

*PARTNERS IN
WASTEWATER
MANAGEMENT*

Metropolitan Wastewater Management Commission



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*MWMC
Commission*

April 23, 2008

Faye Stewart
Lane County Comm.
MWMC President

Mr. Jeff Spartz, Administration
Lane County
125 E. 8th Ave.
Eugene, OR 97401

Hilary Loud
Eugene Citizen
MWMC Vice President

Subject: Metropolitan Wastewater Management Commission (MWMC)
FY 08-09 Regional Wastewater Program (RWP) Budget and
Capital Improvements Program (CIP)

Bill Inge
Lane County Citizen

Terry Gould
Eugene Citizen

Dear Mr. Spartz:

Bonny Bettman
Eugene City Councilor

On March 27th, the MWMC held a public hearing on the FY 08-09 Regional Wastewater Program (RWP) Budget and Capital Improvements Program (CIP). At this meeting, the FY 08-09 RWP Budget and CIP were approved. The RWP Budget funds operating and capital project requirements and maintains targeted contributions to reserves.

Anne Ballew
Springfield City Councilor

Doug Keeler
Springfield Citizen

Consistent with the Intergovernmental Agreement (IGA), the RWP Budget and CIP need to be ratified by the governing bodies of Eugene, Springfield, and Lane County prior to final adoption by MWMC. Please forward the enclosed budget and CIP documents to the Board of Commissioners for their consideration on May 7, 2008. If I can be of any additional assistance, please contact me at 726-3697.

Administration

Susan Smith
Environmental Services/
MWMC General Manager
City of Springfield
225 Fifth Street
Springfield Oregon 97477
(541) 726-3694
FAX (541) 726-2309

Thank you for your consideration and assistance in this matter.

Sincerely,

Operations

A handwritten signature in cursive script that reads "Susan L. Smith".

Susan L. Smith
MWMC General Manager

Peter Ruffier
Director
City of Eugene
Wastewater Division
410 River Avenue
Eugene Oregon 97404
(541) 682-8600
FAX(541) 682-8601

Enclosure

**IN THE BOARD OF COUNTY COMMISSIONERS
LANE COUNTY, OREGON**

**Order No.) IN THE MATTER OF RATIFYING THE FY 08-09
) REGIONAL WASTEWATER PROGRAM BUDGET
) AND CAPITAL IMPROVEMENTS PROGRAM AS
) APPROVED BY THE METROPOLITAN
) WASTEWATER MANAGEMENT COMMISSION**

WHEREAS, Board ratification of the Metropolitan Wastewater Management Commission Regional Wastewater Program Budget and Capital Improvements Program occurs on an annual basis, as provided for in the Metropolitan Wastewater Management Commission Intergovernmental Agreement first adopted in 1977; and

WHEREAS, the Metropolitan Wastewater Management Commission, after holding a required public hearing and following additional discussions and deliberation, directed on march 27, 2008, that the FY 08-09 Regional Wastewater Program Budget and Capital Improvements Program be approved and forwarded to the governing bodies for ratification; and

WHEREAS, Lane County, one of the participating governing bodies, has now reviewed the Metropolitan Wastewater Management Commission's proposed Regional Wastewater Program Budget and Capital Improvements Program for FY 08-09;

NOW, THEREFORE, IT IS HEREBY ORDERED that the Metropolitan Wastewater Management Commission's Regional Wastewater Program Budget and Capital Improvements Program for FY 08-09; is hereby ratified.

Dated this _____ day of May, 2008.

Chair, Lane County Board of Commissioners

**IN THE MATTER OF RATIFYING THE FY 08-09 METROPOLITAN WASTEWATER PROGRAM
BUDGET AND CAPITAL IMPROVEMENTS PROGRAM AS APPROVED BY THE
METROPOLITAN WASTEWATER MANAGEMENT COMMISSION**

AGENDA DATE: May 7, 2008

To; Board of County Commissioners

Department: Commissioners Business

Presented By: Jeff Spartz, County Administrator
Susie Smith, Springfield Environmental Services/MWMC General Manager
Peter Ruffier, Eugene Wastewater Division Director

Title: IN THE MATTER OF RATIFYING THE FY 08-09 REGIONAL WASTEWATER PROGRAM BUDGET AND CAPITAL IMPROVEMENTS PROGRAM AS APPROVED BY THE METROPLITAN WASTEWATER MANAGEMENT COMMISSION (MWMC)

I. PROPOSED MOTION

MOVE APPROVAL OF THE ATTACHED BOARD ORDER RATIFYING THE FY 08-09 METROPOLITAN WASTEWATER MANAGEMENT COMMISSION (MWMC) REGIONAL WASTEWATER PROGRAM BUDGET AND CAPITAL IMPROVEMENTS PROGRAM AS PRESENTED.

II. ISSUE OR PROBLEM

As provided for in the Intergovernmental Agreement (IGA), Lane County, the City of Eugene, and the City of Springfield, as governing bodies, must ratify the annual MWMC Budget and Capital Improvements Program.

III. DISCUSSION

A. Background

Board ratification of the MWMC Regional Wastewater Program (RWP) Budget and Capital Improvements Program (CIP) occurs on an annual basis, as provided for in the MWMC IGA among Lane County and the cities of Springfield and Eugene.

B. Analysis

The FY 08-09 RWP Budget and Capital Improvements Program (the budget document) was approved by the MWMC on March 27, 2008. The MWMC convened three budget work sessions and a public hearing prior to adopting the Budget and CIP. The FY 08-09 Budget funds all operations, administrative services, and capital projects planned for the RWP collection and treatment facilities. The CIP outlines and describes the capital projects planned for the next five years. In accordance with the IGA, MWMC contracts with the City of Eugene for operations and maintenance services, and with the City of Springfield for administrative services.

The attached budget document provides regional program and budget summaries as well as detailed budgets for the services provided by Eugene and Springfield. The budget document also provides information about how the RWP activities are driven by MWMC-established goals and how they are coordinated.

The FY 08-09 RWP Budget and CIP must be approved by MWMC and ratified by Lane County, Eugene, and Springfield, and then finally adopted by MWMC, prior to the beginning of the next fiscal year (July 1, 2008). The Eugene City Council ratified the Budget and CIP on April 28, 2008, and the Springfield City Council is scheduled to ratify the Budget and CIP May 19, 2008.

C. Alternatives

1. Ratify the MWMC FY 08-09 RWP Budget and CIP as adopted by MWMC and as ratified by the City of Eugene.
2. Request that MWMC consider Board-requested modifications to the FY 08-09 RWP Budget and CIP and refer it back to MWMC for reconsideration.

D. Timing

If the Board elects to pursue Alternative 2, the specific request needs to be forwarded to MWMC immediately in order to provide time for MWMC reconsideration and redistribution to the governing bodies for their consideration in June.

IV. IMPLEMENTATION/FOLLOW UP

If the Board ratifies the Budget document as recommended, no further action is necessary. However, as noted above, if the Board elects to pursue Alternative 2, the specific request needs to be forwarded to MWMC for consideration. A special MWMC meeting would then be convened to consider any modifications requested by the Board. Following MWMC reconsideration, the Budget would be referred once again to the Board, Eugene, and Springfield for reconsideration in June. The IGA provides for a mediation process if agreement on the Budget document cannot otherwise be achieved.

V. ATTACHMENTS

Attached is the FY 08-09 RWP Budget and CIP document, as approved by MWMC on March 27, 2008, and as ratified by the Eugene City Council on April 28, 2008.

REGIONAL WASTEWATER PROGRAM
BUDGET
and
CAPITAL IMPROVEMENTS PROGRAM
FY 08-09

The Metropolitan Wastewater Management Commission adopted its Operating Budget and Capital Improvements Program (CIP) for FY 08-09 March 27, 2008. The Budget and CIP were ratified by the Springfield City Council on June XX, 2008, the Lane County Board of Commissioners on May XX, 2008, and the Eugene City Council on May XX, 2008. The Commission gave final ratification to the budget and CIP on June XX, 2008.

COMMISSION MEMBERS:

Doug Keeler, President (Springfield)
Faye Stewart, Vice-President (Lane County)

Anne Ballew, (Springfield)
Bill Inge, (Lane County)
Hilary Loud, (Eugene)
Bonny Bettman, (Eugene)
Terry Gould (Eugene)

STAFF:

Dan E. Brown, MWMC Executive Officer/Springfield Public Works Director
Susie Smith, MWMC General Manager/Springfield Environmental Services Manager
Peter Ruffier, Eugene Wastewater Division Director
Robert Duey, MWMC Finance Officer/Springfield Finance Director

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION
ADOPTED FY 08-09 BUDGET AND CAPITAL IMPROVEMENTS PROGRAM
for the
REGIONAL WASTEWATER PROGRAM

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BUDGET MESSAGE

To the Metropolitan Wastewater Management Commission:

I am pleased to present the Metropolitan Wastewater Management Commission's (MWMC) budget for fiscal year (FY) 2008-09. This budget funds operations, administration, and capital projects planned for the Regional Wastewater Program (RWP). The MWMC administration and Capital Improvements Program (CIP) components of the budget are reflected in the City of Springfield's RWP budget. The operations, maintenance, equipment replacement, and major rehabilitation components are reflected in the City of Eugene's RWP budget. The Cities' Industrial Pretreatment Programs, managed locally in compliance with the MWMC Model Ordinance, also are included in the RWP budget.

This year's budget reflects a continued focus on design and construction of capital improvements planned to ensure that operation of the Regional Wastewater Facilities meets environmental regulations, and that adequate capacity will be provided to meet the needs of a growing service area. The FY 08-09 capital budget and FY 08-09 – FY 12-13 capital improvements work plan, which are included in this budget document, are derived from the 2004 MWMC Facilities Plan. The budgeted amount for FY 08-09 Facilities Plan capital improvement projects is \$95,144,404. The FY 08-09 capital budget also includes Major Rehabilitation, Equipment Replacement and Major Capital Outlay capital projects, budgeted at \$569,010, \$900,000 and \$289,000 respectively. For FY 08-09, the combination of new projects and continuing projects carried forward from FY 07-08 results in a total capital budget of \$96,902,414. Approximately \$31 million of the total capital budget will not be spent in FY 08-09, but is included to enable contracts for construction that will occur in FY 09-10. Unspent funds will be carried forward to the FY 09-10 budget as appropriate. In order to fund the actual cash flow requirements of the FY 08-09 CIP, the Commission will use its remaining \$50 million in borrowing authority to secure the most strategic combination of revenue bonds and State Revolving Fund (SRF) loans. Because the CIP reflects budgeted expenditures in excess of \$50 million, additional borrowing also is reflected in the FY 08-09 budget. This borrowing is actually anticipated to occur in FY 09-10 to match the cash flow requirements carried forward at the end of FY 08-09.

The FY 08-09 RWP Operating Budget for Personnel Services, Materials and Services and Capital Outlay expense is \$14,540,521. Consistent with the Commission's Financial Plan and policies, the FY 08-09 budget maintains and uses several reserves, which are fully described in this budget document. Finally, the FY 08-09 budget includes debt service payments totaling \$5,074,388 as scheduled for repayment of \$50 million of revenue bonds issued in November 2006, and an additional \$50 million in borrowing anticipated in FY 08-09 to fund the Facilities Plan capital improvements.

Revenue sources necessary to fund Operations, Capital programs, debt service requirements and reserves include user charges, system development charges (SDCs), interest earnings and a small amount of miscellaneous revenues. For FY 08-09, user fee revenues (including septage service) are projected at \$21,193,517. This level of revenue is projected based on an 11% increase in regional wastewater user fees, as recommended by the MWMC financial advisor in order to meet the Commission's Financial Plan policies and net revenue objectives. Although SDC charges will be adjusted upward by 2.8% to reflect annual inflation, revenues from SDCs are projected at \$1,770,000, which anticipates no growth in revenues over FY 07-08 levels.

