

BOARD OF DIRECTORS
LANE COUNTY METROPOLITAN WASTEWATER SERVICE DISTRICT

RESOLUTION AND
ORDER

00-6-14-1M

IN THE MATTER OF ADOPTING THE
2000-2001 METROPOLITAN
WASTEWATER SERVICE DISTRICT
BUDGET, MAKING
APPROPRIATIONS AND LEVYING
TAXES

WHEREAS, the Metropolitan Wastewater Service District Budget Committee reviewed and approved the 2000-2001 fiscal year budget for the Lane County Metropolitan Wastewater Service District on May 31, 2000; and

WHEREAS, after due notice, a public hearing was held on the 2000-2001 fiscal year budget at 9:00 a.m. in Harris Hall, Lane County Public Service Building, on June 14, 2000; and

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

WHEREAS, the Bond Retirement Fund contains revenue resources of \$2,495,136 requiring a levy of \$443,917, of which \$35,513 is estimated to be uncollectible; now, therefore

IT IS HEREBY ORDERED, that the 2000-2001 fiscal year budget for the Lane County Metropolitan Wastewater Service District in the sum of \$2,931,540 as set forth below is hereby adopted; and

BE IT FURTHER ORDERED, that the amounts for the fiscal year beginning July 1, 2000, and for the purposes shown below are hereby appropriated as follows;

BOND RETIREMENT FUND 381

Debt Service Payments	\$1,856,980
Operational Reserves	<u>1,046,560</u>
Total Requirements	\$2,903,540

ADMINISTRATION AND CONSTRUCTION FUND 282

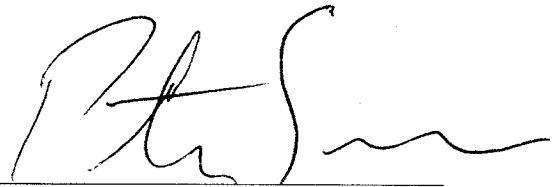
Materials & Services	\$8,425
Transfer Payments to Metropolitan Wastewater Management Commission	17,075
Operational Contingency	<u>2,500</u>
Total Requirements	\$28,000

GRAND TOTAL REQUIREMENTS **\$2,931,540**

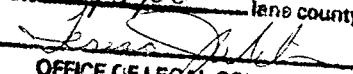
AND, BE IT FURTHER ORDERED that taxes provided for in the adopted budget in the aggregate amount of \$443,917 be levied by the Lane County Metropolitan Wastewater Service District for bonded debt and be assessed upon all taxable property within the district as of 1:00 a.m. July 1, 2000. The following allocation and categorization for the tax subject to the limits of section 11b, Article XI of the Oregon Constitution make up the above aggregate levy:

	<u>General Government Limitation</u>	<u>Excluded from the Limitation</u>
Bond Retirement Fund	0	\$443,917

Adopted by the Lane County Metropolitan Wastewater Service District Board of Directors this 14th day of June, 2000.



Chair, Board of Directors

APPROVED AS TO FORM
Date 6/2/00 Lane County

OFFICE OF LEGAL COUNSEL

**IN THE MATTER OF ADOPTING THE 2000-2001 METROPOLITAN WASTEWATER SERVICE
DISTRICT BUDGET, MAKING APPROPRIATIONS AND LEVYING TAXES**

Lane County
**Metropolitan Wastewater
Service District**

FY 2000-2001 Approved Budget

**LANE COUNTY
METROPOLITAN WASTEWATER SERVICE DISTRICT**

2000-2001 BUDGET CALENDAR

May 17, 2000	First Notice of Budget Hearing Published
May 24, 2000	Second Notice of Budget Hearing Published
May 31, 2000	Budget Committee Public Hearing; Review And Approve Budget; Set tax Levy (Additional Review Scheduled as Necessary)
June 7, 2000	Budget Summary and Notice of Budget Hearing Published
June 14, 2000	Governing Body Public Hearing and Budget Adoption

SERVICE DISTRICT BUDGET COMMITTEE MEMBERS

District Elected Officials

Bill Dwyer
Bobby Green, Sr.
Anna Morrison
Peter Sorenson
Cindy Weeldreyer

Citizen Members

Marie Bell
Mary Ann Holser
Angel Jones
Doug Keeler
Walt Meyer

Budget Officer

William A. Van Vactor, County Administrator

Contact Person, Lane County

David Garnick, Sr. Management Analyst, County Administration
682-3694

Contact person, Metropolitan Wastewater Management Commission (MWWMC)

Susie Smith, Environmental Services/MWWMC Manager, City of Springfield
726-3697

Peter Ruffier, Div. Director, Public Works Wastewater Div., City of Eugene
682-8606

Lane County
METROPOLITAN WASTEWATER SERVICE DISTRICT
ADOPTED BUDGET FOR FISCAL YEAR 2000-2001

Historical 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 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 County Service District budget.

Setting Construction Priorities

A seven-member policy board of the MWMC establishes design and construction priorities. Construction of the regional sewerage facility has been phased over a 20-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 improvement 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. 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 had a potential contingent liability for questioned costs from these grants, no new spending was authorized in FY 94-95. \$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.

