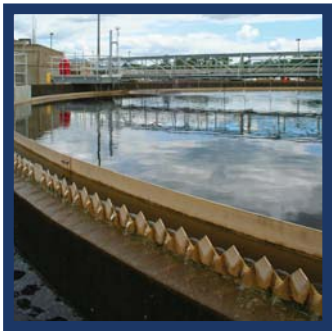


Preliminary
**REGIONAL WASTEWATER PROGRAM BUDGET
AND CAPITAL IMPROVEMENTS PROGRAM**



Metropolitan Wastewater Management Commission



partners in wastewater management



Fiscal Year 2016-17

Preliminary
REGIONAL WASTEWATER PROGRAM
BUDGET
and
CAPITAL IMPROVEMENTS PROGRAM
Fiscal Year 2016-17

The Metropolitan Wastewater Management Commission adopted the Operating Budget and Capital Improvements Program (CIP) for FY 16-17 on April 8, 2016. The Budget and CIP are currently scheduled for consideration and ratification by the Springfield City Council on May 2, 2016, the Eugene City Council on May 9, 2016, and the Lane County Board of Commissioners on May 17, 2016. The Commission is scheduled for final consideration and ratification of the Budget and CIP on June 10, 2016.

COMMISSION MEMBERS:

Joe Pishioneri, President (Springfield)
Bill Inge, Vice President (Lane County)
George Brown (Eugene)
Doug Keeler (Springfield)
Hilary Loud, (Eugene)
Walt Meyer (Eugene)
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STAFF:

Anette Spickard, MWMC Executive Officer/Springfield Development and Public Works Director
Matthew Stouder, MWMC General Manager/Springfield Environmental Services Manager
Michelle Cahill, Eugene Wastewater Division Director
Robert Duey, MWMC Finance Officer/Springfield Finance Director

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for the
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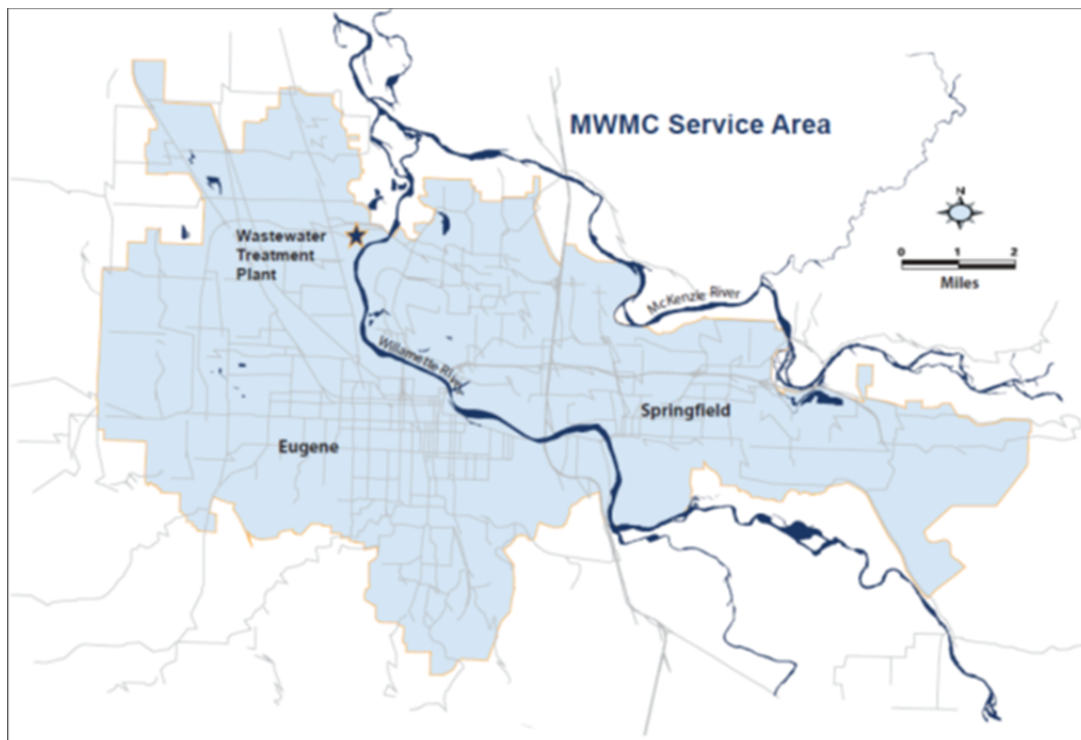
PROGRAM OVERVIEW

BUDGET MESSAGE

Members of the Metropolitan Wastewater Management Commission (MWMC) MWMCs' Customers and Partnering Agencies

We are pleased to present the Metropolitan Wastewater Management Commission's (MWMC) budget for fiscal year 2016-17 (FY 16-17). 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.

The MWMC has been quietly providing high-quality wastewater services to the metropolitan area for more than 30 years. The combined Eugene-Springfield population is 220,840, with the MWMC providing wastewater services for approximately 77,200 residential and commercial service connections to the Regional Wastewater Facilities. The MWMC is committed to clean water, the community's health, and the local environment.



This 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 Capital budget for FY 16-17 is \$36,941,600. Approximately \$20 million of the total capital budget will not be spent in FY 16-17, but is included to enable MWMC to commit to contracts that will occur in FY 16-17 for projects that span multiple years.

The FY 16-17 RWP Operating Budget for personnel services, materials and services and capital outlay expense is \$17,700,630, reflecting a 2% increase when compared to the prior year adopted budget. The FY 16-17 budget includes Debt Service payments that total \$5,504,462 as scheduled for repayment of \$20.8 million in Clean Water SRF loans, plus \$33.25 million in revenue bonds issued in 2016 to fund the Facilities Plan capital improvements. In FY 15-16, the 2006 revenue bonds were retired early, along with an advance refunding on the 2008 revenue bonds for interest cost saving, resulting in the 2016 revenue bonds. As such, the table below reflects a lower amount in beginning cash, reserves and debt service expenses in FY 16-17.

REGIONAL WASTEWATER PROGRAM RESOURCE AND EXPENDITURE SUMMARY			
	ADOPTED BUDGET 2015-16	AMENDED BUDGET 2015-16	ADOPTED BUDGET 2016-17
RESOURCES			
Beginning Cash	\$107,167,940	\$110,160,579	\$76,342,200
User Fees	30,987,500	30,987,500	31,327,500
Internal Transfers	16,878,904	21,428,904	13,570,191
Miscellaneous	1,273,800	1,273,800	1,061,110
System Development Charges	1,100,000	1,100,000	1,200,000
Interest	434,300	434,300	403,200
	\$157,842,444	\$165,385,083	\$123,904,201
EXPENDITURES			
Reserves	\$92,512,921	\$36,935,342	50,187,318
Capital Projects	21,938,604	44,322,560	36,941,600
Internal Transfers	16,878,904	21,428,904	13,570,191
Operations	13,516,071	13,636,525	13,899,707
Debt Service	9,163,743	44,808,743	5,504,462
Administration	3,832,201	3,787,009	3,800,923
	\$157,842,444	\$165,385,083	\$123,904,201

For FY 16-17 user fee revenues (including septage service and SDC compliance charges) are projected at \$31,327,500. This level of revenue is based on a recommended 2% increase in regional wastewater user fees in order to continue to meet the net revenue objectives.

In summary, the FY 16-17 budget implements the Commission's adopted Financial Plan policies, funding operations and administration sufficiently to maintain existing levels of service and to meet the environmental performance necessary for compliance with the National Pollutant Discharge Elimination System (NPDES) permit issued to the MWMC and the two Cities.

Respectfully submitted,

Anette Spickard
MWMC Executive Officer

ACRONYMS AND EXPLANATIONS

AMCP – Asset Management Capital Program. 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.

ARRA – American Reinvestment and Recovery Act. This funding was part of the federal government’s economic stimulus program and issued loans under favorable conditions to stimulate infrastructure and capital project investment.

BMF – Biosolids Management Facility. The Biosolids Management Facility is an important part of processing wastewater where biosolids generated from the treatment of wastewater are turned into nutrient rich, beneficial organic materials.

CIP – Capital Improvements Program. This program implements projects outlined in the 2004 Facilities Plan and includes projects that improve performance, or expand treatment or hydraulic capacity of existing facilities.

CMOM – Capacity Management and Maintenance Program. The CMOM program addresses wet weather issues such as inflow and infiltration with the goal to eliminate sanitary sewer overflows to the extent possible and safeguard the hydraulic capacity of the regional wastewater treatment facility.

CWSRF – Clean Water State Revolving Fund. The Clean Water State Revolving Fund loan program is a federal program administered by the Oregon DEQ that provides low-cost loans for the planning, design and construction of various water pollution control activities. (DEQ)

EMS – Environmental Management System. An EMS is a framework to determine the environmental impacts of an organization’s business practices and develop strategies to address those impacts.

ESD – Environmental Services Division. The ESD is a division of the City of Springfield’s Development and Public Works Department that promotes and protects the community’s health, safety, and welfare by providing professional leadership in the protection of the local environment, responsive customer service, and effective administration for the Regional Wastewater Program.

IGA – Intergovernmental Agreement. Pursuant to ORS 190.010, ORS 190.080, and ORS 190.085, the IGA is an agreement between the cities of Eugene and Springfield and Lane County that created the MWMC as an entity with the authority to provide resources and support as defined in the IGA for the Regional Wastewater Program.

MWMC – Metropolitan Wastewater Management Commission. The MWMC is the Commission responsible for the oversight of the Regional Wastewater Program. In this role, the MWMC protects the health and safety of our local environment by providing high-quality management of wastewater conveyance and treatment to the Eugene-Springfield community. The Commission is responsible for the oversight of the Regional Wastewater Program.

NPDES – National Pollutant Discharge Elimination System permit. The NPDES permit program is administered by the Oregon Department of Environmental Quality (DEQ) in fulfillment of federal Clean Water Act requirements. The NPDES permit includes planning and technology requirements as well as numeric limits on effluent water quality.

RWP – Regional Wastewater Program. Under the oversight of the MWMC, 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.

SDC – System Development Charge. SDCs are charges imposed on development so that government may recover the capital needed to provide sufficient capacity in infrastructure systems to accommodate the development.

SRF – Clean Water State Revolving Fund. The Clean Water State Revolving Fund loan program is a federal program administered by the Oregon DEQ that provides low-cost loans for the planning, design and construction of various water pollution control activities. (DEQ)

SSO – Sanitary Sewer Overflows. Discharges of raw sewage.

TMDL – Total Maximum Daily Load. The federal Clean Water Act defines *Total Maximum Daily Load* as the maximum amount of any pollutant that can be safely assimilated by a waterway in one day without significant degradation of water quality.

TSS – Total Suspended Solids. Organic and inorganic materials that are suspended in water.

WPCF – Regional Water Pollution Control Facility. The WPCF is a state-of-the-art facility providing treatment of the wastewater coming from the Eugene/Springfield metropolitan area. The WPCF is located on River Avenue in Eugene. The treatment plant and 49 pump stations distributed across Eugene and Springfield operate 24 hours a day, 7 days a week, 365 days a year to collect and treat wastewater from homes, businesses and industries before returning the cleaned water, or effluent, to the Willamette River. Through advanced technology and processes, the facility cleans, on average, up to 30 million gallons of wastewater every day.

WWFMP – Wet Weather Flow Management Plan. This plan evaluated and determined the most cost-effective combination of collection system and treatment facility upgrades needed to manage excessive wet weather wastewater flows in the Eugene/Springfield metropolitan area.

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 39 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 16-17 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 16-17 RWP Operating Budget, Capital Improvements Program and associated work plans.

Outcome 1: Achieve and maintain high environmental standards.

Indicators:	Performance:		
	FY 14-15 Actual	FY 15-16 Estimated Actual	FY 16-17 Target
• Amount of wastewater treated to water quality standards	100%; 11.6 billion gallons	100%; 12 billion gallons	100%; 14.3 billion gallons
• Compliance with environmental performance requirements of all permits	In compliance	In compliance	In 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	88 million gallons	85 million gallons	80 million gallons
• Performance targets under the Environmental Management System are achieved	100% of EMS targets met or on schedule	100% of EMS targets met or on schedule	100% of EMS targets met or on schedule

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

Indicators:	Performance:		
	FY 14-15 Actual	FY 15-16 Estimated Actual	FY 16-17 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	2.33	>1.25	>1.25

Outcome 3: Achieve and maintain a successful intergovernmental partnership.

