

AGENDA COVER MEMO

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04-6-30-1M

AGENDA DATE: June 30, 2004 PUBLIC HEARING and ACTION

To: County Service District Board of Directors

Department: Lane County Metropolitan Wastewater Service District

Presented By: David Garnick, Sr. Management Analyst, County Administration

TITLE: **IN THE MATTER OF ADOPTING THE 2004-2005 METROPOLITAN WASTEWATER SERVICE DISTRICT BUDGET, MAKING APPROPRIATIONS AND LEVYING TAXES**

I. PROPOSED MOTION

MOVE ADOPTION OF ORDER _____ M/ IN THE MATTER OF ADOPTING THE 2004-2005 METROPOLITAN WASTEWATER SERVICE DISTRICT BUDGET, MAKING APPROPRIATIONS AND LEVYING TAXES

II. BACKGROUND/ANALYSIS/RECOMMENDATION

The Budget Committee for the Metropolitan Wastewater Service District held a public hearing and approved the FY 2004-2005 budget on May 16, 2004. A public notice and financial summary was published in the Register Guard on June 24, 2004 as required by Oregon State Budget Law. The Board, as governing body for the District, must hold a hearing for public comment on June 30, 2004, prior to adopting the budget.

No adjustments to the approved budget are required. Staff recommends adoption after the public hearing. The budget must be adopted by June 30, 2004 in order to have a valid budget in place by July 1st.

III. IMPLEMENTATION/FOLLOW-UP

Following adoption by the governing board, a copy of the budget will be filed with the State of Oregon, Dept. of Revenue, as per state budget law.

IV. ATTACHMENTS

Board Order
Approved FY 2004-05 Metropolitan Wastewater Service District Budget

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

RESOLUTION AND ORDER) **IN THE MATTER OF ADOPTING THE**
) **2004-2005 METROPOLITAN**
) **WASTEWATER SERVICE DISTRICT**
) **BUDGET, MAKING**
) **APPROPRIATIONS AND LEVYING**
) **TAXES**

WHEREAS, the Metropolitan Wastewater Service District Budget Committee reviewed and approved the 2004-2005 fiscal year budget for the Lane County Metropolitan Wastewater Service District on June 16, 2004; and

WHEREAS, after due notice, a public hearing was held June 30, 2004 on the 2003-2004 fiscal year budget at 9:00 a.m. in Harris Hall, Lane County Public Service Building; 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 fulfilled its purpose by retiring all bonded debt and the fund has since been closed out so no further tax levy is required; now, therefore

IT IS HEREBY ORDERED, that the 2004-2005 fiscal year budget for the Lane County Metropolitan Wastewater Service District in the sum of \$189,000 as set forth below is hereby adopted; and

BE IT FURTHER ORDERED, that the amounts for the fiscal year beginning July 1, 2004, and for the purposes shown below are hereby appropriated as follows;

WASTEWATER ADMINISTRATION AND CONSTRUCTION FUND 282

Materials & Services	\$139,582
Operational Contingency	<u>49,418</u>
Total Requirements	\$189,000

AND, BE IT FURTHER ORDERED that taxes provided for in the adopted budget in the aggregate amount of \$0 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, 2004. 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>
Wastewater Admin. & Const. Fund	\$0	\$0

Adopted by the Lane County Metropolitan Wastewater Service District Board of Directors this ____th day of June, 2004

Bobby Green Sr., Chair
Metropolitan Wastewater Board of Directors

APPROVED AS TO FORM
Date 6/22/04 In no county
Terence H. Helt
OFFICE OF LEGAL COUNSEL

**IN THE MATTER OF ADOPTING THE 2004-2005 METROPOLITAN WASTEWATER SERVICE
DISTRICT BUDGET, MAKING APPROPRIATIONS AND LEVYING TAXES**

Lane County
**Metropolitan Wastewater
Service District**

FY 2004-2005 Approved Budget

**LANE COUNTY
METROPOLITAN WASTEWATER SERVICE DISTRICT**

2004-2005 BUDGET CALENDAR

May 30, 2004	First Notice of Budget Hearing Published
June 6, 2004	Second Notice of Budget Hearing Published
June 16, 2004	Budget Committee Public Hearing; Review And Approve Budget; Set tax Levy
June 24, 2004	Budget Summary and Notice of Budget Hearing Published
June 30, 2004	Governing Body Public Hearing and Budget Adoption

SERVICE DISTRICT BUDGET COMMITTEE MEMBERS

District Elected Officials

Bill Dwyer
Bobby Green, Sr.
Anna Morrison
Peter Sorenson
Don Hampton

Citizen Members

Scott Bartlett
Francisca Johnson
Doug Keeler
Mary Ann Holser
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 (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
ADOPTED BUDGET FOR FISCAL YEAR 2004-2005

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 construction costs. 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 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.

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.

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 2004-2005 BUDGET

The Fiscal Year 2004-2005 budget for the Lane County Metropolitan Wastewater Service District is:

	<u>FY 03-04 Budget</u>	<u>FY 04-05 Adopted</u>	<u>Chg From FY 03-04</u>	<u>Percent Change</u>
Bond Retirement Fund	\$0	\$0	\$0	0%
Administration and Construction Fund	<u>172,990</u>	<u>189,000</u>	<u>16,010</u>	<u>9.2%</u>
TOTAL DISTRICT FUNDS	\$172,990	\$189,000	\$16,010	9.2%

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. This cash balance will be carried forward into FY 04-05 and will be budgeted along with prior year taxes and a small investment earnings revenue.

The bulk of the funds will be budgeted for a final payment to the MWMC. 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. An operational contingency is set aside to cover future overhead costs that are necessary as long as prior year taxes are received and other district business is conducted.

Administration and Construction Fund (Fund 282)

	<u>2001-2002 Actual</u>	<u>2002-2003 Actual</u>	<u>2003-2004 Budget</u>	<u>2004-2005 Proposed</u>
<u>Resources</u>				
Prior Year Property Taxes	\$0	\$0	\$17,000	\$8,500
Investments	486	245	150	500
Transfer in from Bond Fund	0	165,878	0	0
Fund balance	<u>17,857</u>	<u>10,239</u>	<u>155,840</u>	<u>180,000</u>
Total	18,343	176,362	172,990	189,000
<u>Expenditures</u>				
Materials & Services	8,104	9,762	7,453	9,582
Transfer Payments to MWMC	0	0	130,000	130,000
Operational Contingency	<u>0</u>	<u>8,048</u>	<u>35,537</u>	<u>49,418</u>
Total	\$8,104	\$10,370	\$172,990	\$189,000

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.