

EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Action: Ratification of the Metropolitan Wastewater Management Commission (MWMC) FY12 Regional Wastewater Program Budget and Capital Improvements Program

Meeting Date: May 23, 2011
Department: Public Works
www.ci.eugene.or.us

Agenda Item Number: 3
Staff Contact: John Huberd
Contact Telephone Number: 541-682-8603

ISSUE STATEMENT

This agenda item relates to the ratification of the FY12 budget for the regional wastewater program serving the Eugene/Springfield metro area, as established under the 1977 Intergovernmental Agreement (IGA) between the City of Eugene, the City of Springfield, and Lane County. The regional wastewater program is managed by the Metropolitan Wastewater Management Commission (MWMC) pursuant to the provisions of the IGA. The regional Wastewater budget provides funds for all regional operations, maintenance, administration, and capital project management and implementation for regional facilities. These include the Eugene/Springfield Water Pollution Control Facility, the Biosolids Management Facility, the Biocycle Farm, the Reclaimed Water Facility, and regional wastewater pump stations.

BACKGROUND

The purpose of the regional wastewater program 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-1990's the commission and the regional wastewater program staff have worked together to identify the following key outcomes:

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 for maintaining water quality and a sustainable environment.

These key outcomes and goals are in direct alignment with the City of Eugene City Council goals.

Every year MWMC develops a budget that covers resource needs of the operations, maintenance, and capital improvement activities for the regional wastewater program. These activities are divided between Eugene and Springfield. The regional budget combines the portions of the City of Eugene and City of Springfield budgets that are dedicated to the regional wastewater program. The commission conducted a public hearing on the proposed draft budget for FY12 and subsequently adopted the budget

on April 8, 2011. The commission's adopted budget is attached for council consideration (see Attachment A). The budget reflects the continuing focus on design and construction of capital improvements in the approved 2004 Facilities Plan, needed to ensure that the operation of the Regional Wastewater Facilities meets increasing environmental regulations and the collection and treatment capacity will be available to provide for growth in the service area. The adopted budget includes the financial resources necessary to support the regional program. The personnel, operations and maintenance budget increases by 3.7 percent from the FY11 budget. The capital budget decreases in FY12 due to the recent completion of several major capacity expansion projects at the treatment plant.

During the April 8 meeting, the commission approved an overall four percent increase in the regional wastewater user rates to generate revenue for the proposed budget and, pursuant to the recommendations of the MWMC financial advisor, to address needs for future Capital Improvement Program (CIP) financing consistent with the commission's Financial Plan policies and net revenue objectives. The revenues generated by the user rate increase are consistent with the MWMC's approved financial plan to maintain an unenhanced credit rating of A and adequately fund operations, administration, capital financing, debt service, and reserves.

RELATED CITY POLICIES

This action item is related to the City Council goals of "Sustainable Development", "Effective, Accountable, Municipal Government" and "Fair, Stable and Adequate Financial Resources."

COUNCIL OPTIONS

1. Approve motion to ratify the FY12 MWMC budget.
2. Return the FY12 MWMC Regional Wastewater Program Budget and Capital Improvements Program to MWMC with specific requests for modification and reconsideration.

CITY MANAGER'S RECOMMENDATION

The City Manager recommends that the council ratify the proposed FY12 MWMC Budget and Capital Improvements Program.

SUGGESTED MOTION

Move to ratify the FY12 MWMC Budget.

ATTACHMENTS

- A. Transmittal letter and MWMC FY12 Proposed Regional Wastewater Program Budget and Capital Improvements Program

FOR MORE INFORMATION

Staff Contact: John Huberd, Finance and Administration Manager, Wastewater Division
Telephone: 541-682-8603
Staff E-Mail: john.c.huberd@ci.eugene.or.us

Metropolitan Wastewater Management Commission

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April 27, 2011

*MWMC
Commission*

Bill Inge
Lane County Citizen
MWMC President

Walt Meyer
Eugene Citizen
MWMC Vice-President

George Brown
Eugene City Councilor

Jay Bozievich
Lane County
Commissioner

Hilary Loud
Eugene Citizen

Doug Keeler
Springfield Citizen

Marilee Woodrow
Springfield City Councilor

Administration

Ron Bittler
Environmental Services/
MWMC General Manager
City of Springfield
225 Fifth Street
Springfield, Oregon 97477
(541) 726-3694
FAX (541) 726-2309

Operations

Michelle Cahill
Director of Wastewater Div
City of Eugene
410 River Avenue
Eugene, Oregon 97404
(541) 682-8600
FAX (541) 682-8601

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

Subject: Metropolitan Wastewater Management Commission (MWMC)
FY 11-12 Regional Wastewater Program (RWP) Budget and
Capital Improvements Program (CIP)

Dear Mr. Ruiz:

On April 8 the MWMC held a public hearing on the FY 11-12 Regional Wastewater Program (RWP) Budget and Capital Improvements Program (CIP). At this meeting, the FY 11-12 RWP Budget and CIP were approved. The RWP Budget funds operating and capital project requirements, and maintains targeted contributions to reserves.

Consistent with the Intergovernmental Agreement, the RWP Budget and CIP need to be ratified by the governing bodies of Eugene, Springfield and Lane County prior to final adoption by MWMC. Please forward the enclosed budget and CIP documents to the Eugene City Council for their consideration on May 23, 2011. If I can be of any additional assistance, please contact me at 541-744-4170.

Thank you for your consideration and assistance in this matter.

Sincerely,

R Bittler

Ron Bittler
MWMC General Manager

REGIONAL WASTEWATER PROGRAM
BUDGET
and
CAPITAL IMPROVEMENTS PROGRAM
FY 11-12

The Metropolitan Wastewater Management Commission adopted its Operating Budget and Capital Improvements Program (CIP) for FY 11-12 April **XX**, 2011. The Budget and CIP were ratified by the Springfield City Council on May **XX**, 2011, the Eugene City Council on May **XX**, 2011, and the Lane County Board of Commissioners on May **XX**, 2011. The Commission gave final ratification to the budget and CIP on June **XX**, 2011.

COMMISSION MEMBERS:

Doug Keeler, President (Springfield)
Bill Inge, Vice-President (Lane County)

Marilee Woodrow (Springfield)
George Brown (Eugene)
Walt Meyer (Eugene)
Jay Bozievich (Lane County)
Hilary Loud (Eugene)

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STAFF:

Susie Smith, MWMC Executive Officer/Springfield Public Works Director
Ron Bittler, MWMC General Manager/Springfield Environmental Services Manager
Michelle Cahill, Eugene Wastewater Division Director
Robert Duey, MWMC Finance Officer/Springfield Finance Director

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION

**ADOPTED FY 11-12 BUDGET AND CAPITAL IMPROVEMENTS PROGRAM
for the
REGIONAL WASTEWATER PROGRAM**

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BUDGET MESSAGE

To the Metropolitan Wastewater Management Commission:

I am pleased to present the Metropolitan Wastewater Management Commission's (MWMC) budget for fiscal year (FY) 2011-12. This budget funds operations, administration, and capital projects planned for the Regional Wastewater Program (RWP). The MWMC administration and Capital Improvements Program (CIP) components of the budget are reflected in the City of Springfield's RWP budget. The operations, maintenance, equipment replacement, and major rehabilitation components are reflected in the City of Eugene's RWP budget. The Cities' Industrial Pretreatment Programs, managed locally in compliance with the MWMC Model Ordinance, also are included in the RWP budget.

This year's budget reflects a continued focus on design and construction of capital improvements planned to ensure that operation of the Regional Wastewater Facilities meets environmental regulations, and that adequate capacity will be provided to meet the needs of a growing service area. The FY 11-12 capital budget and FY 11-12 – FY 15-16 capital improvements work plan, which are included in this budget document, are derived from the 2004 MWMC Facilities Plan. The budgeted amount for FY 11-12 Facilities Plan capital improvement projects is \$25,932,282; \$4,345,577 is carryover from unfinished projects budgeted in FY 10-11, and \$1,586,7054, is new funding programmed in FY 11-12. The FY 11-12 capital budget also includes Equipment Replacement, Major Rehabilitation and Major Capital Outlay capital projects, budgeted at \$720,355, \$507,400 and \$275,000 respectively. The total capital budget for FY 11-12 is approximately \$27,435,037. Approximately \$10 million of the total capital budget will not be spent in FY 11-12, but is included to enable contracts for construction that will occur in FY 11-12. Unspent funds will be carried forward to the FY 12-13 budget as appropriate. In order to fund the actual cash flow requirements of the FY 11-12 CIP, the Commission will use State Revolving Fund (SRF) loans as well as strategic draw downs of capital reserves.

