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Metropolitan Wastewater Management Commission



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May 2, 2013

Mr. Jon Ruiz, City Manager
City of Eugene
777 Pearl Street
Eugene, OR 97401

Subject: Metropolitan Wastewater Management Commission (MWMC)
2013-14 Regional Wastewater Program (RWP) Budget and
Capital Improvements Program (CIP)

Dear Mr. Ruiz:

On April 12, 2013 the MWMC held a public hearing on the fiscal year (FY) 2013-14 Regional Wastewater Program (RWP) Budget and Capital Improvements Program (CIP). At this meeting, the FY 2013-14 RWP Budget and CIP were approved. The RWP Budget funds operating and capital project requirements, and maintains targeted contributions to reserves.

Consistent with the Intergovernmental Agreement, 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 Eugene City Council for their consideration on May 13, 2013. If I can be of any additional assistance, please contact me at 726-3694.

Thank you for your consideration and assistance in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Ron Bittler".

Ron Bittler
MWMC General Manager

Preliminary
**REGIONAL WASTEWATER PROGRAM BUDGET
AND CAPITAL IMPROVEMENTS PROGRAM
FISCAL YEAR 2013-14**



Metropolitan Wastewater Management Commission



partners in wastewater management



Preliminary
REGIONAL WASTEWATER PROGRAM
BUDGET
and
CAPITAL IMPROVEMENTS PROGRAM
Fiscal Year 2013-14

The Metropolitan Wastewater Management Commission adopted its Operating Budget and Capital Improvements Program (CIP) for FY 13-14 April 12, 2013. The Budget and CIP are currently scheduled for consideration and ratification by the Springfield City Council on May 6, 2013, the Eugene City Council on May 13, 2013, and the Lane County Board of Commissioners on May 21, 2013. The Commission is scheduled for final consideration and ratification of the budget and CIP on June 14, 2013.

COMMISSION MEMBERS:

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Faye Stewart, Vice President (Lane County)
George Brown (Eugene)
Bill Inge (Lane County)
Doug Keeler (Springfield)
Hilary Loud (Eugene)
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STAFF:

Leonard J. Goodwin, MWMC Executive Officer/Springfield Development and Public Works Director
Ron Bittler, MWMC General Manager/Springfield Environmental Services Manager
Michelle Cahill, Eugene Wastewater Division Director
Robert Duey, MWMC Finance Officer/Springfield Finance Director

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION

***Preliminary* FY 13-14 BUDGET AND CAPITAL IMPROVEMENTS PROGRAM
for the**

REGIONAL WASTEWATER PROGRAM

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**REGIONAL WASTEWATER
PROGRAM BUDGET**

BUDGET MESSAGE

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) 2013-14. 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 13-14 capital budget and FY 13-14 – FY 17-18 capital improvements work plan, which are included in this budget document, are derived from the 2004 MWMC Facilities Plan. The budgeted amount for FY 13-14 Facilities Plan capital improvement projects is \$13,456,982; \$7,486,982 is carryover from unfinished projects budgeted in FY 12-13, and \$5,970,000, is new or rephased funding programmed in FY 13-14. The FY 13-14 capital budget also includes Equipment Replacement, and Major Rehabilitation capital projects, budgeted at \$542,181 and \$497,351 respectively. The capital budget for FY 13-14 is \$14,496,514. Approximately \$6.5 million of the total capital budget will not be spent in FY 13-14, but is included to enable MWMC to commit to contracts that will occur in FY 13-14. Unspent funds will be carried forward to the FY 14-15 budget as appropriate. In order to fund the actual cash flow requirements of the FY 13-14 CIP, the Commission will use State Revolving Fund (SRF) loans as well as strategic draw downs of capital reserves.

The FY 13-14 RWP Operating Budget for Personnel Services, Materials and Services and Capital Outlay expense is \$16,352,793. Consistent with the Commission's Financial Plan and policies, the FY 13-14 budget maintains and uses several reserves, which are fully described in this budget document. Finally, the FY 13-14 budget includes Debt Service payments totaling \$9,069,969 as scheduled for repayment of \$47.3 million of revenue bonds issued in November 2006, with an additional bond issuance of \$50.7 million in November 2008, and \$17.8 million in SRF loans 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 13-14 user fee revenues (including septage service and SDC Compliance Charge) are projected at \$28,272,000. This level of revenue is projected based on a 3% 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. Projected SDC revenues are estimated at \$652,000.

In summary, the projected FY 13-14 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 the MWMC and the two Cities. Finally, this budget implements the Commission's adopted Financial Plan policies regarding reserves, asset management, and capital financing.

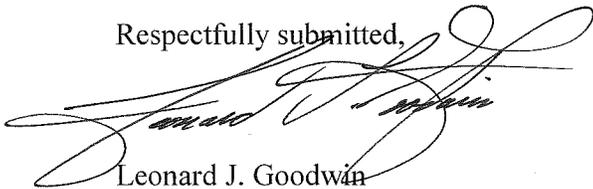
REGIONAL WASTEWATER PROGRAM RESOURCE AND EXPENDITURE SUMMARY			
	ADOPTED BUDGET 2012-13	AMENDED BUDGET 2012-13	PROPOSED BUDGET 2013-14
RESOURCES			
Beginning Cash	\$88,038,238	\$90,053,063	\$93,172,564
User Fees	27,892,600	27,892,600	28,272,000
Internal Transfers	18,669,888	18,669,888	14,228,946
Miscellaneous	1,693,700	1,693,700	1,713,400
System Development Charge	651,500	651,500	652,000
Revenue Bond/SRF Proceeds	1,243,824	1,243,824	317,500 *
Interest	213,000	213,000	245,000
	\$138,402,750	\$140,417,575	\$138,601,410
EXPENDITURES			
Reserves	\$70,681,429	\$70,685,100	\$84,453,188
CIP	23,574,103	25,577,726	14,496,514 **
Internal Transfers	18,669,888	18,669,888	14,228,946 ***
Operations	12,509,757	12,509,757	12,716,031
Debt Service	8,846,615	8,846,615	9,069,969
Administration	3,670,958	3,678,489	3,636,762
Sponsorship	450,000	450,000	0
	\$138,402,750	\$140,417,575	\$138,601,410

* Because all capital projects for which contracts will be awarded in FY 13-14 must be fully budgeted in FY 13-14, the revenue requirements, and in this case, any necessary borrowing, must also be shown in the budget year.

** 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 13-14 is \$14,496,514, which includes Equipment Replacement, Major Rehab and Major Capital Outlay totaling \$1,039,532, the capital project spending for FY 13-14 is only expected to total about \$8,000,000.

*** Includes equipment replacement contributions totaling \$500,000, a Capital Reserve contribution of \$6,000,000, a \$17,520 transfer from Reimbursement SDC Compliance Charge to Operating, and transfers of \$6,311,426 from operating and \$1,400,000 from Improvement SDC to finance debt service.

Respectfully submitted,



Leonard J. Goodwin
MWMC Executive Officer

REGIONAL WASTEWATER PROGRAM BUDGET

OVERVIEW

REGIONAL WASTEWATER PROGRAM OVERVIEW

The Metropolitan Wastewater Management Commission

The Metropolitan Wastewater Management Commission (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 Regional Wastewater Program (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 36 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 will achieve, sustain, and promote balance between community, environmental, and economic needs while meeting 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 13-14 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 of 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 13-14 RWP Operating Budget, Capital Improvements Program and associated work plans.

Outcome 1: Achieve and maintain high environmental standards.

Indicators:	Performance:		
	FY 11-12 Actual	FY 12-13 Estimated Actual	FY 13-14 Target
• Amount of wastewater treated to water quality standards	100 %; 13.6 billion gallons	100 %; 13.8 billion gallons	100 %; 14.0 billion gallons
• Compliance with environmental performance requirements of all permits	100% compliance	100% compliance	100% compliance
• MWMC target for high quality biosolids	<50% EPA 40CFR Part 503.13 -Table 3 Pollutant Concentrations: Policy Met	<50% EPA 40CFR Part 503.13 -Table 3 Pollutant Concentrations: Policy Met	<50% EPA 40CFR Part 503.13 -Table 3 Pollutant Concentrations: Policy Met
• Volume of reclaimed water beneficially reused (million gallons)	73 million gallons	70 million gallons	70 million gallons
• Performance targets under the Environmental Management System (EMS) are achieved	There were 7 targets, 5 were met; data was not available for 2 targets (See Note)	100% of numeric EMS targets met or on schedule	100% of numeric EMS targets met or on schedule

Note: In FY 11-12 specific data was not available from the service provider on two EMS targets: (1) reduce solid waste by 10% and (2) increase recycling by 10%

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

Indicators:	Performance:		
	FY 11-12 Actual	FY 12-13 Estimated Actual	FY 13-14 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	AA	AA	A
• Reserves Funded at Target Levels	yes	yes	yes
• Net Revenue to Debt Service coverage ratio	1.84	>1.25	>1.25

Outcome 3: Achieve and maintain a successful intergovernmental partnership.

Indicators:	Performance:		
	FY 11-12 Actual	FY 12-13 Estimated Actual	FY 13-14 Target
<ul style="list-style-type: none"> Industrial Pretreatment Program Implementation in compliance with state/federal requirements; any required corrections completed 	100%	100%	100%
<ul style="list-style-type: none"> Capacity Management Operations and Maintenance (CMOM) Program Development 	Transitioned from wet weather planning program to CMOM program	Develop draft CMOM Program Plan	Implement Regional CMOM Program Plan
<ul style="list-style-type: none"> MWMC Facilities Plan projects consistent with CIP budget and schedule 	100% of initiated projects within budget and 60% (6 of 10 projects) on schedule	100% of initiated projects within budget and 62.5% (5 of 8 projects) on schedule	100% of initiated projects within budget and 50% on schedule

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

Indicators:	Performance:		
	FY 11-12 Actual	FY 12-13 Estimated Actual	FY 13-14 Target
<ul style="list-style-type: none"> Preventive maintenance completed on time (best practices benchmark is 90%) 	96%	95%	90%
<ul style="list-style-type: none"> Preventative maintenance to corrective maintenance ratio (benchmark 4:1-6:1) 	4.2:1	5:1	5:1
<ul style="list-style-type: none"> Emergency maintenance required (best practices benchmark is <2% of labor hours) 	0.8%	1%	<2% of labor hours

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

Indicators:	Performance:		
	FY 11-12 Actual	FY 12-13 Estimated Actual	FY 13-14 Target
• MWMC Annual Report	Produced	Produced	Produce
• Create and distribute e-newsletters	2 Newsletters	4 Newsletters	4 Newsletters
• Increase MWMC website traffic	---	Increased visitor traffic by 35%	Increase visitor traffic by 20%
• Organize pollution prevention campaigns	---	4 Campaigns	4 Campaigns
• Provide tours of the Water Pollution Control Facility	---	> 20 Tours	> 20 Tours
• Complete virtual tour video of Water Pollution Control Facility	---	In Progress	Complete
• Deliver presentations on new MWMC topics to community groups		3 Presentations	6 Presentations
• Interpretive Signs at Wastewater Pollution Control Facility	---	Completed	---
• Develop new MWMC Communication Plan	Completed	---	---
• Complete initial recycled water marketing efforts	Completed	---	---

Roles and Responsibilities

In order to effectively oversee and manage the RWP, the partner agencies provide all staffing and services to the 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 the 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 Intergovernmental Agreement (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 the MWMC through the regional funding of 77.40 full-time equivalent (FTE) employees.

City of Springfield

The City of Springfield supports the RWP through representation on the 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 Development and 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 the MWMC through the regional funding of 15.01 FTE of Development and Public Works Department staff and 0.88 FTE of Finance Department staff, for a total 15.89 FTE as reflected in the FY 13-14 Budget.

Lane County

The Board of County Commissioners support the RWP through representation on the MWMC, including two MWMC members that represent Lane County – one citizen and one County Commissioner. Lane County's partnership initially included providing support to manage the proceeds and repayment of the RWP general obligation bonds to finance the local share of the RWP facilities construction. These bonds were paid in full in 2002. The County, while not presently providing sewerage, has the authority under its charter to do so. The Urban Growth Boundary includes the two Cities (urban lands) and certain unincorporated areas surrounding the

Cities which lies entirely within the County. Federal funding policy requires sewage treatment and disposal within the Urban Growth Boundary to be provided on a unified, metropolitan basis.

Interagency Coordination

The effectiveness of the 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.

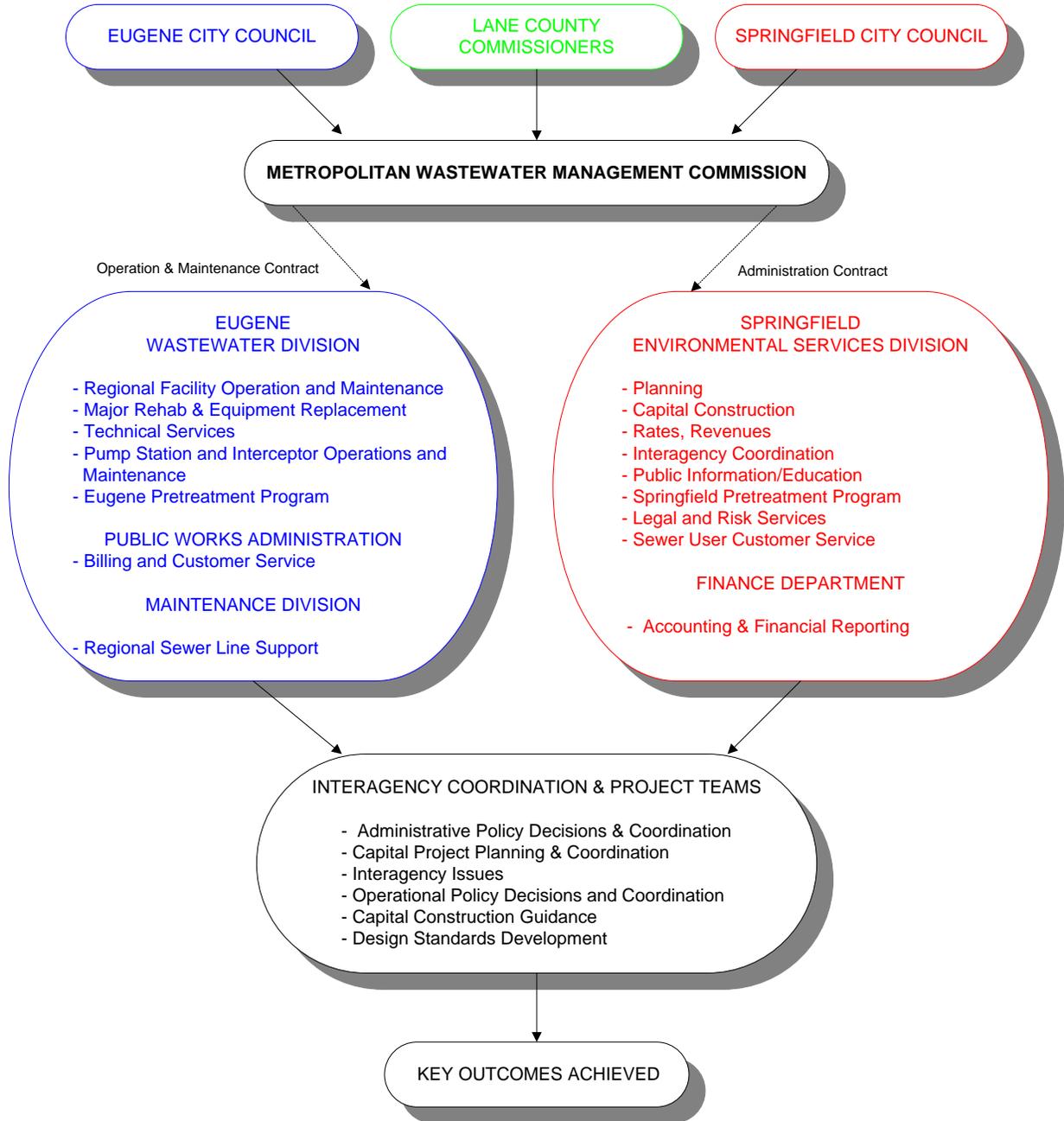
Exhibit 1 on the following page reflects the interagency coordination structure supporting the RWP. Special project teams are typically formed to manage large projects such as design and construction of new facilities. These interagency staff teams are formulated to provide appropriate expertise, operational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

BUDGET AND PROGRAM
SUMMARY

**REGIONAL WASTEWATER PROGRAM
FY 13-14 BUDGET**

The 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 12-13" column in all budget tables represents the updated FY 12-13 RWP budget as of February 13, 2013, which reconciled actual beginning balances at July 1, 2012, and approved budget transfers and supplemental requests.

EXHIBIT 2

**REGIONAL OPERATING BUDGET SUMMARY:
INCLUDING RESERVE CONTRIBUTIONS**

	ADOPTED BUDGET FY 12-13	AMENDED BUDGET FY 12-13	PROPOSED BUDGET FY 13-14	CHANGE (1) INCR/(DECR)	
Full-Time Equivalent Staffing Level	93.08	93.08	93.29	0.21	0.2%
Personnel Services (2)	\$9,368,992	\$9,368,283	\$9,548,513	\$179,521	1.9%
Materials & Services (2)	6,763,895	6,772,135	6,751,952	(11,943)	-0.2%
Capital Outlay (2, 3)	47,828	47,828	52,328	4,500	9%
Equip Replacement Contr (4)	843,339	843,339	500,000	(343,339)	-40.7%
Capital Reserve Contr (5)	6,000,000	6,000,000	6,000,000	0	0%
Working Capital Reserve (6)	900,000	900,000	900,000	0	0%
Rate Stability Reserve Contr (7)	2,000,000	2,000,000	2,000,000	0	0%
Operating Reserve (8)	1,643,161	2,245,518	2,131,836	488,675	30%
Debt Service Contr (9)	7,646,615	7,646,615	7,669,969	23,354	0%
Rate Stabilization Reserve Contr (10)	0	0	0	0	NA
SRF Loan Reserve (11)	641,891	641,891	643,078	1,187	NA
Revenue Bond Reserve Contr (12)	0	0	4,100,000	4,100,000	NA
Budget Summary	\$35,855,721	\$36,465,609	\$40,297,676	\$4,441,955	12.4%

Notes:

1. The Change column and Percent Change column compare the proposed FY 13-14 Budget with the originally Adopted FY 12-13 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 set aside revenues available at year-end after the budgeted Operating Reserve target is met. Internal policy has established a level of \$2 million for the Rate Stability Reserve. 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 an Operating Reserve balance of a minimum 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 Clean Water State Revolving Fund (SRF) loans made from the Operating Budget (derived from user rates). The total amount of Debt Service budgeted in FY 13-14 is \$7,669,969, the balance of which is budgeted from SDCs.
10. The Rate Stabilization Reserve was established at \$2 million 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 Clean Water SRF loan reserve is budgeted as required per loan agreements.
12. The Revenue Bond Reserves budgeted at \$8.1 million, includes \$4 million established to cover the 2006 bond, and \$4.1 million established to cover the 2008 bond.