Indicators:	Performance:		
	FY 14-15 Actual	FY 15-16 Estimated Actual	FY 16-17 Target
<ul style="list-style-type: none"> Industrial Pretreatment Program implementation in compliance with state/federal requirements; audit findings addressed 	In compliance	In compliance	In compliance
<ul style="list-style-type: none"> Capacity Management Operations and Maintenance (CMOM) Program development 	Adopted Regional CMOM Program Plan	Implemented Regional CMOM Program Plan	Implementation of Regional CMOM Program annual reporting
<ul style="list-style-type: none"> MWMC Facilities Plan projects consistent with CIP budget and schedule 	100% of initiated projects within budget and 50% (3 of 6 projects) on schedule	100% of initiated projects within budget and 86% (6 of 7 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 14-15 Actual	FY 15-16 Estimated Actual	FY 16-17 Target
<ul style="list-style-type: none"> Preventive maintenance completed on time (best practices benchmark is 90%) 	97%	95%	90%
<ul style="list-style-type: none"> Preventative maintenance to corrective maintenance ratio (benchmark 4:1-6:1) 	5.2:1	5:1	5:1
<ul style="list-style-type: none"> Emergency maintenance required (best practices benchmark is <2% of labor hours) 	0.2%	0.3%	<2%

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 14-15 Actual	FY 15-16 Estimated Actual	FY 16-17 Target
• Create and distribute e-newsletters	2 Newsletters	4 Newsletters	Increase distribution by 15% and readership by 10%
• Pollution prevention campaigns	2 Campaigns	4 Campaigns	2 campaigns; reaching 20% of residents in service area
• Provide tours of the Water Pollution Control Facility	20 Tours/about 700 people	27 Tours/more than 700 people	Provide tours for more than 750 people
• MWMC website traffic	Maintained visitor levels	Maintain visitor levels	Increase unique visitors by 15%
• Community survey	Completed survey and presented results	Results used to develop Communications Plan	Annual Review
• Communications Plan	--	Update completed	Annual Review
• Develop video series	Designed and began production	Final production completed and public release	---

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 14.58 FTE of Development and Public Works Department staff and 0.88 FTE of Finance Department staff, for a total 15.46 FTE as reflected in the FY 16-17 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

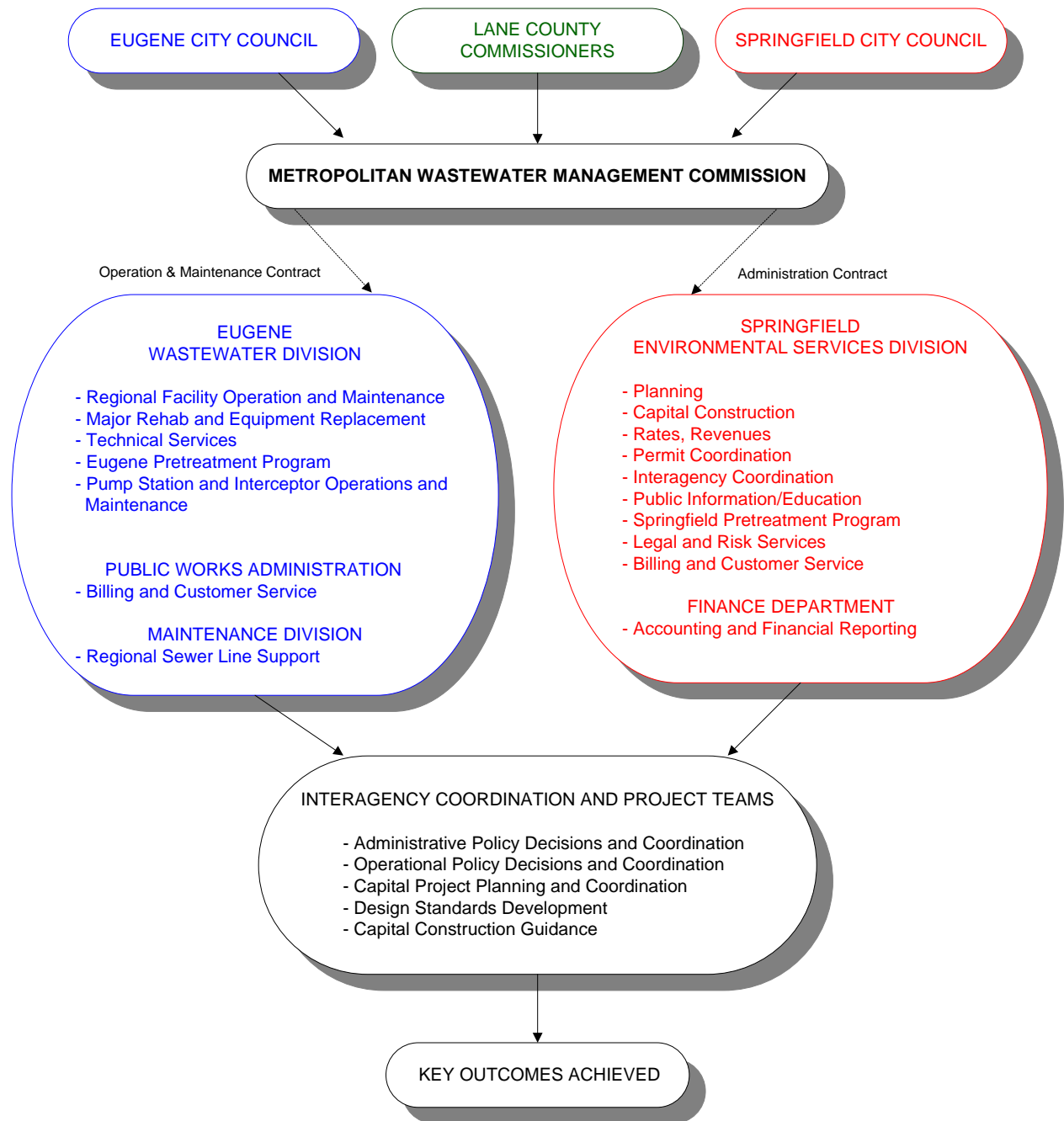
The effectiveness of the MWMC and the RWP depends on extensive coordination, especially between Springfield and Eugene staff, who provide ongoing program support. This coordination occurs in several ways. The Springfield ESD/MWMC General Manager and the Eugene Wastewater Division Director coordinate 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



BUDGET SUMMARY

**REGIONAL WASTEWATER PROGRAM
FY 16-17 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 14. Finally, Exhibit 4 on page 15 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 15-16" column in all budget tables represents the updated FY 15-16 RWP budget as of February 23, 2016, which reconciled actual beginning balances at July 1, 2015, and approved budget transfers and supplemental requests.

EXHIBIT 2

REGIONAL OPERATING BUDGET SUMMARY:
INCLUDING RESERVE CONTRIBUTIONS

	ADOPTED BUDGET FY 15-16	AMENDED BUDGET FY 15-16	ADOPTED BUDGET FY 16-17	CHANGE (1) INCR/(DECR)	
Full-Time Equivalent Staffing Level	93.29	93.29	92.86	(0.43)	-0.5%
Personnel Services (2)	\$10,102,922	\$10,072,730	\$10,303,071	\$200,149	2.0%
Materials & Services (2)	7,201,550	7,306,803	7,234,459	32,909	0.5%
Capital Outlay (2, 3)	45,000	45,000	163,100	118,100	262.4%
Equip Replacement Contribution (4)	650,000	650,000	250,000	(400,000)	-61.5%
Capital Contribution (5)	8,500,000	11,885,000	11,300,000	2,800,000	32.9%
Debt Service Contribution (6)	7,163,743	7,878,743	5,504,462	(1,659,281)	-23.2%
Bond Sale Costs	0	466,000	0	0	
Working Capital Reserve (7)	900,000	900,000	900,000	0	0.0%
Rate Stability Reserve (8)	2,000,000	2,000,000	2,000,000	0	0.0%
Insurance Reserve (9)	500,000	515,000	515,000	15,000	3.0%
Operating Reserve (10)	4,823,396	4,585,929	3,798,506	(1,024,890)	-21.2%
Rate Stabilization Reserve (11)	2,000,000	2,000,000	2,000,000	0	0.0%
SRF Loan Reserve (12)	670,908	670,908	670,908	0	0.0%
Revenue Bond Reserve (13)	4,100,000	0	0	(4,100,000)	0.0%
Budget Summary	\$48,657,519	\$48,976,113	\$44,639,506	(\$4,018,013)	-8.3%

Notes:

1. The Change column and Percent Change column compare the adopted FY 16-17 Budget with the originally Adopted FY 15-16 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 21 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 22 for year-end balance.
6. 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 16-17 is \$5,504,462 the balance of which is budgeted from SDCs.
7. 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.
8. 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 5 on page 20 for year-end balance.
9. The Insurance Reserve was established to set aside funds equivalent to the insurance deductible amount for property and liability insurance coverage, for losses per occurrence.
10. The Operating Reserve is used to account for the accumulated operating revenues net of operations expenditures. The Commission’s adopted a policy provides minimum guidelines to establish the Operating Reserve balance at approximately 10% of the adopted Operating Budget. The Operating Reserve provides for contingency funds in the event that unanticipated expenses or revenue shortfalls occur during the budget year.
11. 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.
12. The Clean Water SRF loan reserve is budgeted as required per loan agreements.
13. The Revenue Bond Reserve was created to provide assurances to the bond holders that adequate revenue coverage would be provided for future debt service obligations. Prior to FY 16-17, and to meet reserve requirements of the 2006 bond issuance the Bond Reserve was budgeted at \$4.1 million in the operating fund (as it was funded with user fees) and the Bond Reserve from the 2008 issuance was held in the capital funds budget at \$4.0 million. Beginning in FY 16-17, the revenue bond reserve is no longer a requirement due to the restructuring of the revenue bonds and improved financial position.

EXHIBIT 3

REGIONAL WASTEWATER PROGRAM OPERATING BUDGET
LINE ITEM SUMMARY BY PROGRAM AREA

	ACTUAL FY 14-15	ADOPTED BUDGET FY 15-16	AMENDED BUDGET FY 15-16	ADOPTED BUDGET FY 16-17	CHANGE INCR/(DECR)	
SPRINGFIELD						
MWMC ADMINISTRATION						
Personnel Services	\$1,073,318	\$1,319,068	\$1,299,784	\$1,292,903	(\$26,165)	-2.0%
Materials & Services	1,703,218	1,926,147	1,910,947	1,917,781	(8,366)	-0.4%
Capital Outlay	0	0	0	0	0	NA
TOTAL	\$2,776,536	\$3,245,215	\$3,210,731	\$3,210,684	(\$34,531)	-1.1%
INDUSTRIAL PRETREATMENT						
Personnel Services	\$300,986	\$340,867	\$335,289	\$331,231	(\$9,636)	-2.8%
Materials & Services	130,694	117,252	117,252	123,128	5,876	5.0%
Capital Outlay	0	0	0	0	0	NA
TOTAL	\$431,680	\$458,119	\$452,541	\$454,359	(\$3,760)	-0.8%
ACCOUNTING						
Personnel Services	\$92,263	\$95,196	\$89,866	\$100,698	\$5,502	5.8%
Materials & Services	22,937	34,871	34,871	35,182	311	0.9%
Capital Outlay	0	0	0	0	0	NA
TOTAL	\$115,200	\$130,067	\$124,737	\$135,880	\$5,813	4.5%
TOTAL SPRINGFIELD						
Personnel Services	\$1,466,567	\$1,755,131	\$1,724,939	\$1,724,832	(\$30,299)	-1.7%
Materials & Services	1,856,849	2,078,270	2,063,070	2,076,091	(2,179)	-0.1%
Capital Outlay	0	0	0	0	0	NA
TOTAL	\$3,323,416	\$3,833,401	\$3,788,009	\$3,800,923	(\$32,478)	-0.8%
EUGENE						
ADMINISTRATIVE SERVICES						
Personnel Services	\$1,506,912	\$1,799,936	\$1,799,936	\$1,827,105	\$27,169	1.5%
Materials & Services	561,943	640,252	662,717	625,521	(14,732)	-2.3%
Capital Outlay	0	0	0	0	0	NA
TOTAL	\$2,068,855	\$2,440,188	\$2,462,653	\$2,452,626	\$12,437	0.5%
BIOSOLIDS MANAGEMENT						
Personnel Services	\$1,125,091	\$1,265,210	\$1,265,210	\$1,276,526	\$11,316	0.9%
Materials & Services	782,347	990,888	1,016,060	1,018,329	27,442	2.8%
Capital Outlay	0	0	0	118,000	118,000	NA
TOTAL	\$1,907,438	\$2,256,098	\$2,281,270	\$2,412,855	\$156,758	6.9%
INDUSTRIAL SOURCE CONTROL						
Personnel Services	\$531,116	\$554,628	\$554,628	\$572,935	\$18,307	3.3%
Materials & Services	114,118	132,957	132,440	114,146	(18,811)	-14.1%
Capital Outlay	20,137	45,000	45,000	0	(45,000)	NA
TOTAL	\$665,371	\$732,585	\$732,068	\$687,081	(\$45,504)	-6.2%
TREATMENT PLANT						
Personnel Services	\$4,118,910	\$4,360,274	\$4,360,274	\$4,527,886	\$167,612	3.8%
Materials & Services	2,378,481	2,993,678	3,035,914	3,039,851	46,173	1.5%
Capital Outlay	6,728	0	0	0	0	NA
TOTAL	\$6,504,120	\$7,353,952	\$7,396,188	\$7,567,737	\$213,785	2.9%
REGIONAL PUMP STATIONS						
Personnel Services	\$114,018	\$191,450	\$191,450	\$195,102	\$3,652	1.9%
Materials & Services	287,361	307,501	338,765	303,748	(3,753)	-1.2%
Capital Outlay	0	0	0	45,100	45,100	NA
TOTAL	\$401,379	\$498,951	\$530,215	\$543,950	\$44,999	9.0%
BENEFICIAL REUSE SITE						
Personnel Services	\$126,361	\$176,293	\$176,293	\$178,685	\$2,392	1.4%
Materials & Services	48,972	58,004	57,838	56,774	(1,230)	-2.1%
Capital Outlay	0	0	0	0	0	NA
TOTAL	\$175,333	\$234,297	\$234,131	\$235,459	\$1,162	0.5%
TOTAL EUGENE						
Personnel Services	\$7,522,408	\$8,347,791	\$8,347,791	\$8,578,239	\$230,448	2.8%
Materials & Services	4,173,222	5,123,280	5,243,734	5,158,368	35,088	0.7%
Capital Outlay	26,865	45,000	45,000	163,100	118,100	262.4%
TOTAL	\$11,722,495	\$13,516,071	\$13,636,525	\$13,899,707	\$383,636	2.8%
TOTAL REGIONAL BUDGET		\$17,349,472		\$17,700,630	\$351,158	2.0%

