280,587	289,533	200,000	150,000
Fund balance	<u>5,360,620</u>	<u>5,397,906</u>	<u>3,534,000</u>	<u>2,210,000</u>
Total	<u>5,641,207</u>	<u>5,687,439</u>	<u>3,734,000</u>	<u>2,360,000</u>
<i>Expenditures</i>				
Materials & Services	2,435	29,983	2,510	3,510
Transfer Payments to MWMC	240,866	2,125,692	2,847,500	500,000
Operational Reserve	<u>0</u>	<u>0</u>	<u>883,990</u>	1,856,490
Total	<u>243,301</u>	<u>2,155,675</u>	<u>3,734,000</u>	<u>2,360,000</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 general obligation bonds of the Service District.

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 \$400,000. 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 of 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 94-95 will be budgeted for \$3,018,231. However, total debt service requirements through November 1995 (when the subsequent fiscal year's tax levy is received) are \$5,635,052. The fund's balance and other revenues are estimated at \$4,065,989. This leaves a balance of \$1,569,063 to be collected through property taxes. Uncollectible taxes of \$174,340 are also budgeted, making a total levy requirement of \$1,743,403.

The current year's tax rate is .2671 based on the district's assessed value of \$6.586 billion. The district taxpayer owning an \$85,000 house has paid \$22.70. For FY 94-95 the total levy requirements will increase slightly. Part of the levy increase is until the 1989 Series bonds are called in September 1995 (there are some overlapping payments between the two refundings); part of the levy increase is due to the current year's decline in interest earnings (market conditions) and the decline in equalization payments (scheduled formula decrease). However, the assessed value of the district is expected to rise to \$7.245 billion in FY 94-95, resulting in an estimated tax rate of .2166, or about \$18.41 for the district taxpayer owning an \$85,000 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 assessed as 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. 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; the equalization estimate for July 1993 is \$381,133.

In-Lieu of Tax Fees

Once connected, new users outside the district pay both a user fee to the utility and a payment-in-lieu of tax fee to the District. In-lieu of tax fees are included on individual tax account statements prepared by the Lane County Assessor. The in-lieu fee rate is the same as the tax rate in-district users are charged. In FY 93-94 the in-lieu fees assessed were \$63,880.

Lane County
METROPOLITAN WASTEWATER SERVICE DISTRICT
FY 94-95
Bond Retirement Fund

	1991-92 <u>Actual</u>	1992-93 <u>Actual</u>	1993-94 <u>Budget</u>	1994-95 <u>Proposed</u>
<i>Resources</i>				
Property taxes/current year	2,976,206	1,330,773	1,513,281	1,569,063
Property taxes/prior years	204,246	239,850	153,000	179,888
Interest	155,641	253,386	124,000	107,620
Advance Refunding*	614,300	0	744,352	178,700
Equalization credits	0	466,060	545,000	381,000
Agripac	273,262	273,247	250,000	250,000
Fund balance	<u>2,643,151</u>	<u>3,492,251</u>	<u>3,170,900</u>	<u>2,968,781</u>
Total	<u>6,866,806</u>	<u>6,055,567</u>	<u>6,500,533</u>	<u>5,635,052</u>
<i>Expenditures</i>				
Materials & Services	0	0	0	0
Debt Service:				
Interest	2,094,138	1,324,117	1,541,888	918,231
Principal	1,545,000	1,710,000	2,115,000	2,100,000
Reserved for future years' requirements**	<u>0</u>	<u>0</u>	<u>2,843,645</u>	<u>2,616,821</u>
Total	<u>3,639,138</u>	<u>3,034,117</u>	<u>6,500,533</u>	<u>5,635,052</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 available.

Lane County
 METROPOLITAN WASTEWATER SERVICE DISTRICT
 FY 94-95

<i>Requirements</i>	#781 <u>(1978)</u>	#891* <u>(1989)</u>	#921 New Refunding Bonds <u>(1992)</u>	<u>Total</u>
Bonds Due 07/01/93 to 06/30/94	185,000	1,440,000	475,000	2,100,000
Interest Due 07/01/93 to 06/30/94	<u>46,563</u>	<u>291,060</u>	<u>580,608</u>	<u>918,231</u>
Subtotal	231,563	1,731,060	1,055,608	3,018,231
Bonds Due 07/01/94 to 11/01/94	195,000	1,530,000	485,000	2,210,000
Interest Due 07/01/94 to 11/01/94	<u>21,015</u>	<u>99,450</u>	<u>286,266</u>	<u>406,821</u>
Subtotal	216,015	1,629,450	771,266	2,616,821
Total requirements	<u>447,578</u>	<u>3,360,510</u>	<u>1,826,874</u>	<u>5,635,052</u>

REQUIREMENTS FOR BOND REDEMPTION

Lane County
 METROPOLITAN WASTEWATER SERVICE DISTRICT
 FY 94-95

	2,100,000	
Bonds Due 07/01/94 to 06/30/95	918,231	
Interest Due 07/01/94 to 06/30/95	2,210,000	
Bonds Due 07/1/95 to 11/01/95	<u>406,821</u>	
Interest Due 07/01/95 to 11/01/95		
 Total Funds Needed		 <u>5,635,052</u>
 Cash On Hand 07/01/94	 2,968,781	
Prior Years Receipts	179,888	
Investment Earnings	107,620	
Advance Refunding	178,700	
Equalization Credits	381,000	
Agripac Reimbursement	<u>250,000</u>	
		<u>4,065,989</u>
 Balance Needed		 1,569,063
Estimated Current Year Uncollected: 10%	<u>174,340</u>	
 Total Levy Needed	 <u>1,743,403</u>	