

M W S D

Lane County
**Metropolitan Wastewater
Service District**

FY 2006-2007 Proposed Budget

**LANE COUNTY
METROPOLITAN WASTEWATER SERVICE DISTRICT**

2006-2007 BUDGET CALENDAR

May 28, 2006	First Notice of Budget Hearing Published
June 04, 2006	Second Notice of Budget Hearing Published
June 14, 2006	Budget Committee Public Hearing; Review And Approve Budget; Set tax Levy (Additional Review Scheduled as Necessary)
June 18, 2006	Budget Summary and Notice of Budget Hearing Published
June 28, 2006	Service District Public Hearing and Budget Adoption

SERVICE DISTRICT BUDGET COMMITTEE MEMBERS

District Elected Officials

Bill Dwyer
Bobby Green, Sr.
Anna Morrison
Peter Sorenson
Faye Stewart

Citizen Members

Scott Bartlett
Tony McCown
Doug Keeler
Mary Ann Holser
Walt Meyer

Budget Officer

William A. Van Vactor, County Administrator

Contact Person, Lane County

David Garnick, Budget/Financial Planning Mgr., County Administration
682-3694

Contact person, Metropolitan Wastewater Management Commission (MWMC)

Susie Smith, Environmental Services/MWMC 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
PROPOSED BUDGET FOR FISCAL YEAR 2006-2007

Historical Background

The Lane County Metropolitan Wastewater Service District (MWSD) was formed by the Lane County Board of Commissioners on December 28, 1977, under Oregon Revised Statutes Chapter 451. The MWSD 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 MWSD, and the Lane County Administrator serves as the Budget officer. The MWSD 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 23, 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 funding. The grants have been administered directly by the MWMC and have not been a part of the county service district budget.

A seven-member policy board of the MWMC has and continues to establish design and construction priorities. Construction of the regional sewerage facility was phased-in 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.

Various projects have been completed over the years. These include the East Springfield Interceptor, treatment plant projects including the Pretreatment Process Building Upgrade, sludge thickening equipment, enclosing the Fillmore Pump Station, and increasing the space in the Operation Building. Biosolids Plastic Removal was incorporated into the Pretreatment Improvements project and an Air Drying Beds Rehabilitation Project were also completed. The design and construction of a laboratory expansion and remodel at the regional Water Pollution Control Facility (WPCF) was the first of a three to five year project to increase processing capacity at the Biosolids Management Facility (BMF) and 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. Work was also completed on a mechanical dewatering facility at the Eugene-Springfield Biosolids Management Facility to increase the amount of liquid biosolids that could be dried and land applied on an annual basis. Two other aspects of the Biosolids management strategy also were completed:

- 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 Biosolids project essentially used the remaining county service district bond proceeds in 2000. An additional payment of \$130,000 was made to the MWMC in FY 04-05 from cash carryover.

The Future of the District

When the final debt service payment was made in September 2002, the service district fulfilled its original purpose. The future needs of the wastewater system will continue to be discussed at MWMC who now has the ability to seek their own financing. The future of the county service district will be discussed by its board at a future date.

In the meantime, the Wastewater Bond Retirement fund has been closed out and the remaining funds were transferred into the district's Wastewater Administration and Construction fund. The latter fund will be maintained indefinitely to receive all prior year taxes and minimal interest earnings. When the balance is sufficient in subsequent years, a final payment can be made to the MWMC if the Budget Committee and Board so direct.

FISCAL YEAR 2006-2007 BUDGET

The Proposed budget for the Lane County Metropolitan Wastewater Service District is:

	<u>FY 05-06 Budget</u>	<u>FY 06-07 Proposed</u>	<u>Chg From FY 05-06</u>	<u>Percent Change</u>
Bond Retirement Fund	\$0	\$0	\$0	0%
Administration and Construction Fund	<u>66,750</u>	<u>71,500</u>	<u>4,750</u>	<u>7.1%</u>
TOTAL DISTRICT FUNDS	\$66,750	\$71,500	\$4,750	7.1%

PROGRAM SUMMARY

Administration and Construction Fund

The Administration and Construction Fund accounted 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. All bond proceeds have already been transferred to MWMC.

The cash balance from the district's bond retirement fund was transferred into the Administration and Construction Fund in FY 02-03 after approval by the district board. The remaining cash balance will be carried forward into FY 05-06 and will be budgeted along with prior year taxes and a small investment earnings revenue.

The bulk of the remaining funds or \$130,000 was transferred to the MWMC in FY 04-05. In FY 06-07 another transfer of \$24,000 will be made. This is the amount of prior year taxes projected to be received since FY 03-04. The remaining funds will be used to pay the district's audit and overhead costs, as well as, other incidental costs associated with legal notices and budget committee expenses. \$15,000 is budgeted in Professional & Consulting Services as a placeholder in the event the district board should decide to further examine the need for the district. An operational contingency is set aside to cover future overhead and incidental costs that are necessary as long as district business is conducted.