EXHIBIT 4

REGIONAL WASTEWATER PROGRAM
BUDGET SUMMARY AND COMPARISON

	ADOPTED BUDGET FY 15-16	AMENDED BUDGET FY 15-16	ADOPTED BUDGET FY 16-17	CHANGE * INC(DEC)
<u>OPERATING BUDGET</u>				
Administration	\$3,833,401	\$3,788,009	\$3,800,923	(\$32,478)
Operations	13,516,071	13,636,525	13,899,707	383,636
Capital Contribution & transfers	8,500,000	11,885,000	11,300,000	2,800,000
Equip Repl - Contribution	650,000	650,000	250,000	(400,000)
Operating & Revenue Bond Reserves	14,994,304	10,671,837	10,424,414	(4,569,890)
Debt Service	7,163,743	7,878,743	5,504,462	(1,659,281)
Total Operating Budget	\$48,657,519	\$48,510,114	\$45,179,506	(\$3,478,013)
<u>Funding:</u>				
Beginning Balance	\$16,289,243	\$16,158,038	\$10,684,205	(\$5,605,038)
User Fees	30,985,000	30,985,000	31,325,000	340,000
Other	1,383,276	1,383,076	3,170,301	1,787,025
Total Operating Budget Funding	\$48,657,519	\$48,526,114	\$45,179,506	(\$3,478,013)
<u>CAPITAL PROGRAM BUDGET</u>				
Poplar Harvest Mgmt Services	\$1,265,000	\$1,334,535	\$772,000	(\$493,000)
Facility Plan Engineering Services	70,000	97,547	99,600	29,600
Capacity Mgmt., Operations, and Maint.	16,833	94,454	30,000	13,167
Influent PS/Willakenzie PS/Headworks	145,140	285,186	0	NA
Digestion Capacity Increase	8,645,000	16,157,068	14,720,000	6,075,000
WPCF Lagoon Remove/Decommission	4,938,231	4,869,681	390,000	(4,548,231)
Sodium Hypochlorite Conversion	1,039,800	1,039,800	0	NA
Operations Building Improvements	950,000	14,719,167	13,970,000	13,020,000
Thermal Load Pre-Implementation	210,000	246,092	244,000	34,000
Thermal Load Implementation 1	794,000	730,884	131,000	(663,000)
Biosolids Force Main Rehab	0	322,704	0	NA
Tertiary Filtration 1	0	0	0	NA
Primary Sludge Thickening	0	0	0	NA
<u>Asset Management:</u>				
Equipment Replacement Purchases	593,300	755,300	381,000	(212,300)
Major Rehab	371,300	570,142	534,000	162,700
Major Capital Outlay	2,900,000	3,100,000	5,670,000	2,770,000
Total Capital Projects	\$21,938,604	\$44,322,560	\$36,941,600	\$15,002,996
<u>Funding:</u>				
Equipment Replacement	\$593,300	\$755,300	\$381,000	(\$212,300)
Capital Bond Fund	10,937,849	13,292,107	10,576,394	(361,455)
Capital Reserve	10,407,455	30,275,153	25,984,206	15,576,751
Total Capital Projects Funding	\$21,938,604	\$44,322,560	\$36,941,600	\$15,002,996

Note: * The Change (Increase/Decrease) column compares the adopted FY 16-17 budget to the originally adopted FY 15-16 budget column.

OPERATING BUDGET AND RATE HISTORY

The graphs on pages 17 and 18 show the regional residential wastewater service costs over a 5-year period, and a 5-year Regional Operating Budget Comparison. Because the Equipment Replacement, Major Infrastructure Rehabilitation and Major Capital Outlay 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 18. The Regional Wastewater Capital Improvement Programs graph on page 18 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 17, 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 increased an additional \$1.10 per month and went into effect on December 1, 2008.

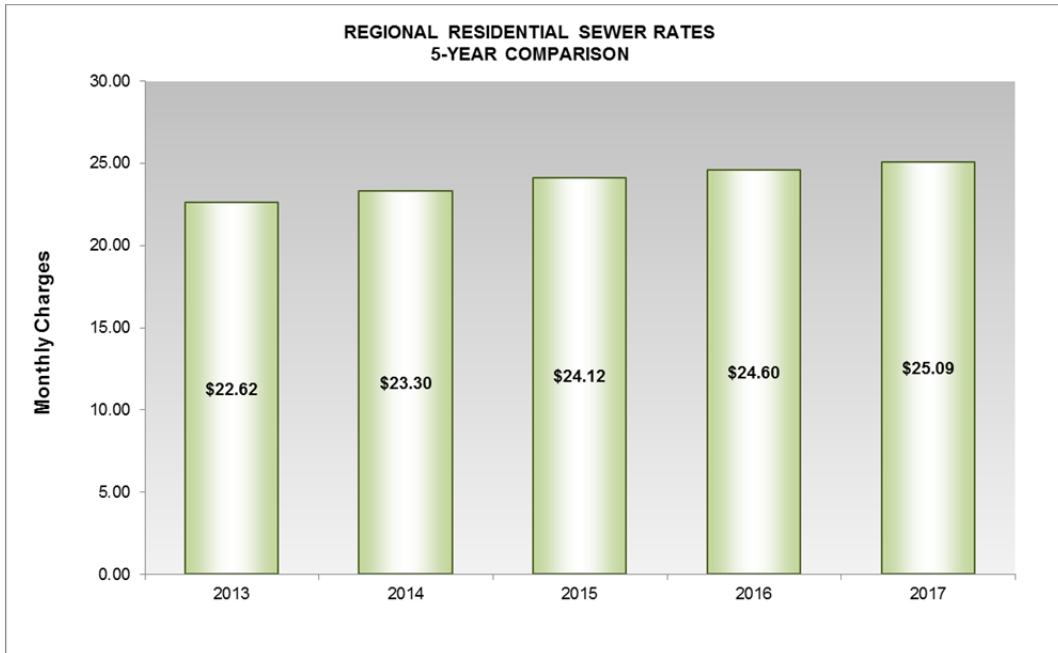
In FY 09-10, there was an 18% user rate increase over FY 08-09 rates applied uniformly across all user classes. This rate provided for Operations, Administration, Capital programs, reserves and debt service to be funded at sufficient levels to meet FY 09-10 requirements.

In FY10-11 user rates increased 5% over the prior year rates, and in FY 11-12 and FY 12-13 user rates increased 4% each year, over the prior year rates to provide for Operations, Administration, Capital programs, reserves, debt service, and debt coverage requirements.

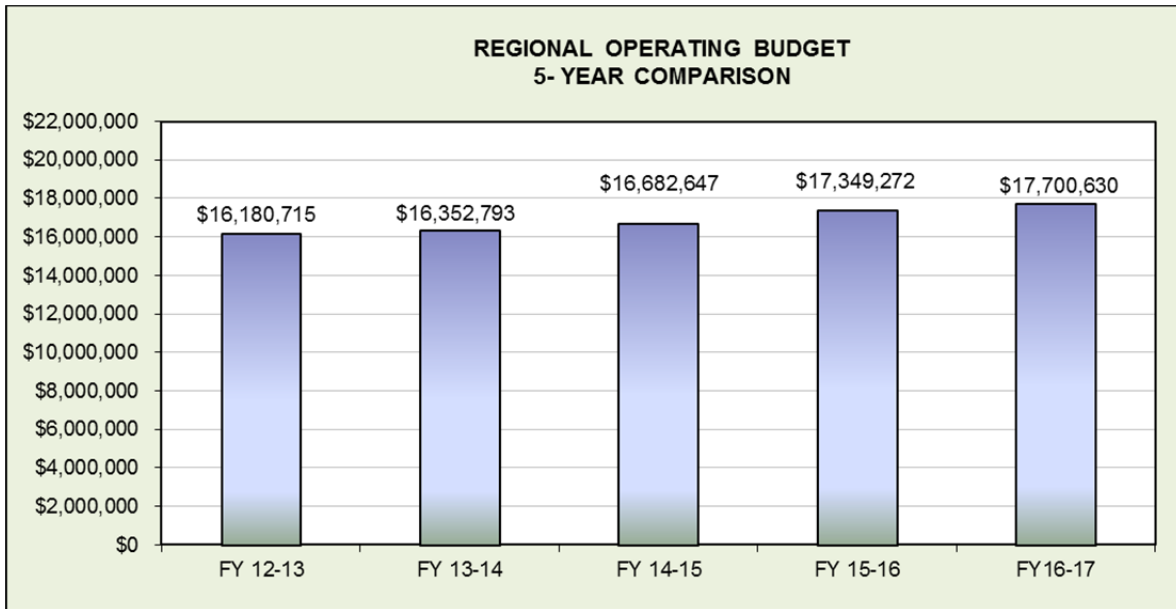
In FY 13-14 user rates increased 3% over the prior year rates, in FY14-15 user rates increased by 3.5% and in FY 15-16 user rates increased by 2% over the prior year rates to provide for Operations, Administration, Capital programs, reserves, debt service, and debt coverage requirements.

The FY 16-17 Budget is based on a 2% user rate increase over the FY 15-16 rates. This increase will 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, as well as financially positioning for future investments in capital assets.

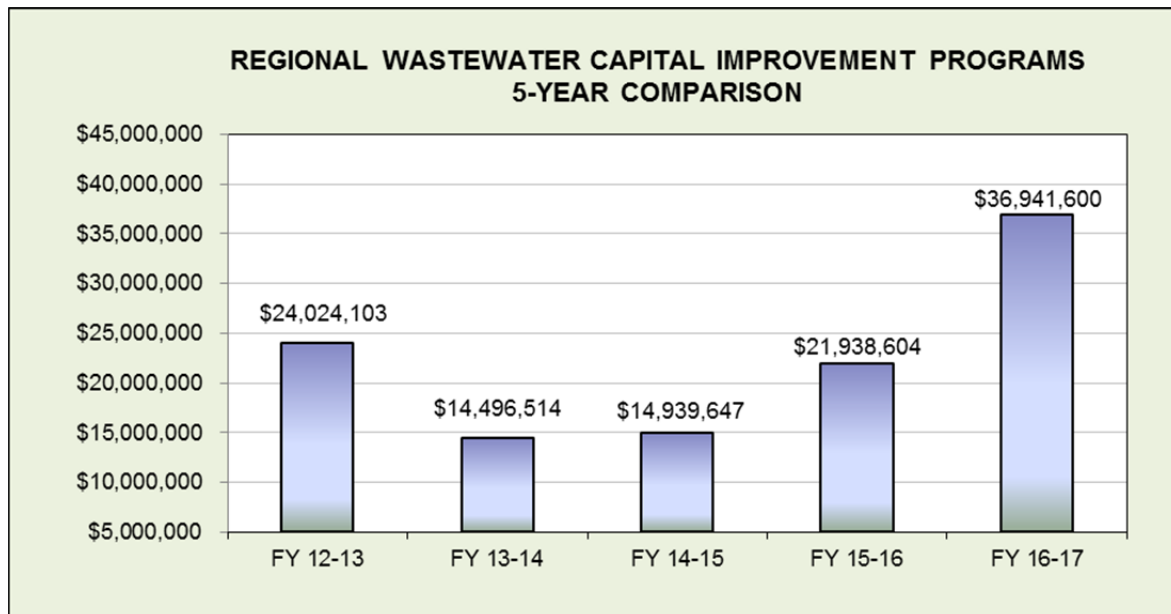
The chart below displays the regional component of a residential monthly bill when applying the base and flow rates to 5,000 gallons of wastewater treated, which includes a \$0.49 increase effective July 1, 2016.



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.



RESERVE FUNDS

REGIONAL WASTEWATER PROGRAM RESERVES

The RWP maintains reserve funds for the 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 16-17 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 16-17, \$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 million, 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 16-17 no additional contribution to this reserve is budgeted and the balance at June 30, 2017, will remain at \$2 million.

REVENUE BOND RESERVE

The Bond Reserve was created to provide assurances to the bond holders that adequate revenue coverage would be provided for future debt service payments associated with the 2006 and 2008 bond issuances. Prior to FY 16-17, and to meet reserve requirements of the 2006 bond issuance the Bond Reserve was budgeted at \$4.1 million in the operating fund (as it was funded with user fees) and the Bond Reserve from the 2008 issuance was held in the capital funds budgeted at

\$4.0 million. Beginning in FY 16-17, the revenue bond reserve is no longer a requirement due to the restructuring of the revenue bonds and improved financial position.

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 \$670,908 for FY 16-17.

INSURANCE RESERVE

The Insurance Reserve was established to set aside funds equivalent to the insurance deductible amount for property and liability insurance coverage, for losses per occurrence. The Insurance Reserve is set at \$515,000 for FY 16-17.

