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Memorandum Date: 11/10/09

Order Date: 11/24/09

TO: Board of County Commissioners

PRESENTED BY: Ron Bittler, MWMC General Manager

AGENDA ITEM TITLE: ORDER/IN THE MATTER OF APPROVING THE ISSUANCE OF ADDITIONAL REVENUE BONDS BY THE METROPOLITAN WASTEWATER MANAGEMENT COMMISSION; AND PROVIDING AN EFFECTIVE DATE

I. MOTION

Order____/In the Matter of Approving the Issuance of Additional Revenue Bonds by the Metropolitan Wastewater Management Commission; and Providing an Effective Date

II. DISCUSSION

A. Background / Analysis

The Metropolitan Wastewater Management Commission (MWMC) oversees the regional wastewater program that serves the Eugene/Springfield communities. To maintain compliance with state mandated regulations and to increase wastewater treatment capacity necessary to provide for anticipated community growth, the MWMC established a 20-Year Capital Improvement Program (CIP). The specific capital projects needed are identified in the approved 2004 Facility Plan, and it is estimated that these projects will cost a total of \$196 million (in 2006 dollars).

In 2004, the MWMC and the three Governing Bodies adopted a regional wastewater Facilities Plan, which includes capital projects with an estimated cost of \$196 million (in 2006 dollars) necessary to meet the wastewater treatment needs of the Eugene-Springfield metropolitan area through the year 2025. The 2004 Facilities Plan outlines a schedule for construction of the capital improvements necessary to maintain regulatory compliance as well as satisfy anticipated demands for treatment capacity.

The construction program implementing the 2004 Facilities Plan improvements encompasses 38 individually described projects that span 20 years of implementation. The CIP is on schedule to meet our legal and regulatory obligation. Many of the critical components of the Facilities Plan are front-loaded in

the 20-year period to comply with a requirement that, by end of 2009, wastewater facilities be able to transport and treat peak flow generated by a 5-year, 24-hour storm event. This deadline is established by an adopted state water quality standard.

In 2005, the MWMC was given authority by the governing bodies to borrow up to \$100 million to pay for the CIP program. The Cities of Springfield, Eugene and Lane County (Order No. 05-6-1-22) authorized this borrowing through various resolutions.

In November of 2006, the MWMC issued its first revenue bond in the amount of \$47,270,000. In November 2008, the MWMC completed its second successful bond sale in the amount of \$50,730,000. As per the Intergovernmental Agreement (IGA), the MWMC has maintained a bond rating of A or higher. For the 2008 series bond, MWMC's rating was upgraded to AA- by Standard and Poors, which resulted in favorable interest rates. In addition during 2008 and 2009, the MWMC borrowed \$16.9M in the form of a state revolving fund loans.

In April of 2009, the MWMC was given additional authority by the Cities of Springfield, and Eugene to borrow up to \$200 million to pay for the CIP program through various resolutions and orders. In May of 2009, the MWMC was given additional authority by Lane County (Order No. 09-5-13-10) to borrow up to \$140 million to pay for the CIP program and asked that the MWMC return later in the year to provide an update on the CIP program and seek additional borrowing authority at that time.

As of November 2009, the MWMC has issued \$114.9 million in debt (via two revenue bonds and state revolving fund loans) to support the CIP. The borrowing currently authorized by the intergovernmental partners in MWMC (the cities of Eugene and Springfield, and Lane County) is \$140 million. The MWMC is requesting authorization to borrow up to a total of \$200 million to provide the flexibility to generate future revenue necessary to complete the 2004 Facilities Plan over the 20 year implementation period.

B. Recommendation

The recommendation is to approve the request by the MWMC to extend its borrowing authority by an additional \$60 million (for a total of \$200 million).

IV. ATTACHMENTS

Board Order

BEFORE THE BOARD OF COUNTY COMMISSIONERS
OF LANE COUNTY, OREGON

ORDER NO. 09-____-____-____

) IN THE MATTER OF APPROVING THE
) ISSUANCE OF ADDITIONAL REVENUE
) BONDS BY THE METROPOLITAN
) WASTEWATER MANAGEMENT
) COMMISSION; AND PROVIDING AN
) EFFECTIVE DATE

WHEREAS, Pursuant to ORS Chapter 190, the Cities of Springfield and Eugene and Lane County (Governing Bodies) entered into an intergovernmental agreement (Agreement) on February 9, 1977 establishing the Metropolitan Wastewater Commission (Commission) to construct, operate, and maintain regional sewerage facilities to service the Eugene-Springfield Metropolitan area (Metro Area), and

WHEREAS, the original regional sewerage facilities were constructed in the early 1980s with a planned design capacity to serve the Metro Area through 2004, and

WHEREAS, the Commission and the Governing Bodies have approved the 2004 MWMC Facilities Plan and 20-Year Project List, which includes capital projects with an estimated cost of \$144,000,000 (in 2004 dollars) necessary to meet the sewage treatment needs of the Metro Area through the year 2025, and