In summary, the projected FY 08-09 budget funds operations and administration sufficiently to maintain existing levels of service, and to meet the environmental performance and other legal obligations of the Commission. It funds Capital Programs at a level necessary to implement the 2004 Facilities Plan objectives for compliance with the National Pollutant Discharge Elimination System (NPDES) permit issued to MWMC and the two Cities. Finally, this budget implements the Commission's adopted Financial Plan policies regarding reserves, asset management, and capital financing.

REGIONAL WASTEWATER PROGRAM RESOURCE AND EXPENDITURE SUMMARY			
	BUDGET 2007-08	AMENDED 2007-08	PROPOSED 2008-09
RESOURCES			
User Fees	\$19,089,000	\$19,089,000	\$21,193,517
Beginning Cash	71,570,063	77,047,045	59,833,392
Internal Transfers	41,947,127	4,696,823	5,088,081
System Development Charge	1,770,000	1,770,000	1,770,000
Interest	2,023,000	2,023,000	2,691,000
Revenue Bond/SRF Proceeds	50,000,000	50,000,000	86,000,000 ***
Miscellaneous	892,635	1,598,135	1,728,900
	\$187,291,825	\$156,224,003	\$178,304,890
EXPENDITURES			
Reserves	\$50,876,779	\$33,271,066	\$56,090,286
Operations	10,026,097	10,026,097	10,616,760
Internal Transfers	41,956,272	4,705,968	5,097,281 *
CIP	76,982,880	100,229,710	96,902,414 **
Bond Sale Expense	0	0	600,000
Debt Service	3,702,088	4,064,953	5,074,388
Administration	3,747,709	3,926,209	3,923,761
	\$187,291,825	\$156,224,003	\$178,304,890

* Includes three equipment replacement contributions totaling \$790,966, Capital Reserve contribution of \$4,297,115 and a contribution to the City of Springfield general fund of \$9,200 to cover MWMC's contribution for the Classification and Compensation Study.

** In governmental budgeting, projects are fully budgeted in the fiscal year in which the contract is awarded. At the end of each fiscal year, unspent funds are carried forward until the project is completed. This provides budget appropriations necessary for MWMC to commit to contracts that span more than one fiscal year. Therefore, although the budgeted amount in the capital budget for FY 08-09 is \$96,902,414, the expected capital project spending for FY 08-09 is only expected to total about \$65,900,000.

*** Because all capital projects for which contracts will be awarded in FY 08-09 must be fully budgeted in FY 08-09, the revenue requirements, and in this case, necessary borrowing, must also be shown in the budget year. The actual borrowing planned for FY 08-09 is \$50,000,000.

Respectfully submitted,

Dan E. Brown

Dan E. Brown,
MWMC Executive Officer

REGIONAL WASTEWATER PROGRAM OVERVIEW

The Metropolitan Wastewater Management Commission

The MWMC was formed by Eugene, Springfield, and Lane County through an intergovernmental agreement (IGA) in 1977 to provide wastewater collection and treatment services for the Eugene-Springfield metropolitan area. The seven-member Commission is composed of members appointed by the City Councils of Eugene (3 representatives), Springfield (2 representatives), and the Lane County Board of Commissioners (2 representatives). Since its inception, the Commission, in accordance with the IGA, has been responsible for oversight of the RWP including: construction, maintenance, and operation of the regional sewerage facilities; adoption of financing plans; adoption of budgets, user fees and connection fees; adoption of minimum standards for industrial pretreatment and local sewage collection systems; and recommendations for the expansion of regional facilities to meet future community growth. Staffing and services have been provided in various ways over the 31 years of MWMC's existence. Since 1983, the Commission has contracted with the Cities of Springfield and Eugene for all staffing and services necessary to maintain and support the RWP. Lane County's partnership has involved participation on the Commission and support to the Lane County Metropolitan Wastewater Service District (CSD), which managed the proceeds and repayment of general obligation bonds issued to construct RWP facilities.

Regional Wastewater Program Purpose and Key Outcomes

The purpose of the RWP is to protect public health and safety and the environment by providing high quality wastewater management services to the Eugene-Springfield metropolitan area. The MWMC and the regional partners are committed to providing these services in a manner that is effective, efficient, and meets customer service expectations. Since the mid-1990s, the Commission and RWP staff have worked together to identify key outcome areas within which to focus annual work plan and budget priorities. The FY 08-09 RWP work plans and budget reflect a focus on the following key outcomes or goals.

In carrying out the daily activities of managing the regional wastewater system, we will strive to achieve and maintain:

- 1. High environmental standards;***
- 2. Fiscal management that is effective and efficient;***
- 3. A successful intergovernmental partnership;***
- 4. Maximum reliability and useful life of regional assets and infrastructure;***
- 5. Public awareness and understanding of MWMC, the regional wastewater system, and MWMC's objectives for maintaining water quality and a sustainable environment.***

The Commission believes that these outcomes, if achieved in the long term, will demonstrate success of the RWP in carrying out its purpose. In order to determine whether we are successful, indicators of performance and targets have been identified for each key outcome. Tracking performance relative to identified targets over time assists in managing the RWP to achieve desired results. The following indicators and performance targets provide an important

framework for the development of the FY 08-09 RWP Operating Budget, Capital Improvements Program and associated work plans.

Outcome 1: *Achieve and maintain high environmental standards.*

Indicators:	Performance:		
	FY 06-07 Actual	FY 07-08 Estimated Actual	FY 08-09 Target
• Amount of wastewater treated to water quality standards	100 %; 13.87 billion gallons	100 %; 13.16 billion gallons	100 %; 14.0 billion gallons
• Compliance with environmental performance requirements of all permits	—	100% compliance	100% compliance
• MWMC target for Biosolids quality met regulated level of contaminants	<50% EPA 40CFR Part 503.13 -Table 3 Pollutant Concentrations	<50% EPA 40CFR Part 503.13 -Table 3 Pollutant Concentrations	<50% EPA 40CFR Part 503.13 -Table 3 Pollutant Concentrations
• Amount of reclaimed wastewater beneficially reused (million gallons)	809	810	815
• Performance targets under the Environmental Management System achieved	100% of numeric EMS targets met	100% of numeric EMS targets met	100% of numeric EMS targets met

Outcome 2: *Achieve and maintain fiscal management that is effective and efficient.*

Indicators:	Performance:		
	FY 06-07 Actual	FY 07-08 Estimated Actual	FY 08-09 Target
• Annual Budget and Rates meet MWMC Financial Plan Policies	Policies Met	Policies Met	Policies Met
• Annual audited financial statements	Clean Audit	Clean Audit	Clean Audit
• Uninsured Bond Rating	A	A	A
• Reserves Funded at Target Levels	yes	yes	yes

Outcome 3: Achieve and maintain a successful intergovernmental partnership.

Indicators:	Performance:		
	FY 06-07 Actual	FY 07-08 Estimated Actual	FY 08-09 Target
• Industrial Pretreatment Program— Implementation in compliance with State/Federal requirements; any required corrections completed	100%	100%	100%
• Wet Weather Flow Management Plan implemented and updated in a timely manner	Scheduled Implementation Completed	Scheduled Implementation Completed; update initiated	Update ongoing
• MWMC Facilities Plan projects consistent with CIP budget	—	100% of projects within budget	100% of projects within budget

Outcome 4: Maximize reliability and useful life of regional assets and infrastructure.

Indicators:	Performance:		
	FY 06-07 Actual	FY 07-08 Estimated Actual	FY 08-09 Target
• Preventive maintenance completed on time (best practices benchmark is 90%)	84%	84%	90%
• Planned maintenance as percent of total maintenance (best practice benchmark is >85%)	98%	98%	98%
• Maintain infrastructure in good to excellent condition (rating scale 0 to 5, with 5 being excellent)	No Assessment scheduled for FY 06-07	No Assessment scheduled for FY 07-08	Conduct scheduled maintenance assessment
• Emergency maintenance required (best practices benchmark is 2% of labor hours)	—	—	<2% of labor hours
• New infrastructure added to maintenance management system in a timely manner	—	—	< 6 months

Outcome 5: Achieve and maintain public awareness and understanding of MWMC, the regional wastewater system, and MWMC’s objectives for maintaining water quality and a sustainable environment.

Indicators:	Performance:		
	FY 06-07 Actual	FY 07-08 Estimated Actual	FY 08-09 Target
• MWMC Annual Report	Produced	Produced	Produced
• Updated MWMC Informational Brochures	—	Partial Completion of Portfolio	Complete Portfolio
• Public Information Program for WPCF expansion/upgrades	N/A	Materials Developed	Implement Program
• Presentations made about MWMC and its activities	—	Roadshow Presentation Updated	8 Facilities Plan Progress Report Roadshows
• People participating in MWMC facility tours	—	—	Conducted 18 of Facility Tours
• MWMC/Biocyte Farm Websites	—	Reviewed for updates monthly	Review for updates monthly

Roles and Responsibilities

In order to effectively oversee and manage the RWP, the partner agencies provide all staffing and services to MWMC. The following sections describe the roles and responsibilities of each of the partner agencies, and how intergovernmental coordination occurs on behalf of the Commission.

City of Eugene

The City of Eugene supports the RWP through representation on MWMC, provision of operation and maintenance services, and active participation on interagency project teams and committees. Three of the seven MWMC members represent Eugene--two citizens and one City Councilor. Pursuant to the IGA, the Eugene Wastewater Division operates and maintains the Regional Water Pollution Control Facility (WPCF), the Biosolids Management Facility (BMF) and associated residuals and reclaimed water activities, along with regional wastewater pumping stations and transmission sewers. In support of the RWP, the Division also provides technical services for wastewater treatment; management of equipment replacement and infrastructure rehabilitation; biosolids treatment and recycling; industrial source control (in conjunction with Springfield staff); and regional laboratory services for wastewater and water quality analyses. These services are provided under contract with MWMC through the regional funding of 75.57 FTE.

City of Springfield

The City of Springfield supports the RWP through representation on MWMC, provision of MWMC administration services, and active coordination of and participation on interagency project teams and committees. Two MWMC members represent Springfield--one citizen and one City Councilor. Pursuant to the IGA, the Springfield Public Works Director and the Environmental Services Manager serve as the MWMC Executive Officer and General Manager, respectively. The Environmental Services Division and Finance Department staff provide ongoing staff support to the Commission and administration of the RWP in the following areas: legal and risk management services; financial management and accounting; coordination and management of public policy; regulatory and permit compliance issues; coordination between the Commission and the governing bodies; long-range capital project planning, design, and construction management; coordination of public information, education, and citizen involvement programs; and coordination and development of regional budgets, rate proposals, and revenue projections. Springfield staff also provides local implementation of the Industrial Pretreatment Program, as well as billing coordination and customer service. These services are provided under contract with MWMC through the regional funding of 21.05 FTE of Public Works Department staff and .90 FTE of Finance Department staff, as reflected in the adopted FY 08-09 budget.

Lane County

Lane County supports the RWP through representation on MWMC, and by maintaining the CSD when in use. Two MWMC members represent Lane County--one citizen and one County Commissioner. The Board of County Commissioners oversees the CSD, including administration of local General Obligation (GO) bond proceeds and governance of the District. The District was formed, under agreement with MWMC and the partner agencies, to enable long-term financing of regional facilities through issuance of GO bonds. The CSD adopts an annual budget for CSD funds, which is separate from the MWMC budget. The GO bond debt, which was retired in August, 2002, was repaid by CSD through an annual property tax assessment for Eugene and Springfield properties. Sewer users in the unincorporated areas such, as the River Road/Santa Clara area, contributed to bond repayment through an "in-lieu-of-tax charge" (ILOTTC). Because the bond debt has been fully repaid, property tax assessments and ILOTTC payments are no longer being assessed.