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 provides minimum guidelines to establish the Operating Reserve at approximately 10% of the adopted operating budget. For FY 16-17, the Operating Reserve is budgeted at \$4,338,506, which includes the 10% of total Personnel Services, Materials and Services, and Capital Outlay in accordance with Commission policy.

EXHIBIT 5

	ADOPTED BUDGET FY 15-16	AMENDED BUDGET FY 15-16	ADOPTED BUDGET FY 16-17
OPERATING RESERVES			
Beginning Balance	\$16,289,243	\$16,158,038	\$10,684,205
User Fee Revenue	30,800,000	30,800,000	31,140,000
Septage Revenue	185,000	185,000	185,000
Other Revenue	1,273,800	1,273,800	1,061,110
Interest	85,000	85,000	85,000
Transfer from Improvement SDCs	0	0	2,000,000
Transfer from Reimbursement SDCs	19,276	19,276	20,191
Transfer from Bond Capital Fund	0	450,000	0
Personnel Services	(10,102,922)	(10,072,730)	(10,303,071)
Materials & Services	(7,196,350)	(7,301,804)	(7,230,459)
Capital Outlay	(45,000)	(45,000)	(163,100)
Interfund Transfers	(9,150,000)	(12,535,000)	(11,550,000)
Transfer to Bond Debt Service Fund	(5,709,628)	(6,424,628)	0
Debt Service - SRF Loan	(1,454,115)	(1,454,115)	(1,486,462)
Bond Sale Costs	0	(466,000)	0
Debt Service - 2016 Revenue Bond	0	0	(4,018,000)
Working Capital	(900,000)	(900,000)	(900,000)
Insurance Reserve	(500,000)	(515,000)	(515,000)
SRF Loan Reserve	(670,908)	(670,908)	(670,908)
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 2006	(4,100,000)	0	0
Operating Reserve	\$4,823,396	\$4,585,929	\$4,338,506

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 16-17 budget total \$250,000, 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 15-16	AMENDED BUDGET FY 15-16	ADOPTED BUDGET FY 16-17
EQUIPMENT REPLACEMENT RESERVE			
Beginning Balance	\$11,420,690	\$11,705,390	\$11,837,948
Annual Equipment Contribution	650,000	650,000	250,000
Interest	40,000	40,000	40,000
Equipment Purchases	(593,300)	(755,300)	(381,000)
Equipment Replacement Reserve	\$11,517,390	\$11,640,090	\$11,746,948

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 16-17 are approximately \$1.1 million. Budgeted expenditures include \$2 million 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, 2016 is \$3,504,354.

	ADOPTED BUDGET FY 15-16	AMENDED BUDGET FY 15-16	ADOPTED BUDGET FY 16-17
REIMBURSEMENT SDC RESERVE			
Beginning Balance	\$490,946	\$555,989	\$639,013
Reimbursement SDCs Collected	100,000	100,000	100,000
Interest	1,300	1,300	1,200
SDC Compliance Charge	2,500	2,500	2,500
Xfr to Debt Service (Fund 612)	(19,276)	(19,276)	(20,191)
Materials & Services	(2,000)	(2,000)	(2,000)
Reimbursement SDC Reserve	\$573,470	\$638,513	\$720,522

	ADOPTED BUDGET FY 15-16	AMENDED BUDGET FY 15-16	ADOPTED BUDGET FY 16-17
IMPROVEMENT SDC RESERVE			
Beginning Balance	\$2,953,028	\$3,763,341	\$2,865,341
Improvement SDCs Collected	1,000,000	1,000,000	1,100,000
Interest	8,000	8,000	7,000
Materials & Services	(2,000)	(2,000)	(2,000)
Xfr to Debt Service (Fund 612)	(2,000,000)	(2,000,000)	(2,000,000)
Improvement SDC Reserve	\$1,959,028	\$2,769,341	\$1,970,341

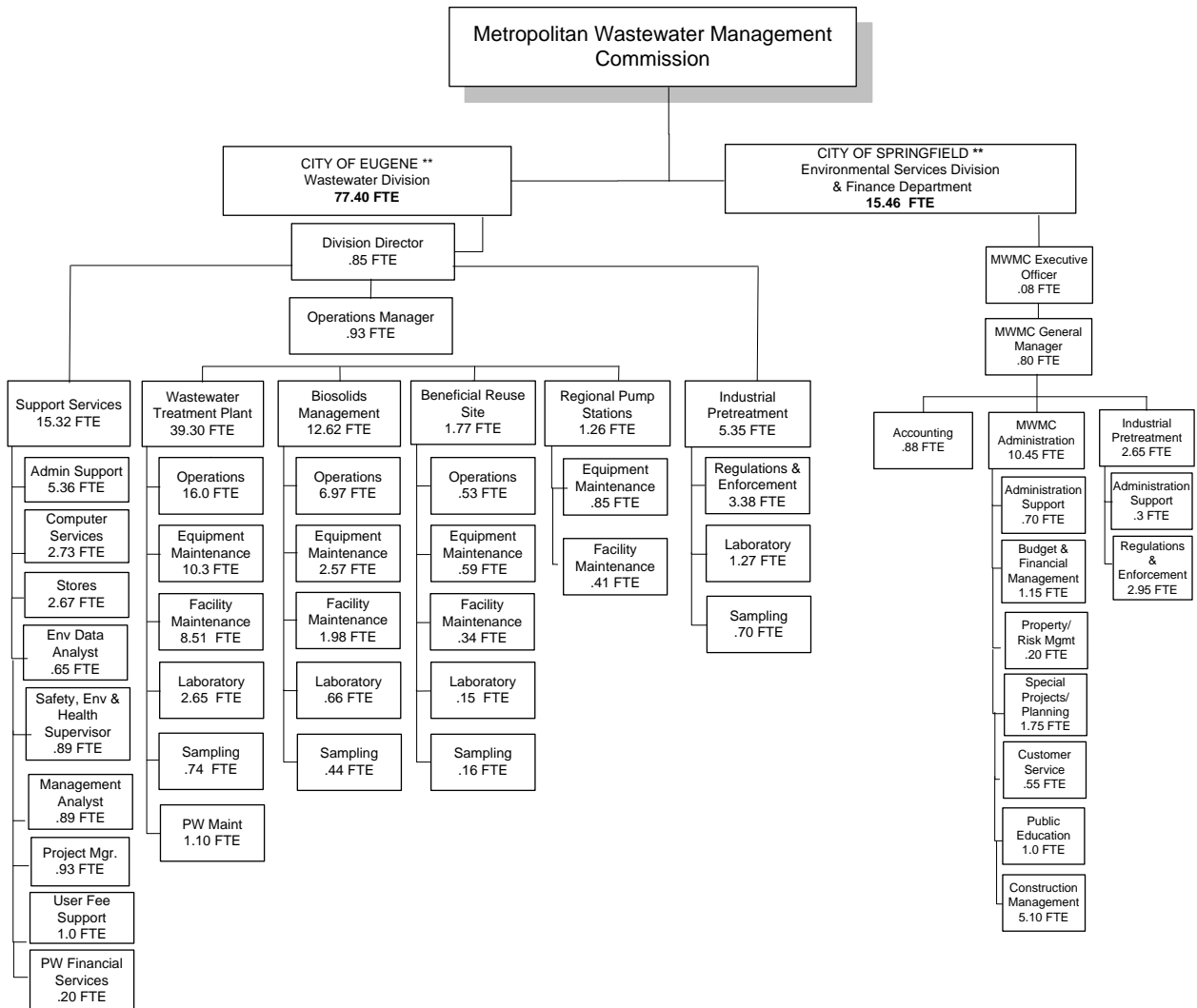
CAPITAL RESERVE

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 16-17 Budget includes a contribution from the Operating Reserve of \$11.3 million. The beginning balance on July 1, 2016, is projected to be \$50,315,693. Additional budget detail on the CIP, Major Capital Outlay and Major Rehabilitation Program reserves is provided below.

	ADOPTED BUDGET FY 15-16	AMENDED BUDGET FY 15-16	ADOPTED BUDGET FY 16-17
CAPITAL RESERVES			
Beginning Balance	\$76,014,033	\$77,977,819	\$50,315,693
Transfer from Operating Reserve	8,500,000	11,885,000	11,300,000
Interest	60,000	60,000	60,000
Interest Income (Revenue Bond Proceeds)	240,000	240,000	210,000
Transfer to Operating	0	(450,000)	0
Revenue Bond Principal 08	0	(3,550,000)	0
Revenue Bond Principal 06	0	(31,380,000)	0
Funding For Capital Improvement Projects	(18,074,004)	(39,897,118)	(30,356,600)
Funding For Major Rehabilitation	(371,300)	(570,142)	(534,000)
Funding For Major Capital Outlay	(2,900,000)	(3,100,000)	(5,670,000)
Revenue Bond Reserve 2008	(4,000,000)	0	0
Capital Reserve	\$59,468,729	\$11,215,559	\$25,325,093

OPERATING PROGRAMS

EXHIBIT 6
REGIONAL WASTEWATER PROGRAMS*
ORGANIZATION CHART FY 16-17



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 7**REGIONAL WASTEWATER PROGRAM
POSITION SUMMARY**

CLASSIFICATION	BUDGET FY 14-15	BUDGET FY 15-16	BUDGET FY 16-17	FTE CHANGE
SPRINGFIELD ENVIRONMENTAL SERVICES & FINANCE				
Accountant	0.80	0.80	0.80	-
Accounting Supervisor	0.08	0.08	0.08	-
Administrative Specialist	1.05	1.85	1.85	-
Assistant Project Coordinator	0.90	0.90	0.90	-
Civil Engineer/Design & Construction Coordinator	3.00	3.00	3.00	-
Construction Inspector	1.00	0.00	0.00	-
Development and Public Works Deputy Director	0.08	0.08	0.00	(0.08)
Development and Public Works Director	0.08	0.08	0.08	-
Engineering Assistant	1.60	0.80	0.80	-
Environmental Management Analyst	0.00	0.65	0.65	-
Environmental Services Program Manager	0.55	1.35	0.80	(0.55)
Environmental Services Program Coordinator	1.00	1.00	0.00	(1.00)
Environmental Services Supervisor	0.00	0.00	0.95	0.95
Environmental Services Technician	1.50	1.50	2.00	0.50
ESD Manager/MWMC General Manager	0.75	0.80	0.80	-
Managing Civil Engineer	2.00	2.00	1.75	(0.25)
Public Information & Education Specialist	1.00	1.00	1.00	-
Senior Finance Analyst	0.50	0.00	0.00	-
TOTAL SPRINGFIELD	15.89	15.89	15.46	(0.43)

EXHIBIT 7 (Continued)**REGIONAL WASTEWATER PROGRAM
POSITION SUMMARY**

CLASSIFICATION	BUDGET FY 14-15	BUDGET FY 15-16	BUDGET FY 16-17	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	3.28	3.28	3.28	-
Engineering Associate	0.35	0.35	0.35	-
Maintenance Worker	12.29	12.29	12.29	-
Management Analyst	4.25	4.25	5.14	0.89
Office Supervisor, Sr	0.89	0.89	0.00	(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	1.00	1.00	1.00	-
Wastewater Plant Operations Manager	0.93	0.93	0.93	-
Wastewater Operations Supervisor	2.00	2.00	2.00	-
Wastewater Plant Maintenance Supervisor	2.88	2.88	2.88	-
Wastewater Pretreatment & Lab Supervisor	0.82	0.82	0.82	-
Wastewater Technician	36.71	36.71	36.71	-
TOTAL	77.40	77.40	77.40	-
GRAND TOTAL	93.23	93.29	92.86	(0.43)

**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 16-17 is provided in Exhibit 12 on page 41.

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 2016, there were 19 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 16-17, the City of Springfield will support the following major regional initiatives in addition to ongoing Commission administration and industrial pretreatment activities:

- Continue public information, education and outreach activities focused on the MWMC's Key Outcomes and Communication Plan objectives to increase awareness of the MWMC's ongoing efforts in maintaining water quality and a sustainable environment.
- Implement Capital Financing strategies necessary to meet current debt 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 and 2014 Partial Facilities Plan Update to meet all regulatory requirements and capacity needs. Considering emerging environmental regulations that may impact the operation of the WPCF.
- Implement annual reporting for the local Capacity Management Operations and Maintenance (CMOM) programs, focusing on continued inflow and infiltration reductions, including flow monitoring, data tracking, regional coordination, and exploring methods of addressing private laterals.
- Protect the Regional Wastewater Program (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, including but not limited to a recycled water program.
- Continue participation with the Association of Clean Water Agencies and the Department of Environmental Quality on regulatory permitting strategies and the development of water quality trading rules.

SIGNIFICANT BUDGET CHANGES FOR FY 16-17

The budget for Springfield Personnel Services, Materials and Services, and Capital Outlay for FY 16-17 totals \$3,800,923 representing an overall decrease of \$32,478 or 0.8% below the adopted FY 15-16 budget, as displayed in Exhibit 8 on page 29.

Personnel Services

Personnel Services totaling \$1,724,832 represents a FY 16-17 decrease of \$30,299 or 1.7% over the originally adopted FY 15-16 budget. The major changes are summarized below:

Staffing Level - 15.46 full-time equivalent (FTE) staff, a decrease of 0.43 FTE

Staffing decreased in the FY 16-17 budget when compared to FY 15-16 based on a reorganization of staff allocated to the regional programs.