The FY 11-12 RWP Operating Budget for Personnel Services, Materials and Services and Capital Outlay expense is \$15,722,799. Consistent with the Commission's Financial Plan and policies, the FY 11-12 budget maintains and uses several reserves, which are fully described in this budget document. Finally, the FY 11-12 budget includes debt service payments totaling \$8,518,080 as scheduled for repayment of \$47.3 million of revenue bonds issued in November 2006, and an additional \$52.7 million in borrowing in FY 08-09 to fund the Facilities Plan capital improvements.

Revenue sources necessary to fund Operations, Capital programs, debt service requirements and reserves include user charges, system development charges (SDCs), interest earnings and a small amount of miscellaneous revenues. For FY 11-12 user fee revenues (including septage service and SDC Compliance Charge) are projected at \$27,160,427. This level of revenue is projected based on a 4% increase in regional wastewater user fees, as recommended by the MWMC financial advisor in order to meet the Commission's Financial Plan policies and net revenue objectives. Projected SDC revenues are projected at approximately \$589,281.

In summary, the projected FY 11-12 budget funds operations and administration sufficiently to maintain existing levels of service, and to meet the environmental performance and other legal obligations of the Commission. It funds Capital Programs at a level necessary to implement the 2004 Facilities Plan

objectives for compliance with the National Pollutant Discharge Elimination System (NPDES) permit issued to MWMC and the two Cities. Finally, this budget implements the Commission's adopted Financial Plan policies regarding reserves, asset management, and capital financing.

REGIONAL WASTEWATER PROGRAM RESOURCE AND EXPENDITURE SUMMARY			
	ADOPTED BUDGET 2010-11	AMENDED BUDGET 2010-11	PROPOSED BUDGET 2011-12
RESOURCES			
User Fees	\$26,020,795 ▼	\$26,020,795	\$27,160,427 ▼
Beginning Cash	64,951,220 ▼	81,552,882	79,987,046 ▼
Internal Transfers	10,840,083 ▼	18,691,132 ▼	15,563,648
System Development Charge	589,281	589,281	589,281
Interest	662,051	662,051	592,000
Revenue Bond/SRF Proceeds	10,306,739	10,306,739	8,435,464 ***
Miscellaneous	1,638,000 ▼	1,638,000	1,734,500 ▼
	\$115,008,169	\$139,460,880	\$134,062,366
EXPENDITURES			
Reserves	\$47,197,101 ▼	\$52,865,959	\$66,372,803 ▼
Operations	11,612,107	11,612,107	12,112,828
Internal Transfers	10,839,844 ▼	18,691,132 ▼	15,563,648 * *
CIP	32,970,347	43,833,588 ▼	27,435,037 **
Sponsorship	0	0	450,000
Bond Sale/Arbitrage Expense	400,000 ▼	469,323	0 ▼
Debt Service	8,441,938 ▼	8,441,938	8,518,080 ▼
Administration	3,546,832	3,546,833	3,609,970
	\$115,008,169	\$139,460,880	\$134,062,366

* Includes three equipment replacement contributions totaling \$782,564, a Capital Reserve contribution of \$8,354,604, \$16,884 from Reimbursement SDC Compliance Charge to Operating and \$6,409,596 transfers from Operating and Improvement SDCs to finance debt service.

** In governmental budgeting, projects are fully budgeted in the fiscal year in which the contract is awarded. At the end of each fiscal year, unspent funds are carried forward until the project is completed. This provides budget appropriations necessary for MWMC to commit to contracts that span more than one fiscal year. Therefore, although the budgeted amount in the capital budget for FY 11-12 is \$27,435,037, which includes Equipment Replacement, Major Rehab and Major Capital Outlay totaling \$1,502,755, the capital project spending for FY 11-12 is only expected to total about \$9,920,259.

*** Because all capital projects for which contracts will be awarded in FY 11-12 must be fully budgeted in FY 11-12, the revenue requirements, and in this case, any necessary borrowing, must also be shown in the budget year.

Respectfully submitted,

Susie Smith,
MWMC Executive Officer

REGIONAL WASTEWATER PROGRAM OVERVIEW

The Metropolitan Wastewater Management Commission

The 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 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 34 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 11-12 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 for 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 11-12 RWP Operating Budget, Capital Improvements Program and associated work plans.

Outcome 1: Achieve and maintain high environmental standards.

Indicators:	Performance:		
	FY 09-10 Actual	FY 10-11 Estimated Actual	FY 11-12 Target
• Amount of wastewater treated to water quality standards	100 %; 10.9 billion gallons	100 %; 12.0 billion gallons	100 %; 13.0 billion gallons
• Compliance with environmental performance requirements of all permits	100% compliance	100% compliance	100% compliance
• MWMC target for high quality biosolids	<50% EPA 40CFR Part 503.13 -Table 3 Pollutant Concentrations: Policy Met	<50% EPA 40CFR Part 503.13 -Table 3 Pollutant Concentrations: Policy Met	<50% EPA 40CFR Part 503.13 -Table 3 Pollutant Concentrations: Policy Met
• Volume of reclaimed water beneficially reused (million gallons)	55.2 million gallons	60 million gallons	60 million gallons
• Performance targets under the Environmental Management System are achieved	75% of numeric EMS targets met or on schedule	100% of numeric EMS targets met or on schedule	100% of numeric EMS targets met or on schedule

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

Indicators:	Performance:		
	FY 09-10 Actual	FY 10-11 Estimated Actual	FY 11-12 Target
• Annual Budget and Rates meet MWMC Financial Plan Policies	Policies Met	Policies Met	Policies Met
• Annual audited financial statements	Clean Audit	Clean Audit	Clean Audit
• Uninsured Bond Rating	AA-	AA-	A
• Reserves Funded at Target Levels	yes	yes	yes
• Net Revenue to Debt Service coverage ratio	1.92	>1.25	>1.25

Outcome 3: Achieve and maintain a successful intergovernmental partnership.

Indicators:	Performance:		
	FY 09-10 Actual	FY 10-11 Estimated Actual	FY 11-12 Target
• Industrial Pretreatment Program— Implementation in compliance with State/Federal requirements; any	100%	100%	100%

required corrections completed			
<ul style="list-style-type: none"> Wet Weather Flow Management Plan (WWFMP) implemented (MWMC portion – treatment plant upgrades) and updated in a timely manner 	WWFMP provisions implemented	Continuation of wet weather planning, draft framework completed	Wet weather planning document complete
<ul style="list-style-type: none"> MWMC Facilities Plan projects consistent with CIP budget and schedule 	100% of capacity related project substantially complete by December 31, 2009	100% of initiated projects within budget and on schedule	100% of initiated projects within budget and on schedule

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

Indicators:	Performance:		
	FY 09-10 Actual	FY 10-11 Estimated Actual	FY 11-12 Target
<ul style="list-style-type: none"> Preventive maintenance completed on time (best practices benchmark is 90%) 	95%	95%	90%
<ul style="list-style-type: none"> Preventative maintenance to corrective maintenance ratio (benchmark 4:1-6:1) 	4.1:1	4:1	5:1
<ul style="list-style-type: none"> Emergency maintenance required (best practices benchmark is <2% of labor hours) 	0.9%	1.0%	<2% of labor hours

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

Indicators:	Performance:		
	FY 09-10 Actual	FY 10-11 Estimated Actual	FY 11-12 Target
• MWMC Annual Report	Produced	Produced	Produce
• Develop new MWMC Communication Plan	---	---	Complete
• Create and distribute e-newsletters	---	---	2 Newsletters
• Interpretive Signs at Wastewater Pollution Control Facility	---	Project Delayed	Complete
• Complete initial recycled water marketing efforts	---	---	Complete
• Redesign existing MWMC Website	---	Complete	---
• Facilities Plan Milestone Open House	---	Complete	---
• Establish framework for Pollution Prevention Plans	---	Complete	---

Roles and Responsibilities

In order to effectively oversee and manage the RWP, the partner agencies provide all staffing and services to 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 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 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 MWMC through the regional funding of 76.30 FTE.

City of Springfield

The City of Springfield supports the RWP through representation on 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 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 MWMC through the regional funding of 15.8 FTE of Public Works Department staff and .88 FTE of Finance Department staff, as reflected in the adopted FY 11-12 budget.

Lane County

Lane County supports the RWP through representation on MWMC, and by maintaining the CSD when in use. Two MWMC members represent Lane County--one citizen and one County Commissioner. The Board of County Commissioners oversees the CSD, including administration of local General Obligation (GO) bond proceeds and governance of the District. The District was formed, under agreement with MWMC and the partner agencies, to enable long-term financing of regional facilities through issuance of GO bonds. The CSD adopts an annual budget for CSD funds, which is separate from the MWMC budget. The GO bond debt, which was retired in August, 2002, was repaid by CSD through an annual property tax assessment for Eugene and Springfield properties. Sewer users in the unincorporated areas such as the River Road/Santa Clara area, contributed to bond repayment through an "in-lieu-of-tax charge"

(ILOTG). Because the bond debt has been fully repaid, property tax assessments and ILOTG payments are no longer being assessed.