Interagency Coordination

The effectiveness of MWMC and the RWP depends on extensive coordination, especially between Springfield and Eugene staff, who provide ongoing program support. This coordination occurs in several ways. The Springfield ESD/MWMC General Manager and the Eugene Wastewater Division Director coordinate regularly to ensure adequate communication and consistent implementation of policies and practices as appropriate. The Eugene and Springfield Industrial Pretreatment Program supervisors and staff meet regularly to ensure consistent implementation of the Model Industrial Pretreatment Ordinance. Additionally, interagency project teams provide input on and coordination of ongoing MWMC administration issues and ad hoc project needs.

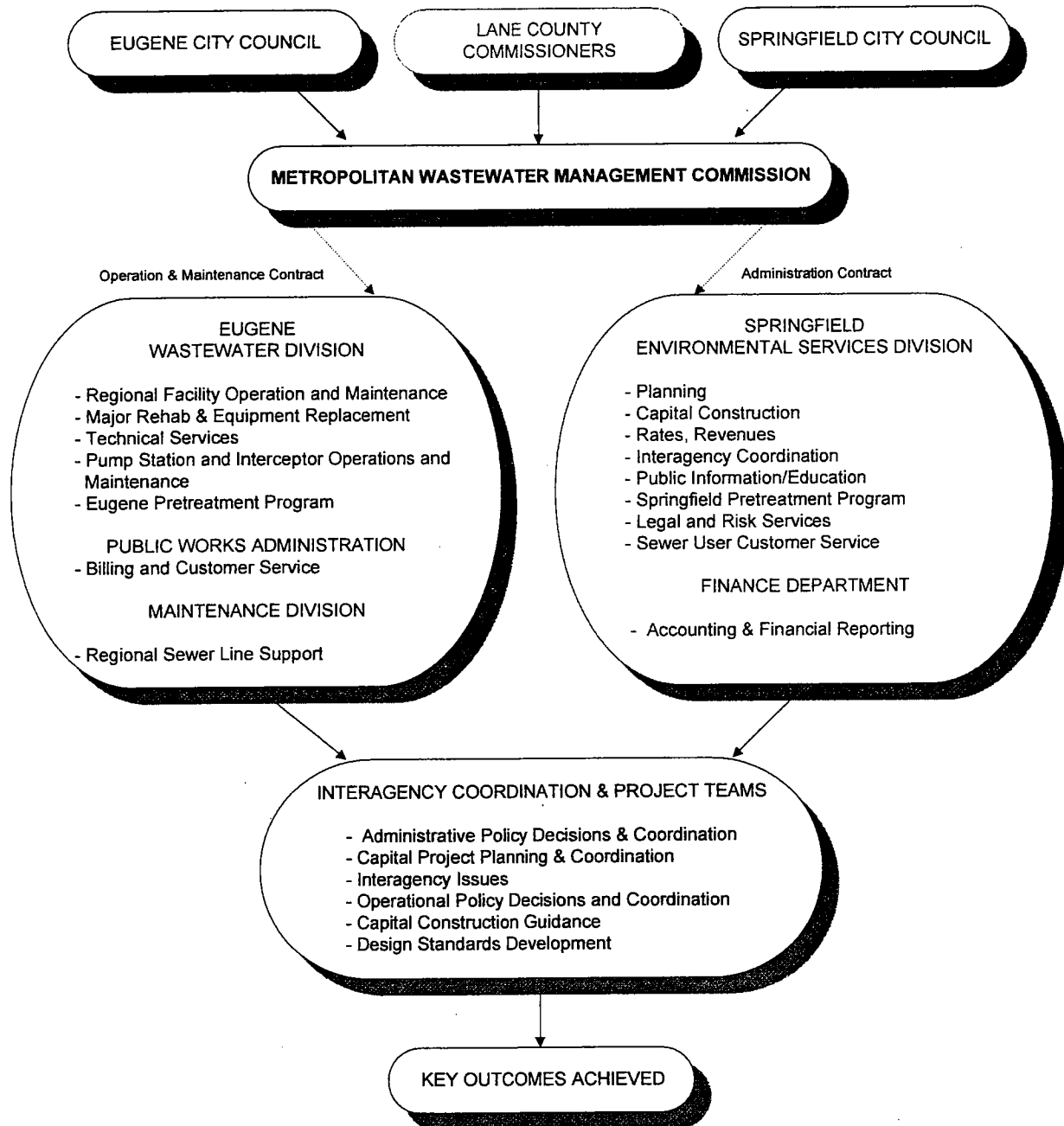
Exhibit 1 on the following page reflects the interagency coordination structure supporting the RWP. Special project teams are typically formed to manage large projects such as design and construction of new facilities. These interagency staff teams are formulated to provide appropriate expertise, operational knowledge, project management, and intergovernmental representation.

Relationship to Eugene and Springfield Local Sewer Programs

The RWP addresses only part of the overall wastewater collection and treatment facilities that serve the Eugene-Springfield metropolitan area. The Cities of Eugene and Springfield both maintain sewer programs that provide for construction and maintenance of local collection systems and pump stations, which discharge to the regional system. Sewer user fees collected by the two cities include both local and RWP rate components.

EXHIBIT 1

**REGIONAL WASTEWATER PROGRAM
INTERAGENCY COORDINATION STRUCTURE**



REGIONAL WASTEWATER PROGRAM

FY 08-09 BUDGET

MWMC's RWP Operating Budget provides the Commission and governing bodies with an integrated view of the RWP elements. Exhibit 2 provides a summary of the overall Operating Budget. Separate Springfield and Eugene agency budgets and staffing also are presented within this budget document. Major program areas supported by Springfield and Eugene are described in the pages that follow and are summarized in Exhibit 3 on page 12. Finally, Exhibit 4 on page 13 combines revenues, expenditures, and reserves to illustrate how funding for all aspects of the RWP is provided. It should also be noted that the "Amended Budget FY 07-08" column in all budget tables represents the updated FY 07-08 RWP budget as of February 28, 2008, which reconciled actual beginning balances at July 1, 2007, and approved budget transfers and supplemental requests.

EXHIBIT 2

REGIONAL OPERATING BUDGET SUMMARY:
INCLUDING RESERVE CONTRIBUTIONS

	ADOPTED BUDGET FY 07-08	AMENDED BUDGET FY 07-08	PROPOSED BUDGET FY 08-09	CHANGE (1) INCR/(DECR)	
FTE	95.67	95.67	96.62	0.95	
Personnel Services (2)	\$8,089,011	\$8,089,011	\$8,429,238	\$340,227	4%
Materials & Services (2)	5,630,295	5,808,795	6,087,783	457,488	8%
Capital Outlay (2,3)	54,500	54,500	23,500	(31,000)	-57%
Equip Replacement Contr (4)	696,823	696,823	790,966	94,143	14%
Capital Reserve Contr (5)	4,000,000	4,000,000	4,297,115	297,115	7%
Working Capital Reserve (6)	900,000	900,000	900,000	0	0%
Rate Stability Reserve Contr (7)	756,868	1,510,514	(1,626,552)	NA	NA
Operating Reserve (8)	1,475,000	1,425,000	1,460,000	85,000	6%
Debt Service (9)	1,234,029	1,234,029	1,206,996	(27,033)	-2%
Rate Stabilization Reserve Contr (10)	0	2,000,000	0	0	NA
SRF Loan Reserve (11)	0	0	500,000	500,000	NA
Revenue Bond Reserve (12)	0	0	8,100,000	8,100,000	NA
Budget Summary	\$22,736,526	\$25,718,672	\$30,169,046	\$9,815,940	43%

Notes:

1. The Change column and Percent Change column compare the adopted FY 08-09 budget with the originally Adopted FY 07-08 Budget column.
2. Personnel Services, Materials and Services, and Capital Outlay budget amounts represent combined Springfield and Eugene Operating Budgets that support the RWP.
3. Capital Outlay does not include CIP, Equipment Replacement, Major Capital Outlay, or Major Rehabilitation, which are capital programs.
4. The Equipment Replacement Contribution is a budgeted transfer of operating revenues to "sinking funds" (reserves) for scheduled future replacement of major equipment, vehicles, and computers. See table on page 22 for year-end balance.

5. The Capital Reserve Contribution is a budgeted transfer of operating revenues to “sinking funds” (reserves). Capital is passed through the Springfield Administration Budget. See table on page 24 for year-end balance.
6. The Working Capital Reserve acts as a revolving account which is drawn down and replenished on a monthly basis to fund Eugene’s and Springfield’s cash flow needs.
7. The Rate Stability Reserve is used to accumulate revenues available at year-end after the budgeted Operating Reserve target is met. It is budgeted based on projected revenues and expenditures and is intended to lessen the size of needed rate increases over time. See Exhibit 7 on page 21 for year-end balance.
8. The Operating Reserve is used to account for the accumulated operating revenues net of operations expenditures. The Commission has adopted a policy of maintaining a minimum Operating Reserve balance approximately equal to 10% of the adopted Operating Budget. This targeted level of funding provides for contingency funds in the event unanticipated expenses or revenue shortfalls occur during the budget year.
9. The Debt Service line item is the sum of annual interest and principal payments on the Revenue Bonds and SRF loans made from the Operating Budget (derived from user rates). The total amount of debt service budgeted in FY 08-09 is \$1,206,996, the balance of which is budgeted from SDCs.
10. The Rate Stabilization Reserve was established as a result of the 2006 MWMC Revenue Bond Declaration and Covenants. It holds funds that are available if needed, to ensure debt service payments can be made.
11. The SRF loan reserve is being budgeted at 10% of the anticipated loan proceeds.
12. The Revenue Bond Reserves are established to cover both the 2006 bond (\$4 million) and the anticipated 2008 bond issue (\$4.1 million). The need to establish reserves for both bond issues is driven by changes in the rating of our bond insurer and anticipated market conditions.