EXHIBIT 3

REGIONAL WASTEWATER PROGRAM OPERATING BUDGET
LINE ITEM SUMMARY BY PROGRAM AREA

	ACTUAL FY 11-12	ADOPTED BUDGET FY 12-13	AMENDED BUDGET FY 12-13	PROPOSED BUDGET FY 13-14	CHANGE INCR/(DECR)	
SPRINGFIELD						
MWMC ADMINISTRATION						
Personnel Services	\$1,143,810	\$1,273,298	\$1,275,685	\$1,278,956	\$5,658	0.4%
Materials & Services	1,261,476	1,898,216	1,906,456	1,812,885	(85,331)	-4.5%
Capital Outlay	0	0	0	0	0	--
TOTAL	\$2,405,286	\$3,171,514	\$3,182,141	\$3,091,841	(\$79,673)	-2.5%
INDUSTRIAL PRETREATMENT						
Personnel Services	\$290,775	\$278,684	\$275,588	\$314,595	\$35,911	12.9%
Materials & Services	81,630	106,706	106,706	113,124	6,418	6.0%
Capital Outlay	0	0	0	0	0	--
TOTAL	\$372,405	\$385,390	\$382,294	\$427,719	\$42,329	11.0%
ACCOUNTING						
Personnel Services	\$79,313	\$84,116	\$84,116	\$90,068	\$5,952	7.1%
Materials & Services	7,677	29,938	29,938	27,134	(2,804)	-9.4%
Capital Outlay	0	0	0	0	0	--
TOTAL	\$86,990	\$114,054	\$114,054	\$117,202	\$3,148	2.8%
TOTAL SPRINGFIELD						
Personnel Services	\$1,513,898	\$1,636,098	\$1,635,389	\$1,683,619	\$47,521	2.9%
Materials & Services	1,350,783	2,034,860	2,043,100	1,953,143	(81,717)	-4.0%
Capital Outlay	0	0	0	0	0	--
TOTAL	\$2,864,681	\$3,670,958	\$3,678,489	\$3,636,762	(\$34,196)	-0.9%
EUGENE						
ADMINISTRATIVE SERVICES						
Personnel Services	\$1,301,558	\$1,628,538	\$1,628,538	\$1,716,706	88,168	5.4%
Materials & Services	\$508,561	639,436	\$639,436	713,441	74,005	11.6%
Capital Outlay	0	0	0	0	0	--
TOTAL	\$1,810,119	\$2,267,974	\$2,267,974	\$2,430,147	\$162,173	7.2%
BIOSOLIDS MANAGEMENT						
Personnel Services	\$1,081,182	\$1,199,626	\$1,199,626	\$1,223,763	\$24,137	2.0%
Materials & Services	794,826	1,025,841	1,025,841	1,038,476	12,635	1.2%
Capital Outlay	0	0	0	0	0	--
TOTAL	\$1,876,008	\$2,225,467	\$2,225,467	\$2,262,239	\$36,772	1.7%
INDUSTRIAL SOURCE CONTROL						
Personnel Services	\$500,059	\$528,352	\$528,352	\$525,342	(\$3,010)	-0.6%
Materials & Services	97,181	116,625	116,625	143,154	26,529	22.7%
Capital Outlay	0	0	0	0	0	--
TOTAL	\$597,239	\$644,977	\$644,977	\$668,496	\$23,519	3.6%
TREATMENT PLANT						
Personnel Services	\$3,834,658	\$4,055,280	\$4,055,280	\$4,053,381	(\$1,899)	0.0%
Materials & Services	2,092,049	2,623,007	2,623,007	2,481,070	(141,937)	-5.4%
Capital Outlay	2,603	47,828	47,828	52,328	4,500	9.4%
TOTAL	\$6,175,710	\$6,726,115	\$6,726,115	\$6,586,779	(\$139,336)	-2.1%
REGIONAL PUMP STATIONS						
Personnel Services	\$71,988	\$154,828	\$154,828	\$176,983	\$22,155	14.3%
Materials & Services	283,962	264,441	264,441	354,783	90,342	34.2%
Capital Outlay	0	0	0	0	0	--
TOTAL	\$355,241	\$419,269	\$419,269	\$531,766	\$112,497	26.8%
BENEFICIAL REUSE SITE						
Personnel Services	\$130,713	\$166,270	\$166,270	\$168,719	\$2,449	1.5%
Materials & Services	54,760	59,685	59,685	67,885	8,200	13.7%
Capital Outlay	0	0	0	0	0	--
TOTAL	\$185,473	\$225,955	\$225,955	\$236,604	\$10,649	4.7%
TOTAL EUGENE						
Personnel Services	\$6,920,157	\$7,732,894	\$7,732,894	\$7,864,894	\$132,000	1.7%
Materials & Services	3,831,338	4,729,035	4,729,035	4,798,809	69,774	1.5%
Capital Outlay	2,603	47,828	47,828	52,328	4,500	9.4%
TOTAL	\$10,754,098	\$12,509,757	\$12,509,757	\$12,716,031	\$206,274	1.6%
TOTAL REGIONAL BUDGET						
		\$16,180,715		\$16,352,793	\$172,078	1.1%

EXHIBIT 4
REGIONAL WASTEWATER PROGRAM
BUDGET SUMMARY AND COMPARISON

	ADOPTED BUDGET FY 12-13	AMENDED BUDGET FY 12-13	PROPOSED BUDGET FY 13-14	CHANGE * INC(DEC)
<u>OPERATING BUDGET</u>				
Administration	\$3,663,458	\$3,670,989	\$3,631,762	(\$31,696)
Operations	12,509,757	12,509,757	12,716,031	206,274
Capital Contribution	6,000,000	6,000,000	6,000,000	0
Equip Repl - Contribution	843,339	843,339	500,000	(343,339)
Operating & Revenue Bond Reserves	11,285,052	11,987,409	11,874,914	589,862
Debt Service	7,646,615	7,646,615	7,669,969	23,354
Total Operating Budget	\$41,948,221	\$42,658,109	\$42,392,676	\$444,455
<u>Funding:</u>				
Beginning Balance	\$8,227,397	\$8,937,285	\$12,369,756	\$4,142,358
User Fees	27,890,600	27,890,600	28,270,000	379,400
Other	5,830,224	5,830,224	1,752,920	(4,077,304)
Total Operating Budget Funding	\$41,948,221	\$42,658,109	\$42,392,676	\$444,454
<u>CAPITAL PROGRAM BUDGET</u>				
MWMC 2010 Facility Plan Update	\$80,571	\$101,556	\$0	NA
Wet Weather Planning / CMOM	251,610	337,755	184,740	(66,870)
Facility Plan Engineering Services	70,000	121,301	70,000	0
Odorous Air Treatment 1	0	20,644	0	NA
Odorous Air Treatment 2	230,000	461,755	0	NA
Influent PS/Willakenzie PS/Headworks	222,000	316,256	306,256	84,256
Primary Sludge Thickening	1,084,729	1,540,320	30,320	(1,054,409)
Parallel Primary/Secondary Treatment	1,213,687	1,499,510	0	NA
Sodium Hypochlorite Conversion	3,206,955	3,421,666	2,960,666	(246,289)
Tertiary Filtration 1	2,427,300	2,429,344	500,000	(1,927,300)
Effluent Reuse 1	2,612,908	2,547,913	0	NA
Effluent Reuse 2	5,146,367	5,146,367	0	NA
Thermal Load Pre-Implementation	0	0	700,000	NA
Thermal Load Implementation 1	0	0	700,000	NA
Digestion Capacity Increase	441,669	430,672	0	NA
Biosolids Force Main Rehab	1,350,000	1,499,636	1,373,000	23,000
Line Biosolids Lagoons 4	3,250,000	3,292,129	2,132,000	(1,118,000)
Tertiary Filtration Phase 2	0	0	3,000,000	NA
WPCF Lagoon Remove/Decommission	0	0	1,500,000	NA
Millrace Sponsorship	200,000	200,000	0	NA
Cedar Creek Sponsorship	250,000	250,000	0	NA
<u>Eugene:</u>				
Equipment Replacement Purchases	229,767	295,002	542,181	312,414
Major Rehab	396,540	481,540	497,351	100,811
Major Capital Outlay	1,360,000	1,634,360	0	NA
Total Capital Projects	\$24,024,103	\$26,027,726	\$14,496,514	(\$9,527,589)
<u>Funding:</u>				
Equipment Replacement	229,767	295,002	542,181	312,414
Capital Bond Fund	14,904,846	16,328,955	10,469,756	(4,435,090)
Capital Reserve	8,889,490	9,403,769	3,484,577	(5,404,913)
Total Capital Projects Funding	\$24,024,103	\$26,027,726	\$14,496,514	(\$9,527,589)

Note: * The Change (Increase/Decrease) column compares the proposed FY 13-14 budget to the originally adopted FY 12-13 budget column.

OPERATING BUDGET AND RATE HISTORY

The graphs on pages 15 and 16 show the Regional Residential Sanitary Sewer costs over a 5-year period, and a 5-year Regional Operating Budget Comparison. Because the Equipment Replacement and Major Infrastructure Rehabilitation programs are managed in the Eugene Operating Budget, based on the size, type and budget amount of the project these programs are incorporated into either the 5-year Regional Operating Budget Comparison graph or the 5-Year Capital Programs graph on page 16. The Regional Wastewater Capital Improvement Programs graph on page 16 shows the expenditures over the recent five years in the MWMC's Capital Program and including Asset Management projects. A list of capital projects is located in Exhibit 13 on page 45.

As shown on the Regional Residential Sanitary Sewer Rate graph on page 15, regional sewer user charges have incrementally increased to meet the revenue requirements necessary to fund facility improvements as identified in the 2004 MWMC Facilities Plan. 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 20-year period will come from user charges. Since 2004, this has become the major driver of the MWMC's need to increase sewer user rates on an annual basis.

In FY 08-09, there was an 11% user rate increase over FY 07-08 rates applied uniformly across all user classes. This rate increase provided adequate revenue to meet current bond covenants and meet requirements to issue \$50.7 million in bonds in FY 08-09. Additionally, in October of 2008, the Commission adopted an interim user rate increase of 7% due to the closure of Hynix Semiconductor. This increase was necessary to issue new revenue bonds and maintain bond covenants for existing bonds. The typical residential monthly wastewater bill (based on 5,000 gallons of usage) increased an additional \$1.10 per month and went into effect on December 1, 2008.

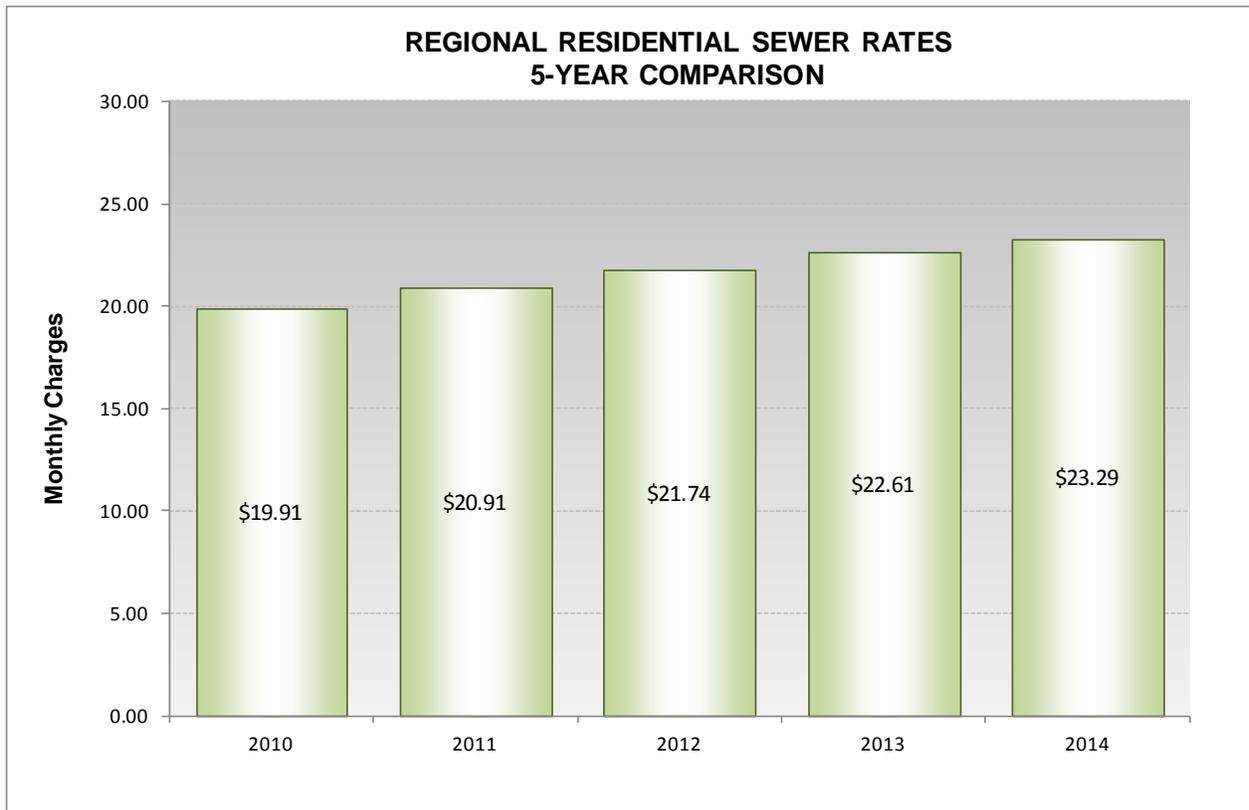
In FY 09-10, there was an 18% user rate increase over FY 08-09 rates applied uniformly across all user classes. This rate provided for Operations, Administration, Capital programs, reserves and debt service to be funded at sufficient levels to meet FY 09-10 requirements. It met the capital and operating requirements, the Commission's Financial Plan policies, and covenants associated with the MWMC's 2006 and 2008 revenue bonds.

In FY 10-11, there was a 5% user rate increase over the FY 09-10 rates providing for Operations, Administration, Capital programs, reserves and debt service to be funded at sufficient levels to meet FY 10-11 requirements.

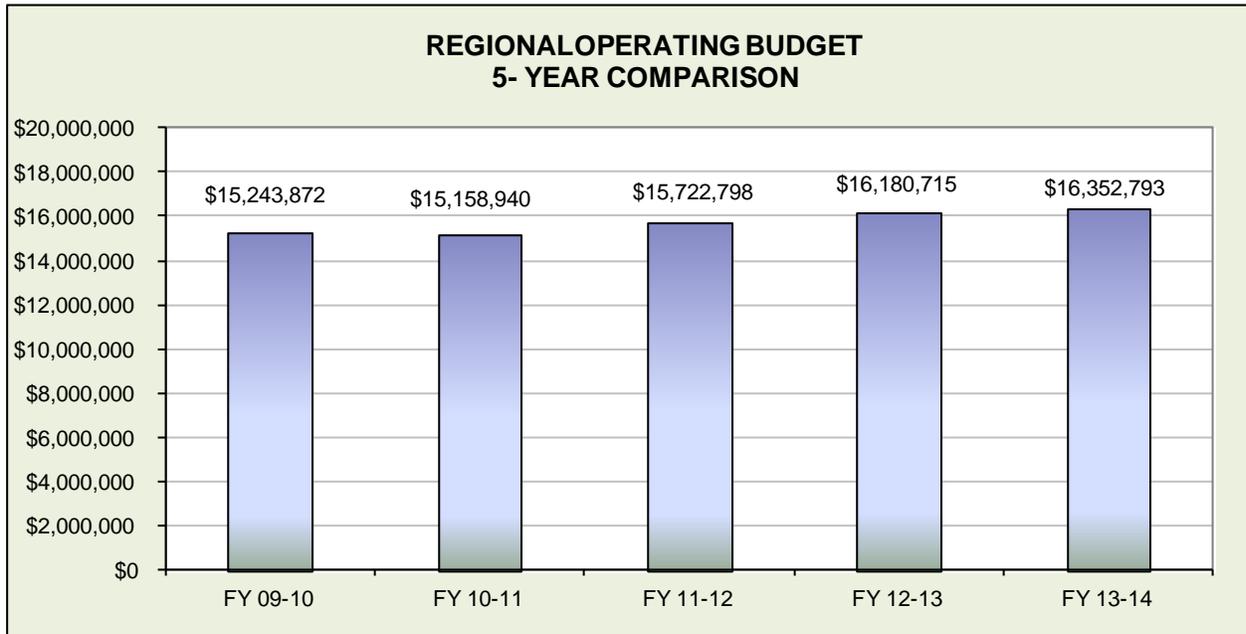
In FY 11-12 and FY 12-13 there was a 4% user rate increase each year, over the prior year rates providing for Operations, Administration, Capital programs, reserves, debt service, and debt coverage requirements to be funded at sufficient levels to meet annual requirements.

The FY 13-14 budget is based on a 3% user rate increase over the FY 12-13 rates. This increase will continue to provide for Operations, Administration, Capital programs, reserves and debt service, continuing to meet capital and operating requirements, and supporting the Commission's Financial Plan policies and covenants associated with the MWMC's 2006 and 2008 revenue bonds, as well as financially positioning for a future \$20 million bond sale.