Interagency Coordination

The effectiveness of MWMC and the RWP depends on extensive coordination, especially between Springfield and Eugene staff, who provide ongoing program support. This coordination occurs in several ways. The Springfield ESD/MWMC General Manager and the Eugene Wastewater Division Director coordinate regularly to ensure adequate communication and consistent implementation of policies and practices as appropriate. The Eugene and Springfield Industrial Pretreatment Program supervisors and staff meet regularly to ensure consistent implementation of the Model Industrial Pretreatment Ordinance. Additionally, interagency project teams provide input on and coordination of ongoing MWMC administration issues and ad hoc project needs.

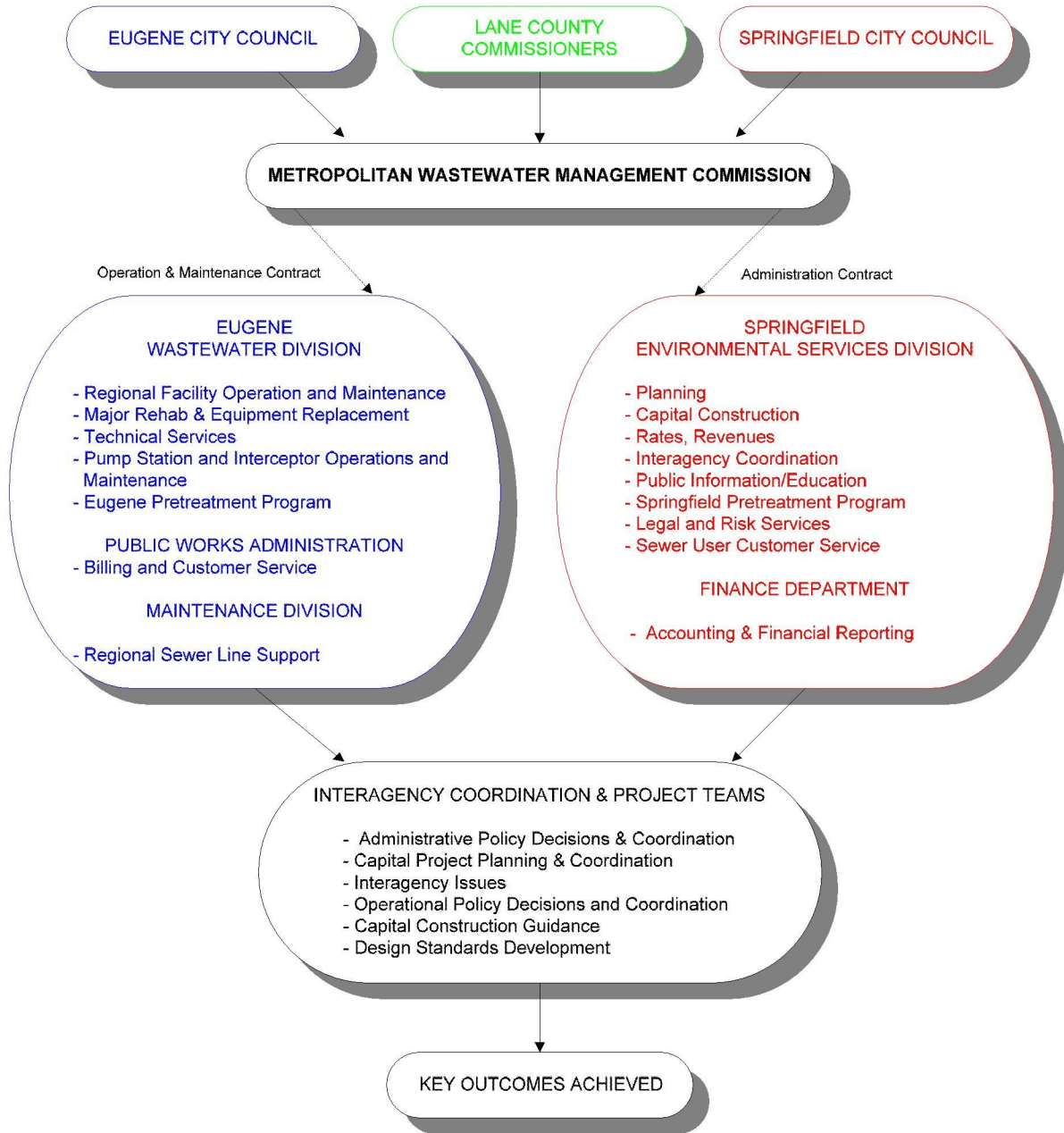
Exhibit 1 on the following page reflects the interagency coordination structure supporting the RWP. Special project teams are typically formed to manage large projects such as design and construction of new facilities. These interagency staff teams are formulated to provide appropriate expertise, operational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

Relationship to Eugene and Springfield Local Sewer Programs

The RWP addresses only part of the overall wastewater collection and treatment facilities that serve the Eugene-Springfield metropolitan area. The Cities of Eugene and Springfield both maintain sewer programs that provide for construction and maintenance of local collection systems and pump stations, which discharge to the regional system. Sewer user fees collected by the two cities include both local and RWP rate components.

EXHIBIT 1

REGIONAL WASTEWATER PROGRAM
INTERAGENCY COORDINATION STRUCTURE



**REGIONAL WASTEWATER PROGRAM
FY 10-11 BUDGET**

The MWMC's RWP Operating Budget provides the Commission and governing bodies with an integrated view of the RWP elements. Exhibit 2 provides a summary of the overall Operating Budget. Separate Springfield and Eugene agency budgets and staffing also are presented within this budget document. Major program areas supported by Springfield and Eugene are described in the pages that follow and are summarized in Exhibit 3 on page 12. Finally, Exhibit 4 on page 13 combines revenues, expenditures, and reserves to illustrate how funding for all aspects of the RWP is provided. It should also be noted that the "Amended Budget FY 10-11" column in all budget tables represents the updated FY 10-11 RWP budget as of February 11, 2011 which reconciled actual beginning balances at July 1, 2010, and approved budget transfers and supplemental requests.

EXHIBIT 2

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

	ADOPTED BUDGET FY 10-11	AMENDED BUDGET FY 10-11	PROPOSED FY 11-12	CHANGE (1) INCR/(DECR)	
FTE	92.56	92.56	92.98	0.42	0.5%
Personnel Services (2)	\$8,609,080	\$8,609,080	\$9,134,458	\$525,378	6%
Materials & Services (2)	6,549,860	6,549,860	6,571,340	21,480	0%
Capital Outlay (2,3)	0	0	17,000	17,000	NA
Equip Replacement Contr (4)	796,000	796,000	782,564	(13,436)	-1.7%
Capital Reserve Contr (5)	10,043,844	10,043,844	8,354,604	(1,689,240)	-17%
Working Capital Reserve (6)	900,000	900,000	900,000	0	0%
Rate Stability Reserve Contr (7)	2,000,000	2,375,553	2,000,000	0	0%
Operating Reserve (8)	1,585,136	1,585,136	1,571,289	(13,847)	-1%
Debt Service Contr (9)	5,891,938	5,891,938	5,215,576	(676,362)	-11%
Rate Stabilization Reserve Contr (10)	0	0	0	0	NA
SRF Loan Reserve (11)	0	0	650,526	650,526	NA
Revenue Bond Reserve (12)	0	0	0	0	NA
Budget Summary	\$36,375,858	\$36,751,411	\$35,197,357	(\$1,178,501)	-3.2%

Notes:

1. The Change column and Percent Change column compare the adopted FY 11-12 budget with the originally Adopted FY 10-11 Budget column.
2. Personnel Services, Materials and Services, and Capital Outlay budget amounts represent combined Springfield and Eugene Operating Budgets that support the RWP.
3. Capital Outlay does not include CIP, Equipment Replacement, Major Capital Outlay, or Major Rehabilitation, which are capital programs.