**EXHIBIT 3
REGIONAL WASTEWATER PROGRAM OPERATING BUDGET
LINE ITEM SUMMARY BY PROGRAM AREA**

	ACTUAL FY 06-07	AMENDED BUDGET FY 07-08	AMENDED BUDGET FY 07-08	PROPOSED BUDGET FY 08-09	CHANGE INCR/(DECR)	
SPRINGFIELD						
MWMC ADMINISTRATION						
Personnel Services	\$1,302,927	\$1,465,007	\$1,465,007	\$1,483,817	\$18,710	1%
Materials & Services	1,873,875	2,077,557	2,077,557	2,087,357	68,675	4%
Capital Outlay	0	0	0	0	0	NA
TOTAL	\$3,176,802	\$3,542,564	\$3,542,564	\$3,571,174	\$87,385	3%
INDUSTRIAL PRETREATMENT						
Personnel Services	\$193,519	\$183,034	\$183,034	\$280,129	\$97,095	53%
Materials & Services	77,748	79,899	79,899	92,466	12,547	16%
Capital Outlay	0	0	0	13,500	13,500	NA
TOTAL	\$271,267	\$262,933	\$262,933	\$386,075	\$123,142	47%
ACCOUNTING						
Personnel Services	\$79,992	\$79,980	\$79,980	\$79,388	(\$8,592)	-11%
Materials & Services	44,977	40,732	40,732	15,619	(25,883)	-64%
Capital Outlay	0	0	0	0	0	NA
TOTAL	\$124,969	\$120,712	\$120,712	\$86,217	(\$34,475)	-29%
TOTAL SPRINGFIELD						
Personnel Services	\$1,575,538	\$1,728,021	\$1,728,021	\$1,843,334	\$107,213	6%
Materials & Services	1,996,600	2,198,188	2,198,188	2,207,502	55,339	3%
Capital Outlay	0	0	0	13,500	13,500	NA
TOTAL	\$3,572,138	\$3,926,209	\$3,926,209	\$3,923,761	\$176,052	5%
EUGENE						
ADMINISTRATIVE SERVICES						
Personnel Services	\$1,134,884	\$1,342,162	\$1,342,162	\$1,423,021	80,859	6%
Materials & Services	458,735	613,520	613,520	725,578	112,058	18%
Capital Outlay	0	0	0	0	0	NA
TOTAL	\$1,593,619	\$1,955,682	\$1,955,682	\$2,148,599	\$192,917	10%
BIOSOLIDS MANAGEMENT						
Personnel Services	\$994,207	\$1,046,855	\$1,046,855	\$1,020,346	(\$26,309)	-3%
Materials & Services	765,520	705,441	705,441	845,538	140,097	20%
Capital Outlay	66,477	54,500	54,500	0	(\$4,500)	NA
TOTAL	\$1,826,204	\$1,806,796	\$1,806,796	\$1,866,084	\$59,288	3%
INDUSTRIAL SOURCE CONTROL						
Personnel Services	\$278,445	\$395,488	\$395,488	\$468,693	\$73,205	19%
Materials & Services	64,518	95,526	95,526	111,664	16,138	17%
Capital Outlay	0	0	0	0	0	NA
TOTAL	\$342,963	\$491,014	\$491,014	\$580,357	\$89,343	18%
TREATMENT PLANT						
Personnel Services	\$3,370,775	\$3,347,441	\$3,347,441	\$3,300,394	\$152,953	5%
Materials & Services	1,993,063	1,900,684	1,900,684	2,025,299	124,615	7%
Capital Outlay	112,766	0	0	10,000	10,000	NA
TOTAL	\$5,476,604	\$5,248,125	\$5,248,125	\$5,335,693	\$287,568	5%
REGIONAL PUMP STATIONS						
Personnel Services	\$53,012	\$93,841	\$93,841	\$78,557	(\$15,284)	-16%
Materials & Services	198,445	237,814	237,814	243,885	6,071	3%
Capital Outlay	6,405	0	0	0	0	NA
TOTAL	\$257,862	\$331,655	\$331,655	\$322,442	(\$9,213)	-3%
SEASONAL INDUSTRIAL WASTE FACILITY						
Personnel Services	\$106,469	\$135,203	\$135,203	\$102,793	(\$32,410)	-24%
Materials & Services	50,728	57,622	57,622	60,792	\$3,170	6%
Capital Outlay	0	0	0	0	\$0	NA
TOTAL	\$157,197	\$192,825	\$192,825	\$163,585	(\$29,240)	-15%
TOTAL EUGENE						
Personnel Services	\$5,937,792	\$6,360,990	\$6,360,990	\$6,594,004	\$233,014	4%
Materials & Services	3,531,009	3,610,607	3,610,607	4,012,756	402,149	11%
Capital Outlay	179,243	54,500	54,500	10,000	(44,500)	-82%
TOTAL	\$9,648,044	\$10,026,097	\$10,026,097	\$10,616,760	\$590,663	6%
TOTAL REGIONAL BUDGET						
		\$13,773,806		\$14,540,521	\$766,715	

**EXHIBIT 4
REGIONAL WASTEWATER PROGRAM
BUDGET SUMMARY AND COMPARISON**

	FTE	ADOPTED BUDGET FY 07-08	AMENDED BUDGET FY 07-08	FTE	PROPOSED BUDGET FY 08-09	CHANGE * INC(DECR)
OPERATING BUDGET						
Administration	20.25	\$3,913,209	\$3,913,209	21.05	\$3,910,700	\$169,052
Operations	75.42	10,026,097	10,026,097	75.57	10,616,700	590,663
Capital Contribution		4,000,000	4,000,000		4,297,170	297,170
Equip Repl - Contribution		696,823	696,823		790,969	94,143
Operating & Revenue Bond Reserves		7,480,702	7,480,702		10,489,150	2,152,544
Transfer to General Fund		9,145	9,145		9,200	55
Debt Service		1,354,984	1,354,984		1,206,996	(27,033)
Total Operating Budget	95.67	\$28,025,264	\$27,480,960	96.62	\$31,320,948	\$3,285,684
Funding:						
Beginning Balance		\$6,573,825	\$6,573,825		\$8,148,997	\$1,015,302
User Fees		19,089,000	19,089,000		21,193,517	2,104,517
Other		1,818,135	1,818,135		1,978,500	165,865
Total Operating Budget Funding		\$28,025,264	\$27,480,960		\$31,320,948	\$3,285,684
CAPITAL PROGRAM BUDGET						
Biosolids - Poplar Plantation						NA
Biosolids - Poplar Plantation II			78,238			NA
Biosolids - Poplar Plantation III					334,000	
Biocycle Farm Hose Reels			15,439			NA
Biosolids - Line Lagoons I			3,194,587			NA
Biosolids - Line Lagoons II					2,894,000	
Lab Modification						NA
River Avenue Improvements			498,544			NA
WWFMP Update			439,077		298,176	(120,796)
Support Private Lateral Program						NA
Wilakenzie Pump Station Expansion						NA
Facility Plan Engineering Services			55,125		57,861	2,756
Influent Pumping Improvements						NA
Dry Weather Headworks						NA
Clarifier Improvements			6,893,969			NA
Digester Mixing Improvements			737,407			NA
Waste Activated Sludge Thickening						NA
Odororous Air Treatment I			9,464,254		10,253,254	995,549
Odororous Air Treatment II					1,704,000	
Aeration Basin Improvements			8,667,143		9,767,000	(4,223,129)
Effluent Reuse I			2,884,000		3,218,000	427,000
Influent PS/Willakenzie PS/Headworks			27,379,359		24,960,359	(1,769,293)
Biocycle Farm - Poplar Plantation III			372,000			NA
Outfall Mixing Zone Study						NA
Primary Sludge Thickening			4,371,000		4,308,000	(70,000)
Parallel Primary/Secondary Treatment			24,945,087		21,579,087	20,079,087
Sodium Hypochlorite Conversion			7,808,647		7,378,647	(5,381,353)
Tertiary Filtration I			1,500,000		14,368,000	12,868,000
EUGENE						
Equipment Replacement Purchases			517,834		569,010	82,476
Major Rehab			408,000		900,000	630,000
Major Capital Outlay					289,000	NA
Total Capital Projects		\$76,982,880	\$100,229,710		\$96,902,414	\$19,919,534
Funding:						
Reimbursement SDC Reserve			0		0	NA
Improvement SDC Reserve			0		0	NA
Equipment Replacement			517,834		569,010	82,476
Capital Bond Fund			99,303,876		95,144,404	25,145,728
Capital Reserve			408,000		1,189,000	919,000
Total Capital Projects Funding		\$76,982,880	\$100,229,710		\$96,902,414	\$19,919,534

Notes: * The Change (Inc/Decr) column compares the proposed FY 08-09 budget to the originally adopted FY 07-08 budget column.

OPERATING BUDGET AND RATE HISTORY

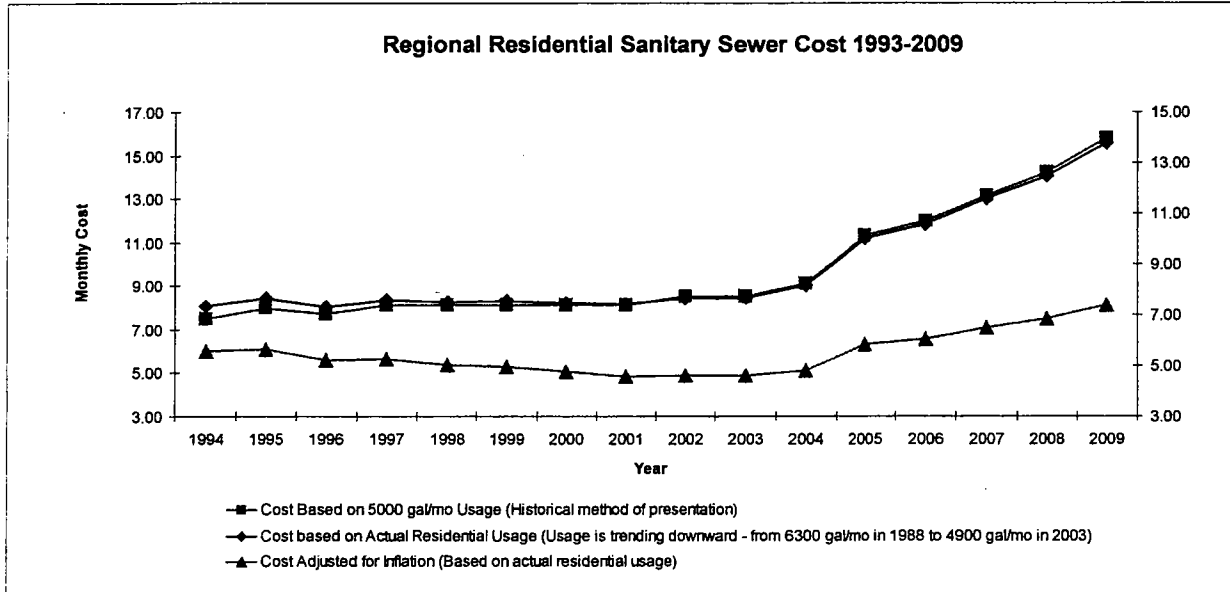
The graphs on page 16 show a five-year Regional Operating Budget comparison, and Regional Residential Sanitary Sewer costs over a fifteen-year period. Because the Equipment Replacement and Major Infrastructure Rehabilitation programs are managed in the Eugene Operating Budget, these programs are incorporated into both the five-year Regional Operating Budget comparison graph and the Five-Year Capital Programs comparison graph on page 43.

As shown on the following graph, regional sewer user charges remained highly stable from 1992 through 2004. During the late 1990s, considerable efforts were made by MWMC to absorb increased costs due to inflation and service level increases through improvements in organizational efficiency and effectiveness. However, as the Regional Wastewater Facilities approached the end of their original design lives, and increased regulatory requirements emerged, MWMC completed a comprehensive update to its Facilities Plan in 2004. This Plan demonstrated the need for a significant capital investment in new and expanded facilities to meet environmental performance requirements and capacity to serve the community through 2025. Although a portion of these capital improvements can be funded through system development charges (SDCs), much of the funding for approximately \$196 million (in 2006 dollars) in capital improvements over the twenty-year period will come from user charges. Since 2004, this has become the major driver of MWMC's need to increase sewer user rates on an annual basis.

The FY 08-09 RWP operating budget is based on an 11% user rate increase over FY 07-08 rates applied uniformly across all user classes. This rate provides for Operations, Administration, Capital programs, reserves and debt service to be funded at sufficient levels to meet FY 08-09 requirements. It is intended to meet capital and operating requirements, the Commission's Financial Plan policies, and covenants associated with MWMC's 2006 sale of revenue bonds.

An 11% increase in the MWMC user charge will increase the typical residential monthly wastewater bill (based on 5,000 gallons of usage) from \$14.21 in FY 07-08 to \$15.77 in FY 08-09. This is an increase of about \$1.56 per month.

The figure below compares the regional component of average monthly residential sewer cost on several different basis; average usage, actual usage, actual cost, and cost adjusted for inflation.