WHEREAS, after a public hearing, and based on the recommendations of the Commission and its financial advisor, the Board of Commissioners, in 2005, authorized the Commission to issue up to \$100,000,000 of revenue bonds to finance regional sewerage facilities pursuant to ORS 190.080(1)(a) and ORS 288.805 to 288.945 (now ORS Chapter 287A), and

WHEREAS, due to various factors, including the escalation of construction costs since 2004, the project cost of the regional sewerage facilities is expected to be at least \$196,000,000, and

WHEREAS, in 2005 the Commission and its financial advisor recommended that revenue bonds were the best available financing tool and that approximately \$100,000,000 in revenue bonds be issued to fund the capital projects on the Commission's 20-Year Project List based on the original projected cost of \$144,000,000, and

WHEREAS, the Commission and its investment advisor continue to believe that revenue bonds are likely to be the best available financing tool, and

WHEREAS, the Commission and its financial advisor recommend that approximately \$100,000,000 in additional revenue bonds be issued to fund the projected increased cost of the capital projects on the Commission's 20-Year Project List, and

WHEREAS, pursuant to Ordinance No. 1-05, adopted June 1, 2005, Lane County adopted a restated and amended agreement that, in part, created the Commission as an intergovernmental entity pursuant to the provisions of ORS 190.010 and 190.085, and

WHEREAS, ORS 190.080(1) provides that intergovernmental entities may issue revenue bonds if the parties to the agreement approve the issuance of the revenue bonds after a public hearing, and

WHEREAS. Pursuant to Order No. 05-6-1-22, the Board of Commissioners authorized the Commission to issue up to \$100,000,000 of revenue bonds to finance regional sewerage facilities pursuant to ORS 190.080(1)(a) and ORS 288.805 to 288.945 (now ORS Chapter 287A).

WHEREAS. Pursuant to Order No. 09-5-13-10 the Board of Commissioners authorized the Commission to issue up to \$40,000,000 of additional revenue bonds to finance regional sewerage facilities pursuant to ORS 190.080(1)(a) and ORS Chapter 287A.

WHEREAS, the Commission needs authority to issue additional revenue bonds to complete the regional sewerage facilities.

WHEREAS, Lane County and the Cities of Springfield and Eugene, Oregon, desire to authorize the Commission to issue up to a total of \$100,000,000 in additional revenue bonds under ORS Chapter 287A.

WHEREAS, A public hearing was held before the Lane County Board of Commissioners on November 24, 2009, regarding the issuance by the Metropolitan Wastewater Management Commission of up to \$60,000,000 in additional revenue bonds to finance regional sewerage facilities pursuant to ORS 190.080(1)(a) and ORS Chapter 287A, and comments have been duly considered.

NOW, THEREFORE, IT IS HEREBY ORDERED as follows:

The Board of Commissioners approves the issuance of up to \$60,000,000 by the Metropolitan Wastewater Commission which, when added to the authorization given by Order No. 09-5-13-10, will bring the total authorization up to \$100,000,000 in additional revenue bonds pursuant to ORS 190.080(1)(a) and ORS Chapter 287A to finance regional sewerage facilities.

DATED this 24th day of November, 2009.

Chair, Lane County Board of Commissioners

11-16-09


LANE EVE CAPITAL IM

PROJECT

ISSUE

IMMEDIATE

Ice Rink	Loss of sub-soil heating system causing ice slab to be pushed upward Being open year round contributes to heaving of ice slab of ice slab has a negative effect on the piping system containing the refrigerant Refrigerant leakage is a safety hazard to both staff and the public	Stability	Full e Conti
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Event Center Roof	Thirty year old roof failing causing leaks affecting structural integrity and creating potential mold issues	Failure	Comr Conti
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Golden Gardens property	Option to purchase property from City of Eugene ends March 1, 2010		Purch Purch optio
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1 - 5 YEARS

Food Security Project			
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Wheeler Pavilion	Building is not usable on hot days and can be uncomfortable during cold days Electrical infrastructure outdated and risk factor due improper wiring	A/C flush Night Elect
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Storm Water Management	Usage limited during rainy season		Inves
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Campus	Deferred maintenance		Finis
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5 + YEARS

Expo Hall	Anticipated with NEP and architectural studies		Repla
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Event Center	Building is in poor condition		Expa
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CENTER
VEMENTS

T G. b. l

OPTIONS

COST
ESTIMATE

extent of damage by turning off cooling and allow the ice slab to melt. Further steps can only be assessed after the slab has melted. operations and monitor	Unk
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sources to design new roof w/cost estimate to attempt minor repairs	\$500k
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for LEC uses for unspecified use	\$1m
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lation	Night	\$100k
ng insulation	A/C only	\$80k
cooling only		\$40k
upgrade		\$20k
		\$20k

architectural/engineering options	Unk
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ccessibility/MEP/modernization	\$13.5m
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	\$12m
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	\$20m
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