4. The Equipment Replacement Contribution is a budgeted transfer of operating revenues to “sinking funds” (reserves) for scheduled future replacement of major equipment, vehicles, and computers. See table on page 22 for year-end balance.
5. The Capital Reserve Contribution is a budgeted transfer of operating revenues to “sinking funds” (reserves). Capital is passed through the Springfield Administration Budget. See table on 24-end balance.
6. The Working Capital Reserve acts as a revolving account which is drawn down and replenished on a monthly basis to fund Eugene’s and Springfield’s cash flow needs.
7. The Rate Stability Reserve is used to accumulate revenues available at year-end after the budgeted Operating Reserve target is met. It is budgeted based on projected revenues and expenditures and is intended to lessen the size of needed rate increases over time. See Exhibit 7 on page 21 for year-end balance.
8. The Operating Reserve is used to account for the accumulated operating revenues net of operations expenditures. The Commission has adopted a policy of maintaining a minimum Operating Reserve balance approximately equal to 10% of the adopted Operating Budget. This targeted level of funding provides for contingency funds in the event unanticipated expenses or revenue shortfalls occur during the budget year.
9. The Debt Service line item is the sum of annual interest and principal payments on the Revenue Bonds and SRF loans made from the Operating Budget (derived from user rates). The total amount of debt service budgeted in FY 11-12 is \$5,215,576, the balance of which is budgeted from SDCs.
10. The Rate Stabilization Reserve was established as a result of the 2006 MWMC Revenue Bond Declaration and Covenants. It holds funds that are available if needed, to ensure debt service payments can be made.
11. The SRF loan reserve is budgeted as required per loan agreements
12. The Revenue Bond Reserves are established to cover the 2006 bond (\$4 million), the 2008 bond issue (\$4.1 million).

EXHIBIT 3

REGIONAL WASTEWATER PROGRAM OPERATING BUDGET
LINE ITEM SUMMARY BY PROGRAM AREA

	ACTUAL FY 09-10	ADOPTED BUDGET FY 10-11	AMENDED BUDGET FY 10-11	PROPOSED BUDGET FY 11-12	CHANGE INCR/(DECR)	
SPRINGFIELD						
MWMC ADMINISTRATION						
Personnel Services	\$1,438,320	\$1,246,610	\$1,246,610	\$1,312,169	\$65,559	5.3%
Materials & Services	1,422,309	1,854,789	1,854,789	1,814,115	(40,674)	-2.2%
Capital Outlay	0	0	0	0	0	NA
TOTAL	\$2,860,629	\$3,101,399	\$3,101,399	\$3,126,284	\$24,885	0.8%
INDUSTRIAL PRETREATMENT						
Personnel Services	\$260,037	\$266,300	\$266,300	\$296,476	\$30,176	11.3%
Materials & Services	95,912	91,963	91,963	93,889	1,926	2.1%
Capital Outlay	0	0	0	0	0	NA
TOTAL	\$355,949	\$358,263	\$358,263	\$390,365	\$32,102	9.0%
ACCOUNTING						
Personnel Services	\$71,636	\$74,045	\$74,045	\$80,190	\$6,145	8.3%
Materials & Services	5,965	13,126	13,126	13,131	5	0.0%
Capital Outlay	0	0	0	0	0	NA
TOTAL	\$77,601	\$87,171	\$87,171	\$93,321	\$6,150	7.1%
TOTAL SPRINGFIELD						
Personnel Services	\$1,769,993	\$1,586,955	\$1,586,955	\$1,688,835	\$101,880	6.4%
Materials & Services	1,524,186	1,959,878	1,959,878	1,921,135	(38,743)	-2.0%
Capital Outlay	0	0	0	0	0	NA
TOTAL	\$3,294,179	\$3,546,833	\$3,546,833	\$3,609,970	\$63,137	1.8%
EUGENE						
ADMINISTRATIVE SERVICES						
Personnel Services	\$1,412,962	\$1,518,699	\$1,518,699	\$1,627,312	108,613	7.2%
Materials & Services	396,580	703,408	703,408	684,116	(19,292)	-2.7%
Capital Outlay	0	0	0	0	0	NA
TOTAL	\$1,809,542	\$2,222,107	\$2,222,107	\$2,311,428	\$89,321	4.0%
BIOSOLIDS MANAGEMENT						
Personnel Services	\$987,104	\$1,101,132	\$1,101,132	\$1,172,722	\$71,590	6.5%
Materials & Services	900,510	1,033,776	1,033,776	997,010	(36,766)	-3.6%
Capital Outlay	0	0	0	0	0	NA
TOTAL	\$1,887,614	\$2,134,908	\$2,134,908	\$2,169,732	\$34,824	1.6%
INDUSTRIAL SOURCE CONTROL						
Personnel Services	\$360,678	\$487,895	\$487,895	\$515,715	\$27,820	5.7%
Materials & Services	80,371	123,395	123,395	75,175	(48,220)	-39.1%
Capital Outlay	0	0	0	0	0	NA
TOTAL	\$441,049	\$611,290	\$611,290	\$590,890	(\$20,400)	-3.3%
TREATMENT PLANT						
Personnel Services	\$3,502,084	\$3,662,383	\$3,662,383	\$3,880,922	\$218,539	6.0%
Materials & Services	2,023,229	2,396,385	2,396,385	2,536,475	140,090	5.8%
Capital Outlay	20,116	0	0	17,000	17,000	NA
TOTAL	\$5,545,429	\$6,058,768	\$6,058,768	\$6,434,397	\$375,629	6.2%
REGIONAL PUMP STATIONS						
Personnel Services	\$68,463	\$101,881	\$101,881	\$90,603	(\$11,278)	-11.1%
Materials & Services	275,001	265,352	265,352	302,506	37,154	14.0%
Capital Outlay	0	0	0	0	0	NA
TOTAL	\$343,464	\$367,233	\$367,233	\$393,109	\$25,876	7.0%
SEASONAL INDUSTRIAL WASTE FACILITY						
Personnel Services	\$111,118	\$150,135	\$150,135	\$158,349	\$8,214	5.5%
Materials & Services	60,245	67,666	67,666	54,924	(\$12,742)	-18.8%
Capital Outlay	0	0	0	0	\$0	NA
TOTAL	\$171,363	\$217,801	\$217,801	\$213,273	(\$4,528)	-2.1%
TOTAL EUGENE						
Personnel Services	\$6,442,409	\$7,022,125	\$7,022,125	\$7,445,623	\$423,498	6.0%
Materials & Services	3,735,936	4,589,982	4,589,982	4,650,206	60,224	1.3%
Capital Outlay	20,116	0	0	17,000	17,000	NA
TOTAL	\$10,198,461	\$11,612,107	\$11,612,107	\$12,112,829	\$500,722	4.3%
TOTAL REGIONAL BUDGET						
		\$15,158,940		\$15,722,799	\$563,859	

EXHIBIT 4

REGIONAL WASTEWATER PROGRAM
BUDGET SUMMARY AND COMPARISON

	FTE	ADOPTED BUDGET FY 10-11	AMENDED BUDGET FY 10-11	FTE	PROPOSED BUDGET FY 11-12	CHANGE *
<u>OPERATING BUDGET</u>						
Administration	16.45	\$3,535,333	\$3,535,333	16.68	\$3,598,470	\$63,137
Operations	76.11	11,612,107	11,612,107	76.30	12,112,828	500,721
Capital Contribution		10,043,844	10,043,844		8,354,604	(1,689,240)
Equip Repl - Contribution		796,000	796,000		782,564	(13,436)
Operating & Revenue Bond Reserves		6,485,137	6,860,689		7,121,815	636,679
Debt Service		5,891,938	5,891,938		5,215,576	(676,362)
Total Operating Budget	92.56	\$38,364,359	\$38,739,911	92.98	\$37,185,857	(\$1,178,502)
Funding:						
Beginning Balance		\$10,584,063	\$10,959,616		\$8,176,046	(\$2,408,018)
User Fees		26,020,796	26,020,795		27,158,427	1,137,632
Other		1,759,500	1,759,500		1,851,384	91,884
Total Operating Budget Funding		\$38,364,359	\$38,739,911		\$37,185,857	(\$1,178,503)
<u>CAPITAL PROGRAM BUDGET</u>						
MWMC 2010 Facility Plan Update		221,000	221,000		70,135	(150,865)
Biosolids - Line Lagoons II		0	20,000		0	NA
WWFMP Update		206,926	372,202		278,400	71,474
Facility Plan Engineering Services		73,964	90,000		67,005	(6,959)
Clarifier Improvements		494,339	480,270		0	NA
Odorous Air Treatment I		1,732,200	1,283,428		0	NA
Odorous Air Treatment II		1,104,000	1,704,000		1,495,000	391,000
Aeration Basin Improvements		0	50,000		0	NA
Effluent Reuse I		2,820,496	3,302,739		3,089,468	268,972
Influent PS/Willakenzie PS/Headworks		127,286	934,504		92,504	(34,782)
Primary Sludge Thickening		2,447,984	3,946,108		2,052,000	(395,984)
Parallel Primary/Secondary Treatment		3,000,000	2,065,043		1,276,000	(1,724,000)
Sodium Hypochlorite Conversion		3,390,000	5,892,501		2,977,000	(413,000)
Tertiary Filtration I		7,694,573	13,246,729		5,517,000	(2,177,573)
Master Landscape Plan		0	7,063		0	NA
Effluent Reuse II		4,952,000	5,152,000		4,996,170	44,170
Line Biosolids Lagoons II		3,150,000	3,199,808		1,999,000	(1,151,000)
Digestion Capacity Increase		500,000	500,000		300,000	(200,000)
Waste Activated Sludge Thickening		300,000	300,000		192,600	(107,400)
Biosolids Force Main Rehab		150,000	150,000		1,430,000	1,280,000
Ground Lease Negotiations		0	8,678		0	NA
Line Biosolids Lagoons 4		0	0		100,000	NA
EUGENE						
Equipment Replacement Purchases		105,579	271,579		720,355	614,776
Major Rehab		50,000	185,936		507,400	457,400
Major Capital Outlay			0		275,000	NA
Total Capital Projects		\$32,520,347	\$43,383,588		\$27,435,037	(\$5,085,310)
Funding:						
Equipment Replacement		105,579	271,579		720,355	614,776
Capital Bond Fund		32,364,768	42,926,073		25,932,282	(6,432,486)
Capital Reserve		50,000	185,936		782,400	732,400
Total Capital Projects Funding		\$32,520,347	\$43,383,588		\$27,435,037	(\$5,085,310)