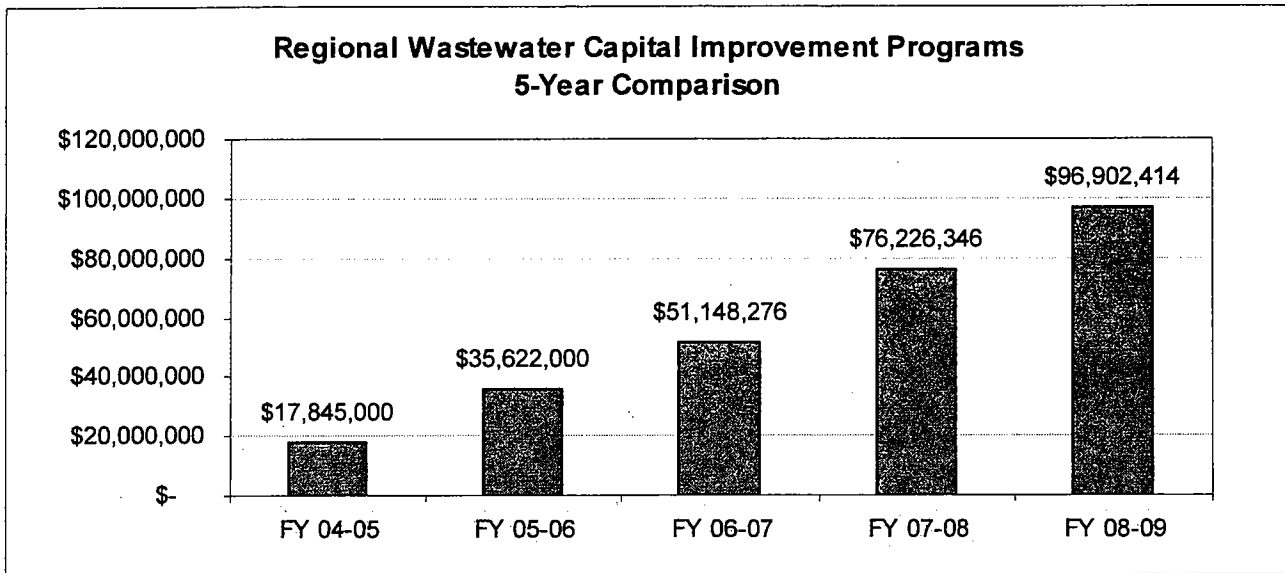
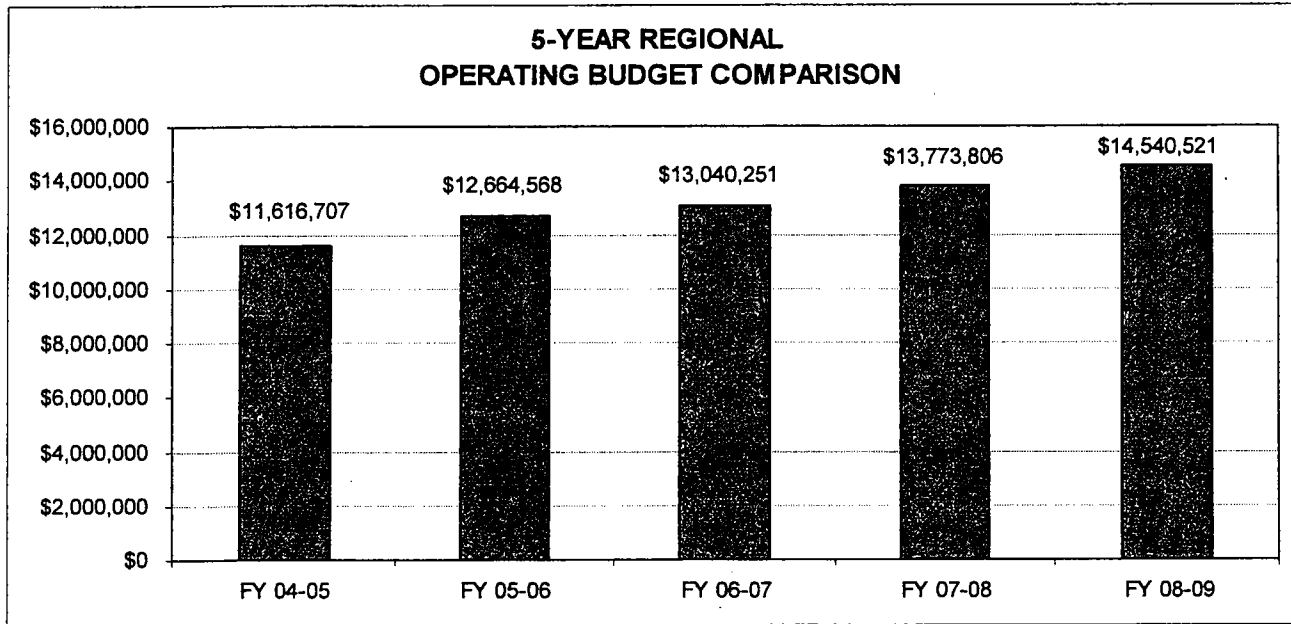
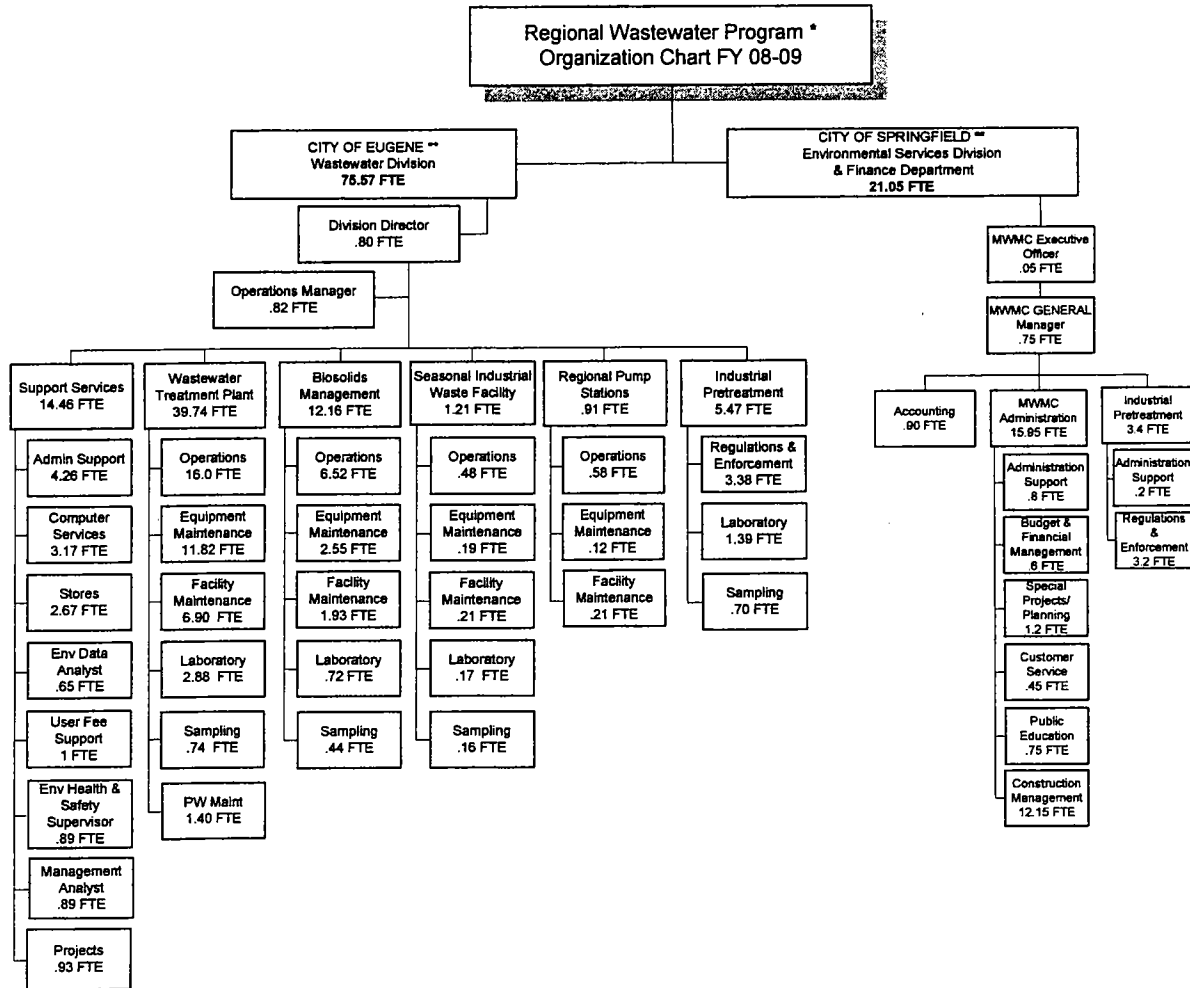


EXHIBIT 5



Notes:

- * FTE figures represent portions of Eugene and Springfield staff funded by regional wastewater funds.
- ** The chart represents groups of staff dedicated to program areas rather than specific positions.

EXHIBIT 6**REGIONAL WASTEWATER PROGRAM
POSITION SUMMARY**

CLASSIFICATION	BUDGET FY 06-07	BUDGET FY 07-08	PROPOSED FY 08-09	CHANGE
SPRINGFIELD ENVIRONMENTAL SERVICES & FINANCE				
Public Works Director	0.05	0.05	0.05	0.00
ESD/MWMC Manager	0.75	0.75	0.75	0.00
ESD/MWMC Asst. Manager	0.90	0.90	0.90	0.00
Enviro Services Supervisor/Sewer & Drainage	0.50	0.50	0.50	0.00
Enviro Services Supervisor/Pretreat & Pollution Prev	0.95	0.95	0.95	0.00
Supervising Civil Engineer	2.00	2.00	2.00	0.00
Civil Engineer/Design & Construction Coordinator	5.00	5.00	5.00	0.00
Engineering Assistant	2.35	2.45	2.45	0.00
Public Information & Education Specialist	0.65	0.65	0.65	0.00
Secretary	0.80	0.80	0.80	0.00
Clerk II	0.80	0.80	0.80	0.00
Accountant	0.80	0.80	0.80	0.00
Accounting Manager	0.20	0.20	0.10	-0.10
Engineering Assistant (Special Project)	1.00	1.00	0.00	-1.00
Assistant Project Manager	0.00	0.00	0.90	0.90
Senior Environmental Technician	0.90	0.90	0.90	0.00
Environmental Services Technician I	0.50	0.50	0.50	0.00
Environmental Services Technician II	0.00	0.00	1.00	1.00
Construction Inspector II	2.00	2.00	2.00	0.00
TOTAL SPRINGFIELD	20.15	20.25	21.05	0.80

Note: Springfield's Industrial Pretreatment Program staffing of 3.4 FTE is incorporated into the position summary because the Industrial Pretreatment Programs are funded through the RWP.

EXHIBIT 6 (Continued)

REGIONAL WASTEWATER PROGRAM
POSITION SUMMARY

CLASSIFICATION	BUDGET FY 06-07	BUDGET FY 07-08	PROPOSED FY 08-09	CHANGE
<u>EUGENE WASTEWATER DIVISION & OTHER PW</u>				
Division Director	0.84	0.80	0.80	0.00
Operations Manager	0.82	0.82	0.82	0.00
Business Manager	0.89	0.89	0.89	0.00
Pretreatment/Laboratory/Sampling Supervisor	0.79	0.79	0.82	0.03
Operations Supervisor	1.00	1.00	1.00	0.00
Residuals Supervisor	1.00	1.00	1.00	0.00
Pump Station Supervisor	0.10	0.35	0.20	-0.15
Electrical Maintenance Supervisor	0.00	0.00	0.89	0.89
Equipment Maintenance Supervisor	0.97	0.97	1.00	0.03
Facilities Supervisor	0.93	0.93	1.00	0.07
Parts and Supply Supervisor/Buyer	0.89	0.89	0.89	0.00
Environmental Data Analyst	0.68	0.65	0.65	0.00
Health and Safety Supervisor	0.89	0.89	0.89	0.00
Technical Services Analyst	0.89	0.89	0.89	0.00
Project Specialist	0.93	0.93	0.93	0.00
PW Financial Services Manager	0.00	0.00	0.20	0.20
PW Maintenance Supervisor	0.05	0.05	0.05	0.00
Applications System Analyst	1.78	2.67	2.67	0.00
Applications Support Technician	1.39	0.50	0.50	0.00
Computer Maintenance Management Specialist	0.00	0.89	0.00	-0.89
Tech Specialist 2	0.35	0.35	0.35	0.00
Wastewater Technician (Operator)	15.00	15.00	15.00	0.00
Wastewater Technician (Residuals)	5.00	5.00	5.00	0.00
Wastewater Technician (Pretreatment)	3.17	3.17	3.14	-0.03
Wastewater Technician (Laboratory)	4.73	4.73	4.73	0.00
Wastewater Technician (Sampling)	1.85	1.85	1.89	0.04
Wastewater Technician (Mechanical)	7.00	7.18	8.18	1.00
Wastewater Instrument/Electrician	3.88	3.88	3.88	0.00
Electrician	1.97	1.97	1.00	-0.97
Maint Worker	9.43	9.43	9.36	-0.07
Billing Specialist	0.75	1.00	1.00	0.00
Program Coordinator	0.00	0.00	0.89	0.89
Admin Specialist, Sr	0.89	0.89	0.89	0.00
Admin Specialist	1.78	2.28	1.39	-0.89
Parts and Supply Specialist	1.78	1.78	1.78	0.00
Custodial Worker	1.00	1.00	1.00	0.00
TOTAL	73.42	75.42	75.57	0.15
GRAND TOTAL BOTH CITIES	93.57	95.67	96.62	0.95

REGIONAL WASTEWATER PROGRAM RESERVES

The RWP maintains reserve funds for dedicated purpose to sustain stable rates while fully funding operating and capital needs. Commission policies and guidance, which direct the amount of reserves appropriated on an annual basis, are found in the MWMC Financial Plan (2005). Further details on the FY 08-09 reserves are provided below.