Administration and Construction Fund (Fund 282)

	<u>2003-04 Actual</u>	<u>2004-05 Actual</u>	<u>2005-06 Budget</u>	<u>2006-07 Proposed</u>
<u>Resources</u>				
Prior Year Property Taxes	\$16,780	\$4,353	\$3,500	\$1,500
Investments	1,305	3,018	250	1,000
Transfer in from Bond Fund	0	0	0	
Fund balance	<u>166,601</u>	<u>196,310</u>	<u>63,000</u>	<u>69,000</u>
Total	184,685	203,681	66,750	71,500
<u>Expenditures</u>				
Materials & Services	5,368	9,352	16,750	19,234
Transfer Payments to MWMC	0	130,000	0	24,000
Operational Contingency	<u>0</u>	<u>0</u>	<u>50,000</u>	<u>28,266</u>
Total	\$5,368	\$139,352	\$66,750	\$71,500

PROGRAM SUMMARY

Wastewater Bond Retirement Fund

The Bond Retirement Fund was a non-operating fund that provided 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 1978 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 of the original Series 1979 bonds and the 1989 Refunding bonds. This action saved an additional \$454,000 and then carried interest rates of 4.85% to 5.03%.

In September 2002 the final bond payment was made. This final action fulfilled the purpose for the fund. In May 2003, the fund was closed and the remaining balance was transferred into the district's Administration and Construction Fund.

Tax Levy

The final debt service payment was made in September 2002. No further tax levies are required.

**METROPOLITAN WASTEWATER SERVICE
DISTRICT BUDGET COMMITTEE MEETING**

June 15, 2005

12:00 noon

Commissioner's Conference Room

Commissioner Anna Morrison presided with Commissioners Bobby Green, Sr., Peter Sorenson and Faye Stewart present. Bill Dwyer was excused. Committee Members present: Doug Keeler, Walter Meyer, Mary Ann Holser and Scott Bartlett. County Administrator Bill Van Vactor, County Counsel Teresa Wilson, Senior Budget Analyst Dave Garnick and Recording Secretary Melissa Zimmer were also present.

I. Call to Order.

Doug Keeler called the meeting to order.

II. Budget Committee Business.

MOTION: to approve Doug Keeler as Chair.

Bartlett MOVED, Green SECONDED.

VOTE: 8-0.

MOTION: to approve Walt Meyer as Vice Chair.

Bartlett MOVED, Green SECONDED.

VOTE: 8-0.

Approval of Minutes of 2004

MOTION: to approve the minutes from 2004.

Morrison MOVED, Green SECONDED.

VOTE: 8-0.

III. Presentation of the 2005-2006 Budget.

Garnick explained that the budget is smaller. He noted the budget for this year is \$189,000 and next year it will be dropping down to \$66,750. He indicated the difference is that in the current year they budgeted a \$130,000 transfer payment to MWMC and that had been done. He said they are carrying forward enough to cover materials and

services. He commented that they are in a holding pattern as far as the district is concerned until there is a final decision about the disposition of the district. He added they only have this one fund and they are no longer levying taxes.

Holser asked why they are keeping the district for one more year.

Van Vactor said they discussed at SEL the future of the Lane County Metropolitan Wastewater Service District after the bonds were paid off. He said the general consensus was that there was no compelling reason to keep it, but there was no reason to get rid of it. He noted there is a statute that states there can't be two county service districts overlapping another county service district. He indicated that they have a bill in the legislature, HB 3301, whose mission states that it is okay to overlap as long as they perform different services so there is not a duplication of services.

Wilson stated that one of the benefits of an existing district is the opportunity to ask the voters for a levy for operating or bond purposes. She said the Metropolitan Wastewater Management Commission has chosen to finance its capital plan through revenue bonds instead of going through property taxes.

Morrison indicated she was not ready to get rid of it and wanted to wait to see what materializes.

Wilson explained that this district was formed at a time when there was not a requirement that it have an operating levy of a permanent tax break.

Green suggested retaining the district because once they give it up, it would be hard to reconstitute it. His concern was one of timing, depending on what happens with the legislature.

IV. Public Hearing.

Chair Keeler opened the Public Hearing. There being no one signed up to speak, he closed the Public Hearing.

V. Deliberations and Action.

MOTION: to approve the 2005/2006 Metropolitan Wastewater Service District Budget and levying of taxes in the amount of zero dollars.

Green MOVED, Morrison SECONDED.

VOTE: 8-0.

VI. Adjourn.

Chair Keeler adjourned the meeting at 12:20 p.m.

Melissa Zimmer
Recording Secretary