Regular Wages and Overtime - \$1,153,170, decrease of \$17,895 or 1.5%

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

Health Insurance - \$308,832, a decrease of \$6,792 or 2.2%

Health Insurance includes employee related medical and dental insurance.

PERS/OPSRP Contributions - \$155,768, an increase of \$2,416 or 1.5%

Projected employee retirement contribution for FY 16-17.

Materials and Services

The Materials and Services budget total is \$2,076,091 in FY 16-17, representing a slight decrease of \$2,179 or 0.1% below the adopted FY 15-16 budget. The major changes are summarized below:

Property and Liability Insurance - \$370,000, a decrease of \$70,000 or 15.9%

The \$70,000 decrease is in comparison to the originally adopted FY 15-16 budget. The budget decrease reflects cost savings in Agent of Record services which are fee-based, a change in liability insurance providers, and an increase in the property insurance deductible amount resulting in a reduced insurance premium cost.

Contractual Services –\$133,500, a net decrease of \$7,500 or 5.3%

The \$7,500 decrease was due to completion of the educational video series in FY 15-16, which was a one-time expense.

Internal Charges - \$165,004, a increase of \$18,702 or 12.8%

The \$18,702 increase is primarily related to the regional portion of the City of Springfield facility rents for use of the City Hall building, and a portion of the City of Springfield liability, auto and risk insurance.

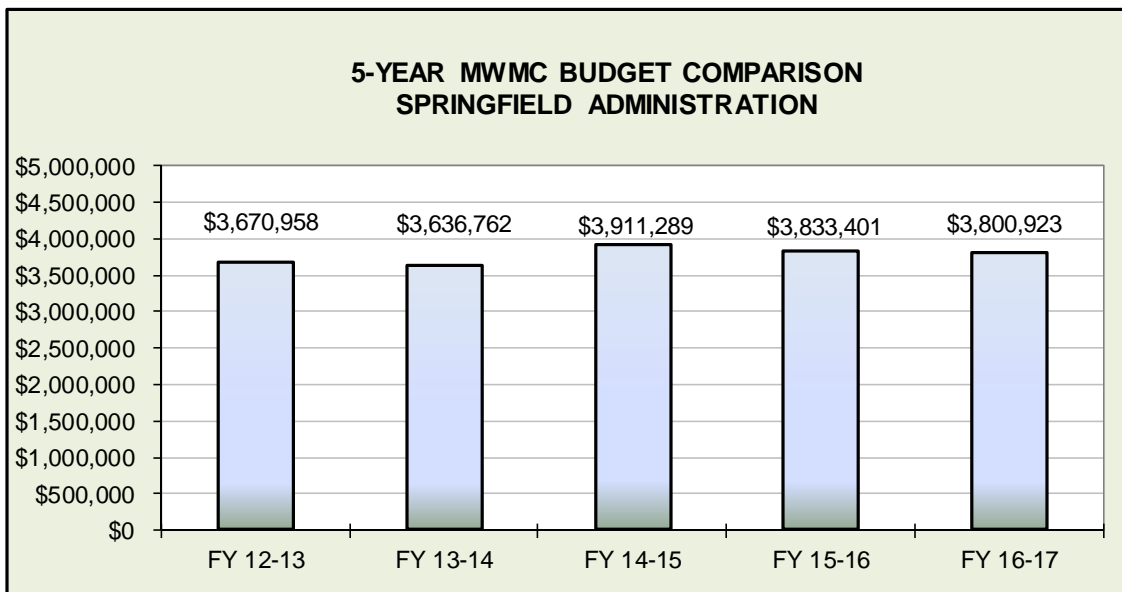
Computer Software & License - \$32,650, a net decrease of \$11,500 or 26.0%

The \$11,500 decrease is due to entering into a three year contract in FY 15-16 for ongoing service and maintenance for the capital project management system, Constructware.

EXHIBIT 8

**SPRINGFIELD ADMINISTRATION PROGRAM
ADOPTED FY 16-17
BUDGET SUMMARY**

	ACTUAL FY 14-15	ADOPTED BUDGET FY 15-16	AMENDED BUDGET FY 15-16	ADOPTED BUDGET FY 16-17	CHANGE *	
					INCR/(DECR)	
Personnel Services	\$1,466,567	\$1,755,131	\$1,724,939	\$1,724,832	(\$30,299)	-1.7%
Materials & Services	1,856,849	2,078,270	2,063,070	2,076,091	(2,179)	-0.1%
Capital Outlay	0	0	0	0	0	0%
Budget Summary	\$3,323,416	\$3,833,401	\$3,788,009	\$3,800,923	(\$32,478)	-0.8%



Note: * Change column compares the adopted FY 16-17 Budget to the adopted FY 15-16 Budget.

EXHIBIT 9

SPRINGFIELD ADMINISTRATION
LINE ITEM BUDGET SUMMARY

	ACTUAL FY 14-15	ADOPTED BUDGET FY 15-16	AMENDED BUDGET FY 15-16	ADOPTED BUDGET FY 16-17	CHANGE INCR/(DECR)	
PERSONNEL SERVICES						
Regular Wages	\$997,633	\$1,163,349	\$1,163,349	\$1,149,666	(\$13,683)	-1.2%
Overtime	42	7,716	7,716	3,504	(4,212)	-54.6%
Employee Benefits	92,487	110,258	110,258	107,062	(3,196)	-2.9%
PERS/OPSRP	134,022	158,184	158,184	155,768	(2,416)	-1.5%
Medical/Dental Insurance	242,383	315,624	285,432	308,832	(6,792)	-2.2%
Total Personnel Services	\$1,466,567	\$1,755,131	\$1,724,939	\$1,724,832	(\$30,299)	-1.7%
FTE	16.68	15.89	15.89	15.46	(0.43)	-2.7%
MATERIALS & SERVICES						
Billing & Collection Expense	\$594,701	\$577,000	\$577,000	\$630,000	\$53,000	9.2%
Property & Liability Insurance	373,780	440,000	425,000	370,000	(70,000)	-15.9%
Contractual Services	47,029	141,000	141,000	133,500	(7,500)	-5.3%
Attorney Fees and Legal Expense	72,192	185,505	185,505	188,505	3,000	1.6%
WPCF/NPDES Permits	118,466	126,800	126,600	136,000	9,200	7.3%
Materials & Program Expense	42,272	87,795	87,795	87,321	(474)	-0.5%
Computer Software & Licenses	78,311	44,150	44,150	32,650	(11,500)	-26.0%
Employee Development	5,320	19,000	19,000	19,275	275	1.4%
Travel & Meeting Expense	12,283	21,100	21,100	22,200	1,100	5.2%
Internal Charges	181,670	146,302	146,302	165,004	18,702	12.8%
Indirect Costs	330,824	289,618	289,618	291,636	2,018	0.7%
Total Materials & Services	\$1,856,849	\$2,078,270	\$2,063,070	\$2,076,091	(\$2,179)	-0.1%
CAPITAL OUTLAY						
Total Capital Outlay	0	0	0	0	0	0.0%
TOTAL	\$3,323,416	\$3,833,401	\$3,788,009	\$3,800,923	(\$32,478)	-0.8%

**CITY OF EUGENE
REGIONAL WASTEWATER PROGRAM RESPONSIBILITIES**

The Wastewater Division for the City of Eugene manages all regional wastewater pollution control facilities serving the areas inside the Eugene and Springfield Urban Growth Boundaries 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
- Biosolids Management
- Facility Operations
- Facility Maintenance
- Industrial Source Control
- Laboratory Services
- 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; and 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. 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 wastewater 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 2015 there were 21 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 National Pollutant Discharge Elimination System (NPDES) wastewater discharge permit, computer-aided design and electronic storage of design drawings, and planning of projects to anticipate and prepare for new regulatory and operational requirements. The Project Management staff develops Request for Proposals and Request for Quotes, coordinates special project activities between work sections, and coordinates the procurement of building permits as necessary in support of project activities.

PROGRAMS AND SIGNIFICANT SERVICE/EXPENDITURE CHANGES

In FY 16-17, 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 Lane Regional Air Protection Agency (LRAPA) air emissions permit for the regional wastewater treatment plant.
- Continue to evaluate impacts of regulatory actions (such as the federal sanitary sewer overflows (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 biosolids irrigation practices and poplar tree management.

SIGNIFICANT CHANGES IN THE O & M BUDGET FOR FY 16-17

The budget for Operations and Maintenance of the regional wastewater treatment facilities (personnel, materials and services, and capital outlay) for FY 16-17 totals \$13,899,707. The amount represents an increase of \$383,636 or 2.8% from the FY 15-16 budget. The largest cost centers for the budget are personnel costs, contractual services, utilities, materials, maintenance, fleet, and chemicals. Details of significant items and changes for the FY 16-17 Operations and Maintenance budget as compared to the FY 15-16 budget include:

Personnel Services

Personnel Services totaling \$8,578,239 represents a FY 16-17 increase of \$230,448 or 2.8%. The major changes are in the following budget categories:

Staffing

The FY 16-17 budget requests no change in staffing level from the FY 15-16 budget. Staffing requests remains at 77.40 Full Time Equivalent (FTE).

Regular Wages - \$5,165,677, an increase of \$142,573 or 2.8%

Salaries are based upon the negotiated management/labor contracts between the City of Eugene and the local union (AFSCME).

Employee Benefits - \$1,811,828, an increase of \$35,815 or 2.0%

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

Health Insurance - \$1,454,825, an increase of \$68,972 or 5.0%

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 \$5,158,368 represents an FY 16-17 increase of \$35,088 or 0.7%. The major changes are in the following budget categories:

Indirect Charges - \$1,020,000, an increase of \$18,850 or 1.9%

This expenditure category includes costs for payroll processing, human resources services, information technology services, and budget and financial services provided by the City of Eugene to the Wastewater Division.

Contractual Services - \$895,941, a net increase of \$100,706 or 12.7%

This account includes services for outside lab testing, USGS water monitoring, seasonal temporary help, distributive control system (DCS) upgrade, and grit waste disposal. Temporary help budget is \$395,250, professional services are \$158,796, and trade and other contractual services total \$341,895.

Materials & Program Expense - \$555,442, a net decrease of \$102,662 or 15.6%

The Materials & Program Expense account includes a wide variety of operational items such as telephone charges, training costs, tools, small equipment, safety supplies, and inventory. The FY 16-17 budget reduction is due in part to one-time expenditures for flow monitoring being made in the FY 15-16 budget and not budgeted in FY 16-17. A reduction for tools and minor equipment has also been made to align with recent trends of lower expenditures in those areas.

Fleet - \$426,986, a decrease of \$12,705 or 2.9%

Fleet services are managed centrally by Eugene Fleet Services. Reduction in fuel costs are reflected in lower fleet charges.

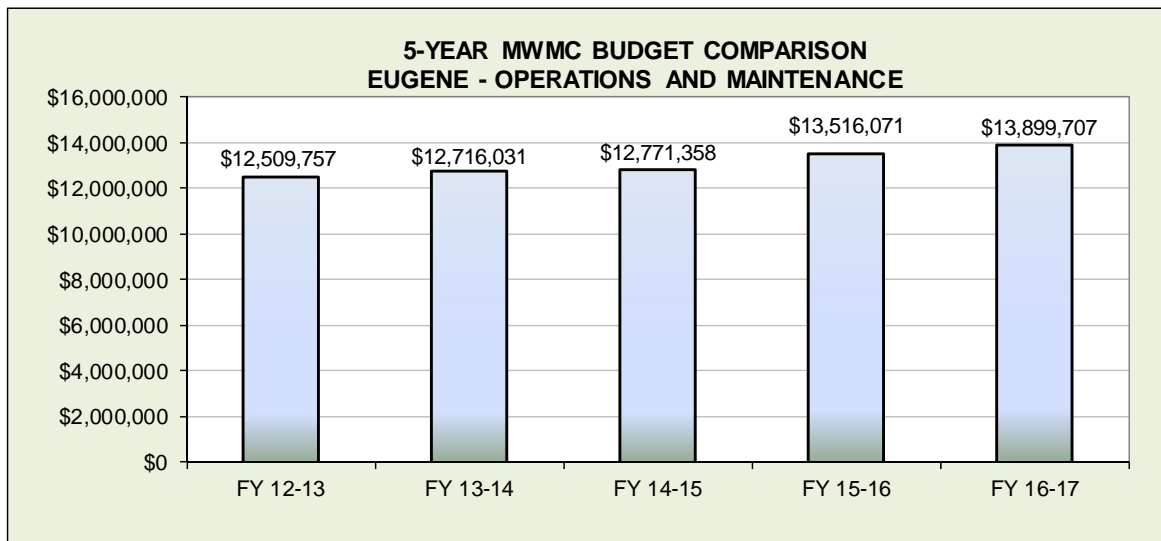
Eugene Capital Outlay Expense - \$163,100, a net increase of \$118,100

Eugene Capital Outlay budget this year will be used to purchase a water truck for the Biosolids Management Facility which will be used for efficient dust control, fire protection and clean up capabilities at the BMF and at biosolids application sites. A one-ton pickup outfitted with a service body is budgeted for maintenance staff use.