In FY 96-97, the Regional Facilities Master Plan and the Air Drying Beds Rehabilitation Project were completed. The Pretreatment Improvements Project neared completion with final modifications scheduled in FY 97-98.

For FY 97-98, capital projects included completion of modifications to the Pretreatment Improvements, design and construction of a laboratory expansion and remodel at the regional Water Pollution Control Facility (WPCF), the first of a three to five year project to increase processing capacity at the Biosolids Management Facility (BMF), the first of a two-year study to develop a Wet Weather Flow Management Plan (WWFMP), and improvements to the Dredge Movement System at the BMF.

In FY 97-98, design work and construction bidding were completed for the laboratory expansion and remodel. While funds were budgeted for construction in FY 97-98, construction was delayed because bids received substantially exceeded the project estimate and the budget. Bids were rejected and staff re-evaluated the bid specifications and the project scope. Budgeted funds for construction were carried over to FY 98-99.

Two major components of the Biosolids project were initiated: (1) MWMC began engineering/ design for a mechanical biosolids dewatering facility, under contract with Carollo Engineers; and (2) MWMC began a feasibility and cost evaluation of conversion of biosolids processing to produce unrestricted "Class A" biosolids products.

The Dredge Movement System at the BMF was retested to determine whether planned improvements were necessary for safety purposes. Test results showed that the dredge did not need to be upgraded at that time, therefore, scheduled improvements did not occur. This issue will be revisited when the demand on the dredge increases to expand biosolids production.

FY 97-98 marked completion of the first of the two-year Wet Weather Flow Management Plan (WWFMP) development, which is supported by regional and local wastewater programs.

The MWMC Capital Improvements Program for FY 98-99 was focused in two major areas:

- 1) Development of a Wet Weather Flow Management Plan to address peak wet weather capacity constraints at the Eugene-Springfield Water Pollution Control Facility and in the collection system; and

- 2) Completion of engineering/design for a mechanical dewatering facility at the Eugene-Springfield Biosolids Management Facility to increase the amount of liquid biosolids that can be dried and land applied on an annual basis. Two other aspects of the Biosolids management strategy also were completed in FY98-99:

- 1) A feasibility and cost study of transitioning from "Class B" to "Class A" biosolids; and

- 2) A land acquisition analysis to determine whether there are suitable lands in the vicinity of the BMF to acquire for a dedicated biosolids land application site, using poplar plantations.

The planned modifications and expansion of the Laboratory at the WPCF, which were originally budgeted in FY97-98, have not occurred because construction bids exceeded the budget and engineering estimate by too great a margin. The Laboratory modifications are currently being re-evaluated and CIP funds will be carried over in FY 99-00 to complete this project.

Funds for construction of the biosolids dewatering facility were budgeted in FY98-99 and were carried over to FY99-00. This project will use the remaining County Service District bond proceeds. Completion of this project is anticipated in September 2000.

FISCAL YEAR 2000-2001 BUDGET

The Fiscal Year 2000-2001 budget for the Lane County Metropolitan Wastewater Service District is:

	FY 99-00 Budget	FY 00-01 Proposed	Chg From FY 99-00	Percent Change
Bond Retirement Fund	\$4,086,363	\$2,903,540	(\$1,182,823)	(28.9%)
Administration and Construction Fund	<u>2,915,000</u>	<u>28,000</u>	<u>(2,887,000)</u>	<u>(99.0%)</u>
TOTAL DISTRICT FUNDS	\$7,001,363	\$2,931,540	(\$4,069,823)	(58.1%)

The Bond Retirement Fund accounts for the debt service payments on the original \$29.5 million in general obligation bonds. The final debt service payment will be made in September of 2002. The Administration and Construction Fund accounts for the remaining balance of the bond sale proceeds and the transfers to the MWMC for construction of the sewerage facilities. As can be seen, the majority of the funds have already been transferred.

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 that 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 via a transfer to the Metropolitan Wastewater Management Commission for the construction of the regional wastewater treatment facility.

Materials & Services expenses include \$7,350 for County Indirect, and \$1,075 for miscellaneous expenses.

In FY 99-00 the MWSD budget transferred \$2,900,753 in bond proceeds to MWMC to complete the Biosolids Mechanical Dewatering Facility construction project estimated at \$8.3 million. Due to higher than anticipated interest earnings, the FY 2000-2001 budget projects that an additional \$17,075 will be available for transfer.

The Proposed Budget also includes a small reserve to carry forward into 2001-2002 to cover Indirect, paying agent fees and budget advertising costs.