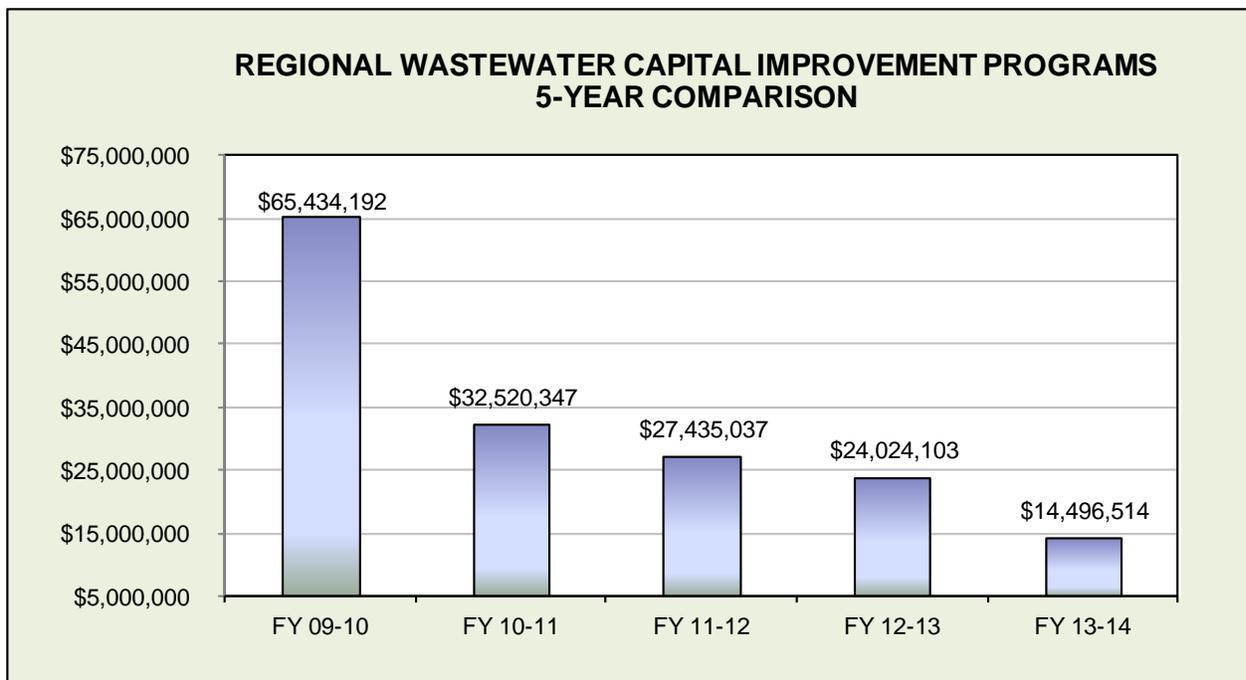
The chart below displays the regional component of a residential monthly bill when applying the base and flow rates to 5,000 gallons of wastewater treated.



The graph below displays the Regional Operating Budget amounts for the recent 5-year period.



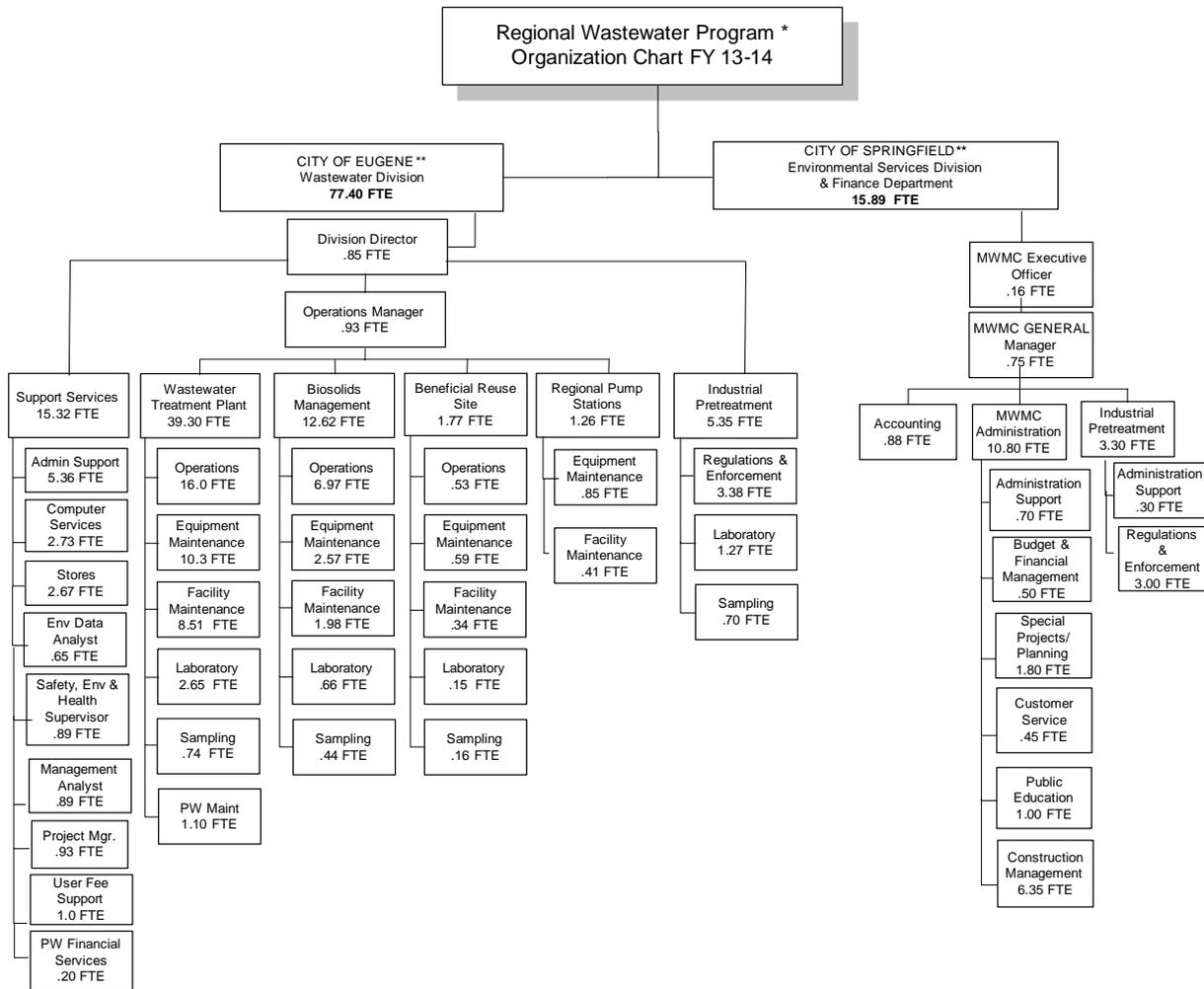
The graph below displays the Regional Wastewater Capital Improvement Program Budget amounts for the recent 5-year period.



REGIONAL WASTEWATER PROGRAM BUDGET

STAFFING

EXHIBIT 5



Notes:

- * Full-Time Equivalent (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 11-12	BUDGET FY 12-13	BUDGET FY 13-14	FTE CHANGE
SPRINGFIELD ENVIRONMENTAL SERVICES & FINANCE				
Development and Public Works Director	0.05	0.05	0.08	0.03
Development and Public Works Deputy Director	0.00	0.00	0.08	0.08
ESD Manager/MWMC General Manager	0.75	0.75	0.75	-
ESD/MWMC Assistant Manager	0.70	0.70	0.00	(0.70)
Environmental Services Program Manager	0.95	0.55	0.55	-
Environmental Services Supervisor	0.50	0.00	0.00	-
Managing Civil Engineer	2.00	2.00	2.00	-
Civil Engineer/Design & Construction Coordinator	3.00	3.00	3.00	-
Construction Inspector II	1.00	1.00	1.00	-
Environmental Management Analyst	0.90	0.90	0.90	-
Senior Finance Analyst	0.00	0.50	0.50	-
Public Information & Education Specialist	0.65	0.65	0.50	(0.15)
Public Information & Education Specialist	0.00	0.00	0.50	0.50
Engineering Assistant	2.05	1.60	1.60	-
Secretary	0.80	0.80	0.80	-
Clerk III	0.25	0.25	0.25	-
Accountant	0.80	0.80	0.80	-
Accounting Supervisor	0.08	0.08	0.08	-
Accounting Director	0.00	0.00	0.00	-
Environmental Services Program Coordinator	1.00	1.00	1.00	-
Environmental Services Technician II	1.20	1.20	1.00	(0.20)
Environmental Services Technician I	0.00	0.00	0.50	0.50
TOTAL SPRINGFIELD	16.68	15.83	15.89	0.06

Note: Springfield's Industrial Pretreatment Program staffing of 3.30 full-time equivalents (FTE) is incorporated into the position summary because the Industrial Pretreatment Programs are funded through the Regional Wastewater Program (RWP).

EXHIBIT 6 (Continued)**REGIONAL WASTEWATER PROGRAM
POSITION SUMMARY**

CLASSIFICATION	BUDGET FY 11-12	BUDGET FY 12-13	BUDGET FY 13-14	FTE CHANGE
EUGENE WASTEWATER DIVISION & OTHER PW				
Administrative Specialist	1.78	1.78	1.78	-
Administrative Specialist, Sr	0.95	0.95	0.95	-
Application Support Technician	0.95	0.95	0.95	-
Application Systems Analyst	1.78	1.78	1.78	-
Custodian	1.00	1.00	1.00	-
Finance & Admin Manager	0.89	0.89	0.89	-
Electrician 1	1.00	0.70	1.28	0.58
Engineering Associate	0.35	0.35	0.35	-
Maintenance Worker	10.39	11.34	12.29	0.95
Management Analyst	3.36	3.36	4.25	0.89
Office Supervisor, Sr	0.89	0.89	0.89	-
Parts and Supply Specialist	1.78	1.78	1.78	-
PW Financial Services Manager	0.20	0.20	0.20	-
Utility Billing Coordinator	1.00	1.00	1.00	-
Wastewater Lab Assistant	0.82	0.82	0.82	-
Wastewater Division Director	0.85	0.85	0.85	-
Wastewater Instrument Electrician	3.88	3.58	3.00	(0.58)
Wastewater Plant Operations Manager	0.93	0.93	0.93	-
Wastewater Operations Supervisor	2.89	2.89	2.00	(0.89)
Wastewater Plant Maintenance Supervisor	2.88	2.88	2.88	-
Wastewater Pretreatment & Lab Supervisor	0.82	0.82	0.82	-
Wastewater Technician	36.91	37.51	36.71	(0.80)
TOTAL EUGENE	76.30	77.25	77.40	0.15
GRAND TOTAL	92.98	93.08	93.29	0.21

**REGIONAL WASTEWATER
PROGRAM BUDGET**

RESERVES

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 2005 MWMC Financial Plan. Further details on the FY 13-14 reserves are provided below.

OPERATING RESERVES

The MWMC Operating Budget includes seven separate reserves: the Working Capital Reserve, Rate Stability Reserve, Rate Stabilization Reserve, Revenue Bond Reserve, State Revolving Fund (SRF) Reserve, Insurance 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 13-14, \$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 has been set at \$2,000,000, with any additional net revenues being transferred to the capital reserve for future 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 13-14 no additional contribution to this reserve is budgeted and the balance at June 30, 2014, will remain at \$2,000,000.

REVENUE 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. To meet reserve requirements of the

2006 bond issuance the Bond Reserve is budgeted at \$4,100,000 for FY13-14, and is held in the operating fund, as it was funded with user fees. The Bond Reserve from the 2008 issuance is held in the capital funds.

CLEAN WATER STATE REVOLVING FUND (SRF) RESERVE

The Clean Water SRF Reserve was established to meet revenue coverage requirements for SRF loans. The SRF Reserve is set at \$643,078 for FY 13-14.

INSURANCE RESERVE

The Insurance Reserve was established to set-aside funds equivalent to the insurance deductible amount for property and liability insurance coverage, for general losses per occurrence. The Insurance Reserve is set at \$100,000 for FY 13-14.

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 13-14, the Operating Reserve is budgeted at \$2,131,836, which includes the 10% of total Personal Services, Materials and Services, and Capital Outlay in accordance with Commission policy.

EXHIBIT 7

	ADOPTED BUDGET FY 12-13	AMENDED BUDGET FY 12-13	PROPOSED BUDGET FY 13-14
OPERATING RESERVES			
Beginning Balance	8,227,397	8,937,285	12,369,756
User Fee Revenue	27,705,600	27,705,600	28,100,000
Septage Revenue	185,000	185,000	170,000
Other Revenue	1,693,700	1,693,700	1,713,400
Interest	20,000	20,000	22,000
Transfer from Bond Capital Fund	4,100,000	4,100,000	0
Transfer from Reimbursement SDCs	16,524	16,524	17,520
Personal Services	(9,368,992)	(9,368,283)	(9,548,513)
Materials & Services	(6,756,395)	(6,764,635)	(6,746,952)
Capital Outlay	(47,828)	(47,828)	(52,328)
Interfund Transfers	(6,843,339)	(6,843,339)	(6,500,000)
Transfer to Bond Debt Service Fund	(6,510,025)	(6,510,025)	(6,311,426)
Debt Service - SRF Loan	(1,136,590)	(1,136,590)	(1,358,543)
WORKING CAPITAL	(900,000)	(900,000)	(900,000)
INSURANCE RESERVE	0	(100,000)	(100,000)
SRF LOAN RESERVE	(641,891)	(641,891)	(643,078)
RATE STABILITY RESERVE	(2,000,000)	(2,000,000)	(2,000,000)
RATE STABILIZATION RESERVE	(2,000,000)	(2,000,000)	(2,000,000)
BOND RESERVE - REVENUE 06	(4,100,000)	(4,100,000)	(4,100,000)
Operating Reserve	\$1,643,161	\$2,245,518	\$2,131,836

CAPITAL RESERVES

The MWMC Capital Budget includes five reserves: the Equipment Replacement Reserve, SDC Reimbursement Reserves, SDC Improvement Reserves, 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 13-14 budget total \$500,000, additional budget details are 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.

	ADOPTED BUDGET FY 12-13	AMENDED BUDGET FY 12-13	PROPOSED BUDGET FY 13-14
EQUIPMENT REPLACEMENT RESERVE			
Beginning Balance	10,355,297	10,493,333	11,110,287
Annual Equipment Contribution	549,961	549,961	500,000
Annual Vehicle Contribution	264,705	264,705	0
Annual Computer Contribution	28,673	28,673	0
Interest	35,000	35,000	40,000
Equipment Purchases	(229,767)	(295,002)	(542,181)
Equipment Replacement Reserve	\$11,003,869	\$11,076,670	\$11,108,106

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 13-14 are approximately \$652,000. Budgeted expenditures include \$1,400,000

from Improvement Fees to fund portions of the annual debt service payments on the 2006 and 2008 revenue bonds. The projected beginning SDC Reserve balance on July 1, 2013 is \$1,806,420.

	ADOPTED BUDGET FY 12-13	AMENDED BUDGET FY 12-13	PROPOSED BUDGET FY 13-14
REIMBURSEMENT SDC RESERVE			
Beginning Balance	102,520	159,992	197,068
Reimbursement SDCs Collected	50,600	50,600	51,000
Interest	3,000	3,000	3,000
SDC Compliance Charge	2,000	2,000	2,000
Xfr to Debt Service (Fund 312)	0	0	0
Xfr to Debt Service (Fund 612)	(16,524)	(16,524)	(17,520)
Materials & Services	(4,000)	(4,000)	(2,000)
Reimbursement SDC Reserve	\$137,596	\$195,068	\$233,548

	ADOPTED BUDGET FY 12-13	AMENDED BUDGET FY 12-13	PROPOSED BUDGET FY 13-14
IMPROVEMENT SDC RESERVE			
Beginning Balance	1,596,074	2,206,652	1,609,352
Improvement SDCs Collected	600,900	600,900	601,000
Interest	5,000	5,000	5,000
Materials & Services	(3,500)	(3,500)	(3,000)
Xfr to Debt Service (Fund 312)	(1,200,000)	(1,200,000)	(1,400,000)
Improvement SDC Reserve	\$998,474	\$1,609,052	\$812,352

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 13-14 Budget includes a contribution from the Operating Reserve of \$6,000,000. The beginning balance on July 1, 2013, is projected to be \$67,886,101. Additional budget detail on the CIP, Major Capital Outlay and Major Rehabilitation Program reserves is provided below.

REVENUE 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 13-14 the Bond Reserve is budgeted at \$4,000,000 in order to meet reserve requirements of the 2008 bond issuance. The Bond Reserve from the 2006 issuance is held in the operating funds.

	ADOPTED BUDGET FY 12-13	AMENDED BUDGET FY 12-13	PROPOSED BUDGET FY 13-14
CAPITAL RESERVES			
Beginning Balance	67,756,950	68,255,801	67,886,101
Transfer from Operating Reserve	6,000,000	6,000,000	6,000,000
Interest	50,000	50,000	60,000
Interest Income (Revenue Bond Proceeds)	100,000	100,000	115,000
Revenue Bond Sale & SRF Proceeds	1,243,824	1,243,824	317,500
Transfer to Operating Reserve	(4,100,000)	(4,100,000)	0
Funding For Capital Improvement Projects	(22,037,796)	(23,616,824)	(13,456,982) *
Funding For Major Rehabilitation	(396,540)	(481,540)	(497,351)
Funding For Major Capital Outlay	(1,360,000)	(1,634,360)	0
Revenue Bond Reserve	(4,000,000)	(4,000,000)	(4,000,000)
Capital Reserve	\$43,256,438	\$41,816,901	\$56,424,268

* Includes \$450,000 in sponsorship contributions

REGIONAL WASTEWATER PROGRAM BUDGET

APPENDICES

REGIONAL WASTEWATER
PROGRAM BUDGET

APPENDIX A
SPRINGFIELD
PROGRAM DETAIL

**CITY OF SPRINGFIELD
REGIONAL WASTEWATER PROGRAM RESPONSIBILITIES**

The City of Springfield manages administration services for the RWP under the Intergovernmental Agreement for the Metropolitan Wastewater Management Commission (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 the 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 13-14 is provided in Exhibit 12 on page 40.

Program Responsibilities

- Administration & Management
- Financial Planning & Management
- Long-Range Capital Project Planning
- Project and Construction Management
- Coordination between the Commission and governing bodies
- Coordination and Management of:
 - Risk Management & Legal Services
 - Public Policy Issues
 - Regulatory and Permit Compliance Issues
- Public Information, Education and Outreach
- Industrial Pretreatment Source Control
- Customer Service

MWMC ADMINISTRATION

The Springfield Environmental Services Division (ESD) and Finance Department provide ongoing support and management services for the MWMC. The Development and Public Works (DPW) Director serves as the MWMC Executive Officer. The Environmental Services Manager serves as the General Manager. 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 2013, there were 20 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 AND 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 maintains 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 13-14, the City of Springfield will support the following major regional initiatives in addition to ongoing Commission administration and industrial pretreatment activities:

- Develop and implement the regional Capacity Management Operations and Maintenance (CMOM) Program Plan, focusing on continued inflow and infiltration reductions, including flow monitoring, data tracking, regional coordination, and continue to explore methods of addressing private laterals.
- 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.
- Continue implementation of the 2004 MWMC Facilities Plan to meet all regulatory requirements and capacity needs and update the 2004 Facilities Plan in FY 13-14. Considering emerging environmental regulations that may impact the operation of the WPCF.
- Continue public information, education and outreach activities focused on the MWMC Facilities Plan and MWMC's objectives for maintaining water quality and a sustainable environment.
- Protect RWP interests through participation in Association of Clean Water Agencies activities.
- Coordinate temperature Total Maximum Daily Load (TMDL) compliance through continued development and implementation of the thermal load mitigation strategy, that includes but is not limited to a recycled water program.
- Continue participation with the Association of Clean Water Agencies and the Department of Environmental Quality in the development of a Capacity Management Operations and Maintenance (CMOM) Program.