EXHIBIT 10

**EUGENE - OPERATIONS AND MAINTENANCE PROGRAM
ADOPTED FY 16-17
BUDGET SUMMARY**

	ACTUAL FY 14-15	ADOPTED BUDGET FY 15-16	AMENDED BUDGET FY 15-16	ADOPTED BUDGET FY 16-17	CHANGE *	
					INCR/(DECR)	
Personnel Services	\$7,522,408	\$8,347,791	\$8,347,791	\$8,578,239	\$230,448	2.8%
Materials & Services	4,173,222	5,123,280	5,243,734	5,158,368	35,088	0.7%
Capital Outlay	26,865	45,000	45,000	163,100	118,100	262.4%
Budget Summary	\$11,722,495	\$13,516,071	\$13,636,525	\$13,899,707	\$383,636	2.8%



NOTE: Does not include Major or Equipment Replacement

EXHIBIT 11

EUGENE - OPERATIONS & MAINTENANCE
LINE ITEM BUDGET SUMMARY

	ACTUAL FY 14-15	ADOPTED BUDGET FY 15-16	AMENDED BUDGET FY 15-16	ADOPTED BUDGET FY 16-17	CHANGE INCR/(DECR)	
<u>PERSONNEL SERVICES</u>						
Regular Wages	\$4,601,145	\$5,023,104	\$5,023,104	\$5,165,677	\$142,573	2.8%
Overtime	45,686	70,975	70,975	40,000	(30,975)	-43.6%
Employee Benefits	1,538,942	1,776,013	1,776,013	1,811,828	35,815	2.0%
Workers' Comp/Unemploy Ins	93,005	91,846	91,846	105,909	14,063	15.3%
Health Insurance	1,243,630	1,385,853	1,385,853	1,454,825	68,972	5.0%
Total Personnel Services	\$7,522,408	\$8,347,791	\$8,347,791	\$8,578,239	\$230,448	2.8%
FTE	77.40	77.40	77.40	77.40	0.00	0.0%
<u>MATERIALS & SERVICES</u>						
Utilities	\$752,583	\$754,682	\$754,682	\$775,615	\$20,933	2.8%
Fleet Operating Charges	422,336	439,691	439,691	426,986	(12,705)	-2.9%
Maintenance-Equip & Facilities	211,579	354,538	354,538	386,497	31,959	9.0%
Contractual Services	365,540	795,235	795,235	895,941	100,706	12.7%
Materials & Program Expense	568,926	658,104	778,558	555,442	(102,662)	-15.6%
Chemicals	254,920	330,152	330,152	326,940	(3,212)	-1.0%
Parts & Components	352,615	357,656	357,656	353,096	(4,560)	-1.3%
Risk Insurance - Employee Liability	49,174	51,527	51,527	51,572	45	0.1%
Laboratory Equipment & Supplies	67,669	93,000	93,000	89,600	(3,400)	-3.7%
Computer Equip, Supplies, Maint	254,951	287,545	287,545	276,679	(10,866)	-3.8%
Indirects	872,928	1,001,150	1,001,150	1,020,000	18,850	1.9%
Total Materials & Services	\$4,173,222	\$5,123,280	\$5,243,734	\$5,158,368	\$35,088	0.7%
<u>CAPITAL OUTLAY</u>						
Motorized Vehicles	\$26,865	\$45,000	\$45,000	\$163,100	\$118,100	262.4%
Capital Outlay-Other	0	0	0	0	0	0.0%
Total Capital Outlay	\$26,865	\$45,000	\$45,000	\$163,100	\$118,100	262.4%
TOTAL	\$11,722,494	\$13,516,071	\$13,636,525	\$13,899,707	\$383,636	2.8%

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 16-17 CIP Budget, the FY 16-17 AMCP Budget, and the associated 5-Year Capital Plan are based on the 2004 MWMC Facilities Plan (2004 FP) and the Partial Facilities Plan Update dated June 2014. 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 (DEQ) 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 16-17 CIP Budget, the FY 16-17 AMCP Budget, and 5-Year Capital Plan which includes the CIP and AMCP Capital Plan. The MWMC CIP 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, financing for qualified CIP projects was also secured through the State of Oregon Department of Environmental Quality (DEQ)'s Clean Water State Revolving Fund (CWSRF) loan program. From 2008-2010, The MWMC secured several CWSRF loan agreements totalling \$20.8 million. These 20-year loans provide the MWMC below-market interest rates, along with additional financial benefits, including:

- \$450,000 in "Sponsorship" funding 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.

- \$4 million funded through the American Reinvestment and Recovery Act (ARRA, or "Stimulus"). The ARRA funding provided 50% of the loan in principal forgiveness (not requiring repayment), and the remaining 50% of principal payment bearing 0% interest. This resulted in \$2 million 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 the MWMC 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 to perform a comprehensive update of project cost estimates. Following the 2006 update, the RWP's CIP assumed a general price increase of 5% per-year over the planning period. However, the MWMC continues to monitor inflationary trends to inform our forecasting of capital improvement costs. Accordingly, based on historical inflationary rates from 2006 through 2015, capital project budgets now reflect a 4% annual inflationary factor in the FY 16-17 Budget and 5-year Capital Plan.

Regional Wastewater Capital Program Status and Budget

CIP Project Status and Budget

The FY 16-17 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 16-17 project budgets is \$30,356,600. Each capital project represented in the FY 16-17 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 15-16, the following 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 16-17.

- Repair/Replacement of Biosolids Force Main
- Sodium Hypochlorite Conversion
- Influent Pumping and Headworks Expansion

Carryover Capital Projects

All or a portion of remaining funding for active capital projects in FY 15-16 is carried forward to the FY 16-17 Budget. The on-going carryover projects are:

- Increase Digestion Capacity
- Operations & Maintenance Building Improvements
- Poplar Harvest Management Services
- WPCF Lagoon Removal/Decommissioning
- Thermal Load Mitigation: Pre-Implementation
- Thermal Load Mitigation: Implementation 1
- Facilities Plan Engineering Services
- Capacity Management Operations and Maintenance (CMOM)
- Biogas Cogeneration (a Major Capital Outlay project)

Overall, the budgeting for these projects follows, and is consistent with, the 2006 CH2M estimated cost of the listed capital projects and new information gathered during design development.

New Projects

No new projects are anticipated for the MWMC FY 16-17 Capital Budget.

FY 16-17 Capital Budget Summary (Exhibit 12)

Exhibit 12 below displays the adjusted budget and end-of-year expenditure estimates for FY 15-16, the amount of funding projected to be carried over to FY 16-17 and additional funding for existing and/or new projects in FY 16-17.

EXHIBIT 12**Summary of FY 16-17 MWMC Construction Program Capital Budget**

	FY 15-16 ADJUSTED BUDGET	FY 15-16 ESTIMATED ACTUALS	FY 15-16 CARRYOVER TO FY 16-17	NEW FUNDING FOR FY 16-17	TOTAL FY 16-17 BUDGET
Projects to be Completed in FY 15-16					
Repair/ Replacement of Biosolids Force Main	322,704	40,000	0	0	0
Sodium Hypochlorite Conversion	1,039,800	200,000	0	0	0
Influent Pumping and Headworks Expansion	285,186	285,000	0	0	0
Projects to be Carried Over to FY 16-17					
Increase Digestion Capacity	16,157,068	1,437,068	14,720,000	0	14,720,000
Operations & Maint Building Improvements	14,719,167	749,167	13,970,000	0	13,970,000
Poplar Harvest Management Services	1,334,535	163,526	772,000	0	772,000
WPCF Lagoon Removal / Decommissioning	4,869,681	179,681	390,000	0	390,000
Thermal Load Mitigation: Pre-Implementation	246,092	81,692	164,400	79,600	244,000
Thermal Load Mitigation: Implementation 1 ⁽¹⁾	730,884	171,429	131,000	0	131,000
Facilities Plan Engineering Services	97,547	67,947	29,600	70,000	99,600
Capacity Mgmt Operations Maint (CMOM)	94,454	33,058	30,000	0	30,000
TOTAL Capital Projects	\$39,897,118	\$3,408,568	\$30,207,000	\$149,600	\$30,356,600
Major Capital Outlay Carried Over to FY 16-17					
Biogas Cogeneration ⁽²⁾	2,900,000	800,000	2,100,000	3,200,000	5,300,000
TOTAL Major Capital Outlay (multi-year project)	\$2,900,000	\$800,000	\$2,100,000	\$3,200,000	\$5,300,000

Notes:

(1) Thermal Load Mitigation: Implementation 1 budget includes Mill Race Sponsorship (\$200,000) and Cedar Creek Sponsorship (\$250,000).

(2) Biogas Cogeneration is multi-year Major Capital Outlay project, a detail sheet is located at the end of this document.

FY 16-17 Asset Management Capital Project Status and Budget

The AMCP consists of the following three programs:

- Equipment Replacement
- Major Rehabilitation
- Major Capital Outlay

The FY 16-17 budget and status of each program is described below:

Equipment Replacement Program - Budget

The FY 16-17 Capital Programs budget includes \$381,000 in Equipment Replacement purchases that are identified on the table below.

Equipment Replacement	
Project Description	FY 16-17 Budget
Aerial Lift	100,000
Fleet Replacement	90,000
Diesel Generator, 80 KW	80,000
Inductively Coupled Plasma Spectrometer - Lab	77,000
Security Camera System	25,000
Computer File Server	9,000
Total	\$381,000

Aerial Lift. Provides access for regular and ongoing maintenance of overhead facilities and equipment such as indoor/outdoor lighting, electrical systems, and heating/ventilation equipment. Replaces 45-foot boom lift purchased in 2006.

Fleet Replacement. An assessment of age, mileage, hours of operation, and maintenance costs support the replacement of three electric carts and replacement of a 10-yard dump truck bed.

Diesel Generator, 80 KW. Provides portable emergency power for wastewater treatment facilities and Glenwood Pump Station. Replacement of 23 year old generator.

Inductively Coupled Plasma Spectrometer. Replacement of 12 year old spectrometer in the main laboratory.

Security Camera System. Supports video monitoring of Biosolids Management Facility and Biocycle Farm operations and site activities. Replaces and updates 12 year old equipment.

Computer File Server. Scheduled replacement of one network file server.

Major Rehabilitation Program - Budget

The FY 16-17 Capital Programs budget includes \$534,000 for Major Rehabilitation projects that are identified on the table below.

Major Rehabilitation	
Project Description	FY 16-17 Budget
Air Drying Bed Resurfacing (2 beds)	180,000
Solids Pretreatment Building Roof	95,000
Plant Fuel Tank Replacement	85,000
Air Drying Beds Crack/fog Sealing (11 beds)	64,000
Maintenance Building High Bay Air Handlers	60,000
Operations/Maintenance Building	50,000
Total	\$534,000

Air Drying Bed Resurfacing. The biosolids drying process takes place on 13 asphalt drying beds over a 25 acre area. The beds have been on a rotational schedule for resurfacing to extend their useful life. In FY 16-17 two beds will be resurfaced.

Solids Pretreatment Building Roof Replacement. Replacement of 20 year old built-up roofing. Inspection findings of blistering and seams separation indicate need for replacement.

Plant Fuel Tank Replacement. Decommissions 32 year old underground fuel tanks and replaces with above ground tank system.

Air Drying Beds Crack/Fog Sealing (11 beds). Provides protective seal to surface of asphalt drying beds to help maximize useful life.

Maintenance Building High Bay Air Handlers. Replaces original 33 year old air handlers for heating and ventilation that have reached the end of their useful life.

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

Major Capital Outlay - Budget

The FY 16-17 Capital Programs budget includes \$5,670,000 for the Major Capital Outlay items identified on the table below.

Major Capital Outlay	
Project Description	FY 16-17 Budget
Engine Generator Replacement	5,300,000
Residuals Aerator Tractor Replacement	370,000
Total	\$5,670,000

Engine Generator. The existing 800 KW engine generator provides about 55% of plant electric power needs and heating water for sludge digestion, building heat, and hot water. This project will replace the existing equipment with greater generation capacity of up to 1.2 megawatts, and replace related electrical and control systems that have reached the end of their useful life. As of January 2016, the project is currently in the design phase. The FY 15-16 budget included \$2.9 million for the project. The FY 16-17 budget includes an additional \$3.2 million for a project total of \$6.1 million.

Residuals Aerator Tractor Replacement. Replaces the original 16 year old paddle mixer which is used for daily mixing/turning of biosolids windrows in air drying beds.

Asset Management Capital Budget Summary

The following table summarizes the FY 16-17 Asset Management Capital Program Budget by project type.

Asset Management Capital Project Budget Summary	
Capital Project Type	FY 16-17 Budget
Equipment Replacement	381,000
Major Rehabilitation	534,000
Major Capital Outlay	5,670,000
Total	\$6,585,000

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 15-16 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 addition to these yearly adjustments, RWP staff were further informed by a Partial Facilities Plan Update that was completed in June of 2014. Those changes were reflected in the MWMC FY 15-16 budget and continue forward in the FY 16-17 for the 5-Year Capital Plan.

Exhibit 13 displays the MWMC 5-Year Capital Plan programs budget, which includes \$79,742,600 in planned capital projects and \$12,540,600 planned asset management capital projects for an overall 5-Year Capital Plan Budget of \$92,283,200.