Notes: * The Change (Inc/Decr) column compares the adopted FY 11-12 budget to the originally adopted FY 10-11 budget column.

OPERATING BUDGET AND RATE HISTORY

The graphs on pages 15 and 16 show a 5-year Regional Operating Budget Comparison and Regional Residential Sanitary Sewer costs over a fourteen-year period. Because the Equipment Replacement and Major Infrastructure Rehabilitation programs are managed in the Eugene Operating Budget, these programs are incorporated into both the 5-year Regional Operating Budget Comparison graph on page 16 and the 5-Year Capital Programs graph on page 42. The Regional Wastewater Capital Improvement Programs graph on page 16 shows the expenditures in the MWMC's Capital Program over the past five years.

As shown on the Regional Residential Sanitary Sewer Rate graph, regional sewer user charges remained highly stable through 2004. During the late 1990s, considerable efforts were made by MWMC to absorb increased costs due to inflation and service level increases through improvements in organizational efficiency and effectiveness. However, as the Regional Wastewater Facilities approached the end of their original design lives, and increased regulatory requirements emerged, MWMC completed a comprehensive update to its Facilities Plan in 2004. 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 twenty-year period will come from user charges. Since 2004, this has become the major driver of 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.

In October of 2008, the Commission adopted an interim user rate increase of 7% due to the closure of Hynix Semiconductor. This increase was necessary to issue new revenue bonds and maintain bond covenants for existing bonds. The typical residential monthly wastewater bill (based on 5,000 gallons of usage) increased an additional \$1.10 per month and went into effect on December 1, 2008.

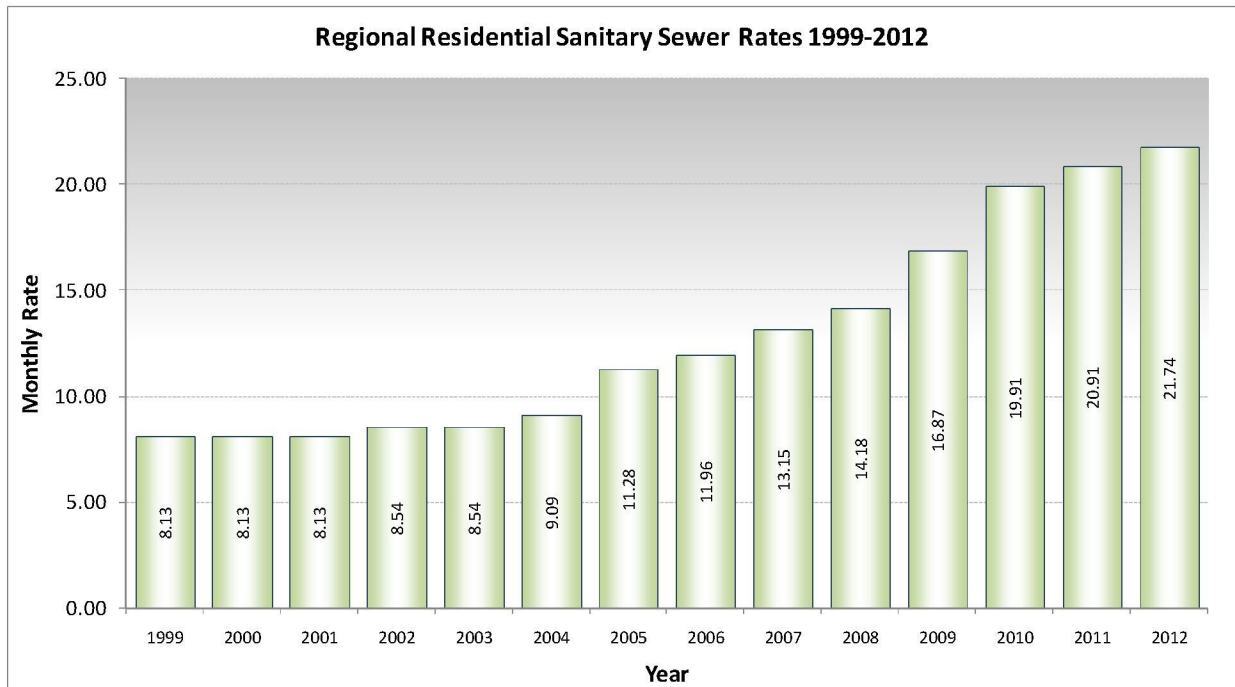
The FY 09-10 RWP operating budget was based on an 18% user rate increase over FY 08-09 rates applied uniformly across all user classes. This rate provided for Operations, Administration, Capital programs, reserves and debt service to be funded at sufficient levels to meet FY 09-10 requirements. It met the capital and operating requirements, the Commission's Financial Plan policies, and covenants associated with MWMC's 2006 and 2008 revenue bonds as well as provided adequate debt service coverage ratios for an additional \$20 million bond sale in FY 09-10.

In FY 09-10, there was an 18% user rate increase over FY 08-09 rates and was applied uniformly across all user classes. The increase was driven by the need to finance the capital improvement program and establish rates to borrow an additional \$20M in revenue bonds.

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

The FY 11-12 budget is based on a 4% user rate increase over the FY 10-11 rates. This increase will continue to provide for Operations, Administration, Capital programs, reserves and debt service and meet capital and operating requirements, and support the Commission’s Financial Plan policies, and covenants associated with MWMC’s 2006 and 2008 revenue bonds.

The figure below compares the regional component of average monthly residential sewer rates.