OPERATING RESERVES

The MWMC Operating Budget includes four separate reserves: the working capital reserve, rate stability reserve, rate stabilization reserve, and the operating reserve. Revenues are appropriated across the reserves in accordance with Commission policy and expenditure needs. Each reserve is explained in detail below.

WORKING CAPITAL RESERVE

The Working Capital Reserve acts as a revolving account that is drawn down and replenished on a monthly basis to provide funds for payment of Springfield Administration and Eugene Operations costs prior to the receipt of user fees from the Springfield Utility Board and Eugene Water and Electric Board. The Working Capital Reserve is set at \$900,000 for FY 08-09, \$200,000 of which is dedicated to Administration and \$700,000 is dedicated to Operations.

RATE STABILITY RESERVE

The Rate Stability Reserve was established to implement the Commission's objective of maintaining stable rates. It is intended to hold revenues in excess of the current year's operating and capital requirements for use in future years, in order to avoid "rate spikes." The amount budgeted on an annual basis varies in response to the variability of actual revenues net of expenses, and annual budgeted amounts for the operating and capital reserves. For FY 08-09 the Rate Stability Reserve will be drawn down by \$1,626,552 in order to moderate the rate increase necessary to fund FY 08-09 expense. The year-end balance is budgeted at \$1,529,150.

STATE REVOLVING FUND RESERVE

The State Revolving Fund (SRF) Reserve was established in accordance with SRF loan covenant requirements. In order to secure an SRF loan, sufficient reserves are created to provide assurances that adequate revenue coverage will be provided for future debt service payments. The reserve amount is set at 10% of the loan proceeds and is transferred to the operating reserves from the capital fund. For FY 08-09, the SRF Reserve is budgeted at \$500,000 in anticipation of receiving a \$5,000,000 SRF loan for capital projects.

RATE STABILIZATION RESERVE

The Rate Stabilization Reserve contains funds to be used at any point in the future when net revenues are insufficient to meet the bond covenant coverage requirement. The Commission

shall maintain the Rate Stabilization account as long as bonds are outstanding. In FY 08-09 no additional contribution to this reserve is budgeted and the balance at June 30, 2009 will remain at \$2,000,000.

OPERATING RESERVE

The Operating Reserve is used to account for accumulated operating revenues net of operating expenditures (including other reserves). The Commission's adopted policy is to budget the Operating Reserve at approximately 10% of the adopted operating budget. For FY 08-09, the Operating Reserve is budgeted at \$1,460,000, which is 10% of total Personal Services, Materials and Services, and Capital Outlay in accordance with Commission policy.

EXHIBIT 7

	ADOPTED BUDGET FY 07-08	AMENDED BUDGET FY 07-08	PROPOSED BUDGET FY 08-09
OPERATING RESERVES			
Beginning Balance	7,133,629	6,573,825	8,148,931
User Fee Revenue	18,635,400	18,635,400	20,899,367
Septage Revenue	453,600	453,600	294,150
Other Revenue	1,591,635	1,597,135	1,648,500
Interest	221,000	221,000	330,000
Personal Services	(8,089,011)	(8,089,011)	(8,429,238)
Materials & Services	(5,624,295)	(5,795,795)	(6,074,783)
Capital Outlay	(54,500)	(54,500)	(23,500)
Interfund Transfers	(4,705,968)	(4,705,968)	(9,197,281)
Transfer to Bond Debt Service Fund	(1,234,029)	(1,354,984)	(1,033,696)
Debt Service - SRF Loan	0	0	(173,300)
WORKING CAPITAL	(900,000)	(900,000)	(900,000)
RATE STABILITY RESERVE	(4,052,461)	(3,155,702)	(1,529,150)
RATE STABILIZATION RESERVE	(2,000,000)	(2,000,000)	(2,000,000)
STATE REVOLVING FUND LOAN RESERVE	0	0	(500,000)
OPERATING RESERVE	1,375,000	1,425,000	1,460,000

CAPITAL RESERVES

The MWMC Capital Budget includes five reserves: the Equipment Replacement Reserve, SDC Reserves (i.e. Reimbursement and Improvement), the Capital Reserve and the Bond Reserve. These reserves accumulate revenue to help fund capital projects including equipment replacement and major rehabilitation. They are funded by annual contributions from user rates, SDCs, bond proceeds, and SRF loans. Each reserve is explained in detail below.

EQUIPMENT REPLACEMENT RESERVE

The Equipment Replacement Reserve accumulates replacement funding for three types of equipment: 1) major/stationary equipment items costing less than \$200,000 with useful lives of

20 years or less; 2) fleet vehicles maintained by the Eugene Wastewater Division; and 3) computers that serve the Eugene Wastewater Division. Contributions to the Equipment Replacement Reserve in the FY 08-09 budget total \$790,966 additional budget detail is provided below.

The Equipment Replacement Reserve is intended to accumulate funds necessary to provide for the timely replacement or rehabilitation of equipment, and may also be borrowed against to provide short-term financing of capital improvements. An annual analysis is performed on the Equipment Replacement Reserve. The annual contribution is set so that all projected replacements will be funded over a 20-year period and at the end of the 20-year period, the reserve will contain replacement funds for all equipment projected to be in use at that time. Estimates used in the analysis include interest earnings, inflation rates and useful lives for the equipment.

EQUIPMENT REPLACEMENT RESERVE	ADOPTED BUDGET FY 07-08	AMENDED BUDGET FY 07-08	PROPOSED BUDGET FY 08-09
Beginning Balance	5,130,191	5,127,836	5,872,047
Reserve Allocation Correction	0	0	2,311,929
Annual Equipment Contribution	436,536	436,536	516,184
Annual Vehicle Contribution	242,034	242,034	242,034
Annual Computer Contribution	18,253	18,253	32,748
Interest	230,000	230,000	210,000
Fund Equip Repl in Projects	0	0	(282,000)
Equipment Purchases	(486,534)	(517,834)	(569,010)
Reserve	5,570,480	5,536,825	8,333,932

* To correct reserve allocation between capital and equipment replacement previously not adjusted to equipment replacement model.

SYSTEM DEVELOPMENT CHARGE (SDC) RESERVES

SDCs are required as part of the MWMC IGA. They are connection fees charged to new users to recover the costs related to system capacity, and are limited to funding Capital Programs. The purpose of the SDC Reserves is to collect and account for SDC revenues separately from other revenue sources, in accordance with Oregon statutes. The Commission's SDC structure includes a combination of "Reimbursement" and "Improvement" fee components. Estimated SDC revenues for FY 08-09 total \$1,770,000. Budgeted expenditures include \$1,633,696 from Reimbursement Fees and \$2,233,696 from Improvement Fees to fund portions of the annual debt service payments on the 2006 revenue bonds. The projected beginning SDC Reserve balance on July 1, 2008 is \$11,883,230.

	ADOPTED BUDGET FY 07-08	AMENDED BUDGET FY 07-08	PROPOSED BUDGET FY 08-09
REIMBURSEMENT SDC RESERVE			
Beginning Balance	5,039,799	5,341,142	4,433,210
Reimbursement SDCs Collected	155,000	155,000	155,000
Interest	220,000	220,000	301,000
Xfr to Debt Service (Fund 312)	(1,234,029)	(1,354,984)	(1,633,696)
Materials & Services	(1,500)	(8,500)	(8,500)
SDC Contingency Reserve	(1,240,000)	0	0
Reserve	2,939,270	4,352,658	3,247,014

	ADOPTED BUDGET FY 07-08	AMENDED BUDGET FY 07-08	PROPOSED BUDGET FY 08-09
IMPROVEMENT SDC RESERVE			
Beginning Balance	5,777,958	6,796,832	7,450,020
Improvement SDCs Collected	1,615,000	1,615,000	1,615,000
Interest	221,000	221,000	400,000
Materials & Services	(4,500)	(4,500)	(4,500)
Xfr to Debt Service (Fund 312)	(1,234,030)	(1,354,985)	(2,233,696)
SDC Contingency Litigation Reserve	(2,555,000)	0	0
Reserve	3,820,428	7,273,347	7,226,824

CAPITAL RESERVE

The Capital Reserve accumulates funds transferred from the Operating Reserve for the purpose of funding the CIP, Major Capital Outlay and Major Rehabilitation Program costs. The intent is to collect sufficient funds over time to construct a portion of planned capital projects with cash in an appropriate balance with projects that are funded with debt financing. The FY 08-09 Budget includes a contribution from the Operating Reserve of \$4,297,115. The beginning balance on July 1, 2008 is projected to be \$33,929,184. Additional budget detail on the CIP, Major Capital Outlay and Major Rehabilitation Program reserves is provided on the following page.

BOND RESERVE

The Bond Reserve was created to provide assurances to the bond holders that adequate revenue coverage will be provided for future debt service payments. For FY 08-09 the Bond Reserve is budgeted at \$8,100,000 in order to meet reserve requirements of the bond issuances (\$4,100,000 for 06 issuance and \$4,000,000 for anticipated 08 issuance).

	ADOPTED BUDGET FY 07-08	AMENDED BUDGET FY 07-08	PROPOSED BUDGET FY 08-09
CAPITAL RESERVES			
Beginning Balance	47,788,486	53,207,410	33,929,184
Reserve Allocation Correction	0	0	(2,311,929) *
Transfer from Operating Reserve	4,000,000	4,000,000	4,297,115
Transfer to fund FY 06 Revenue Bond Reserve	0	0	4,100,000
Interest	231,000	231,000	350,000
Interest income (Revenue Bond Proceeds)	900,000	900,000	1,100,000
State Marine Board Grant	0	0	80,000
Revenue Bond Sale & SRF Proceeds	50,000,000	50,000,000	86,000,000
Miscellaneous Receipts	1,000	1,000	400
Bond Sale Expense	0	0	(350,000)
Bond Insurance	0	0	(250,000)
Transfer from Equipment Replacement	0	0	282,000
Funding For Capital Improvement Projects	(76,226,346)	(99,303,876)	(95,144,404)
Funding For Major Rehabilitation	(270,000)	(408,000)	(900,000)
Funding For Major Capital Outlay	0	0	(289,000)
Revenue Bond Reserve	0	0	(8,100,000)
Capital Reserve	26,424,140	8,627,534	22,793,366

* To correct reserve allocation between capital and equipment replacement previously not adjusted to equipment replacement model.

