

**METROPOLITAN WASTEWATER SERVICE DISTRICT
BUDGET COMMITTEE MEETING**

June 16, 2004

12:00 Noon

Commissioners Conference Room

Chair Doug Keeler presided, with Budget Committee members Scott Bartlett, Bill Dwyer, Bobby Green, Sr., Don Hampton, Mary Ann Holser, Anna Morrison, Peter Sorenson and Walt Meyer present. County Administrator Bill Van Vactor, County Counsel Teresa Wilson, Senior Budget Analyst Dave Garnick, and Recording Secretary Melissa Zimmer were also present.

1. Call to Order

Chair Doug Keeler called the meeting to order.

2. Budget Committee Business

- Introduction of Service District Budget Committee Members
- Election of Chair and Vice Chair

MOTION: to move to retain Doug Keeler as chair and Walt Meyer as vice chair.

Green MOVED, Sorenson SECONDED.

VOTE: 9-0.

- Approval of Minutes:
May 21, 2003, Metropolitan Service District Budget Meeting, 12:00 noon

Garnick noted on the second page, item 5, the motion states to approve the 03/04 service budget in the amount of zero dollars. He stated it should read: Metropolitan Wastewater Service District budget levying taxes in the amount of \$0.

MOTION: to approve the minutes of May 21, 2003, with the correction.

Morrison MOVED, Green SECONDED.

VOTE: 9-0.

3. Presentation of 2004-2005 Budget.

Garnick explained the bonds have all been paid off and the bond fund was closed out in 2003. He noted that everything remaining in that fund was rolled into the administration and construction fund. (Page 2, copy in file.) He said they haven't spent funds this year except to provide the meeting. He indicated as a result, they will lapse most of the money they have budgeted for the 03/ 04 budget. He noted it would show a cash carry forward next year of about \$180,000. He added they are still collecting some additional prior year taxes. He indicated the total budget for next year is \$189,000. He said they still have to pay for a legal notice, meal and other things. He added they also have to pay an indirect. He said if the Budget Committee chooses, there is about \$130,000 to make a payment to MWMC. He recommended reserving \$49,000 in a contingency fund because he doesn't know the future of the district. He commented that the budget is status quo.

Green asked how the operation contingency was figured.

Garnick explained they would have another five years and if the Board decides to close the district (or in order to do something other than what the district was originally formed for), they would have to go out for another vote of the people. He tried to maintain a contingency amount that would carry them through for the future.

Sorenson asked what authority the district had to do things other than a contract with the commission.

Van Vactor responded that all construction, operation and maintenance have been delegated through an IGA. He said it wouldn't have any authority independent of the agreement with Eugene and Springfield.

Sorenson asked if the district could levy taxes.

Wilson responded that to levy property taxes they would have to get authority by either a vote of the people establishing a permanent tax rate or bond authority.

Dwyer wanted the City of Coburg to become part of the district. He asked what they needed to do to go forward. He noted that they are now part of the metropolitan area planning and they have serious problems as it relates to wastewater.

Van Vactor noted in the intergovernmental agreement, the Board agreed the boundary shall be co-terminus to the cities of Eugene and Springfield. He added if the district were going to initiate a boundary change, they would need to amend the agreements and provide for an annexation process

Dwyer commented that Mayor Torrey was in favor of it. He thought they should move

forward with the process.

Wilson explained that if the three jurisdictions agree, they would need to authorize in conjunction with a resolution from the City of Coburg, an amendment process through the Boundary Commission. She indicated it would take up the money that was allocated in the budget.

Dwyer wanted a letter coming from the Chair, stating a meeting needs to take place with the jurisdictions.

Van Vactor noted that on a city manager level, that Coburg was not interested in becoming part of the group.

Morrison commented that the biggest issue is there is no proposal that shows how cost effective this would be over Coburg having its own district.

Dwyer wanted a letter from the Board expressing an interest to establish a dialogue for the purpose of going the next step.

Van Vactor recommended an initial communication with the Coburg City Council and the Mayor to see what they would want.

4. Public Hearing - 2004-2005 Budget.

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

5. Deliberation and Action.

MOTION: to move to approve the 2004/2005 Metropolitan Wastewater Service District budget and levying taxes in the amount of \$0.

Sorenson MOVED, Dwyer SECONDED.

VOTE: 9-0.

There being no further business, Chair Keeler adjourned the meeting at 12:45 p.m.

Melissa Zimmer
Recording Secretary

Lane County
**Metropolitan Wastewater
Service District**

FY 2005-2006 Proposed Budget

**LANE COUNTY
METROPOLITAN WASTEWATER SERVICE DISTRICT**

2005-2006 BUDGET CALENDAR

June 5, 2005	First Notice of Budget Hearing Published
June 10, 2005	Second Notice of Budget Hearing Published
June 15, 2005	Budget Committee Public Hearing; Review And Approve Budget; Set tax Levy (Additional Review Scheduled as Necessary)
June 19, 2005	Budget Summary and Notice of Budget Hearing Published
June 29, 2005	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
Francisca Johnson
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 2005-2006

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. 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 2005-2006 BUDGET

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

	<u>FY 04-05 Budget</u>	<u>FY 05-06 Proposed</u>	<u>Chg From FY 04-05</u>	<u>Percent Change</u>
Bond Retirement Fund	\$0	\$0	\$0	0%
Administration and Construction Fund	<u>189,000</u>	<u>66,750</u>	<u>(122,250)</u>	<u>(64.7%)</u>
TOTAL DISTRICT FUNDS	\$189,000	\$66,750	(\$122,250)	(64.7%)

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 current funds or \$130,000 was transferred to the MWMC in FY 04-05. In FY 05-06 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. \$14,710 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>2002-03 Actual</u>	<u>2003-04 Actual</u>	<u>2004-05 Budget</u>	<u>2005-06 Proposed</u>
<u>Resources</u>				
Prior Year Property Taxes	\$0	\$16,780	\$8,500	\$3,500
Investments	245	1,305	500	250
Transfer in from Bond Fund	165,878	0	0	0
Fund balance	<u>10,239</u>	<u>166,601</u>	<u>180,000</u>	<u>63,000</u>
Total	176,362	184,685	189,000	66,750
<u>Expenditures</u>				
Materials & Services	9,762	5,368	9,582	16,750
Transfer Payments to MWMC	0	0	130,000	0
Operational Contingency	<u>0</u>	<u>0</u>	<u>49,418</u>	<u>50,000</u>
Total	\$9,792	\$5,368	\$189,000	\$66,750

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.