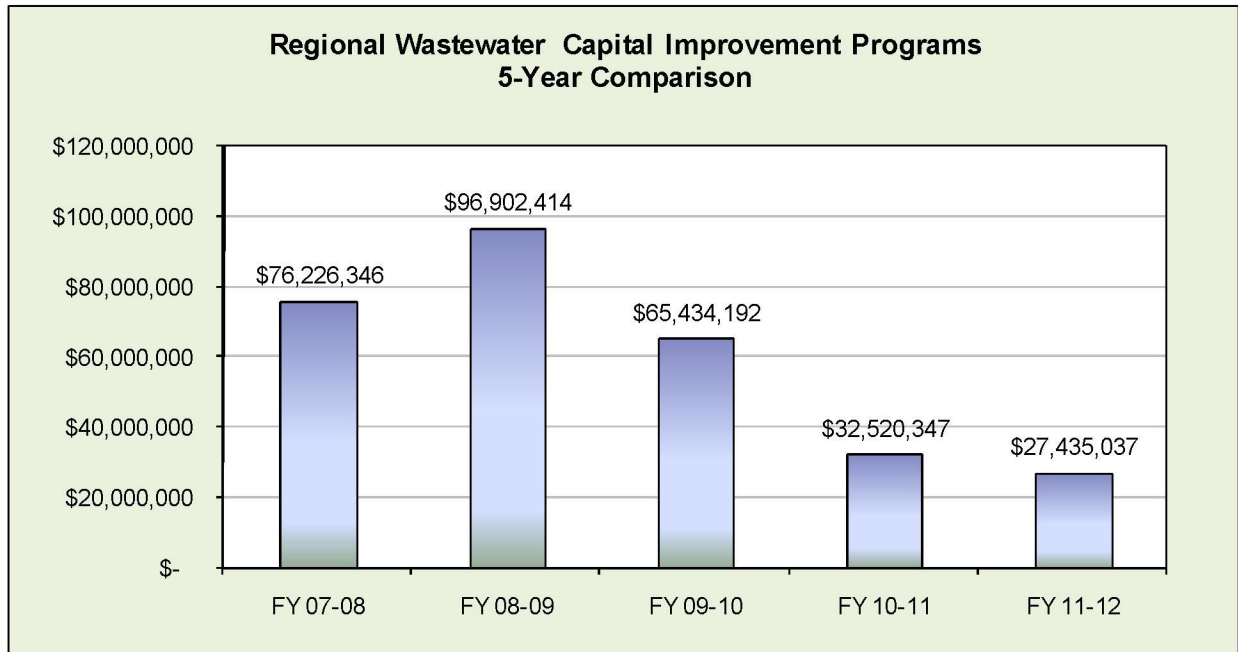
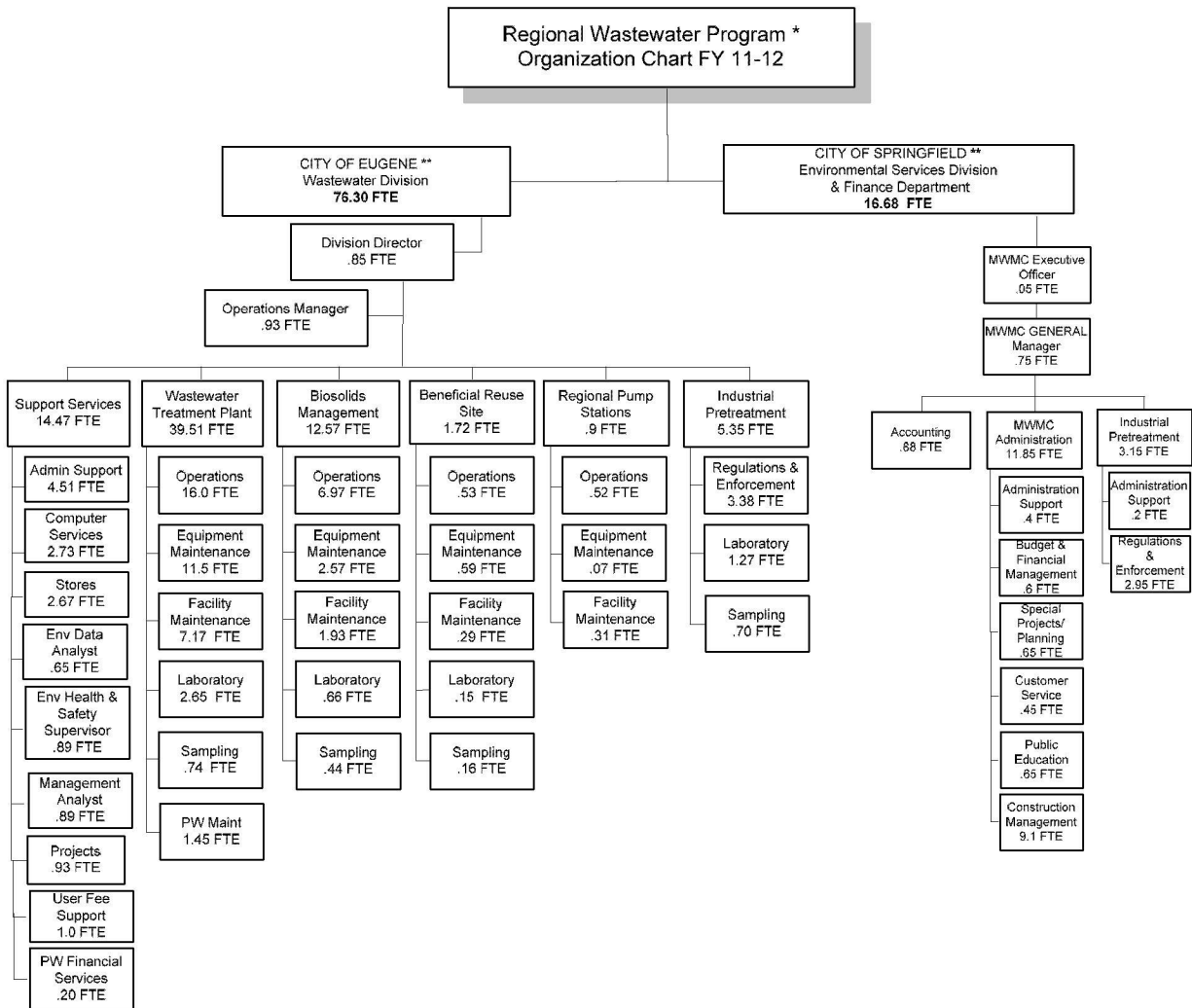


EXHIBIT 5



Notes:

* FTE figures represent portions of Eugene and Springfield staff funded by regional wastewater funds.

** The chart represents groups of staff dedicated to program areas rather than specific positions.

EXHIBIT 6**REGIONAL WASTEWATER PROGRAM
POSITION SUMMARY**

CLASSIFICATION	ADOPTED	ADOPTED	PROPOSED	CHANGE
	FY 09-10	FY 10-11	FY 11-12	
SPRINGFIELD ENVIRONMENTAL SERVICES & FINANCE				
Public Works Director	0.05	0.05	0.05	0.00
ESD/MWMC Manager	0.75	0.75	0.75	0.00
ESD/MWMC Asst. Manager	0.70	0.70	0.70	0.00
Enviro Services Supervisor/Sewer & Drainage	0.50	0.50	0.50	0.00
Enviro Services Supervisor/Pretreat & Pollution Prev	0.95	0.95	0.95	0.00
Supervising Civil Engineer	2.00	2.00	2.00	0.00
Civil Engineer/Design & Construction Coordinator	5.00	3.00	3.00	0.00
Engineering Assistant	2.45	2.05	2.05	0.00
Public Information & Education Specialist	0.65	0.65	0.65	0.00
Secretary	0.80	0.80	0.80	0.00
Clerk II	0.80	0.25	0.25	0.00
Accountant	0.80	0.80	0.80	0.00
Accounting Supervisor	0.00	0.00	0.08	0.08
Accounting Director	0.05	0.05	0.00	-0.05
Assistant Project Manager	0.90	0.90	0.90	0.00
Senior Environmental Technician	1.00	1.00	1.00	0.00
Environmental Services Technician I	0.00	0.00	0.00	0.00
Environmental Services Technician II	1.00	1.00	1.20	0.20
Construction Inspector II	1.00	1.00	1.00	0.00
TOTAL SPRINGFIELD	19.40	16.45	16.68	0.23

Note: Springfield's Industrial Pretreatment Program staffing of 3.20 FTE is incorporated into the position summary because the Industrial Pretreatment Programs are funded through the RWP.

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

CLASSIFICATION	ADOPTED FY 09-10	ADOPTED FY 10-11	PROPOSED FY 11-12	CHANGE
<u>EUGENE WASTEWATER DIVISION & OTHER PW</u>				
Division Director	0.75	0.75	0.85	0.10
Operations Manager	0.93	0.93	0.93	0.00
Finance and Administration Manager	0.89	0.89	0.89	0.00
Pretreatment/Laboratory/Sampling Supervisor	0.82	0.82	0.82	0.00
Operations Supervisor	1.00	1.00	1.00	0.00
Residuals Supervisor	1.00	1.00	1.00	0.00
Electrical Maintenance Supervisor	1.00	1.00	1.00	0.00
Equipment Maintenance Supervisor	0.97	0.97	0.97	0.00
Facilities Supervisor	0.91	0.91	0.91	0.00
Parts and Supply Supervisor/Buyer	0.89	0.89	0.89	0.00
Environmental Data Analyst	0.65	0.65	0.65	0.00
Health and Safety Supervisor	0.89	0.89	0.89	0.00
Technical Services Analyst	0.89	0.89	0.89	0.00
Project Manager	0.93	0.93	0.93	0.00
PW Financial Services Manager	0.20	0.20	0.20	0.00
PW Maintenance Supervisor	0.05	0.00	0.00	0.00
Applications System Analyst	2.67	1.78	1.78	0.00
Applications Support Technician	1.00	0.95	0.95	0.00
Pump Station Tech Specialist 2	0.57	0.57	0.38	-0.19
Wastewater Technician (Operator)	15.00	15.00	16.00	1.00
Wastewater Technician (Residuals)	5.00	5.00	5.00	0.00
Wastewater Technician (Pretreatment)	3.14	3.14	3.14	0.00
Wastewater Technician (Laboratory)	4.73	4.30	4.30	0.00
Wastewater Technician (Sampling)	1.89	1.89	1.89	0.00
Wastewater Technician (Mechanical)	7.83	7.83	7.78	-0.05
Wastewater Instrument/Electrician	3.88	3.88	3.82	-0.06
Electrician	1.00	1.00	1.00	0.00
Maint Worker	9.31	10.29	9.59	-0.70
Billing Specialist	1.00	1.00	1.00	0.00
Engineering Associate	0.35	0.35	0.45	0.10
Senior Office Supervisor	0.89	0.89	0.89	0.00
Admin Specialist, Sr	0.89	0.89	1.78	0.89
Admin Specialist	1.79	1.79	0.95	-0.84
Parts and Supply Specialist	1.78	1.84	1.78	-0.06
Custodial Worker	1.00	1.00	1.00	0.00
T O T A L	76.49	76.11	76.30	0.19
GRAND TOTAL	95.89	92.56	92.98	0.42

REGIONAL WASTEWATER PROGRAM RESERVES

The RWP maintains reserve funds for dedicated purpose to sustain stable rates while fully funding operating and capital needs. Commission policies and guidance, which direct the amount of reserves appropriated on an annual basis, are found in the MWMC Financial Plan (2005). Further details on the FY 11-12 reserves are provided below.