SIGNIFICANT BUDGET CHANGES FOR FY 13-14

The budget for Springfield Personnel Services, Materials and Services, and Capital Outlay for FY 13-14 totals \$3,636,762 representing an overall *reduction* of \$34,196 (0.9%) over the adopted FY 12-13 budget, as displayed in Exhibit 8 on page 28.

Personnel Services

Personnel Services totaling \$1,683,619 represent a FY 13-14 increase of \$47,521 or 2.9% over the originally adopted FY 12-13 budget. The Personnel Services budget increase is reflected in benefit cost, which were previously forecasted. Regular Wages remain level in FY 13-14 when compared to FY 12-13.

Staffing Level – 15.89 full-time equivalent (FTE) staff, an increase of 0.06 FTE

An increase of 0.06 FTE staffing is included in the FY 13-14 budget which represents a re-allocation of Environmental Services staff including elimination of a vacant MWMC Assistant Manager (0.70 FTE), an increase of 0.35 FTE in public information and education services, a net increase of 0.30 FTE in the Industrial Pretreatment Program, and a 0.11 adjustment in the MWMC Executive Director allocation.

Regular Wages - \$1,088,063, remains level in FY 13-14, when compared to FY 12-13

Salaries are based upon the negotiated management/labor contracts as approved by the Springfield City Council.

Employee Related Benefits - \$595,556, an increase of \$45,368 or 8%

Employee related benefits primarily includes PERS/OPSRP retirement contributions, health insurance and medicare contributions.

Materials and Services

The Materials and Services budget total is \$1,953,143 in FY13-14, representing a net *reduction* of \$81,717 or 4% under the originally adopted FY 12-13 budget. The major changes including budget reductions and increases are in the following budget categories:

Contractual Services –\$126,200, a *reduction* of \$60,800 or 33%

The \$60,800 *reduction* includes a reduction in contractual services for technical assistance for a water quality standards evaluation that is projected to be completed in FY 12-13, and a reduction in digital imaging services.

Property and Liability Insurance - \$330,000, an increase of \$50,000 or 18%

The \$50,000 budget increase assumes increased costs for insurance coverage in FY 13-14, based on the same insurance coverage levels in FY 12-13.

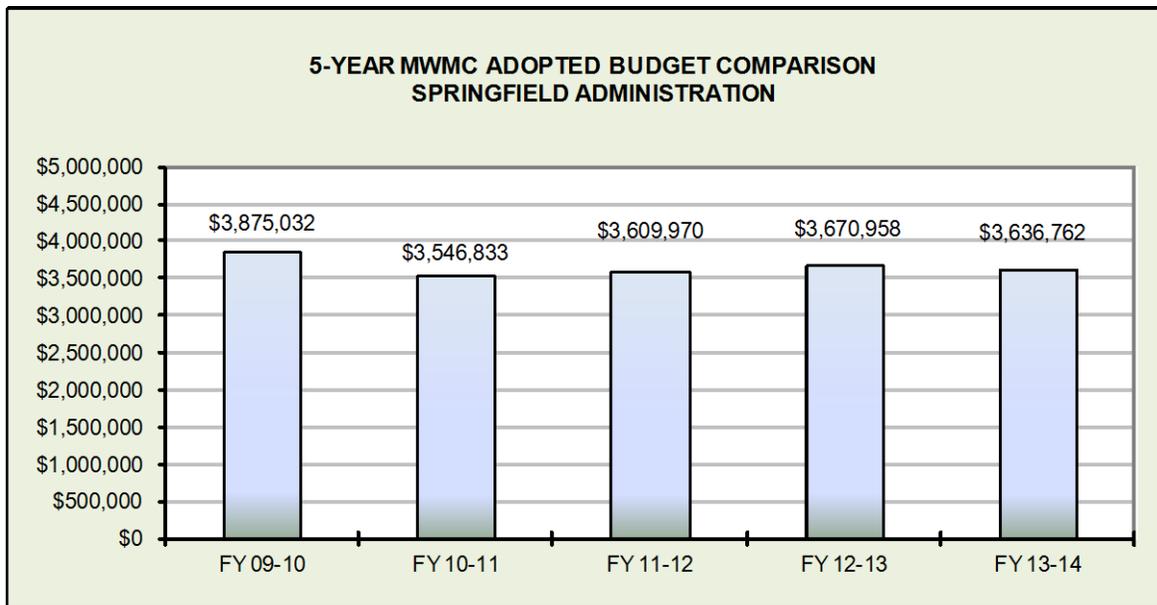
Indirect Costs - \$306,318, a *reduction* of \$15,785 or 5%

The \$15,785 *reduction* is based on changes in overhead costs as programmed in the FY 13-14 budget, when compared to FY 12-13. Indirect Costs are based on a methodology approved by the federal government, which is outlined in the MWMC Intergovernmental Agreement (IGA).

EXHIBIT 8

**SPRINGFIELD ADMINISTRATION PROGRAM
PROPOSED FY 13-14
BUDGET SUMMARY**

	ACTUAL FY 11-12	ADOPTED BUDGET FY 12-13	AMENDED BUDGET FY 12-13	PROPOSED BUDGET FY 13-14	CHANGE * INCR/(DECR)	
Personnel Services	\$1,513,898	\$1,636,098	\$1,635,389	\$1,683,619	\$47,521	2.9%
Materials & Services	1,350,783	2,034,860	2,043,100	1,953,143	(81,717)	-4.0%
Capital Outlay	0	0	0	0	0	NA
Budget Summary	\$2,864,681	\$3,670,958	\$3,678,489	\$3,636,762	(\$34,196)	-0.9%



Note: * Change column compares proposed FY 13-14 Budget to the adopted FY 12-13 Budget.

EXHIBIT 9

SPRINGFIELD ADMINISTRATION

LINE ITEM BUDGET SUMMARY

	ACTUAL	ADOPTED	AMENDED	PROPOSED	CHANGE	
	FY 11-12	BUDGET FY 12-13	BUDGET FY 12-13	BUDGET FY 13-14	INCR/(DECR)	
<u>PERSONNEL SERVICES</u>						
Regular Wages	\$1,011,401	\$1,085,910	\$1,085,457	\$1,088,063	\$2,153	0%
Seasonal/Intern/Temp Wages	0	0	0	0	0	NA
Overtime	1,515	7,716	7,716	7,716	0	0%
Employee Benefits	97,167	106,282	106,239	107,523	1,241	1%
Medical/Dental Insurance	260,593	284,448	284,307	282,222	(2,226)	-1%
PERS/OPSRP	138,333	147,482	147,410	193,631	46,149	31%
Cell Phone Allowance	4,864	4,176	4,176	4,344	168	4%
Personal Services Adjustments	0	0	0	0	0	NA
Car Allowance	25	84	84	120	36	43%
Total Personnel Services	\$1,513,898	\$1,636,098	\$1,635,389	\$1,683,619	\$47,521	2.9%
FTE	16.68	15.83	15.83	15.89	0.06	0.4%
<u>MATERIALS & SERVICES</u>						
Billing & Coll Exp	501,624	572,000	572,000	568,000	(4,000)	-1%
Contractual Services	27,997	187,000	195,240	126,200	(60,800)	-33%
Litigation Expense	11,603	100,000	100,000	100,000	0	0%
Environmental Education	3,353	5,000	5,000	13,500	8,500	170%
Attorney Fees	52,347	75,000	75,000	75,000	0	0%
Merchant Fees	1,044	7,500	7,500	5,000	(2,500)	-33%
PP&L Insurance	227,605	280,000	280,000	330,000	50,000	18%
Telephone	595	1,404	1,404	1,008	(396)	-28%
Ris/Airs/Geo Charges	13,720	16,344	16,344	12,714	(3,630)	-22%
Advertising	1,301	5,700	5,700	4,000	(1,700)	-30%
Duplicating Supplies	2,673	2,700	2,700	2,925	225	8%
Printing	1,641	7,400	7,400	3,750	(3,650)	-49%
Travel & Meeting Expenses	8,133	22,000	22,000	19,450	(2,550)	-12%
Software License Fee	0	25,000	25,000	100	(24,900)	-100%
Property Taxes	40	5,000	5,000	7,500	2,500	50%
WPCF/NPDES Permits	100,919	128,100	128,100	126,500	(1,600)	-1%
Government Ethics Comm Chgs	455	500	500	500	0	0%
Pretreatment Supplies	2,762	4,000	4,000	4,000	0	0%
Safety Clothing/Equipment	563	1,200	1,200	1,100	(100)	-8%
Gasoline & Oil	1,572	1,900	1,900	1,800	(100)	-5%
Utilities	5,132	6,450	6,450	6,600	150	2%
Memberships, Books, Subscrips	12,709	16,000	16,000	14,720	(1,280)	-8%
Postage & Shipping Charges	1,435	3,500	3,500	3,100	(400)	-11%
Office Supplies	2,276	4,750	4,750	3,800	(950)	-20%
Computer Software	34,049	47,200	47,200	39,800	(7,400)	-16%
Small Furniture & Appliances	550	1,000	1,000	600	(400)	-40%
Commuter Trip Reduction	457	500	500	520	20	4%
Program Expense	1,994	28,000	28,000	19,500	(8,500)	-30%
Equipment Maintenance	4,266	6,500	6,500	3,900	(2,600)	-40%
Property Maintenance	0	0	0	100	100	NA
Employee Development	8,658	25,600	25,600	19,365	(6,235)	-24%
Internal Insurance Chgs	26,361	17,041	17,041	18,166	1,125	7%
Internal Vehicle Maint Chgs	3,647	3,295	3,295	3,732	437	13%
Internal Facility Rent	0	39,775	39,775	39,775	0	0%
Computer Equip Charges	8,052	5,843	5,843	4,212	(1,631)	-28%
Building Maint Charges	37,418	23,700	23,701	30,124	6,424	27%
Internal Veh & Equip Rent	6,984	9,684	9,684	8,436	(1,248)	-13%
Internal Employee Benefit	11,877	12,283	12,283	13,199	916	7%
Internal MS Enterprise Agreement	3,150	2,376	2,376	2,348	(28)	-1%
Indirect Costs	211,721	322,103	322,103	306,318	(15,785)	-5%
Internal Building Preservation Chgs	9,996	720	720	759	39	5%
Accrual Adjustments	0	10,791	10,791	10,972	181	2%
Total Materials & Services	\$1,350,783	\$2,034,860	\$2,043,100	\$1,953,143	(\$81,717)	-4.0%
<u>CAPITAL OUTLAY</u>	0	0	0	0	0	NA
Total Capital Outlay	0	0	0	0	0	NA
TOTAL	\$2,864,681	\$3,670,958	\$3,678,489	\$3,636,762	(\$34,196)	-0.9%

REGIONAL WASTEWATER
PROGRAM BUDGET

APPENDIX B

EUGENE
PROGRAM DETAIL

**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 and Springfield Urban Growth Boundary 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 Biosolids Management Facility, the Beneficial Reuse Site, the Biocycle Farm site, and regional wastewater pumping stations and transmission sewers.

Program Responsibilities

- Administration & Management
- Facility Operations
- Facility Maintenance
- Biosolids Management
- Industrial Source Control
- Management Information Services
- Project Management

In support of the water pollution control program, the Division provides technical services for wastewater treatment, management of equipment replacement and infrastructure rehabilitation, biosolids treatment and recycling, regional laboratory services, and an industrial source control and pretreatment program in conjunction with City of Springfield staff.

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, and a stores unit that purchases and stocks parts and supplies and assists with professional services contracting. 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 Operations section optimizes wastewater treatment processes to ensure effluent quality requirements are met in an efficient and cost effective manner. In addition, the Operations section provides continuous monitoring of the alarm functions for all plant processes, regional and local pump stations, Biosolids Management Facility, and the Beneficial Reuse Site

MAINTENANCE

The mechanical, electrical, and facilities maintenance sections of the Wastewater Division are responsible for preservation of the multi-million dollar investment in the equipment and infrastructure of the WPCF, local and regional pump stations, pressure sewers, as well as the Biosolids Management Facility. These sections provide a preventative maintenance program

to maximize equipment life and reliability; a corrective maintenance program for repairing unanticipated equipment failures; a facility maintenance program to maintain the buildings, treatment structures, and grounds. .

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 Biosolids Management Facility (BMF) and the Biocycle Farm located at Awbrey Lane in Eugene. Approximately, 600 dry tons of biosolids are produced annually by the WPCF. The 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. Biosolids are also irrigated on poplar trees at the Biocycle Farm as a beneficial nutrient and soil conditioner. This section also operates the Beneficial Reuse Site which formerly served to treat wastewater from food processing operation.

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. During the calendar year 2012 there were 25 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 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 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. Special emphasis is given to coordinating energy efficiency projects with operations staff. 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 13-14, Eugene staff will support the following major regional initiatives in addition to ongoing operational activities.

- 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.
- 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.
- Provide technical input and O&M assessments related to proposed initiatives for addressing TMDL compliance, greenhouse gas emission controls, and renewable energy objectives.
- Complete scheduled major rehabilitation, equipment replacement, and other capital projects in an efficient and timely manner.
- 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.

- Manage the Operations & Maintenance (O&M) aspects of the Biocycle Farm, continuing the development of the biosolids irrigation practices and poplar tree management.

SIGNIFICANT CHANGES IN THE O & M BUDGET FOR FY 13-14

The proposed budget for Operations and Maintenance of the regional wastewater treatment facilities (personnel, materials and services, and capital outlay) for FY 13-14 totals \$12,716,031. The amount represents an increase of 1.6% from the FY 12-13 budget. The largest cost centers for the proposed budget are personnel costs, utilities, materials, maintenance, and chemicals. Details of significant items and changes proposed for the FY 13-14 Operations and Maintenance budget as compared to the FY 12-13 budget include:

Personnel Services

Personnel Services totaling \$7,864,894 represents a FY 13-14 increase of \$132,000 or 1.7%. The major changes are in the following budget categories:

Staffing Level – 77.40 full-time equivalent (FTE) staff, an increase of 0.15 FTE

A net increase of 0.15 FTE is proposed for FY 13-14. This includes 0.95 FTE for a Facility Maintenance position that is needed to address the increased facility maintenance workload due to aging infrastructure of the original plant as well as the recent infrastructure capacity expansion. The increase is partially offset by a 0.80 FTE decrease mainly as a result of rebalancing regional and local pump station maintenance work.

Regular Wages - \$4,807,736, a decrease of \$63,792 or 1.3%

Salaries are based upon the negotiated management/labor contracts between the City of Eugene and the local union (AFSCME). The decrease is partially a result of savings from retirement turnover with new employees starting at lower merit steps.

Employee Benefits - \$1,665,054, an increase of \$130,756 or 8.5%

The employee benefits consist mainly of PERS/OPSRP retirement system costs and Medicare contributions.

Health Insurance - \$1,210,566, an increase of \$60,899 or 5.3%

The increase is based on group claims experience and cost projections. Costs are calculated based on the number of employees.

Materials and Services

The Materials and Services budget totaling \$4,798,809 represents an FY 13-14 increase of \$69,774 or 1.5%. The major changes are in the following budget categories:

Utilities - \$765,924, an increase of \$66,699 or 9.5%

The increase is due generally to utility rate increases.

Fleet Operating Charges - \$412,620, an increase of \$64,322 or 18.5%

Each year fleet rates are estimated by proportioning historic costs by vehicle category. This line item is based on fleet rates calculated using the previous year's equipment expenditures. Increase is due in part to higher fuel and maintenance costs for heavy equipment.

Computer Equipment, Supplies and Maintenance - \$251,650, increase of \$52,217 or 26.2%
 The increase is due to a proposed upgrade of pretreatment software and to improvements to residuals equipment control and communication systems.

Chemicals - \$386,116, a decrease of \$41,052 or 9.6%
 Chemicals cost decrease due to projected reduction in use of disinfection agents.