EXHIBIT 13

Regional Wastewater 5-Year Capital Programs

	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	TOTAL
CAPITAL PROJECTS						
Biosolids Management						
Poplar Harvest Management Services	772,000	868,000	304,000	4,000	4,000	1,952,000
Non-Process Facilities and Facilities Planning						
Facility Plan Engineering Services	99,600	70,000	70,000	70,000	70,000	379,600
Capacity Mgmt Operations Maint (CMOM)	30,000					30,000
Comprehensive Facility Plan		713,000	742,000			1,455,000
Conveyance Systems						
Glenwood Pump Station			926,000			926,000
Plant Performance Improvements						
Increase Digestion Capacity	14,720,000					14,720,000
Operations & Maintenance Building Improvements	13,970,000					13,970,000
WPCF Lagoon Removal/Decommissioning	390,000	4,300,000				4,690,000
Thermal Load Mitigation: Pre-Implementation	244,000	148,000				392,000
Thermal Load Mitigation: Implementation 1 ⁽¹⁾	131,000	324,000	4,838,000	4,796,000	2,739,000	12,828,000
Thermal Load Mitigation: Implementation 2			1,500,000	3,500,000	4,000,000	9,000,000
Aeration Basin Improvements - Phase 2				4,050,000	11,850,000	15,900,000
Tertiary Filtration - Phase 2					3,500,000	3,500,000
TOTAL CAPITAL PROJECTS	\$30,356,600	\$6,423,000	\$8,380,000	\$12,420,000	\$22,163,000	\$79,742,600
ASSET MANAGEMENT						
Equipment Replacement	381,000	972,000	588,000	617,000	648,000	3,206,000
Major Rehab	534,000	813,300	763,500	607,000	566,800	3,284,600
Major Capital Outlay ⁽²⁾	5,670,000		380,000			6,050,000
TOTAL ASSET MANAGEMENT	\$6,585,000	\$1,785,300	\$1,731,500	\$1,224,000	\$1,214,800	\$12,540,600
TOTAL CAPITAL IMPROVEMENTS	\$36,941,600	\$8,208,300	\$10,111,500	\$13,644,000	\$23,377,800	\$92,283,200

Note:

(1) Thermal Load Mitigation: Implementation 1 budget includes Mill Race Sponsorship (\$200,000) and Cedar Creek Sponsorship (\$250,000).

(2) FY16-17 includes \$5.3 million for Biogas Cogeneration which is a multi-year project, a detail sheet is located at the end of this document.

CAPITAL PROJECT DETAIL

POPLAR MANAGEMENT SERVICES



Description: The Biocycle Farm comprises nearly 400 acres of hybrid poplar trees, which were planted as three management units (MUs). The MUs were initially planted in 2004, 2007, and 2009 and are managed on regulated 12-year rotations. This project develops a harvest management plan for the Biocycle Farm through market collaboration and refinement of poplar harvest and planting practices. The project ensures the timely harvest of the initial plantings in each MU within the regulatory 12-year rotation limit and subsequent replanting.

Status: 18% completed. MU-1, comprising 156 acres, was fully harvested in 2013-2015. MU-1 will be replanted in FY 15-16 with replanting activities extending into FY 16-17. MU-2 was partially harvested in FY 15-16 for test marketing of veneer. Complete harvest of MU-2 will resume in FY 16-17.

Justification: Land use regulatory requirement for operation of the Biocycle Farm.

Project Driver: Land Use Compatibility Statement (LUCS) issued by Lane County.

Project Trigger: Oregon ORS/OAR and NRCS rules dictating that exclusive farm use lands and farmed wetland status agricultural lands requiring agriculturally managed hybrid poplar plantations must be limited to 12-year rotation duration.

Project Type: 100% Performance

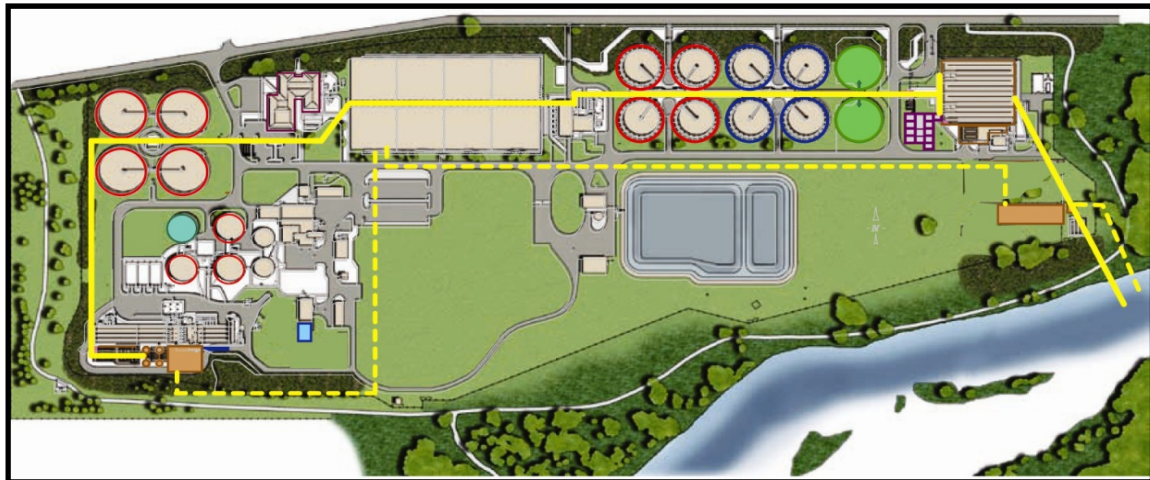
Improvement SDC Eligibility: 0%

Estimated Project Cost: \$2,346,000 for harvest and administration of the initial plantings across all three MUs.

Estimated Cash Flow: FY 13-14 = \$116,009; FY 14-15 = \$114,465; FY 15-16 = \$163,526; FY 16-17 = \$772,000; FY 17-18 = \$868,000; FY 18-19 = \$304,000; FY 19-20 = \$4,000; FY 20-21 = 4,000

Expenditure/Category:	Prior Years	2015-16		2016-17	2017-18	2018-19	2019-20	2020-21	Total
		Est.	Act.						
Design/Construction	\$230,474	\$163,526	\$772,000	\$868,000	\$304,000	\$4,000	\$4,000	\$2,346,000	
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Cost	\$230,474	\$163,526	\$772,000	\$868,000	\$304,000	\$4,000	\$4,000	\$2,346,000	

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 continued on assessment of biogas utilization alternatives, which used a Triple Bottom Line (TBL) approach to inform staff recommendations. Based on TBL results, regional program staff recommended implementation of a project to expand the WPCF’s combined heat and power (CHP) production capacity from 0.8 to 1.2 megawatts. This would allow the plant to more fully utilize the biogas for power and heat production and minimize biogas flaring. However, due to recent changes in Eugene Water and Electric Board’s (EWEB’s) proposed power pricing structure, the project was halted while regional program staff revises the economic assessment of the CHP expansion project. Moving forward, staff anticipates additional need for Facilities Plan Engineering Services to support ongoing upgrades and infrastructure needs at MWMC facilities.

Justification: Projects were developed to varying levels of specificity in the 20-Year Facilities Plan and there is an on-going need for ongoing technical and engineering resources 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. This task also provides ongoing planning work related to items not addressed by the 2004 MWMC Facilities Plan.

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: \$933,639

Estimated 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 = \$36,690; FY 13-14 = \$146,491; FY 14-15 = \$67,453; FY 15-16 = \$67,947; FY 16-17 = \$99,600; FY 17-18 = \$70,000; FY 18-19 = \$70,000; FY 19-20 = \$70,000; FY 20-21 = \$70,000

Expenditure/Category:	Prior Years	2015-16		2016-17	2017-18	2018-19	2019-20	2020-21	Total
		Est.	Act.						
Design/Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$486,092	\$67,947	\$99,600	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$933,639
Total Cost	\$486,092	\$67,947	\$99,600	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$933,639

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 Rainfall Derived Inflow and Infiltration (RDII) and sanitary sewer overflows (SSOs). 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’s 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 effort funded through this project provides or supports workshop organization and facilitation, guidance development and documentation, technical analysis, standards establishment, and CMOM gap analysis assistance.

Status: Last year, both partner cities completed CMOM program implementation plans building on the gap analyses they performed in the prior year. Summaries of these plans were presented to the MWMC on August 14, 2015. In addition, regional program staff hired a consultant to perform a study of private lateral program approaches. A goal of this study was to recommend steps that partner agencies could follow to develop private lateral programs to reduce the amount of RDII entering the collection system. A summary of study findings was presented to the MWMC on March 13, 2015. Finally, regional program staff organized a workshop attended by staff from the two partner cities and representatives from three Oregon wastewater agencies who have implemented successful private lateral programs. The goal of the workshop was to share information on private lateral programs between the agencies. A debriefing meeting was held shortly after the workshop to discuss and identify potential next steps for each partner city. Going forward, regional wastewater program staff will continue to facilitate further discussion and potential implementation of private lateral programs.

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

Project Trigger: Address NPDES Permit requirements related to SSOs and RDII.

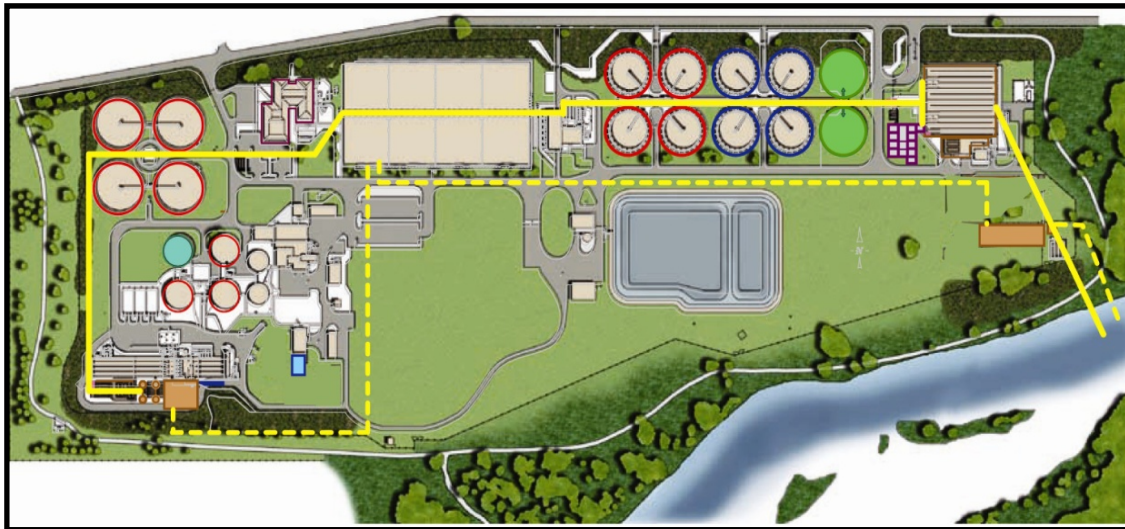
Improvement SDC Eligibility: 11%

Estimated Project Cost: \$500,604

Estimated 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 = \$123,251; FY 13-14 = \$91,671; FY 14-15 = \$28,379; FY 15-16 = \$33,058; FY 16-17 = 30,000

Expenditure/Category	Prior Years	2015-16							Total
		Est. Act.	2016-17	2017-18	2018-19	2019-20	2020-21		
Design/Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$437,546	\$33,058	\$30,000	\$0	\$0	\$0	\$0	\$0	\$500,604
Total Cost	\$437,546	\$33,058	\$30,000	\$0	\$0	\$0	\$0	\$0	\$500,604

COMPREHENSIVE FACILITIES PLAN UPDATE NO.1



Description: This will be the first MWMC Comprehensive Facilities Plan Update since the 2004 MWMC Facilities Plan. This Comprehensive Facilities Plan Update effort will consider a 20-year planning horizon and will draw on the most recent plant data, current 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: Provides comprehensive facilities planning to develop the capital program for the upcoming 20-year period once the MWMC receives new regulatory requirements under the next NPDES permit renewal.

Project Trigger: Planning cycle initiated under the 2004 Facilities Plan and later modified to match evolving NPDES permit renewal schedule, now estimated for 2017 at the earliest.

Project Type: Facilities Plan

Improvement SDC Eligibility: 21%

Estimated Project Cost: \$1,457,280

Estimated Cash Flow: FY 14-15 = \$2,280; FY 17-18 = \$713,000; FY 18-19 = \$742,000

Expenditure/Category:	Prior Years	2015-16		2016-17	2017-18	2018-19	2019-20	2020-21	Total
		Est.	Act.						
Design/Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$2,280	\$0	\$0	\$713,000	\$742,000	\$0	\$0	\$0	\$1,457,280
Total Cost	\$2,280	\$0	\$0	\$713,000	\$742,000	\$0	\$0	\$0	\$1,457,280

GLENWOOD PUMP STATION UPGRADE



Description: Expand Glenwood pump station capacity. The existing pump station is built to be expandable in capacity when the need arises. Two pumps are installed with the expandability to add up to two additional pumps when needed.

Status: The project is anticipated to start design development in 2018 with consultant services. The scope of work is planned to add one wastewater pumping system.

Justification: Additional pumping capacity will be required at this MWMC pump station to handle increasing flows in the Glenwood area (Springfield) and the Laurel Hill area (Eugene).