**CITY OF SPRINGFIELD
REGIONAL WASTEWATER PROGRAM RESPONSIBILITIES**

The City of Springfield manages administration services for the RWP under a contract with the MWMC. The programs maintained by Springfield to support the RWP are summarized below and are followed by Springfield's regional wastewater budget summaries. Activities, and therefore program budgets, for MWMC administration vary from year to year depending upon the major construction projects and special initiatives underway. A list of the capital projects Springfield staff will support in FY 08-09 is provided in Exhibit 3 on page 12.

MWMC ADMINISTRATION

The Springfield Environmental Services Division and Finance Department provide ongoing support and management services for MWMC. The Public Works Director and the Environmental Services Manager serve as the MWMC Executive Officer and General Manager, respectively. Springfield provides the following administration functions: financial planning management, accounting and financial reporting; risk management and legal services; coordination and management of public policy; coordination and management of regulatory and permit compliance issues; coordination between the Commission and the governing bodies; long-range capital project planning and construction management; coordination of public information, education, and citizen involvement programs; sewer user customer service; and coordination and development of regional budgets, rate proposals, and revenue projections.

INDUSTRIAL PRETREATMENT (SOURCE CONTROL) PROGRAM

The Industrial Pretreatment Program is a regional activity implemented jointly by the cities of Eugene and Springfield. The Industrial Pretreatment section of the ESD is charged with administering the program for the regulation and oversight of wastewater discharged to the sanitary collection system by industries in Springfield. This section is responsible for ensuring that these wastes do not damage the collection system, interfere with wastewater treatment processes, result in the pass-through of harmful pollutants to treated effluent or biosolids, or threaten worker health or safety.

This responsibility is fulfilled, in part, by the use of a permit system for industrial dischargers. This permit system, common to both Eugene and Springfield, implements necessary limitations on waste characteristics and establishes inspection, monitoring, and reporting requirements for documenting waste quality and quantity controls. The Industrial Pretreatment section is also responsible for locating new industrial discharges in Springfield and evaluating the impact of those discharges on the regional WPCF. As of February 2008, there were 17 significant industrial users under permit in Springfield. The Industrial Pretreatment Program also addresses the wastewater discharges of some commercial/industrial businesses through the development and implementation of Pollution Management Practices. Pretreatment program staff also coordinates pollution prevention activities in cooperation with the Pollution Prevention Coalition of Lane County.

ACCOUNTING & FINANCIAL REPORTING

Accounting and financial reporting services for the RWP are provided by the Accounting section in the Springfield Finance Department, in coordination with ESD. Springfield Accounting staff maintain grant and contract accounting systems, as well as compliance with all local, State and Federal accounting and reporting requirements for MWMC finances. This section also assists ESD with preparation of the MWMC budget, capital financing documents, sewer user rates, and financial policies and procedures.

PROGRAMS AND SIGNIFICANT SERVICE/EXPENDITURE CHANGES

In FY 08-09, the City of Springfield will support the following major regional initiatives in addition to ongoing Commission administration and industrial pretreatment activities:

- Continue to implement the Wet Weather Flow Management Plan (WWFMP), including flow monitoring, data tracking, and regional coordination, and manage the update of the WWFMP, which was adopted in 2001.
- Implement Capital Financing strategies necessary to meet current revenue bond obligations, prepare for additional debt financing, and ensure sufficient revenues in accordance with the 2005 MWMC Financial Plan.
- Complete a Poplar Marketing and Harvest Plan, which was initiated in FY 07-08.
- Continue implementation of the 2004 MWMC Facilities Plan to meet all regulatory requirements and capacity needs.
- Continue public information and outreach activities focused on the MWMC Facilities Plan and MWMC work to maintain river health.
- Complete a reclaimed water end-use market/feasibility study and capital plan, which was initiated in FY 07-08.
- Initiate a MWMC cost-of-service analysis leading to modifications to MWMC's rate structure in accordance with MWMC rate setting policies. This was deferred from FY 07-08.
- Review and update the local industrial discharge limits to address compliance with MWMC's NPDES permit, and implement mandatory EPA streamlining requirements.
- Protect RWP interests through participation in Association of Clean Water Agencies activities and Board of Directors..
- Continue participation in the Pollution Prevention Coalition of Lane County.
- Complete and submit required NPDES permit compliance plans associated with an anticipated new wastewater discharge permit, including an Inflow Removal Plan, and a TMDL Implementation Plan.
- Provide litigation support.
- Review agent of record services.
- Coordinate TMDL compliance planning and implementation efforts.

SIGNIFICANT CHANGES FOR FY 08-09

The budget for Springfield Personnel Services, Materials and Services, and Capital Outlay for FY 08-09 totals \$3,923,761 representing an overall decrease of \$2,448 over the amended FY 07-08 budget (-.06%).

Personnel Services

Personnel Services totaling \$1,835,234 represent an FY 08-09 increase of \$107,213 or 6% over the originally adopted FY 07-08 budget.

Staffing

- A net increase of .80 FTE is included in the FY 08-09 budget.
- 1.0 Environmental Services Technician II – This position will be added to the Industrial Pretreatment Program to address increased industrial permitting activity and improvements needed in the fats, oils and grease, and photo processor pollution management programs.
- 0.20 Fund Reallocation - Based on review of current and projected staffing allocations to RWP activities, the FY 08-09 budget includes a decrease of .10 FTE to RWP of the Accounting Manager, and .10 Assistant Project Manager (Reclassified from Engineering Assistant mid-year FY 07-08).

Regular Wages –\$1,280,061 [Increase of \$124,395 or 11%]

- This increase represents merit increases, a projected 3% cost of living increase, and the net increase of .80 FTE.

Employee Benefits - Budget Request \$545,968 [Increase \$45,698 or 9%]

- Benefits for FY 08-09 increase by 9%.

Materials and Services

The Materials and Services budget represents a total FY 08-09 increase of \$55,339 or 3% over the originally adopted FY 07-08 budget. The major changes are in the following budget categories:

Billing & Collection –\$501,195 [Increase of \$92,130 or 23%]

- Billing and Collection costs are projected to increase based on an estimated 18% increase in Eugene Water & Electric Board costs and based on a 1% growth in customers. For Springfield customers, these costs are only projected to increase by a 1% growth in accounts.

Litigation Expense –\$150,000 [Decrease of \$50,000 or 25% under originally adopted FY 07-08 budget]

- The reduction of \$50,000 to the Litigation Expense budget is related to the final resolution of suits filed against the MWMC and the Cities by the Home Builders Association of Lane County and by Oregon River Watch.

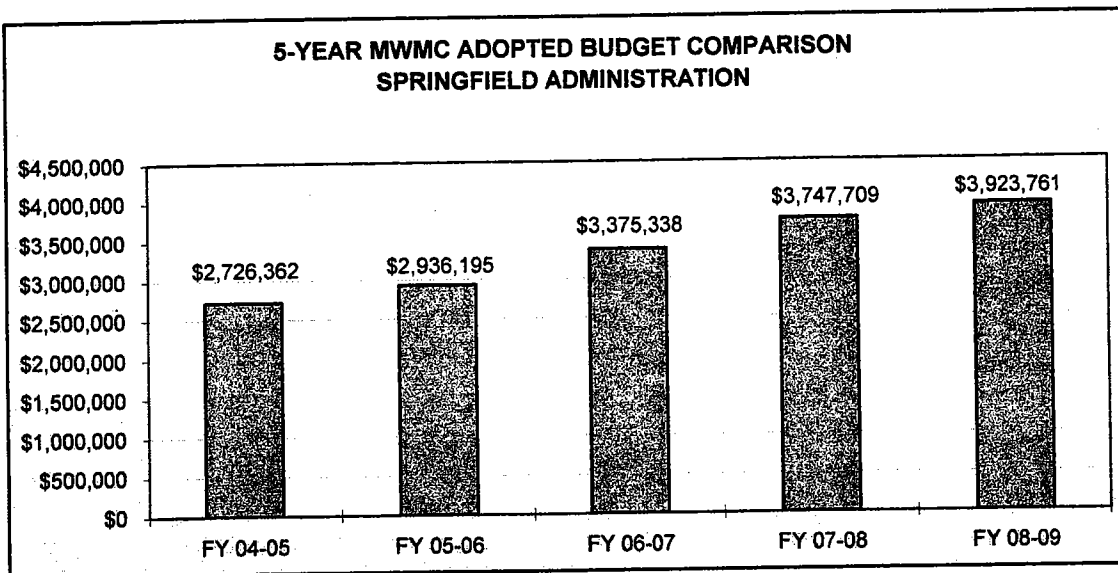
Capital Outlay – \$13,500 [There were no Capital Outlay purchased in FY 07-08]

- The Capital Outlay budget for FY 08-09 includes a portion of the field vehicle dedicated in part, to the Industrial Pretreatment Program.

EXHIBIT 8

**SPRINGFIELD ADMINISTRATION PROGRAM
PROPOSED FY 08-09
BUDGET SUMMARY**

	ACTUAL FY 06-07	ADOPTED BUDGET FY 07-08	AMENDED BUDGET FY 07-08	PROPOSED BUDGET FY 08-09	CHANGE *	
					INCR/(DECR)	
Personnel Services	\$1,575,538	\$1,728,021	\$1,728,021	\$1,835,234	\$107,213	6%
Materials & Services	1,996,600	2,019,688	2,198,188	2,075,027	55,339	3%
Capital Outlay	0	0	0	13,500	13,500	NA
Budget Summary	\$3,572,138	\$3,747,709	\$3,926,209	\$3,923,761	\$176,052	5%



Note: * Change column and Percent Change column compare proposed FY 08-09 budget to originally adopted FY 07-08 budget.