EXHIBIT 10

**EUGENE - OPERATIONS AND MAINTENANCE PROGRAM
 PROPOSED FY 13-14
 BUDGET SUMMARY**

	ACTUAL FY 11-12	ADOPTED BUDGET FY 12-13	AMENDED BUDGET FY 12-13	PROPOSED BUDGET FY 13-14	CHANGE *	
					INCR/(DECR)	
Personnel Services	\$6,920,157	\$7,732,894	\$7,732,894	\$7,864,894	\$132,000	1.7%
Materials & Services	3,831,338	4,729,035	4,729,035	4,798,809	69,774	1.5%
Capital Outlay	2,603	47,828	47,828	52,328	4,500	9.4%
Budget Summary	\$10,754,098	\$12,509,757	\$12,509,757	\$12,716,031	\$206,274	1.6%

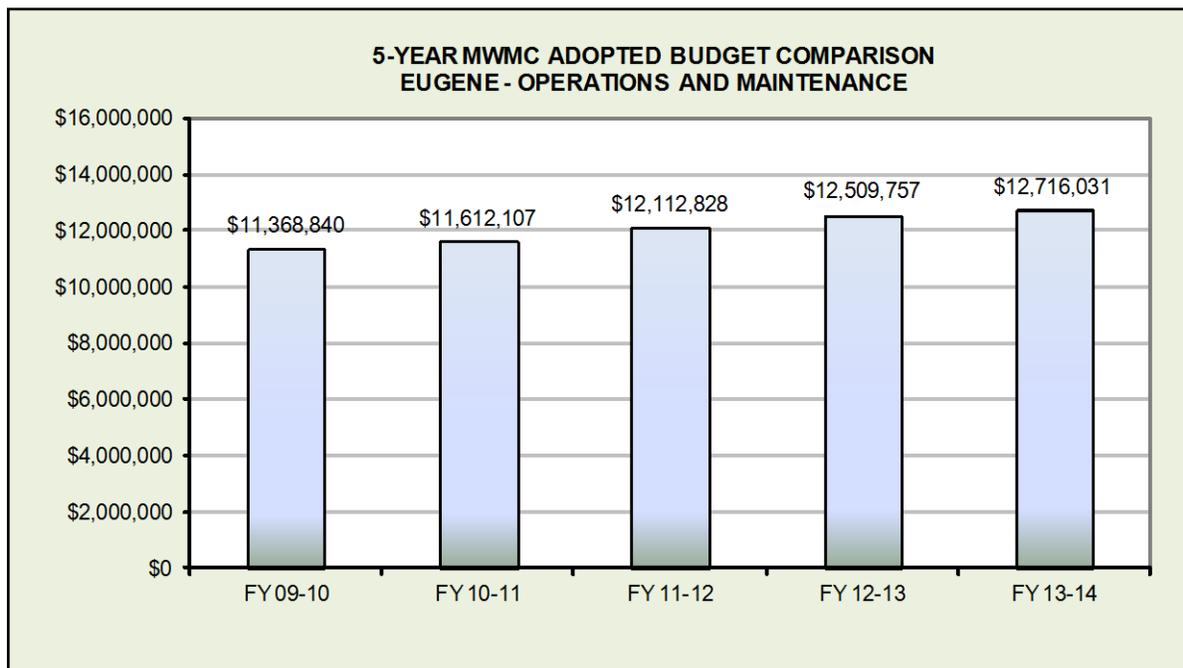


EXHIBIT 11

EUGENE - OPERATIONS & MAINTENANCE
LINE ITEM BUDGET SUMMARY

	ACTUAL FY 11-12	ADOPTED BUDGET FY 12-13	AMENDED BUDGET FY 12-13	PROPOSED BUDGET FY 13-14	CHANGE INCR/(DECR)	
<u>PERSONNEL SERVICES</u>						
Regular Wages	4,369,827	4,871,528	4,871,528	4,807,736	(63,792)	-1%
Extra Help	5,133	0	0	0	0	NA
Overtime	56,012	94,645	94,645	94,645	0	0%
Employee Benefits	1,438,143	1,534,298	1,534,298	1,665,054	130,756	9%
Workers' Comp/Unemploy Ins	69,839	82,756	82,756	86,893	4,137	5%
Health Insurance	981,203	1,149,667	1,149,667	1,210,566	60,899	5%
TOTAL PERSONNEL SERVICES	\$6,920,157	\$7,732,894	\$7,732,894	\$7,864,894	\$132,000	1.7%
FTE	76.30	77.25	77.25	77.40	0.15	0.2%
<u>MATERIALS & SERVICES</u>						
Utilities	801,299	699,225	699,225	765,924	66,699	9.5%
Fleet Operating Charges	319,452	348,298	348,298	412,620	64,322	18.5%
Maintenance-Equip & Facilities	270,255	387,527	387,527	383,153	(4,374)	-1.1%
Contractual Services	291,192	502,934	502,934	518,323	15,389	3.1%
Materials & Program Expense	445,756	585,236	585,236	560,654	(24,582)	-4.2%
Chemicals	394,958	427,168	427,168	386,116	(41,052)	-9.6%
Parts & Components	196,424	239,761	239,761	240,004	243	0.1%
Risk Insurance - Employee Liability	66,721	66,774	66,774	65,464	(1,310)	-2.0%
Laboratory Equipment & Supplies	64,411	84,777	84,777	77,401	(7,376)	-8.7%
Computer Equip, Supplies, Maint	179,724	199,433	199,433	251,650	52,217	26.2%
Indirects	801,147	1,187,902	1,187,902	1,137,500	(50,402)	-4.2%
TOTAL MATERIALS & SERVICES	\$3,831,338	\$4,729,035	\$4,729,035	\$4,798,809	\$69,774	1.5%
<u>CAPITAL OUTLAY</u>						
Motorized Vehicles	0	23,828	23,828	42,328	18,500	78%
Capital Outlay-Other	2,603	24,000	24,000	10,000	(14,000)	-58%
TOTAL CAPITAL OUTLAY	\$2,603	\$47,828	\$47,828	\$52,328	\$4,500	9%
LINE ITEM SUMMARY: EUGENE	\$10,754,098	\$12,509,757	\$12,509,757	\$12,716,031	\$206,274	1.6%
EQUIPMENT REPLACEMENT	\$624,178	\$229,767	\$295,002	\$542,181	\$312,414	136%
MAJOR REHAB	\$425,347	\$396,540	\$481,540	\$497,351	\$100,811	25%
MAJOR CAPITAL OUTLAY	\$0	\$1,360,000	\$1,634,360	\$0	(\$1,360,000)	NA
TOTAL	\$11,803,623	\$14,496,064	\$14,920,659	\$13,755,563	(\$740,501)	-5.1%

REGIONAL WASTEWATER
PROGRAM BUDGET

CAPITAL PROGRAM

REGIONAL WASTEWATER PROGRAM CAPITAL PROGRAMS

Overview

The Regional Wastewater Program (RWP) includes two components: the Capital Improvement Program (CIP) and the Asset Management Capital Program (AMCP). The FY 13-14 CIP Budget, the FY 13-14 AMCP Budget, and the associated 5-Year Capital Plan are based on the 2004 MWMC Facilities Plan (2004 FP). The 2004 FP was approved by the MWMC, the governing bodies of the City of Eugene, the City of Springfield, Lane County, and the Oregon Department of Environmental Quality in 2004. The 2004 FP and its 20-year capital project list was the result of a comprehensive evaluation of the regional wastewater treatment facilities serving the Eugene-Springfield metropolitan area.

The 2004 FP built on previous targeted studies, including the 1997 Master Plan, 1997 Biosolids Management Plan, 2001 Wet Weather Flow Management Plan (WWFMP), and the 2003 Management Plan for a dedicated biosolids land application site. The 2004 FP was intended to meet changing regulatory and wet weather flow requirements and to serve the community's wastewater capacity and treatment needs through 2025. Accordingly, the 2004 FP established the CIP project list to provide necessary facility enhancements and expansions over the planning period. The CIP is administered by the City of Springfield for the MWMC. The AMCP implements the projects and activities necessary to maintain functionality, lifespan, and effectiveness of the MWMC facility assets on an ongoing basis. The AMCP is administered by the City of Eugene for the MWMC and consists of three sub-categories:

- Equipment Replacement Program
- Major Rehabilitation Program
- Major Capital Outlay

The MWMC has established these capital programs to achieve the following RWP objectives:

- Compliance with applicable local, state, and federal laws and regulations
- Protection of the health and safety of people and property from exposure to hazardous conditions such as untreated or inadequately treated wastewater
- Provision of adequate capacity to facilitate community growth in the Eugene-Springfield metropolitan area consistent with adopted land use plans
- Construction, operation, and management of the MWMC facilities in a manner that is as cost-effective, efficient, and affordable to the community as possible in the short and long term
- Implementation of the Citizens Advisory Committee recommendations, which represent diverse community interests, values and involvement, and that have been adopted by the Commission as the MWMC's plans and policies
- Mitigation of potential negative impacts of the MWMC facilities on adjacent uses and surrounding neighborhoods (ensuring that the MWMC facilities are "good neighbors" as judged by the community)

Capital Program Funding and Financial Planning Methods and Policies

This annual budget document presents the FY 13-14 CIP Budget, the FY 13-14 AMCP Budget, and 5-Year Capital Plan which includes the CIP and AMCP Capital Plan. The MWMC Capital Program financial planning and funding methods are in accordance with the financial management policies put forth in the MWMC 2005 Financial Management Plan.

Each of the two RWP capital programs relies on funding mechanisms to achieve RWP objectives described above. The CIP is funded primarily through proceeds from revenue bond sales, system development charges, and transfers from the Operating Fund to Capital Reserves. The AMCP is funded through wastewater user fees.

In addition to revenue bond sales, project financing for certain CIP projects was also secured through the Clean Water State Revolving Fund (CWSRF) loan program for qualified projects. The MWMC entered into CWSRF loan agreements with the State of Oregon Department of Environmental Quality (DEQ) in 2008, 2009, and 2010. These 20-year loan agreements allow the MWMC to borrow up to \$20.8 million at interest rates ranging from 1.0 to 2.77 percent (%), which is low compared to conventional borrowing.

Through the CWSRF loan program, loans up to \$8,000,000, \$7,500,000, and \$4,000,000 were approved for Tertiary Filtration—Phase 1, Odorous Air Treatment—Phase 1, and Primary Sludge Thickening projects, respectively. Additionally, \$1,279,200 in CWSRF financing was approved for the MWMC for CIP planning efforts.

Of the \$8,000,000 provided through the Tertiary Filtration project loan, \$450,000 is currently allocated for riparian shade tree planting projects to help address the MWMC's pending thermal load obligations. The financing of these watershed-based projects is made available through the CWSRF program Sponsorship Option, which provides funding to the borrower to address nonpoint source water quality solutions through a reduced interest rate. The interest rate reduction allows the MWMC to invest in watershed improvements using money that would have otherwise been paid as interest on the loan.

Of the \$7,500,000 approved loan funding for the Odorous Air Treatment —Phase 1 project, \$4,000,000 was funded through the American Reinvestment and Recovery Act (ARRA, or "Stimulus"). This funding was part of the federal government's economic stimulus program, with loans issued under favorable conditions to stimulate infrastructure and capital project investment. The ARRA funding agreement provided 50% of the loan in forgiven principal, and the remaining 50% of principal payment bearing 0% interest. This resulted in \$2,000,000 of net revenue to the CIP in addition to interest savings.

The RWP's operating fund is maintained to pay for operations, administration, debt service, equipment replacement contributions and capital contributions associated with the RWP. The operating fund derives the majority of its revenue from regional wastewater user fees that are collected by the City of Eugene and City of Springfield from their respective customers. In accordance with the MWMC 2005 Financial Plan, funds remaining in excess of budgeted operational expenditures can be transferred from the operating fund to the Capital Reserve fund.

The Capital Reserve accumulates revenue to help fund capital projects, including major rehabilitation, to reduce the amount of borrowing necessary to finance capital projects.

The AMCP consists of three programs managed by the City of Eugene and funded through regional wastewater user fees: The Equipment Replacement Program, which funds replacement of equipment valued at or over \$10,000 but less than \$200,000; The Major Rehabilitation Program, which funds rehabilitation of plant infrastructure such as roof replacements, structure coatings, etc.; and the Major Capital Outlay Program for capital items (new or replacement) with costs greater than \$200,000. The MWMC assets are tracked throughout their lifecycle using asset management tracking software. Based on this information, the three AMCP program annual budgets are established and projected for the 5-Year Capital Plan.

For planning purposes, the MWMC must consider market changes that drive capital project expenditures. Specifically, the MWMC capital plan reflects projected price changes over time that affect the cost of materials and services. Until about 2003, the 20-city average *Engineering News Record Construction Cost Index (ENRCCI)* served as a good predictor for future inflation and was used for projecting the MWMC's construction costs. Accordingly, construction cost projections considered in the 2004 FP were based on January 2004, 20-city average ENRCCI. However, in the period 2004 through 2008, construction inflation accelerated nationally with local construction cost inflation accelerating even faster than the national average. City of Springfield staff identified this trend in 2005 and subsequently modified their inflationary projection methodology accordingly.

In early 2006, the MWMC hired the consulting firm CH2M Hill to perform a comprehensive update of project cost estimates. Following the 2006 update, the RWP's CIP assumed a general price increase of five-percent (5%) -per-year over the planning period. However, City of Springfield staff have since re-evaluated the recent year's inflation and concluded that the inflation rate applied to planned projects could be lowered with minimal risk to the program. Therefore, starting with this FY 13-14 budget, an inflation rate of four-percent (4%)-per-year was applied to planned projects in the 5-Year Capital Plan.

The MWMC continues to monitor inflationary trends to inform our forecasting of capital improvement costs. In doing so, the City of Springfield staff have observed that while in the last few years the construction bidding climate has been favorable when compared to engineering estimates, most recently bids have come in below the engineering estimates.

Regional Wastewater Capital Program Status and Budget

CIP Project Status and Budget

The FY 13-14 CIP Budget is comprised of the individual budgets for each of the active (carryover) or starting (new) projects in the first year of the 5-Year Capital Plan. The total of these FY 13-14 project budgets is \$13,456,982. Each capital project represented in the FY 13-14 Budget is described in detail in a CIP project sheet that can be found at the end of this document. Each project sheet provides a description of the project, the project's purpose and driver (the reason for the project), the funding schedule for the project, and the project's expected final cost and cash flow. For those projects that are in progress, a short status report is included on the project sheet.

Completed Capital Projects

In FY 12-13, the following four capital projects are projected to be completed and closed out. No CIP project sheets are included for these projects because there is no expected carryover of project funds to FY 13-14.

- Odorous Air Treatment – Phase 1
- Odorous Air Treatment – Phase 2
- Peak Flow Management Improvements*
- 2010 Partial Facility Plan Update

Carryover Capital Projects

The remaining funding for active capital projects in FY 12-13 is carried forward to the FY 13-14 Budget. The on-going carryover projects are:

- Wet Weather Planning/ Capacity Management Operations and Maintenance (CMOM)
- Facilities Plan Engineering Services
- Influent Pumping and Headworks Expansion*
- Sodium Hypochlorite Conversion*
- Primary Sludge Thickening
- Tertiary Filtration – Phase 1*
- Thermal Load Mitigation: Pre-Implementation (previously listed under Effluent Reuse Phases 1&2)
- Thermal Load Mitigation: Implementation 1 (previously listed under Effluent Reuse Phases 1&2)
- Repair/Partial Replacement of Biosolids Force Main
- Line Biosolids Lagoon – Phase 4

Overall, the budgeting for these projects follows, and is consistent with, the 2006 CH2M Hill estimated cost of the listed capital projects. Landscape design and implementation for the Water Pollution Control Facility is funded through projects identified with an asterisk (*) above.

New Projects

The following new projects have been added in the FY 13-14 Capital Budget:

- Tertiary Filtration – Phase 2
- WPCF Lagoon Removal and Decommissioning

FY 13-14 Capital Budget Summary (Exhibit 12)

Exhibit 12 below displays the adjusted budget and end-of-year expenditure estimates for FY 12-13, the amount of funding projected to be carried over to FY 13-14 and additional funding for existing and/or new projects in FY 13-14.

EXHIBIT 12**Summary of FY 13-14 MWMC Construction Program Capital Budget**

	FY 12-13 ADJUSTED BUDGET	FY 12-13 ESTIMATED ACTUALS	FY 12-13 CARRYOVER TO FY 13-14	NEW FUNDING FOR FY 13-14	TOTAL FY 13-14 BUDGET
<i>Projects to be Completed in FY 12-13</i>	2,083,465	607,556	0	0	0
Odorous Air Treatment - Phase 1	20,644	0	0	0	0
Odorous Air Treatment - Phase 2	461,755	290,000	0	0	0
Peak Flow Management Improvements	1,499,510	216,000	0	0	0
2010 Partial Facility Plan Update	101,556	101,556	0	0	0
<i>Projects to be Carried Over to FY 13-14</i>	21,533,360	2,975,933	7,486,982	1,470,000	8,956,982
Wet Weather Planning / CMOM	337,755	153,015	184,740	0	184,740
Facilities Plan Engineering Services	121,301	70,000	0	70,000	70,000
Influent Pumping and Headworks Expansion	316,256	10,000	306,256	0	306,256
Sodium Hypochlorite Conversion	3,421,666	461,000	2,960,666	0	2,960,666
Primary Sludge Thickening	1,540,320	1,510,000	30,320	0	30,320
Tertiary Filtration - Phase 1	2,429,344	215,000	500,000	0	500,000
Effluent Reuse - Phase 1 & 2 ⁽¹⁾	7,694,280	226,081	0	0	0
Thermal Load Mitigation: Pre-Implementation ⁽²⁾	0	0	0	700,000	700,000
Thermal Load Mitigation: Implementation 1 ⁽³⁾	0	0	0	700,000	700,000
Mill Race Sponsorship	200,000	0	0	0	0
Cedar Creek Sponsorship	250,000	0	0	0	0
Increase Digestion Capacity	430,672	44,072	0	0	0
Repair/ Replacement of Biosolids Force Main	1,499,636	126,636	1,373,000	0	1,373,000
Line Biosolids Lagoon - Phase 4	3,292,129	160,129	2,132,000	0	2,132,000
<i>Newly Budgeted Projects for FY 13-14</i>	0	0	0	4,500,000	4,500,000
Tertiary Filtration - Phase 2	0	0	0	3,000,000	3,000,000
WPCF Lagoon Removal / Decommissioning	0	0	0	1,500,000	1,500,000
TOTAL	\$23,616,825	\$3,583,489	\$7,486,982	\$5,970,000	\$13,456,982

Notes:

- (1) In FY13-14 the Effluent Reuse project transitions to the Thermal Load Mitigation Program and projects. The Thermal Load Mitigation Program includes, but is not limited to, a Recycled Water Program.
- (2) Funding in the amount of \$700,000 in FY13-14 is reprogrammed from Effluent Reuse to Thermal Load Mitigation: Pre-Implementation.
- (3) Funding in the total amount of \$700,000 in FY13-14 for Thermal Load Mitigation: Implementation 1 includes budget reprogrammed from Mill Race Sponsorship (\$200,000), Cedar Creek Sponsorship (\$250,000), and Effluent Reuse (\$250,000).

FY 13-14 Asset Management Capital Project Status and Budget**Equipment Replacement Program**

The FY 13-14 Capital Programs proposed budget includes \$542,181 in Equipment Replacement purchases that are identified on the table below.

Equipment Replacement	
Project Description	FY 13-14 Budget
Collection System Flow Meters (6)	131,690
Grit Collectors (2)	86,000
Fleet Replacement	85,000
Surface Mixer at BMF	50,000
Cogeneration Heat Exchanger	42,500
Lagoon Float Line at BMF	37,000
Mercury Analyzer (Laboratory)	33,000
Valve Actuators	23,508
Computer Replacement	23,483
Air Compressor at Primary Treatment	15,000
Ammonia Analyzer at Final Treatment	15,000
Total	\$542,181

Collection System Flow Meters. Six collection system flow meters are in place to collect data for inflow and infiltration impacts on the regional system. The meters were originally installed in 2002. Equipment reliability issues have prompted the need to replace the flow meters.

Grit Collectors. The regional treatment plant's grit collectors move settled grit to the intake of the grit slurry pumps. The grit slurry is subsequently dewatered and properly disposed. Collectors that have been in service for 16 years will be replaced on two of four channels.

Fleet Replacement. Consists of replacement of one dump bed utility truck and one pickup truck.

Surface Mixer. The surface mixers on the facultative storage lagoons at the Biosolids Management Facility (BMF) provide aeration for the upper aerobic zone of the lagoons. The mixers are the original mixers and have been in continuous service for 29 years. While the current mixers could be rebuilt, the replacement is intended to provide more energy efficient mixing. Alternative technology will be tested on one lagoon before replacement of all 8 mixers.