Project Driver: Keep up with capacity needs, maintain required pumping redundancy, and prevent overflows upstream of the Glenwood pump station.

Project Trigger: Planning work in 2014 anticipates that a third pump to increase capacity should be operational by about year 2019. The timing will be impacted by the rate and type of development in the area and efforts to minimize infiltration and inflow that impact the Glenwood pump station. The MWMC Partial Facilities Plan Update document dated June 2014 recommended moving the initial budget year to FY 18-19 as shown below.

Project Type: 100% Capacity

Improvement SDC Eligibility: 38%

Estimated Project Cost: \$926,000 (funding for administration, design, permits, construction, etc.)

Estimated Cash Flow: FY 18-19 = \$864,000; FY 19-20 = \$62,000

<u>Expenditure/Category:</u>	<u>Prior Years</u>	<u>2015-16</u>		<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>Total</u>
		<u>Est.</u>	<u>Act.</u>						
Design/Construction	\$0	\$0	\$0	\$0	\$0	\$926,000	\$0	\$0	\$926,000
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost	\$0	\$0	\$0	\$0	\$0	\$926,000	\$0	\$0	\$926,000

INCREASE DIGESTION CAPACITY



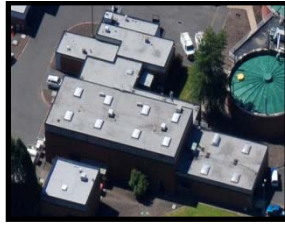
- Description:** Installation of a fourth digester for expanded production of Class B biosolids. This project also included supporting the plant-wide landscaping construction work that was completed in December of 2012.
- Status:** As of January 29, 2016, the project to Increase Digestion Capacity is in the design phase for a fourth digester and construction should start in fall of 2016. The MWMC has three existing digesters.
- Justification:** Continue to meet the requirements for Class B digestion with the ability to take one digester out of service for cleaning and/or repairs.
- Project Driver:** Addresses the need for anaerobic digestion capacity. 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 Farm, and through working with private sector end-users.
- Project Trigger:** Estimates indicate that expanded digestion facilities will be needed by 2017 or 2018. The design phase started in 2015.
- Improvement SDC Eligibility:** 54.3%
- Estimated Project Cost:** \$16,653,170 (funding for administration, design, permits, construction, etc.)
- Estimated Cash Flow:** FY 11-12 = \$139,028; FY 12-13 = \$44,142; FY 13-14 = \$0; FY 14-15 = \$312,932
FY 15-16 = \$1,437,068; FY 16-17 = \$7,050,000; FY 17-18 = \$7,600,000;
FY 18-19 = \$70,000

Expenditure/Category:	Prior	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	Total
	Years	Est. Act.						
Design/Construction	\$496,102	\$1,437,068	\$14,720,000	\$0	\$0	\$0	\$0	\$16,653,170
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost	\$496,102	\$1,437,068	\$14,720,000	\$0	\$0	\$0	\$0	\$16,653,170

OPERATIONS & MAINTENANCE BUILDING IMPROVEMENTS



Operations Building



Maintenance Building
Aerial



Maintenance Building



ISC Modular Building

Description: This project will update and expand the Operations and Maintenance (O&M) support facilities at the Water Pollution Control Facility (WPCF). The support facilities to be updated and expanded on include the Maintenance Building, Administrative/Operations Building, and the temporary Industrial Source Control (ISC) building. The improvements will include a new laboratory building located where the temporary ISC building is currently.

Status: As of December 29, 2015: The project team with direction from the Architectural Consultant created three alternatives with cost estimates to consider based on information gathered during the pre-design (architectural programming) phase. Staff received Commission approval to move forward with the design of Alternative #2 which include modifications and additions to the Maintenance and Administration/Operations Buildings and design a new building for laboratory functions. The project is in the design phase, and construction bidding is anticipated in summer or fall of 2016.

Justification: The original design for the O&M Buildings at the WPCF was completed in the late 1970s. Since that time, use of the O&M Buildings have changed substantially due to modifications in the workforce, advancing technology, regulatory changes, and an increase in staff to support additional facilities. Building codes, have also changed during this time, necessitating upgrades. Lastly, the ISC modular building was installed as a temporary structure in 1996 and has since reached the end of its useful life.

Project Driver: The need to update and/or replace the existing O&M support facilities is driven by the need to provide a safe and efficient work environment for WPCF staff. Many of these changes stem from a changing wastewater/environmental business since the MWMC original construction that occurred in the early 1980's.

Project Trigger: As needed, due to expansion and changes related to the MWMC facilities and safety.

Estimated Project Cost: \$14,900,000

Improvement SDC Eligibility: To be determined

Estimated Cash Flow: FY 14-15 = \$180,833; FY 15-16 = \$749,167; FY 16-17 = \$4,400,000; FY 17-18 = \$6,500,000; FY 18-19 = \$3,070,000 (estimated cash flow related to administration, design, permits, construction, etc.)

Expenditure/Category:	Prior	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	Total
	Years	Est. Act.						
Design/Construction	\$180,833	\$749,167	\$13,970,000	\$0	\$0	\$0	\$0	\$14,900,000
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost	\$180,833	\$749,167	\$13,970,000	\$0	\$0	\$0	\$0	\$14,900,000

WPCF ONSITE LAGOON



Description: This project decommissions the existing biosolids lagoon at the Water Pollution Control Facility (WPCF).

Status: As of January 13, 2016: The project is in pre-design phase and cost estimations are preliminary. The MWMC hired a consultant in December of 2014 to create a bid package to decommission the lagoon. Lagoon decommissioning site work is anticipated in 2018 but the schedule might change based on progress of the construction of the fourth digester improvements.

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 change the process of cleaning the digesters.

Project Trigger: The WPCF lagoon no longer functions as originally designed.

Estimated Project Cost: \$5,000,000 (funding for administration, design, permits, construction, etc.)

Improvement SDC Eligibility: Not applicable

Estimated Cash Flow: FY 13-14 = \$1,769; FY 14-15 = \$128,550; FY 15-16 = \$179,681; FY 16-17 = \$33,000; FY 17-18 = \$542,000; FY 18-19 = \$4,115,000

Expenditure/Category:	Prior	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	Total
	Years	Est. Act.						
Design/Construction	\$130,319	\$179,691	\$390,000	\$4,300,000	\$0	\$0	\$0	\$5,000,000
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost	\$130,319	\$179,681	\$390,000	\$4,300,000	\$0	\$0	\$0	\$5,000,000

THERMAL LOAD MITIGATION PRE-IMPLEMENTATION



Description: This project includes the study and planning of thermal load mitigation measures including recycled water feasibility studies, riparian shading projects, and water quality trading credit development, as well as associated permit negotiation and legal strategy related to the temperature total maximum daily loads (TMDL) and NPDES permit renewal.

Status: Two of three planned phases of thermal load strategy planning have been completed with recommendations to develop opportunities for recycled water demonstration projects and partnerships in watershed restoration for temperature credits. The third phase of study commenced in FY 15-16 and will continue in FY 16-17.

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 TMDL temperature requirements.

Project Trigger: Planning necessary for ongoing compliance with Oregon’s temperature standard.

Project Type: 100% Performance

Improvement SDC Eligibility: 26%

Estimated Project Cost: \$818,595

Estimated Cash Flow: FY 13-14 = \$ 295,995; FY 14-15 = \$48,908; FY 15-16 = \$81,692; FY 16-17 = \$244,000; FY-17-18 = \$148,000

Expenditure/Category:	Prior Years	2015-16						
		Est. Act.	2016-17	2017-18	2018-19	2019-20	2020-21	Total
Design/Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$344,903	\$81,692	\$244,000	\$148,000	\$0	\$0	\$0	\$818,595
Total Cost	\$344,903	\$81,692	\$244,000	\$148,000	\$0	\$0	\$0	\$818,595

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 may include recycled water use expansion at MWMC facilities and/or extension of recycled water services to community partners, water quality trading credit strategies through shade credit investments, and collaborative partnerships for permit compliance. The recycled water projects may include additional treatment, disinfection, pumping, pipeline, and distribution/irrigation systems.

Status: Pilot-scale riparian shade projects are currently being implemented under a 25-year contract agreement with The Freshwater Trust. Additional project opportunities are being evaluated for future implementation under the Thermal Load Mitigation: Pre-Implementation Project.

Justification: Meet future thermal load permit limits and improve water quality. 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: Project implementation necessary for ongoing compliance with Oregon’s temperature standard.

Project Type: 100% Performance

Improvement SDC Eligibility: 26%

Estimated Project Cost: \$13,165,470

Estimated Cash Flow: FY 13-14 = \$78,925; FY 14-15 = \$87,116; FY 15-16 = \$171,429; FY 16-17 = \$131,000; FY 17-18 = \$324,000; FY 18-19 = \$4,838,000; FY 19-20 = \$4,796,000; FY 20-21 = \$2,739,000

<u>Expenditure/Category:</u>	<u>Prior Years</u>	<u>2015-16 Est. Act.</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>Total</u>
Design/Construction	\$166,041	\$171,429	\$131,000	\$324,000	\$4,838,000	\$4,796,000	\$2,739,000	\$13,165,470
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost	\$166,041	\$171,429	\$131,000	\$324,000	\$4,838,000	\$4,796,000	\$2,739,000	\$13,165,470

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 total maximum daily loads (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 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: \$9,000,000 (plus up to \$8,000,000 anticipated project need in the out-years FY 21-22 and beyond for a total project cost of \$17,000,000).

Estimated Cash Flow: FY 18-19 = \$1,500,000; FY 19-20 = \$3,500,000; FY 20-21 = \$4,000,000

Expenditure/Category:	Prior Years	2015-16		2016-17	2017-18	2018-19	2019-20	2020-21	Total
		Est.	Act.						
Design/Construction	\$0	\$0	\$0	\$0	\$0	\$1,500,000	\$3,500,000	\$4,000,000	\$9,000,000
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost	\$0	\$0	\$0	\$0	\$0	\$1,500,000	\$3,500,000	\$4,000,000	\$9,000,000

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.

In January 2016, the project scope and cost (estimate \$750K) increased to include replacement of existing aeration basin gates, valves and spray system.

Status: The Aeration Basin (Phase 2) project is anticipated to start design development in fiscal year 19-20 with consultant services.

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 requirements based on the MWMC next NPDES permit renewal that is not anticipated to be issued in 2016).

Project Type: 50% Capacity; 50% Performance

Improvement SDC Eligibility: 58.7%

Estimated Project Cost: \$15,900,000 (funding for administration, design, permits, construction, etc.)

Estimated Cash Flow: FY 19-20 = \$1,450,000; FY 20-21 = \$6,800,000; FY 21-22 = \$6,950,000; FY 22-23 = \$700,000

Expenditure/Category:	Prior Years	2015-16		2016-17	2017-18	2018-19	2019-20	2020-21	Total
		Est.	Act.						
Design/Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$4,050,000	\$11,850,000	\$15,900,000
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$4,050,000	\$11,850,000	\$15,900,000

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.

In January 2016, the project scope and cost (estimate \$530K) increased to include updating electrical switchgear, and install tertiary filter flushing headers/pipe vents.

Status: Tertiary Filtration (Phase 2) project is anticipated to start design development in fiscal year 20-21. 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 Class A recycled 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 total suspended solids (TSS): Dry weather maximum month flow in excess of 49 mgd. Also, provide higher quality effluent so that reuse options can be developed.

Improvement SDC Eligibility: 41.6%

Estimated Project Cost: \$14,030,000 (funding for administration, design, permits, construction, etc.)

Estimated Cash Flow: FY 20-21 = \$1,600,000; FY 21-22 = \$5,800,000; FY 22-23 = \$6,630,000

Expenditure/Category:	Prior Years	2015-16		2016-17	2017-18	2018-19	2019-20	2020-21	Total
		Est.	Act.						
Design/Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,500,000	\$3,500,000
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,500,000	\$3,500,000

BIOGAS COGENERATION SYSTEM REPLACEMENT



- Description:** Increase capacity of the combined heat and power generation system (also known as a cogeneration system), located at the Water Pollution Control Facility (WPCF), to maximize biogas utilization.
- Status:** As of January 20, 2016, design of a larger capacity cogeneration system is 50% complete. Further design efforts are paused until definitive long-term financial determinations can be made.
- Justification:** This project will beneficially utilize nearly 100% of generated biogas, opposed to currently flaring approximately 30%.
- Project Driver:** Maximize the beneficial use of biogas, following the recommendation of the Biogas Utilization Study.
- Project Trigger:** Existing cogen unit is scheduled to need a major rebuild by March 2017.
- Project Type:** 100% Performance
- Improvement SDC Eligibility:** Not applicable
- Estimated Project Cost:** \$6,100,000 (funding for administration, design, permits, construction, etc.)
- Estimated Cash Flow:** FY 15-16 = \$800,000; FY 16-17 = \$3,200,000; FY 17-18 = \$2,100,000

Expenditure/Category:	Prior Years	2015-16		2016-17	2017-18	2018-19	2019-20	2020-21	Total
		Est.	Act.						
Design/Construction	\$0	\$800,000	\$5,300,000	\$0	\$0	\$0	\$0	\$0	\$6,100,000
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost	\$0	\$800,000	\$5,300,000	\$0	\$0	\$0	\$0	\$0	\$6,100,000