Administration and Construction Fund (Fund 282)

	<u>1997-98</u> <u>Actual</u>	<u>1998-99</u> <u>Actual</u>	<u>1999-00</u> <u>Budget</u>	<u>2000-2001</u> <u>Proposed</u>
<u>Resources</u>				
Investments	\$149,787	\$155,497	\$65,000	\$0
Fund balance	<u>2,579,935</u>	<u>2,711,870</u>	<u>2,850,000</u>	<u>28,000</u>
Total	2,729,722	2,867,367	2,915,000	28,000
<u>Expenditures</u>				
Materials & Services	17,852	12,617	14,247	8,425
Transfer Payments to MWMC	0	0	2,900,753	17,075
Operational Reserve	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,500</u>
Total	\$17,852	\$12,617	\$2,915,000	\$28,000

PROGRAM SUMMARY

Bond Retirement Fund

The Bond Retirement Fund is a nonoperating fund that 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 that carried the highest interest rates. This resulted in 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 00-01 will be budgeted for \$1,856,980. However, total debt service requirements through November 2001 (prior to the date when the subsequent fiscal year's tax levy is received) are \$2,903,540. The fund's balance and other revenues are estimated at \$2,495,136. This leaves a balance of \$408,404 to be collected through property taxes. Uncollectible taxes of \$35,513 are estimated, making a total levy requirement of \$443,917. This is a reduction in the Tax Levy amount by \$1,209,799 from the current budget.

The current year's tax rate is estimated at .1907 based on the district's projected Measure 50 Assessed Value (AV) of \$9.11 billion. The district taxpayer owning a \$100,000 house will pay approximately \$19.07. The total levy requirement will go down in FY 00-01 as a result of a higher Assessed Value and the reduction in the debt service payment amount.

The Assessed Value of the district is expected to rise by the statutorily allowable 3% plus new construction to \$9.59 billion in FY 00-01, resulting in an estimated tax rate of .0463, or about \$4.63 for the district taxpayer owning a \$100,000 residence. This lower rate will result in savings from the current year. Again, the rate is just an estimate. New construction may result in an even higher AV, but since the CSD will be levying an amount and not a fixed rate, the actual rate paid may be further reduced.

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 collections, the CSD received 50 percent of the payments. For FY 95-96 collections, the CSD portion dropped to 35%, and for FY 96-97 collections, the amount dropped to 20 percent. For FY 97-98 collections, the CSD will receive only 5% of these payments. Beginning with FY 98-99 collections and thereafter, the MWMC will retain all collections.

That portion which is attributable to the CSD was paid to the district each 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, \$384,094; in July 1995, \$379,038; in July 1996, \$377,234; and in July 1997, \$249,074. The final equalization payment for July 1998, based upon 5% of FY 97-98 collections, was \$64,832.

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.

Bond Retirement Fund (Fund 381)

	<u>1997-98</u> <u>Actual</u>	<u>1998-99</u> <u>Actual</u>	<u>1999-00</u> <u>Budget</u>	<u>2000-2001</u> <u>Proposed</u>
<u>Resources</u>				
Property taxes/current year	\$1,969,730	\$1,735,229	\$1,756,577	\$408,404
Property taxes/prior years	95,406	91,290	70,832	67,792
Interest	122,671	123,880	37,798	54,593
Equalization credits	249,074	64,832	0	0
Agripac	112,445	117,527	0	172,070
Fund balance	<u>2,888,090</u>	<u>2,772,871</u>	<u>2,221,156</u>	<u>2,200,681</u>
Total	<u>5,437,417</u>	<u>4,905,629</u>	<u>4,086,363</u>	<u>2,903,540</u>
<u>Expenditures</u>				
Materials & Services	0	0	0	0
Debt Service:				
Interest	439,545	334,995	230,943	136,980
Principal	2,225,000	2,255,000	2,045,000	1,720,000
Reserved for future years' requirements*	<u>0</u>	<u>0</u>	<u>1,810,420</u>	<u>1,046,560</u>
Total	<u>\$2,664,545</u>	<u>\$2,589,995</u>	<u>\$4,086,363</u>	<u>\$2,903,540</u>

* 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 for payment at the beginning of the next fiscal year.

REQUIREMENTS FOR BOND REDEMPTION BY BOND

Lane County METROPOLITAN WASTEWATER SERVICE DISTRICT

<u>Requirements</u>	<u>#781*</u> <u>(1978)</u>	<u>#891**</u> <u>(1989)</u>	<u>New Refunding Bonds</u> <u>#921***</u> <u>(1992)</u>	<u>Grand Total</u>
Bonds Due 07/01/00 to 06/30/2001	\$0	0	\$1,720,000	\$1,720,000
Interest Due 07/01/00 to 06/30/2001	<u>0</u>	<u>0</u>	<u>136,980</u>	<u>136,980</u>
Subtotal	0	0	1,856,980	1,856,980
 Bonds Due 07/01/2001 to 11/01/2001	0	0	1,000,000	1,000,000
Interest Due 07/01/2001 to 11/01/2001	<u>0</u>	<u>0</u>	<u>46,560</u>	<u>46,560</u>
Subtotal	0	0	1,046,560	1,046,560
 Total Requirements	<u><u>\$0</u></u>	<u><u>0</u></u>	<u><u>\$2,903,540</u></u>	<u><u>\$2,903,540</u></u>

* The 1978 bonds were paid off in FY 98-99.

** These bonds were called 9/95.

*** These bonds will be paid off in September of 2002 (FY 2001-2002).