Cogeneration Heat Exchanger. The cogeneration system includes a heat exchanger that recovers heat from the operation of the internal combustion engine. This form of energy recovery is used to heat digesters, building space, and potable water. The existing heat exchanger is the original exchanger and has been in service for 15 years.

Lagoon Float Line at BMF. The float line is the pipe that conveys biosolids dredged from the lagoon to the biosolids mixing tanks. The existing line is approaching the end of its useful life.

Mercury Analyzer (Laboratory). Replaces lab analyzer that measures plant effluent and background mercury concentrations for demonstrating permit compliance.

Valve Actuators. Several automated valve actuators will be replaced for large gate valves at the pretreatment process.

Computer Replacement. Computer replacement includes scheduled replacement of one server and various personal and laptop computers.

Air Compressors at Primary Treatment. The air compressors at primary treatment have provided pressurized air for sludge pump operation and the plant's instrument air supply. While the sludge pumps were recently changed out with electric powered pumps, the compressed air system is still required to provide instrument air for ongoing operation of multiple treatment processes. The current compressors have been in service for 29 years and have reached the end of their useful life. The compressors also consume a large volume of potable water for cooling and will be replaced with compressors that have a self-contained cooling system.

Ammonia Analyzer at Final Treatment. An on-line ammonia analyzer provides for continuous measurement and monitoring of ammonia in the plant effluent. The effluent ammonia concentration values are used for ongoing process control and to verify that the plant is in compliance with the NPDES permit discharge limit for ammonia. The existing analyzer has been in service for 10 years.

Major Rehabilitation Program

The FY 13-14 Capital Programs proposed budget includes \$497,351 for Major Rehabilitation projects that are identified in the table below.

Major Rehabilitation	
Project Description	FY 13-14 Budget
Willakenzie Pump Station Pipe and Elbow	225,000
Air Drying Bed Resurfacing (2)	200,000
Operations/Maintenance Building Improvements	50,000
HVAC at BMF	13,851
ISC Modular Building Roof Replacement	8,500
Total	\$497,351

Willakenzie Pump Station Pipe and Elbow. This project will replace piping on the immediate discharge side of the pumps. The existing piping has corroded to the point that patches have been installed to stop leaks. The piping will be replaced with HDPE (plastic) pipe which will not be as susceptible to corrosion or abrasion.

Air Drying Bed Resurfacing. The biosolids drying process takes place on 13 asphalt drying beds over a 25 acre area. Many of the beds require resurfacing to extend their useful life. In FY12-13 two beds were resurfaced. In FY13-14 two additional beds will be resurfaced.

Building Improvements. This expenditure will go towards miscellaneous improvements, repairs, and renovations to improve the functionality and usefulness of existing buildings.

HVAC at BMF. This project will replace the HVAC system at the Biosolids Management Facility.

Modular Office Building Roof Replacement. This project consists of replacing the composition shingled roof on the modular office building.

Major Capital Outlay

There are no requests for Major Capital Outlay funding in FY 13-14.

Summary of FY 13-14 AMCP Budget

The following table summarizes the two FY 13-14 AMCP program budgets described above.

Asset Management Capital Project Budget Summary	
Capital Project Type	FY 13-14 Budget
Equipment Replacement	542,181
Major Rehabilitation	497,351
Major Capital Outlay	0
Total	\$1,039,532

5-Year Capital Plan (Exhibit 13)

For each fiscal planning cycle, only the first year of budget authority is appropriated. The remaining four years of the CIP and AMCP Capital Plans are important and useful for fiscal and work planning purposes. However, it is important to note that the funds in the outer years of the Capital Plan are only planned and not appropriated. Also, the full amount of obligated multi-year project costs is often appropriated in the first year of the project, unless a smaller subset of the project, such as project design, can be identified and funded without budgeting the full estimated project cost. For these multi-year contracts, unspent funds from the first fiscal year will typically be carried over to the next fiscal year until the project is completed. Accordingly, the RWP Capital Plan presented herein is a subsequent extension of the plan presented in the adopted FY 12-13 Budget that has been carried forward by one year. However, changes to the plan typically occur from year to year as more information becomes available. In this iteration of the Capital Plan, significant changes from the last fiscal year include:

- The majority of funding (that portion not associated with landscape maintenance) for the Increase Digestion Capacity and Waste Activated Sludge Thickening projects was postponed (moved forward on the schedule) by one year from FY 14-15 to FY 15-16. This change to the plan reflects a revised understanding of the project timelines based on recent waste load data. The trigger and schedule for these projects will be further evaluated in the Partial Facilities Plan Update effort currently under way.
- The appropriated budget previously associated with the Effluent Reuse Phases 1&2 project and subsequent planned budgets for Effluent Reuse Phase 3 and Phase 4 projects have been transitioned into a new Thermal Load Mitigation Program Budget. However, the overall Reuse Program budget was not increased and only reallocated to the new program. The Thermal Load Mitigation Program includes, but is not limited to, a Recycled Water Program. Additional components include thermal credits for riparian shade projects (including the Mill Race and Cedar Creek riparian shade projects), point-to-point thermal load trading, recycled water storage and potentially other mitigation tools available to the MWMC. The new Thermal Load Mitigation Program consists of the following three phases:
 - Pre-Implementation
 - Implementation Phase – 1
 - Implementation Phase – 2
- The need for the WPCF Lagoon Decommissioning project was identified recently and was not anticipated in the 2004 Facilities Plan CIP list of projects. Therefore, this project did not appear in the FY 12-13 five-year plan. This project provides removal of the existing temporary lagoon at the WPCF and addition of digester cleaning facilities. The removal of this lagoon is needed because the lagoon no longer functions per its original design intent and it does not meet current design standards given its intended use.

Exhibit 13 displays the MWMC 5-Year Capital Plan programs budget, which includes \$65,270,282 in planned capital projects and \$10,252,432 in planned asset management capital projects for an overall 5-Year Capital Plan Budget of \$75,522,714.

EXHIBIT 13
Regional Wastewater 5-Year Capital Programs

	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	TOTAL
CAPITAL PROJECTS						
Biosolids Management						
Line Biosolids Lagoon - Phase 4	2,132,000					2,132,000
Repair / Replacement of Biosolids Force Main	1,373,000					1,373,000
Non-Process Facilities and Facilities Planning						
Capacity Mgmt Operations Maint (CMOM)	184,740					184,740
Facility Plan Engineering Services	70,000	70,000	70,000	70,000	70,000	350,000
2015 Facility Plan Update		1,293,000				1,293,000
Conveyance Systems						
Influent Pumping & Headworks	306,256					306,256
Plant Performance Improvements						
Sodium Hypochlorite Conversion	2,960,666					2,960,666
Primary Sludge Thickening	30,320					30,320
Tertiary Filtration - Phase 1	500,000					500,000
Tertiary Filtration - Phase 2	3,000,000	5,910,000				8,910,000
WPCF Lagoon Removal / Decommissioning	1,500,000	3,500,000				5,000,000
Thermal Load Mitigation: Pre-Implementation ⁽¹⁾	700,000	50,000				750,000
Thermal Load Mitigation: Implementation 1 ⁽¹⁾	700,000	2,750,000	6,000,000	4,000,000	500,000	13,950,000
Thermal Load Mitigation: Implementation 2 ⁽¹⁾					3,000,000	3,000,000
Increase Digestion Capacity			3,169,000	6,005,900		9,174,900
Waste Activated Sludge Thickening			1,325,400	2,880,000		4,205,400
Aeration Basin Improvements - Phase 2				2,150,000	9,000,000	11,150,000
TOTAL CAPITAL PROJECTS	13,456,982	13,573,000	10,564,400	15,105,900	12,570,000	65,270,282
ASSET MANAGEMENT						
Equipment Replacement	542,181	1,682,800	1,839,000	1,411,900	358,100	5,833,981
Major Rehab	497,351	386,000	1,538,000	744,800	702,300	3,868,451
Major Capital Outlay			550,000			550,000
TOTAL ASSET MANAGEMENT	1,039,532	2,068,800	3,927,000	2,156,700	1,060,400	10,252,432
TOTAL CAPITAL IMPROVEMENTS	\$14,496,514	\$15,641,800	\$14,491,400	\$17,262,600	\$13,630,400	\$75,522,714

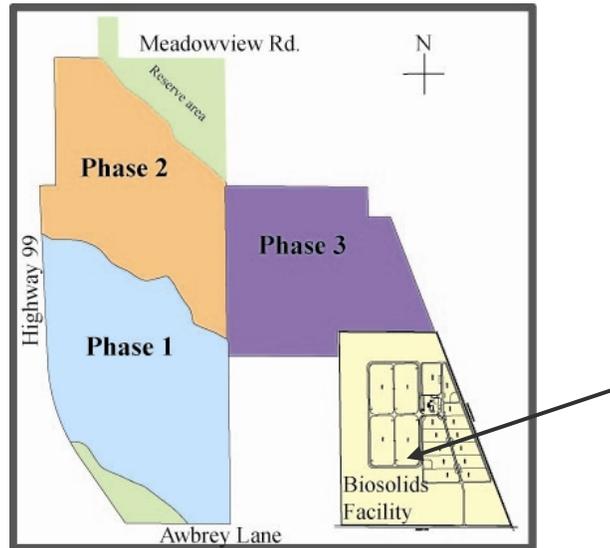
Notes:

(1) This project represents the transition from Effluent Reuse to a more comprehensive thermal load reduction strategy that includes, but is not limited to, a Recycled Water Program.

**REGIONAL WASTEWATER
PROGRAM BUDGET**

**CAPITAL PROGRAM
PROJECT SHEETS**

LINE BIOSOLIDS LAGOONS – PHASE 4



Description: Reline existing lagoon (Phase 4) at the Biosolids Management Facility (BMF).

Status: As of January 8, 2013, the Phase 4 project is in the design phase and should bid for construction in the spring of 2013.

Justification: Existing clay lagoon liners are reaching the end of the material's useful life. A new synthetic liner will be installed in the lagoons. In Phases 1, 2 and 3, the liner material of choice was high density polyethylene. In the Phase 1 work, the construction contractor installed the main components for a new dredge lateral movement system for all four lagoons, for improved operational safety and efficiency.

Project Driver: The MWMC proactively desires to improve the safety of BMF staff, improve operational reliability of the facultative lagoons, and ensure DEQ compliance related to groundwater protection.

Project Trigger: Implement the phased work based on the 2005 work plan schedule provided from the MWMC to the DEQ. Continue to monitor the effectiveness of the previous phases of the lagoon lining upgrades.

Project Type: 100% Rehabilitation

Estimated Project Cost: Reduced from \$3,300,000 to \$2,300,000 based on the past phased MWMC projects

Expected Cash Flow: FY 11-12 = \$7,871; FY 12-13 = \$160,129; FY 13-14 \$2,132,000

Expenditure/Category:	Prior	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Total
	Years	Est. Act.						
Design/Construction	\$7,871	\$160,129	\$2,132,000	\$0	\$0	\$0	\$0	\$2,300,000
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost	\$7,871	\$160,129	\$2,132,000	\$0	\$0	\$0	\$0	\$2,300,000

REPAIR AND/OR PARTIAL REPLACEMENT OF BIOSOLIDS FORCE MAIN



Description: Investigate, repair, and/or replace sections of the biosolids force main (piping system) where struvite deposits reduce the pipe diameter and can't be removed by an acid washing method. The existing piping system connects the Water Pollution Control Facility (WPCF) to the Biosolids Management Facility (BMF). A project estimate is \$1.5 million that may require additional funding after further evaluation of the system.

Status: As of January 4, 2013, staff is creating a request for proposals (RFP) for consultant services to design upgrades to the existing MWMC biosolids force main (piping system). Staff anticipates requesting approval of the MWMC to execute a consultant contract in May of 2013.

Justification: Maintain system reliability. The project will rehabilitate portions of the existing MWMC biosolids conveyance system (WPCF to BMF).

Project Driver: Maintain system functionality of the biosolids conveyance system.

Project Trigger: Functionality and capacity issues within the existing pipeline.

Project Type: 100% Rehabilitation

Estimated Project Cost: \$1,500,000

Expected Cash Flow: FY 11-12 = \$364; FY 12-13 = \$126,636; FY 13-14 = \$699,000;
FY 13-14 = \$674,000

<u>Expenditure/Category:</u>	<u>Prior</u> <u>Years</u>	<u>2012-13</u> <u>Est. Act.</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>Total</u>
Design/Construction	\$364	\$126,636	\$1,373,000	\$0	\$0	\$0	\$0	\$1,500,000
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost	\$364	\$126,636	\$1,373,000	\$0	\$0	\$0	\$0	\$1,500,000

CAPACITY MANAGEMENT, OPERATIONS, AND MAINTENANCE (CMOM)



Description: This project (formerly identified as the WWFMP Update project) supports and guides ongoing collection system capacity management, operations and maintenance (CMOM) programs to address Inflow and Infiltration (I/I) and sanitary sewer overflows (SSO's). The MWMC's NPDES permit requires wet weather planning and prohibits SSOs. DEQ's SSO Enforcement Internal Management Directive identifies CMOM as an acceptable programmatic approach to help ensure compliance. The MWMC CMOM program provides staff resources and engineering consultant services to support the implementation of CMOM programs owned and operated by the two partner cities within the MWMC's service area (i.e., Eugene and Springfield). The regional support funded through this project provides or supports workshop organization and facilitation, guidance documentation, technical analysis, standards establishment, and CMOM gap analysis assistance.

Status: Collection system rehabilitation work as identified in the 2001 WWFMP has been completed. The regional collection system hydraulic model has been updated. Regional staff has facilitated workshops and meetings to charter a standard CMOM approach for both partner cities. Both partner cities have begun a CMOM gap analysis to identify the needed effort to implement their respective CMOM programs. The Regional Wastewater Policy Team has approved an outline for MWMC's CMOM guidance document. CH2M Hill has started an evaluation of historical collection system flow data to estimate the I/I contributions from each city's collection system.

Project Driver: Meet new NPDES requirements concerning SSOs, wet weather planning, and I/I reduction through a CMOM program approach.

Project Trigger: Address regulation requirements.

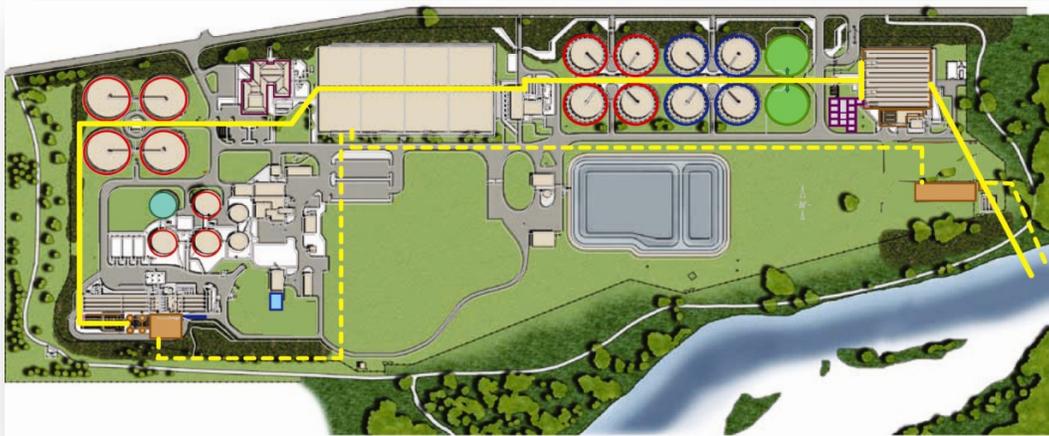
Improvement SDC Eligibility: 11%

Estimated Project Cost: \$532,000

Expected Cash Flow: FY 05-06 = \$6,028; FY 06-07 = \$86,895; FY 07-08 = \$42,589; FY 08-09 = \$9,562
 FY 09-10 = \$14,724; FY 10-11 = \$7,538; FY 11-12 = \$26,909; FY 12-13 = \$153,015; FY 13-14 = \$184,740; FY 14-15 = \$0

Expenditure/Category:	Prior Years	Est. Act.	2013-14	2014-15	2015-16	2016-17	2017-18	Total
		2012-13						
Design/Construction	0	0	0	0	0	0	0	0
Other	\$194,245	\$ 153,015	\$184,740	0	0	0	0	\$532,000
Total Cost	\$194,245	\$ 153,015	\$184,740	\$0	\$0	\$0	\$0	\$532,000

FACILITY PLAN ENGINEERING SERVICES



Description: Engineering services for analysis, project definition, cost estimating, and general consultation regarding the 20-Year Facilities Plan.

Status: This year, work included historical I&I data analysis, plant flow and load projection, CIP project prioritization and schedule analysis, and regulatory evaluation and analysis.

Justification: Projects were developed to varying levels of specificity in the 20-Year Facilities Plan and there is an on-going need for a consistent technical and engineering resource to help in further refining projects and generally assisting with implementation of the plan. Another need addressed by this resource is assurance that the new improvements maintain the overall integrity of the plant in terms of treatment processes and hydraulics.

Project Driver: Ongoing goal to efficiently follow and accommodate the upgrades resulting from the 20-Year Facilities Plan.

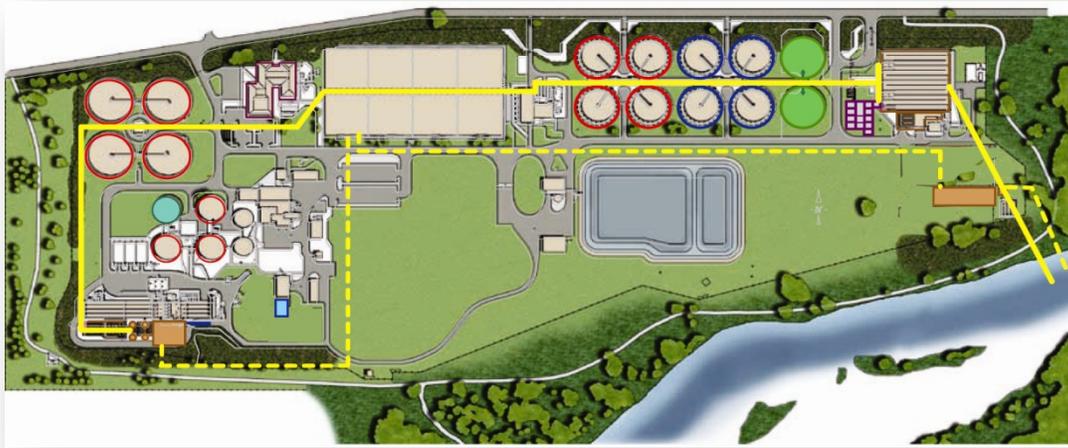
Project Trigger: On-going need.