**EXHIBIT 9
SPRINGFIELD ADMINISTRATION
LINE ITEM BUDGET SUMMARY**

	ACTUAL FY 06-07	ADOPTED	AMENDED	PROPOSED	CHANGE	
		BUDGET FY 07-08	BUDGET FY 07-08	BUDGET FY 08-09	INCR/(DECR)	
PERSONNEL SERVICES						
Regular Wages	\$1,105,564	\$1,155,666	\$1,155,666	\$1,280,061	\$124,395	11%
Overtime	5,500	5,500	5,500	5,500	(4)	0%
Employee Benefits	460,742	500,270	500,270	549,016	45,698	9%
Cell Phone Allowance	3,600	2,880	2,880	2,880	685	24%
Pers Services Adjustments	0	21,751	21,751	0	(21,751)	NA
Comp Time Payoff	0	41,822	41,822	0	(41,822)	NA
Car Allowance	132	132	132	132	12	9%
Total Personnel Services	\$1,575,538	\$1,728,021	\$1,728,021	\$1,835,234	\$107,213	6%
FTE	20.15	20.25	20.25	21.05	0.80	
MATERIALS & SERVICES						
Billing & Coll Exp	382,000	409,065	409,065	501,195	92,130	23%
Contractual Services	226,000	221,000	221,000	209,000	(12,000)	-5%
Litigation Expense	200,000	200,000	366,000	150,000	(50,000)	-25%
Environmental Ed	5,000	5,000	5,000	5,000	0	0%
Attorney Fees	110,000	75,000	75,000	75,000	0	0%
Merchant Fees	2,750	3,750	15,750	16,750	7,000	80%
PP&L Insurance	291,500	275,000	275,000	275,000	0	0%
Telephone	2,426	2,300	2,300	2,300	10	0%
Ris/Airs/Geo Charges	10,805	13,715	13,715	14,007	392	3%
Computer Equipment	0	0	0	1,550	1,550	NA
Advertising	4,500	4,500	4,500	5,800	1,300	29%
Duplicating Supplies	2,450	2,300	2,300	2,200	(100)	-4%
Printing	9,500	9,500	9,500	9,500	0	0%
Travel & Meeting Expenses	29,671	30,750	30,750	37,200	6,450	21%
Property Taxes	6,000	5,000	5,000	5,000	0	0%
WPCF/NPDES Permits	98,550	105,000	105,000	116,120	11,120	11%
Pretreatment Supplies	3,500	3,000	3,000	3,000	0	0%
Safety Clothing/Eq	700	1,000	1,000	1,250	250	25%
Gasoline & Oil	2,000	2,000	2,000	2,750	750	38%
Utilities	9,224	6,224	6,224	6,224	0	0%
Memberships, Books, Subscrips	16,799	16,502	16,502	17,550	1,048	6%
Postage & Shipping Charges	3,500	3,500	3,500	3,500	0	0%
Office Supplies	10,933	9,400	9,400	6,900	(2,500)	-27%
Computer Software	80,441	45,460	45,460	34,050	(11,410)	-25%
Small Furniture & Appliances	3,000	1,500	1,500	3,000	1,500	100%
Commuter Trip Reduction	0	300	300	300	0	0%
Program Expense	37,851	79,550	84,550	79,550	500	1%
Equipment Maintenance	9,600	10,600	10,600	10,600	0	0%
Property Maintenance	3,530	1,000	1,000	1,500	500	50%
Employee Development	26,505	28,900	28,900	31,250	2,350	8%
Internal Insurance Chgs	23,279	46,914	46,914	56,699	9,785	21%
Internal Veh Mt Chgs	3,532	3,703	3,703	2,378	(1,325)	-36%
Internal Fac Rent	42,992	42,592	42,592	34,897	(7,695)	-18%
Computer Equip Chgs	7,835	9,453	9,453	10,686	1,233	13%
Bldg Maint Chgs	34,993	30,273	30,273	38,422	8,149	27%
Internal Veh & Equip Rent	6,618	7,101	7,101	7,535	434	6%
Internal Employee Benefit	16,086	17,292	17,292	18,499	1,207	7%
License & Fee Refunds	5,267	5,569	5,569	5,543	(26)	0%
Internal MS Enterprise Agreement	13,250	0	0	0	0	NA
Indirect Costs	254,013	281,475	281,475	274,212	(7,263)	-3%
Total Materials & Services	\$1,996,600	\$2,019,688	\$2,198,188	\$2,075,027	\$55,339	3%
CAPITAL OUTLAY						
Total Capital Outlay	0	0	0	13,500	13,500	NA
TOTAL	\$3,572,138	\$3,747,709	\$3,926,209	\$3,923,761	\$176,052	5%

**CITY OF EUGENE
REGIONAL WASTEWATER PROGRAM RESPONSIBILITIES**

The Wastewater Division for the City of Eugene manages all regional wastewater pollution control facilities serving the Eugene/Springfield and River Road/Santa Clara areas under the Intergovernmental Agreement for the Metropolitan Wastewater Management Commission (MWMC).

These regional facilities include the Eugene/Springfield Regional Water Pollution Control Facility (WPCF), the 154 acre Biosolids Management Facility, the 286 acre Seasonal Industrial Waste Facility, the 600 acre Biocycle Farm site, and regional wastewater pumping stations and transmission sewers. In support of the water pollution control program, the Division also provides technical services for wastewater treatment, management of equipment replacement and infrastructure rehabilitation, biosolids treatment and recycling, an industrial source control and pretreatment program in conjunction with City of Springfield staff, regional laboratory services for wastewater and water quality analyses, and flow monitoring on the regional sanitary trunk sewers.

ADMINISTRATIVE AND MANAGEMENT SERVICES

Administrative Services provides management, administrative, and office support to the Wastewater Division. This support includes the general planning, directing, and managing of the activities of the Division; development and coordination of the budget; administration of personnel records; and processing of payroll, accounts payable, and accounts receivable. This section also provides tracking and monitoring of all assets for the regional wastewater treatment facilities and clerical support for reception, telephone services, and other miscellaneous needs. The Administrative services include oversight and coordination of the Division's Environmental Management System, safety, and training programs. Another area this program administers is the coordination of local and regional billing and rate activities.

REGIONAL WASTEWATER TREATMENT
FACILITY OPERATIONS

The Wastewater Division operates the WPCF to treat domestic and industrial liquid wastes to achieve an effluent quality that protects and sustains the beneficial uses of the Willamette River. The WPCF is designed to treat 49 million gallons per day (mgd) of dry weather flow, with a peak hydraulic capacity of 105 mgd for full secondary treatment. The Operations section optimizes wastewater treatment processes to ensure effluent quality requirements are met in an effective manner. In addition, the Operations section provides 24 hour per day monitoring of the alarm functions for all plant processes, regional and local pump stations, and the Biosolids and Seasonal Industrial Waste Facilities.

REGIONAL WASTEWATER TREATMENT
FACILITY MAINTENANCE

The Maintenance section of the Wastewater Division is responsible for preservation of the multi-million dollar investment in the equipment and infrastructure of the WPCF. This section provides a preventative maintenance program to maximize equipment life and performance; a

corrective maintenance program for repairing unanticipated equipment failures; a facility maintenance program to maintain the buildings, treatment structures, and grounds; and a stores unit that purchases and stocks parts and supplies and assists with professional services contracting. Also included within the Maintenance section's charge are the pump stations and sewers in the regional and local collection system, and the facilities and equipment at the Biosolids Management and Seasonal Industrial Waste Facilities.

BIOSOLIDS MANAGEMENT

The Residuals Management section of the Wastewater Division manages the handling and beneficial reuse of the biological solids (biosolids) produced as a result of the activated sludge treatment of wastewater. This section operates the BMF and Biocycle Farm located at Awbrey Lane in Eugene. Approximately 5,000 dry tons of biosolids are produced annually by the WPCF. These biosolids are treated using anaerobic digestion, stored in facultative lagoons (which provide some additional treatment benefits), and then processed through a belt filter press and air-dried to reduce the water content and facilitate transport. The dried material is ultimately applied to agricultural land or irrigated on the poplar trees at the Biocycle Farm as a beneficial fertilizer and soil conditioner. This section also manages the Seasonal Industrial Waste (SIW) facility, which formerly served to treat wastewater from food processing operations.

INDUSTRIAL SOURCE CONTROL (Pretreatment) and ANALYTICAL SERVICES, SAMPLING TEAM

The pretreatment program is a regional activity implemented jointly by the cities of Eugene and Springfield. The Industrial Source Control group of the Wastewater Division is charged with administering the pretreatment program for the regulation and oversight of commercial and industrial wastewaters discharged to the sanitary collection system by fixed-site industries in Eugene and by mobile waste haulers in the Eugene and Springfield areas. This group is also responsible for ensuring that these wastes do not damage the collection system, interfere with wastewater treatment processes, result in the pass-through of harmful pollutants to treated effluent or biosolids, or threaten worker health or safety.

This responsibility is fulfilled through the use of a permit system for industrial dischargers. This permit system, common to both Eugene and Springfield, implements necessary limitations on waste characteristics and establishes inspection, monitoring, and reporting requirements for documenting waste quality and quantity controls. The staff is also responsible for locating new industrial discharges in Eugene and evaluating the impact of new non-residential discharges on the WPCF. As of December 2007, there were 20 significant industrial users under permit in Eugene.

The section also has responsibilities related to environmental spill response activities.

The Analytical Services group provides necessary analytical work in support of wastewater treatment, residuals management, industrial source control, stormwater monitoring, and special project activities of the Wastewater Division. The laboratory's services include sample handling and analyses of influent sewage, treated wastewater, biosolids, industrial wastes, stormwater, and groundwater. Information from the laboratory is used to make treatment

process control decisions, document compliance with regulatory requirements, demonstrate environmental protection, and ensure worker health and safety.

The Sampling Team is responsible for all of the sampling activities related to regional wastewater program functions. These include the Eugene pretreatment program, wastewater treatment process control, effluent and ambient water quality, groundwater quality, facultative sludge lagoons, and stormwater samples. The Division's Environmental Data Analyst evaluates and reports on the sampling data for various programs.

MANAGEMENT INFORMATION SERVICES (MIS)

The MIS section provides services for electronic data gathering, analysis, and reporting as necessary in compliance with regulatory requirements and management functions. This section also maintains the electronic communication linkages with the City of Eugene and the Regional Information System, and supplies technical expertise and assistance in the selection, operation, and modification of computer systems (hardware and software) within the Division.

PROJECT MANAGEMENT

Management of wastewater system improvements and ongoing developments is carried out by the Project Management staff. Activities include coordination of CIP activities with the City of Springfield staff, problem-solving and action recommendations, project management, technical research, coordination of activities related to renewal of the NPDES wastewater discharge permit, computer-aided design and electronic storage of design drawings, and planning of projects to anticipate and prepare for new regulatory and operational requirements. The Project Management staff develops Request for Proposals and Request for Quotes, coordinates special project activities between work sections, and coordinates the procurement of building permits as necessary in support of project activities.

PROGRAMS AND SIGNIFICANT SERVICE/EXPENDITURE CHANGES

In FY 08-09, Eugene staff will support the following major regional initiatives in addition to ongoing operational activities.

- Continue efforts to optimize service effectiveness and efficiency, and further develop performance measurement and tracking systems (through implementation of a Balanced Scorecard approach to defining and managing organizational objectives).
- Manage the Operations & Maintenance (O&M) aspects of the Biocycle Farm, continuing the development of the biosolids irrigation practices and poplar tree management.
- Manage the O&M responsibilities of the NPDES permits for the wastewater discharge and treatment plant stormwater programs and the LRAPA air emissions permit for the regional wastewater treatment plant.
- Work cooperatively on the CIP elements and effectively integrate capital project work with ongoing O&M activities, with emphasis on maintaining an effective CIP management and coordination program with Springfield.
- Provide technical input and O&M assessments related to proposed initiatives for addressing TMDL compliance, greenhouse gas emission controls, and renewable energy objectives.

- Continue to evaluate impacts of regulatory actions (such as the federal SSO and blending policy development, Willamette River TMDLs implementation, and any newly adopted state water quality standards) upon operational responsibilities.
- Complete scheduled major rehabilitation and equipment replacement projects in an efficient and timely manner.
- Complete major steps in the effective use of the maintenance management program, including updating of the computerized maintenance management system for maintenance scheduling, asset information, reporting, and monitoring performance.

SIGNIFICANT CHANGES FOR FY 08-09

The proposed budget for Operations and Maintenance of the regional wastewater treatment facilities (personnel, materials and services, and capital outlay) for FY 08-09 totals \$10,616,760. The budget categories show a total 6% increase from the FY 07-08 budget. Significant changes proposed for the FY 08-09 Operations and Maintenance budget as compared to the FY 07-08 budget include:

Personnel Services

Personnel Services totaling \$6,594,004 represents a FY 08-09 increase of \$233,014 or 4%. The major changes are in the following budget categories:

Staffing

- A net budget increase of 0.15 FTE is included in the FY 08-09 budget.
- 0.20 Financial Services Manager – This is an allocation of a position which provides centralized coordination for the financial management services of the Public Works Department, including budget development and monitoring, strategic financial planning, financial management and analysis.
- (0.05) Fund Reallocations – During the preparation of the annual budget proposal, the distribution of FTE hours for regional and non-regional activities from the previous year are reviewed and adjustments are made to the proposed year's budget. This is done to project proper charges of staffing based on actual time spent between the regional and local funds.

Regular Wages – \$4,166,834 [Increase of \$161,201 or 4%]

- Salaries are based upon negotiated management/labor contracts between the City of Eugene and the local union (AFSCME). The Cost of Living (COLA) is projected at 2.8%. The increase also includes the FTE adjustments described above and annual merit raises as applicable.

Employee Benefits - \$1,398,587 [Increase of \$52,331 or 4%]

- The increase in employee benefits is driven by a increase in payroll costs for PERS contributions.