OPERATING RESERVES

The MWMC Operating Budget includes four separate reserves: the working capital reserve, rate stability reserve, rate stabilization 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 11-12, \$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 varies in response to the variability of actual revenues net of expenses, and annual budgeted amounts for the operating and capital reserves.

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 11-12 no additional contribution to this reserve is budgeted and the balance at June 30, 2012 will remain at \$2,000,000.

OPERATING RESERVE

The Operating Reserve is used to account for accumulated operating revenues net of operating expenditures (including other reserves). The Commission's adopted policy is to budget the Operating Reserve at approximately 10% of the adopted operating budget. For FY 11-12, the Operating Reserve is budgeted at \$1,571,289, which is 10% of total Personal Services, Materials and Services, and Capital Outlay in accordance with Commission policy.

EXHIBIT 7

	ADOPTED BUDGET FY 10-11	AMENDED BUDGET FY 10-11	PROPOSED BUDGET FY 11-12
OPERATING RESERVES			
Beginning Balance	10,584,063	10,959,616	8,176,046
User Fee Revenue	25,940,795	25,940,795	26,978,427
Septage Revenue	80,000	80,000	180,000
Other Revenue	1,634,500	1,634,500	1,734,500
Interest	125,000	125,000	100,000
Transfer from Reimbursement SDCs	0	0	16,884
Personal Services	(8,609,080)	(8,609,080)	(9,134,458)
Materials & Services	(6,538,360)	(6,538,360)	(6,559,840)
Capital Outlay	0	0	(17,000)
Interfund Transfers	(10,839,845)	(10,839,845)	(9,137,168)
Transfer to Bond Debt Service Fund	(5,301,288)	(5,301,288)	(4,409,596)
Debt Service - SRF Loan	(590,650)	(590,650)	(805,980)
WORKING CAPITAL	(900,000)	(900,000)	(900,000)
SRF LOAN RESERVE	0	0	(650,526)
RATE STABILITY RESERVE	(2,000,000)	(2,375,553)	(2,000,000)
RATE STABILIZATION RESERVE	(2,000,000)	(2,000,000)	(2,000,000)
OPERATING RESERVE	\$1,585,136	\$1,585,136	\$1,571,289

CAPITAL RESERVES

The MWMC Capital Budget includes five reserves: the Equipment Replacement Reserve, SDC Reserves (i.e. Reimbursement and Improvement), 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 11-12 budget total \$782,564, 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 10-11	AMENDED BUDGET FY 10-11	PROPOSED BUDGET FY 11-12
EQUIPMENT REPLACEMENT RESERVE			
Beginning Balance	8,644,644	8,775,140	10,285,870
Annual Equipment Contribution	518,000	518,000	512,772
Annual Vehicle Contribution	242,000	242,000	242,642
Annual Computer Contribution	36,000	36,000	27,150
Interest	89,900	89,900	90,000
Equipment Purchases	(105,579)	(271,579)	(720,355)
Reserve	\$9,424,965	\$9,389,461	\$10,438,079

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 11-12 are approximately \$589,821. Budgeted expenditures include \$2,000,000 from Improvement Fees to fund portions of the annual debt service payments on the 2006 and 2008 revenue bonds. The projected beginning SDC Reserve balance on July 1, 2011 is \$2,505,183.

	ADOPTED BUDGET FY 10-11	AMENDED BUDGET FY 10-11	PROPOSED BUDGET FY 11-12
REIMBURSEMENT SDC RESERVE			
Beginning Balance	26,496	24,958	39,391
Reimbursement SDCs Collected	58,433	58,433	58,433
Interest	271	271	1,000
SDC Compliance Charge	0	0	2,000
Xfr to Debt Service (Fund 312)	(50,000)	(50,000)	0
Xfr to Debt Service (Fund 612)	0	0	(16,884)
Materials & Services	(7,500)	(7,500)	(7,500)
Reserve	\$27,700	\$26,162	\$76,440

	ADOPTED BUDGET FY 10-11	AMENDED BUDGET FY 10-11	PROPOSED BUDGET FY 11-12
IMPROVEMENT SDC RESERVE			
Beginning Balance	4,279,825	4,410,944	2,465,792
Improvement SDCs Collected	530,848	530,848	530,848
Interest	32,930	32,930	20,000
Materials & Services	(4,000)	(4,000)	(4,000)
Xfr to Debt Service (Fund 312)	(2,500,000)	(2,500,000)	(2,000,000)
Reserve	\$2,339,603	\$2,470,722	\$1,012,640

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 11-12 Budget includes a contribution from the Operating Reserve of \$8,354,604. The beginning balance on July 1, 2011 is projected to be \$57,717,443. Additional budget detail on the CIP, Major Capital Outlay and Major Rehabilitation Program reserves is provided below.

BOND RESERVE

The Bond Reserve was created to provide assurances to the bond holders that adequate revenue coverage will be provided for future debt service payments. For FY 11-12 the Bond Reserve is budgeted at \$8,100,000 in order to meet reserve requirements of the bond issuances (\$4,100,000 for 06 issuance and \$4,000,000 for 08 issuance).

	ADOPTED BUDGET FY 10-11	AMENDED BUDGET FY 10-11	PROPOSED BUDGET FY 11-12
CAPITAL RESERVES			
Beginning Balance	41,416,192	56,222,633	57,717,443
Transfer from Operating Reserve	10,043,844	10,043,844	8,354,604
Interest	265,400	265,400	266,000
Interest Income (Revenue Bond Proceeds)	148,550	148,550	115,000
Revenue Bond Sale & SRF Proceeds	10,306,739	10,306,739	8,435,464
Miscellaneous Receipts	3,500	3,500	0
Bond Sale Expense	0	(174,513)	0
Arbitrage Expense	0	(294,810)	0
Funding For Capital Improvement Projects	(32,814,768)	(43,376,073)	(26,382,282) *
Funding For Major Rehabilitation	(50,000)	(185,936)	(507,400)
Funding For Major Capital Outlay	0	0	(275,000)
Revenue Bond Reserve	(8,100,000)	(8,100,000)	(8,100,000)
Capital Reserve	\$21,219,457	\$24,859,334	\$39,623,829

* Includes \$450,000 in sponsorship contributions

**CITY OF SPRINGFIELD
REGIONAL WASTEWATER PROGRAM RESPONSIBILITIES**

The City of Springfield manages administration services for the RWP under a contract with the 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 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 11-12 is provided in Exhibit 12 on page 41.

MWMC ADMINISTRATION

The Springfield Environmental Services Division (ESD) and Finance Department provide ongoing support and management services for MWMC. The Public Works Director and the Environmental Services Manager serve as the MWMC Executive Officer and General Manager, respectively. 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 2011, there were 20 significant industrial users under permit in Springfield. The Industrial Pretreatment Program also addresses the wastewater discharges of some commercial/industrial businesses through the development and implementation of Pollution Management Practices. Pretreatment program staff also coordinates pollution prevention activities in cooperation with the Pollution Prevention Coalition of Lane County.

ACCOUNTING & 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 11-12, the City of Springfield will support the following major regional initiatives in addition to ongoing Commission administration and industrial pretreatment activities:

- Revise the Wet Weather Flow Management Plan (WWFMP), focusing on continued Inflow and Infiltration reductions, including flow monitoring, data tracking, and regional coordination, and continue to explore methods of addressing private laterals.
- Implement Capital Financing strategies necessary to meet current revenue bond obligations, prepare for additional debt financing, and ensure sufficient revenues in accordance with the 2005 MWMC Financial Plan.
- Continue implementation of the 2004 MWMC Facilities Plan to meet all regulatory requirements and capacity needs and update the 2004 Facilities Plan in FY 11-12. Considering emerging environmental regulations that may impact the operation of the WPCF.
- Continue public information and outreach activities focused on the MWMC Facilities Plan and MWMC work to maintain river health.
- Protect RWP interests through participation in Association of Clean Water Agencies activities and Board of Directors.
- Coordinate temperature TMDL compliance through the development and implementation of the recycled water program.
- Continue participation with ACWA and DEQ in the development of the Capacity Management Operations and Maintenance (CMOM) Program.