Estimated Project Cost: \$655,458 (Note: Staff lowered the forecasted annual budget needed for facility plan engineering services based on recent year’s actual costs. In doing so, staff no longer assumes inflation annually on this effort. Staff will revisit the five-year budget for this project each budget cycle based on best available data.)

Expected Cash Flow: FY 06-07 = \$50,000; FY 07-08 = \$50,044; FY 08-09 = \$25,467; FY 09-10 = \$31,829; FY 10-11 = \$69,419; FY 11-12 = \$8,699; FY 12-13 = \$70,000; FY 13-14 = \$70,000; FY 14-15 = \$70,000; FY 15-16 = \$70,000; FY 16-17 = \$70,000; FY 17-18 = \$70,000

Expenditure/Category:	Prior Years	Est. Act.	2013-14	2014-15	2015-16	2016-17	2017-18	Total
		2012-13						
Design/Construction	0	0	0	0	0	0	0	0
Other	\$235,458	\$ 70,000	\$70,000	\$70,000	70,000	\$70,000	\$70,000	\$655,458
Total Cost	\$235,458	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$655,458

2015 COMPREHENSIVE FACILITIES PLAN



Description: A comprehensive Facilities Plan effort will be implemented in 2015 in accordance with the 2004 Facilities Plan recommended CIP schedule. This plan will consider a 20-year planning horizon and will draw on the most recent plant data, regulatory landscape, and available technology in order to ensure the MWMC continues to meet future regulations, environmental standards, and customer needs.

Status: Planned for future implementation.

Justification: Plan future conveyance and treatment upgrades and/or expansions to meet regulatory requirements, preserve public health and regional water quality standards.

Project Driver: Planning for facilities required to ensure continuing compliance with regulations, and meet customer services expectations in a manner that that will achieve, sustain, and promote balance between community, environmental, and economic needs.

Project Trigger: Planning cycle initiated under the 2004 Facilities Plan.

Project Type: Facilities Plan

Improvement SDC Eligibility: 21%

Estimated Project Cost: \$1,349,000

Expected Cash Flow: FY 13-14 = \$0; FY 14-15 = \$634,000; FY 15-16 = \$659,000

<u>Expenditure/Category:</u>	<u>Prior Years</u>	<u>Est. Act. 2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>Total</u>
Design/Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$1,293,000	\$0	\$0	\$0	\$1,293,000
Total Cost	\$0	\$0	\$0	\$1,293,000	\$0	\$0	\$0	\$1,293,000

INFLUENT PUMPING IMPROVEMENTS AND HEADWORKS EXPANSION



Description: This project provides influent pumping improvements and headworks expansion required to accommodate planning thru year 2025 peak wet weather flow of 277 mgd. Major components include: upgrades to the Willakenzie Pump Station, expansion of the headworks facilities with new screening and grit removal equipment, a new Influent Pump Station at the Water Pollution Control Facility (WPCF), improvements to the regional force main system at two off-site locations, and landscaping upgrades. Due to the time critical nature of this project, it was delivered using a Construction Manager/General Contractor (CM/GC) project delivery process that the Commission approved.

Status: Construction was completed by Wildish at the end of 2009 with some punch list items addressed in 2010. The remaining budgeted project money will help fund improvements to an influent gate system and follow up inspection in 2015 of the pipe-liner (warranty work).

Justification: Improved influent pumping and headworks hydraulic capacity are required to increase total plant influent hydraulic capacity to 277 mgd (the forecasted year 2025 peak flow) and to meet redundancy requirements for pumping and screening.

Project Driver: Ability to provide treatment to peak flows and systematic elimination of sanitary sewer overflows by year 2010.

Project Trigger: Collection system computer model estimates the current wet weather peak flow to plant to be 264 mgd. The 2009 upgrades increased the headworks hydraulic capacity from 175 mgd to 277 mgd (peak flows).

Project Type: 100% Capacity

Improvement
SDC Eligibility: 38%

Estimated Project Cost: \$28,054,000

Expected Cash Flow: FY 05-06 = \$16,348; FY 06-07 = \$376,293; FY 07-08 = \$2,132,064;
 FY 08-09 = \$9,644,009; FY 09-10 = 14,950,783; FY 10-11 = \$482,947;
 FY 11-12 = \$135,300; FY 12-13 = \$10,000; FY 13-14 = \$306,256

<u>Expenditure/Category:</u>	<u>Prior Years</u>	<u>Est. Act.</u> <u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>Total</u>
Design/Construction	\$27,737,744	\$10,000	\$306,256	\$0	\$0	\$0	\$0	\$28,054,000
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost	\$27,737,744	\$10,000	\$306,256	\$0	\$0	\$0	\$0	\$28,054,000

SODIUM HYPOCHLORITE CONVERSION



Description: Convert the chlorine gas system to sodium hypochlorite for the base and wet weather flows. Retain the existing chlorine contact basins for the disinfection process. Install new system with capability for high rate disinfection of primary effluent diversion using dosages of sodium hypochlorite into a new contact basin structure. The new contact basin has been split off of this project and was installed in a different MWMC project (Peak Flow Management Improvements), so the budget for that portion of the project has also been moved. Staff included upgrades of the existing recreational vehicle (RV) wastewater dump station to accommodate boat wastewater dumping in the construction bid documents for the sodium hypochlorite conversion project. The boat wastewater dump modification was designed and grant funded by the Oregon State Marine Board. The project budget below includes \$80,000 allocated to the project for the boat wastewater dump that was reimbursed by the state agency after construction was completed.

Status: The converted disinfection system has been in operation since March of 2010. Update as of January 4, 2013: The contractor and vendor (product provider) submitted recommendations to improve the sodium hypochlorite injection/mixing system that deviates from the construction contract documents. The construction re-submittal package is being evaluated by staff.

Justification: Liquid sodium hypochlorite and sodium bisulfite system will replace the existing chlorine and sulfur dioxide gas systems and increase the disinfection capacity from 175 mgd to 277 mgd (peak flows). The high rate disinfection of the primary effluent is a key component of the primary/secondary split treatment process, which is needed for meeting the peak flow capacity needs of the wastewater treatment plant.

Project Driver: Operator and community safety issues and meeting flow capacity requirements for peak flows and year-round final treatment/disinfection.

Project Trigger: Phasing with other related projects and the need to meet peak flow treatment requirements.

Project Type: 50% Capacity; 50% Performance

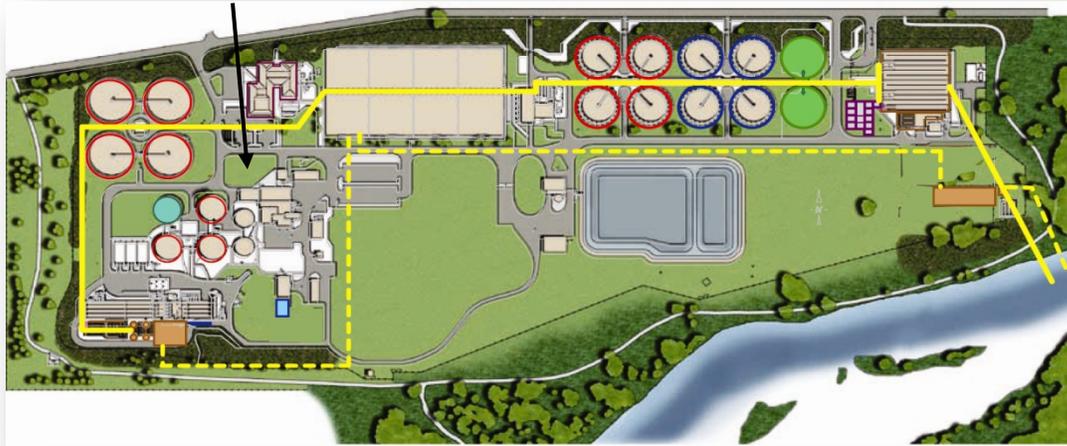
Improvement SDC Eligibility: 25%

Estimated Project Cost: \$7.8 million

Expected Cash Flow: FY 06-07 = \$1,353; FY 07-08 = \$594,520; FY 08-09 = \$3,319,347; FY 09-10 = \$(102,501); FY 10-11 = \$180,326; FY 11-12 = \$385,289; FY 12-13 = \$461,000; FY 13-14 = \$2,960,666

Expenditure/Category:	Prior Years	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Total
		Est. Act.						
Design/Construction	\$4,378,334	\$461,000	\$2,960,666	\$0	\$0	\$0	\$0	\$7,800,000
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost	\$4,378,334	\$461,000	\$2,960,666	\$0	\$0	\$0	\$0	\$7,800,000

PRIMARY SLUDGE THICKENING



Description: Installation of primary sludge gravity thickening facilities with cover, upgrade primary sludge pumping and piping systems, install supernatant overflow pumping and piping, and thickened sludge piping/pumping to digesters. Also, this project helped with funding related to the treatment plant landscape improvements required for project permits.

Status: As of January of 2013, the project is in the construction and system commissioning phase.

Justification: Optimize digester capacity and performance through provision of thicker sludge feed. Also to thicken sludge in dedicated tank outside of the primary clarifies to increase primary treatment capacity and avoid washout of solids during peak flow event.

Project Driver: Meet class B biosolids requirements during peak two-week solids loading event with all three existing digesters in service.

Project Trigger: Availability of sludge thickening capacity is needed prior to adding a fourth digester.

Project Type: 100% Capacity

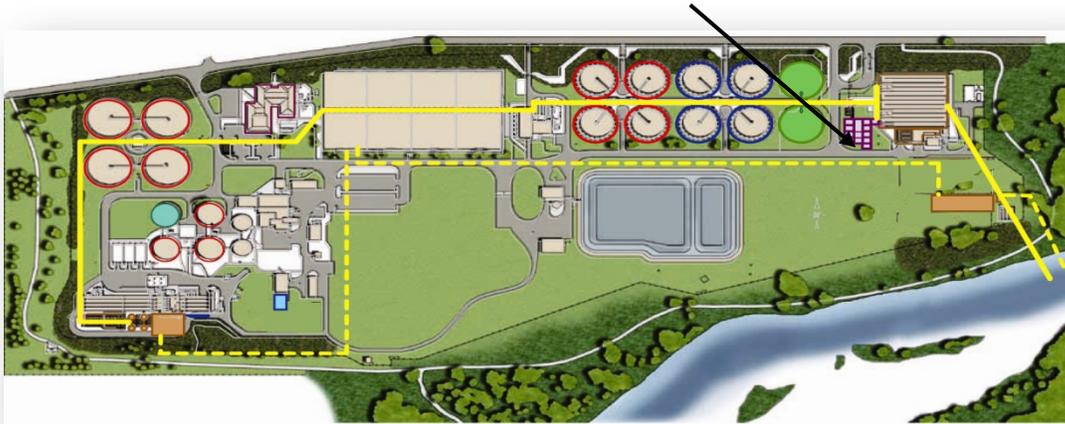
Improvement SDC Eligibility: 65%

Estimated Project Cost: \$4,498,000 (Note: The MWMC received a Clean Water State Revolving Fund [CWSRF] loan for the primary sludge thickening project).

Expected Cash Flow: FY 07-08 = \$9,730; FY 08-09 = \$40,606; FY 09-10 = \$501,876; FY 10-11 = \$375,533; FY 11-12 = \$2,029,935; FY 12-13 = \$1,510,000; FY 13-14 = \$30,320

Expenditure/Category:	Prior Years	<u>2012-13</u> Est. Act.	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	Total
Design/Construction	\$2,957,680	\$1,510,000	\$30,320	\$0	\$0	\$0	\$0	\$4,498,000
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost	\$2,957,680	\$1,510,000	\$30,320	\$0	\$0	\$0	\$0	\$4,498,000

TERTIARY FILTRATION - PHASE 1



Description: The phased work program will install infrastructure/support facilities for 30 mgd of filters for tertiary filtration of secondary treated effluent. The first phase/project only installed filter system technology sufficient for 10 mgd of treatment. Future projects will install the remaining filter technology. Some of the project funding will support the treatment plant landscape upgrades.

Status: As of January of 2013, the Tertiary Filtration (Phase 1) project is in the warranty phase and the system performance testing phase for the DEQ state revolving fund (SRF) loan.

Justification: Up to 10 mgd of filtration is required in the first phase to meet dry season mass limits, with the need for filtration increasing up to 30 mgd by the end of the planning period (year 2025). The 2004 MWMC Facilities Plan proposes phasing filters on an as-needed basis. Filtration provides high quality secondary effluent and potential Level 4 reuse water. Also, filtration is needed to assist with meeting wet season mass load requirements during peak flow events.

Project Driver: Performance reliability to meet the dry weather NPDES total suspended solids limits of less than 10 mg/L, reuse development, and compliance with effluent limits during peak flow conditions.

Project Trigger: NPDES permit compliance for TSS: Dry weather maximum month flow in excess of 49 mgd. Also, initially to provide higher quality effluent so that reuse can be developed.

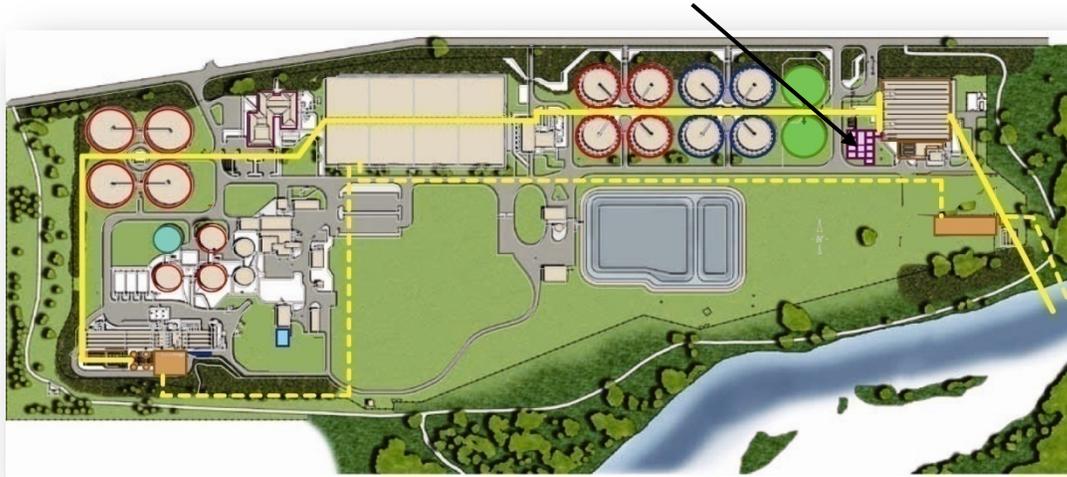
Improvement SDC Eligibility: 42%

Estimated Project Cost: Additional budget reduction from \$11,500,000 (through June 30, 2013) to \$9,785,656 (Note: Part of the project money will support the treatment plant landscape upgrades. Also, MWMC received a DEQ state revolving fund (SRF) loan for the tertiary filtration project).

Expected Cash Flow: FY 07-08 = \$236,186; FY 08-09 = \$554,241; FY 09-10 = \$647,844; FY 10-11 = \$3,534,429; FY 11-12 = \$4,097,956; FY 12-13 = \$215,000; FY 13-14 = \$250,000; FY 14-15 = \$250,000

Expenditure/Category:	Prior Years	2012-13 Est. Act.	2013-14	2014-15	2015-16	2016-17	2017-18	Total
Design/Construction	\$9,070,656	\$215,000	\$500,000	\$0	\$0	\$0	\$0	\$9,785,656
Other	\$0	0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost	\$9,070,656	\$215,000	\$500,000	\$0	\$0	\$0	\$0	\$9,785,656

TERTIARY FILTRATION - PHASE 2



Description: The phased work program will install infrastructure/support facilities for 30 mgd of filters for tertiary filtration of secondary treated effluent. Phase 2 is planned to install filter system technology sufficient for another 10 mgd of treatment that will increase the total filtration capacity to 20 mgd. The Phase 3 project will install the remaining filtration technology to meet the capacity needs identified in the 2004 MWMC Facilities Plan.

Status: Tertiary Filtration (Phase 2) project is anticipated to start design development in 2013. The MWMC has an existing equipment agreement (ending October 2017) to allow for additional filtration equipment at a defined price.

Justification: The 2004 MWMC Facilities Plan proposes phasing filters on a phased work program. Filtration provides high quality secondary effluent to help meet permit requirements and potential level 4 reuse water.

Project Driver: Performance reliability to meet the dry weather NPDES total suspended solids limits of less than 10 mg/L, reuse development, and compliance with effluent limits during peak flow conditions.

Project Trigger: NPDES permit compliance for TSS (total suspended solids): Dry weather maximum month flow in excess of 49 mgd. Also, provide higher quality effluent so that reuse can be developed.

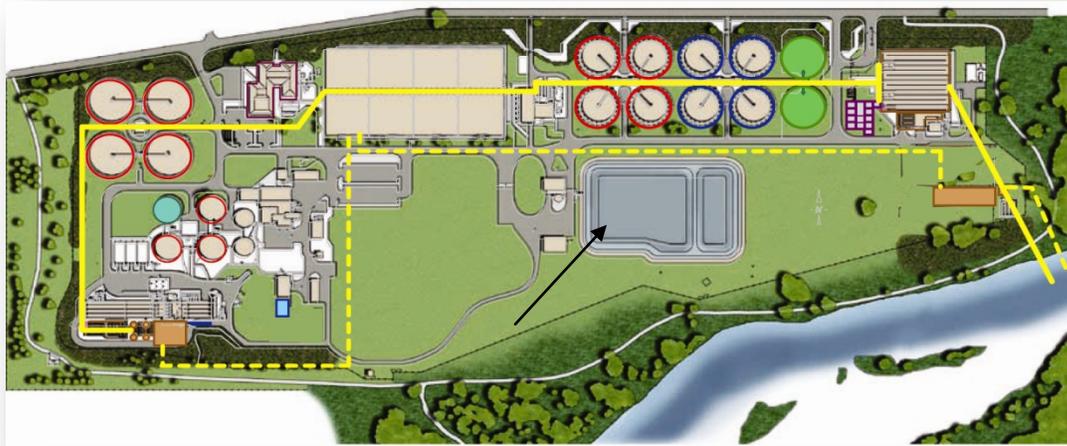
Improvement SDC Eligibility: 42%

Estimated Project Cost: \$8,910,000

Expected Cash Flow: FY 13-14 = \$2,400,000; FY 14-15 = \$6,300,000; FY 15-16 = \$210,000

<u>Expenditure/Category:</u>	<u>Prior Years</u>	<u>2012-13 Est. Act.</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>Total</u>
Design/Construction	\$0	\$0	\$3,000,000	\$5,910,000	\$0	\$0	\$0	\$8,910,000
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost	\$0	\$0	\$3,000,000	\$5,910,000	\$0	\$0	\$0	\$8,910,000

WPCF ONSITE LAGOON



Description: This project decommissions the existing biosolids lagoon at the Water Pollution Control Facility (WPCF) and adds solids handling facilities to manage biosolids during digester cleaning events.

Status: Planning stage.

Justification: The lagoon was constructed in 1979 as a temporary biosolids storage facility while the Biosolids Management Facility was under construction. Since that time it has also served as a temporary storage lagoon to support digester cleaning operations. However, the lagoon no longer serves the purpose for which it was originally constructed and does not meet current design standards for wastewater lagoons.

Project Driver: The lagoon can no longer provide the biosolids capacity for which it was intended nor cost effectively continue to support digester cleaning operations. The lagoon is almost full of accumulated rainwater and residual solids. Therefore, the decision was made to decommission the lagoon and provide up to date facilities to support digester cleaning operations.

Project Trigger: The lagoon no longer functions as originally designed

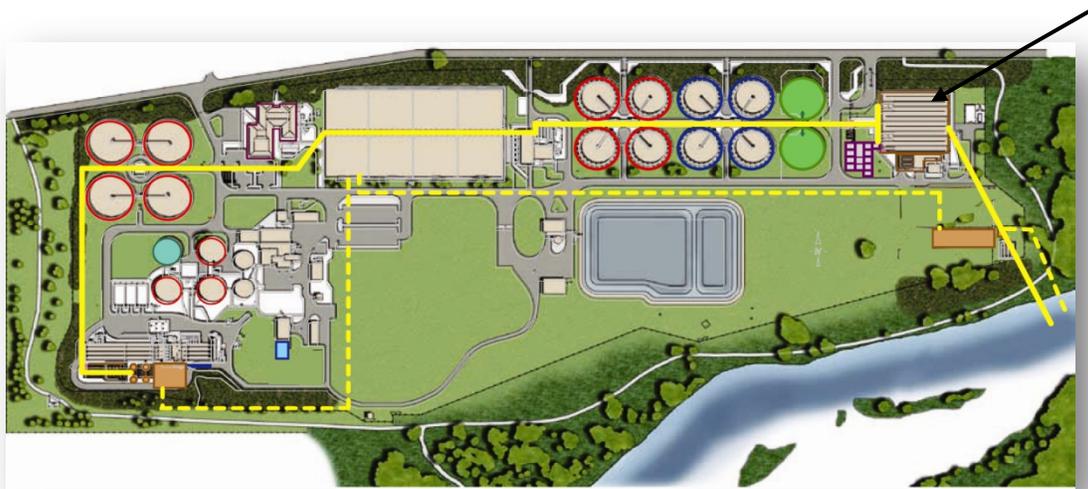
Estimated Project Cost: \$5,000,000

Improvement SDC Eligibility: To be determined

Expected Cash Flow: FY 13-14 = \$1,500,000, FY 14-15 = \$3,500,000

Expenditure/Category:	Prior Years	2012-13 Est. Act.	2013-14	2014-15	2015-16	2016-17	2017-18	Total
Design/Construction	\$0	\$0	\$1,500,000	\$3,500,000	\$0	\$0	\$0	\$5,000,000
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost	\$0	\$0	\$1,500,000	\$3,500,000	\$0	\$0	\$0	\$5,000,000

THERMAL LOAD MITIGATION – PRE-IMPLEMENTATION



Description: This project includes the phased recycled water planning effort and feasibility studies, study and planning of associated thermal load mitigation measures such as riparian shading and water quality trading credit activities, and permit negotiation and legal strategy related to the temperature TMDL and NPDES permit renewal.

Status: Currently in feasibility study and assessment of conceptual recycled water use projects and ongoing permit and TMDL compliance coordination.

Justification: Provides planning of infrastructure, projects, and collaborative agreements needed so that thermal loads are reduced on the Willamette River while providing additional environmental and community benefits.

Project Driver: Address NPDES permit thermal load compliance related to Willamette River total maximum daily loads (TMDL) temperature requirements.

Project Trigger: Compliance with Oregon DEQ TMDL settlement requirement.

Project Type: 100% Performance

Improvement SDC Eligibility: 26%

Estimated Project Cost: \$750,000

Expected Cash Flow: FY 12-13 = \$0; FY 13-14 = \$ 700,000; FY 14-15 = \$50,000

Expenditure/Category:	Prior Years	Est. Act. 2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Total
Design/Construction	\$ 0	\$ 0	\$0	\$0	\$ 0	\$ 0	\$ 0	\$ 0
Other	\$ 0	\$ 0	\$700,000	\$50,000	\$ 0	\$ 0	\$ 0	\$750,000
Total Cost	\$ 0	\$ 0	\$700,000	\$50,000	\$ 0	\$ 0	\$ 0	\$750,000

THERMAL LOAD MITIGATION – IMPLEMENTATION 1



Description: This project implements thermal load mitigation projects strategized for regulatory compliance and additional environmental and community benefits. The projects will include recycled water use expansion at MWMC and/or community partner facilities, riparian shade projects (initially being implemented on Cedar Creek and Springfield Mill Race), and potentially water quality trading credit strategies through shade credit investments and collaborative partnerships for permit compliance.

The recycled water projects under consideration include: Class D storage and use at the Biocycle Farm and Beneficial Reuse Site and Class C industrial use at neighboring aggregate company facilities. Project components may include additional treatment, disinfection, pumping, pipeline, and distribution/irrigation systems.

Status: Riparian shade projects are currently being implemented under a 25-year contract agreement with The Freshwater Trust. Recycled water piping to connect the WPCF with industrial aggregate facilities was installed in 2011. Additional construction needs are under study.

Justification: Implementation of the thermal load compliance strategy developed under pre-implementation planning phase.

Project Driver: Address NPDES permit thermal load compliance related to Willamette River total maximum daily loads (TMDL) temperature requirements.

Project Trigger: Compliance with Oregon DEQ TMDL settlement requirement.

Project Type: 100% Performance

Improvement SDC Eligibility: 26%

Estimated Project Cost: \$13,950,000

Expected Cash Flow: FY 12-13 = \$0; FY 13-14 = \$ 700,000; FY 14-15 = \$2,750,000; FY 15-16 = \$6,000,000; FY 16-17= \$4,000,000; FY 17-18=\$500,000

Expenditure/Category:	Prior Years	Est. Act. 2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Total
Design/Construction	0	0	700,000	\$2,750,000	\$6,000,000	\$4,000,000	\$500,000	\$13,950,000
Other	0	0	0	0	0	0	0	0
Total Cost	\$ 0	\$ 0	700,000	\$2,750,000	\$6,000,000	\$4,000,000	\$500,000	\$13,950,000

THERMAL LOAD MITIGATION – IMPLEMENTATION 2



Description: This project anticipates future expansion of recycled water uses, riparian restoration, and/or other thermal load and watershed management strategies for regulatory compliance and environmental and community benefits. These projects are subject to the outcomes of the regulatory scenarios and goals associated with changing conditions of TMDL implementation, community and climatic factors, and emerging water quality/quantity needs.

Status: To be planned.

Justification: Ongoing fulfillment of thermal load mitigation strategic plans.

Project Driver: Address NPDES permit thermal load compliance related to Willamette River total maximum daily loads (TMDL) temperature requirements, other emerging water quality regulatory drivers, and community needs.

Project Trigger: Compliance with NPDES discharge permit.

Project Type: 100% Performance

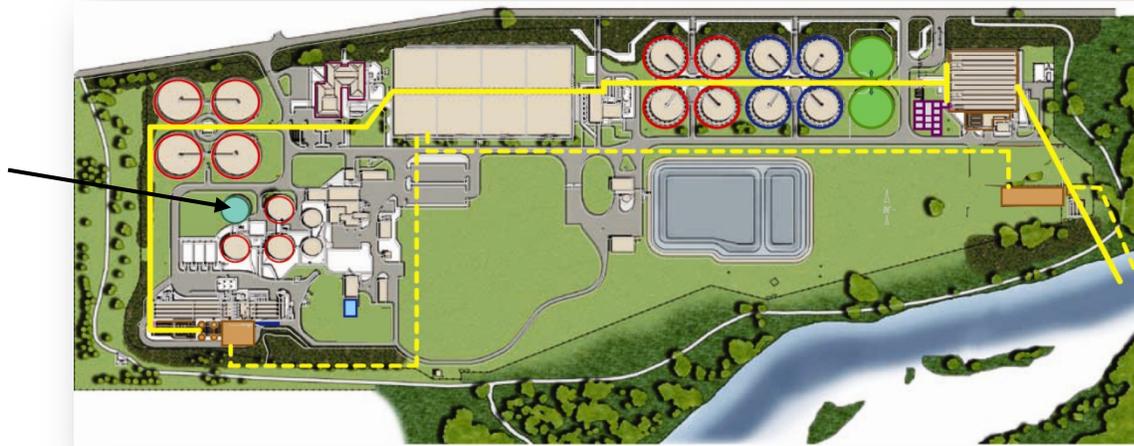
Improvement SDC Eligibility: 26%

Estimated Project Cost: \$3,000,000 (plus up to \$14,114,000 anticipated project need in the out-years and beyond for a total project cost of \$17,114,000). FY 18-19

Expected Cash Flow: FY 17-18= \$3,000,000; FY 18-19 = \$3,450,000, FY 19-20+ = \$10,664,000

<u>Expenditure/Category:</u>	<u>Prior Years</u>	<u>Est. Act. 2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>Total</u>
Design/Construction	0	0	0	\$0	\$0	\$0	\$3,000,000	\$3,000,000
Other	0	0	0	0	0	0	0	0
Total Cost	\$ 0	\$ 0	0	\$0	\$0	\$0	\$3,000,000	\$3,000,000

INCREASE DIGESTION CAPACITY



Description: Installation of a fourth conventional high rate digester for expanded production of Class B biosolids. This project also includes landscaping.

Status: Planning stage with the exception of the landscaping portion, per the 2004 Facilities Plan landscaping budget allocations. The landscaping portion was completed in FY12-13.

Justification: Continue to meet the requirements for Class B digestion with the ability to take one digester out of service for cleaning.

Project Driver: Addresses anaerobic digestion capacity needs. The 2004 MWMC Facilities Plan considers an option to upgrade the existing digestion process to meet Class A biosolids standards as a strategy to secure a wider range of beneficial end-use options and increase program flexibility. Since that time, the MWMC has effectively expanded beneficial application of Class B biosolids with expansion of the Biocycle Poplar Plantation, and through working with private sector end-users.

Project Trigger: Recent observations indicate that expanded digestion facilities will not be needed before 2017 or perhaps later. The project trigger depends on projected loading and other factors including the effectiveness of new primary sludge thickening, expansion of the Waste Activated Sludge thickening facilities, and digester cleaning protocols and schedules. These factors will be studied under the Partial Facilities Plan Update. However, it is important to note that the landscaping portion of this project was implemented in FY 11-12 and completed in FY 12-13.

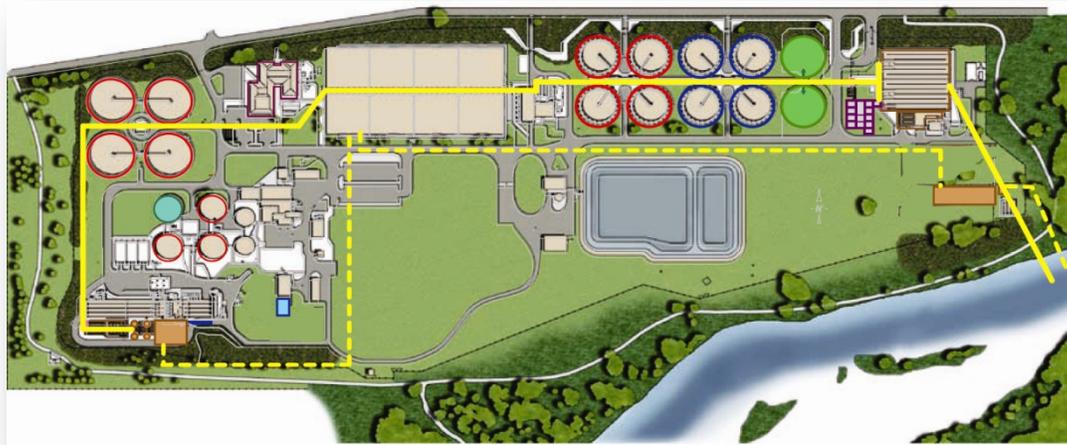
Improvement SDC Eligibility: 54%

Estimated Project Cost: \$9,358,000 (note: The non-landscape portion of the estimated project cost was moved forward two years in the schedule. That portion of the estimated cost was adjusted for inflation using a rate of 4 percent per year).

Expected Cash Flow: FY 11-12 = \$139,028; FY 12-13 = \$44,072; FY 13-14 = \$0; FY 14-15 = \$0
 FY 15-16 = \$3,169,000; FY 16-17 = 6,005,900

<u>Expenditure/Category:</u>	<u>Prior Years</u>	<u>Est. Act. 2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>Total</u>
Design/Construction	\$139,028	\$44,072	\$0	\$0	\$3,169,000	\$6,005,900	\$0	\$9,358,000
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost	\$139,028	\$44,072	\$0	\$0	\$3,169,000	\$6,005,900	\$0	\$9,358,000

WASTE ACTIVATED SLUDGE THICKENING



Description: This project provides a third gravity belt thickener (GBT) and associated at-grade building improvements. The project also includes landscaping. The landscaping component was initiated and completed in FY 11-12.

Status: Planning stage with the exception of landscaping (in keeping with the 2004 Facilities Plan landscaping budget allocations, funding from this project was made available in FY 11-12 to accommodate staging of the plant-wide integrated landscape plan).

Justification: Provides additional capacity for Waste Activated Sludge (WAS) thickening to better optimize digester capacity.

Project Driver: Additional capacity to provide WAS thickening with one unit offline at upper limit flow projections. Nitrification required by the NPDES permit and increasing wastewater flows and loads generates more WAS solids. A secondary benefit is to provide ability to conduct recuperative thickening so that the need for additional digestion volume can potentially be deferred.

Project Trigger: Exceeding solids and hydraulic loading rate design criteria. The latest evaluations of need for WAS thickening indicates a need by about 2017 or later. After the secondary treatment modifications are completed and operational for a time, the timing of need for this project should be reevaluated.

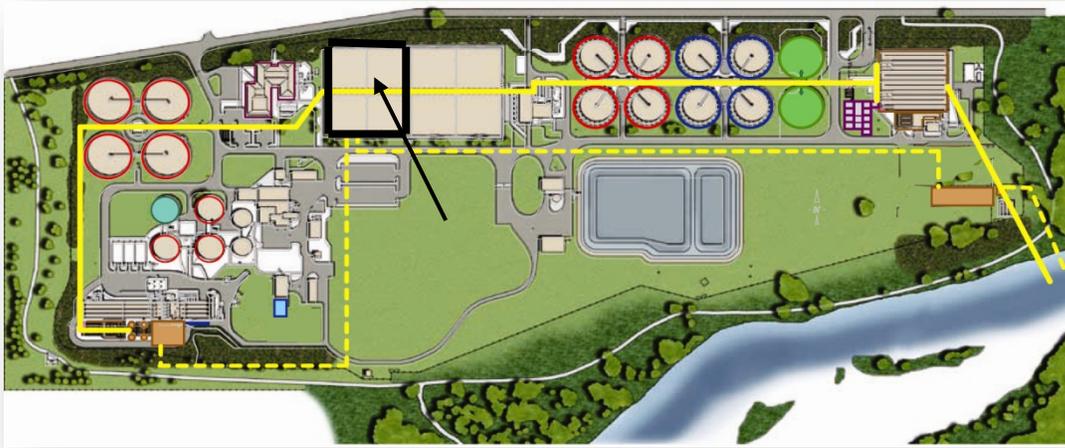
Estimated Project Cost: \$4,282,000 (note: The non-landscape portion of the estimated project cost was moved forward in the schedule to begin in FY 15-16. That portion of the estimated cost was adjusted for inflation using a rate of 4 percent per year).

Improvement SDC Eligibility: 100%

Expected Cash Flow: FY 11- 12 = \$76,597; FY 12-13 = \$0; FY 13-14 = \$ 0; FY 14-15 = \$0; FY 15-16 = 1,325,403; FY 16-17 = 2,880,000

Expenditure/Category:	Prior Years	Est. Act. 2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Total
Design/Construction	\$76,597	\$0	0\$	\$0	\$1,325,403	\$2,880,000	\$0	\$4,282,000
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost	\$76,597	\$0	\$0	\$0	\$1,325,403	\$2,880,000	\$0	\$4,282,000

AERATION BASIN IMPROVEMENTS – PHASE 2



Description: Aeration Basin (Phase 2): Add step feed, anoxic selectors, and fine bubble diffusers to 4 of the 8 cells of the aeration basins and make hydraulic improvements. This project was originally the North Aeration Basin Improvements project; however the Phase 1 study/design phase showed that improvements to the four eastern most basins as a first phase would allow for better hydraulics and more operational flexibility.

Status: The Aeration Basin (Phase 2) project is anticipated to start design development in 2016.

Justification: Increase the dry weather aeration basin treatment capacity with respect to ammonia (with nitrification) and increase the wet weather treatment capacity.

Project Driver: National Pollution Discharge Elimination System (NPDES) permit includes ammonia limit requiring nitrification in dry weather and expansion of wet weather capacity to treat wet weather flows to meet NPDES permit monthly and weekly suspended solids limits.

Project Trigger: Address water quality requirements (need to evaluate the upcoming MWMC NPDES permit renewal requirements).

Project Type: 50% Capacity; 50%Performance

Improvement SDC Eligibility: 59%

Estimated Project Cost: \$11,150,000

Expected Cash Flow: FY 16-17 = \$1,445,000; FY 17-18 = \$7,600,000; FY 18-19 = \$2,105,000

<u>Expenditure/Category:</u>	<u>Prior Years</u>	<u>2012-13 Est. Act.</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>Total</u>
Design/Construction	\$0	\$0	\$0	\$0	\$0	\$2,150,000	\$9,000,000	\$11,150,000
Other	0	0	0	0	0	0	0	0
Total Cost	\$0	\$0	\$0	\$0	\$0	\$2,150,000	\$9,000,000	\$11,150,000