SIGNIFICANT CHANGES FOR FY 11-12

The budget for Springfield Personnel Services, Materials and Services, and Capital Outlay for FY 11-12 totals \$3,609,970 representing an overall increase of \$63,138 over the adopted FY 10-11 budget (1.8%).

Personnel Services

Personnel Services totaling \$1,688,835 represent a FY 11-12 increase of \$101,880 or (6.4%) over the originally adopted FY 10-11 budget.

Staffing

- A net increase of .23 FTE is included in the FY 11-12 budget which represents a re-allocation of an Environmental Services Technician II in the Pretreatment Program and re-allocation of FTE in the Accounting Department.

Regular Wages - \$1,117,535 [Increase of \$74,449 or (7%)]

- This increase represents the Class and Comp Study implementation approved by the Springfield City Council.

Employee Benefits (includes Employee Benefits, Medical/Dental Insurance and PERS/PSRP), - Budget Request \$558,952 [Increase \$87,449 or 18.5%]

- Fringe benefits are increased by \$87,480, primarily as a result of the implementation of the Class and Comp study as well as increases in insurance premiums and contributions to the PERS/OPSRP retirement system.

Materials and Services

The Materials and Services budget represents a total FY 11-12 decrease of \$38,742 or (2.0%) over the originally adopted FY 10-11 budget. The major changes are in the following budget categories:

Contractual Services –\$208,500 [Decrease of \$50,000 or (19%)]

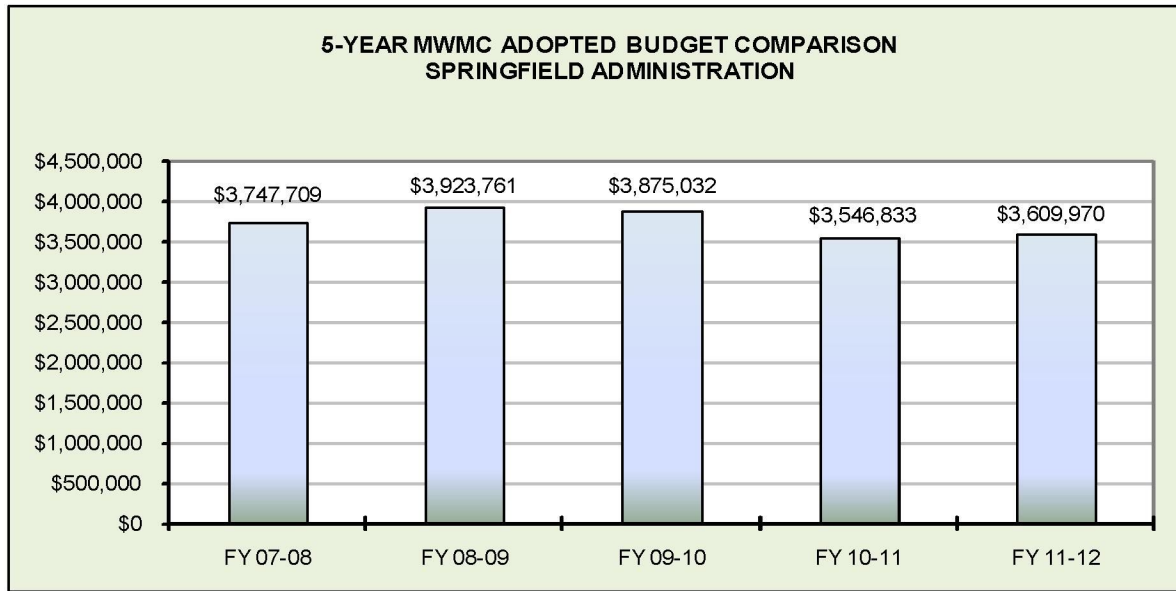
- Decrease in FY 11-12, due to the reassignment of the regional condition assessment of the interceptor sewer lines to the Eugene operations budget. Eugene maintenance staff will perform the assessment and produce a condition assessment report, and identify any necessary rehabilitation.

Travel & Meeting Expenses - \$29,750 [Decrease of \$3,750 or (11%)]**Internal Vehicle & Equipment Rent - \$6,984 [Decrease of \$3,228 or (32%)]**

EXHIBIT 8

**SPRINGFIELD ADMINISTRATION PROGRAM
PROPOSED FY 11-12
BUDGET SUMMARY**

	ACTUAL FY09-10	ADOPTED BUDGET FY 10-11	AMENDED BUDGET FY 10-11	PROPOSED BUDGET FY 11-12	CHANGE * INCR/(DECR)	
Personnel Services	\$1,811,688	\$1,586,955	\$1,586,955	\$1,688,835	\$101,880	6.4%
Materials & Services	2,063,344	1,959,878	1,959,878	1,921,135	(38,743)	-2.0%
Capital Outlay	0	0	0	0	0	NA
Budget Summary	\$3,875,032	\$3,546,833	\$3,546,833	\$3,609,970	\$63,137	1.8%



Note: * Change column and Percent Change column compare proposed FY 11-12 budget to originally adopted FY 10-11 budget.

EXHIBIT 9
SPRINGFIELD ADMINISTRATION
LINE ITEM BUDGET SUMMARY

	ADOPTED		AMENDED		PROPOSED		CHANGE
	AMENDED FY 09-10	BUDGET FY 10-11	BUDGET FY 10-11	BUDGET FY 11-12	INCR/(DECR)		
<u>PERSONNEL SERVICES</u>							
Regular Wages	\$1,195,596	\$1,043,086	\$1,043,086	\$1,117,535	\$74,449	7%	
Seasonal/Interm/Temp Wages	18,000	18,000	18,000	0	(18,000)	NA	
Overtime	5,508	15,008	15,008	7,716	(7,292)	-49%	
Employee Benefits	558,983	99,238	99,238	104,995	5,757	6%	
Medical/Dental Insurance	--	249,372	249,372	296,928	47,556	19%	
PERS/OPSRP	--	122,893	122,893	157,029	34,136	28%	
Cell Phone Allowance	4,416	4,416	4,416	4,488	72	2%	
Personal Services Adjustments	29,005	34,798	34,798	0	(34,798)	NA	
Comp Time Payoff	0	0	0	0	0	NA	
Car Allowance	180	144	144	144	0	0%	
Total Personnel Services	\$1,811,688	\$1,586,955	\$1,586,955	\$1,688,835	\$101,880	6.4%	
FTE	19.40	16.45	16.45	16.68	0.23	1%	
<u>MATERIALS & SERVICES</u>							
Billing & Coll Exp	555,000	560,550	560,550	577,367	16,817	3%	
Contractual Services	208,500	258,500	258,500	208,500	(50,000)	-19%	
Litigation Expense	150,000	100,000	100,000	100,000	0	0%	
Environmental Ed	5,000	5,000	5,000	5,000	0	0%	
Attorney Fees	75,000	75,000	75,000	75,000	0	0%	
Merchant Fees	13,500	13,500	13,500	13,500	0	0%	
PP&L Insurance	275,000	275,000	275,000	275,000	0	0%	
Telephone	2,310	2,300	2,300	2,300	0	0%	
Ris/Airs/Geo Charges	14,178	14,469	14,469	14,769	300	2%	
Computer Equipment	0	0	0	0	0	NA	
Advertising	5,800	5,800	5,800	5,920	120	2%	
Duplicating Supplies	2,200	2,200	2,200	2,200	0	0%	
Printing	9,500	9,400	9,400	9,400	0	0%	
Travel & Meeting Expenses	34,100	33,500	33,500	29,750	(3,750)	-11%	
Property Taxes	5,000	5,000	5,000	5,000	0	0%	
WPCF/NPDES Permits	119,625	120,150	120,150	118,814	(1,336)	-1%	
Government ethics comm Charges		0	0	0	0		
Pretreatment Supplies	3,000	3,000	3,000	3,000	0	0%	
Safety Clothing/Eq	1,250	1,200	1,200	1,200	0	0%	
Gasoline & Oil	2,950	1,550	1,550	1,900	350	23%	
Utilities	7,158	6,308	6,308	6,560	252	4%	
Memberships, Books, Subscrips	17,950	17,100	17,100	17,300	200	1%	
Postage & Shipping Charges	3,500	3,500	3,500	3,500	0	0%	
Office Supplies	6,850	6,850	6,850	6,850	0	0%	
Computer Software	23,950	42,150	42,150	42,150	0	0%	
Small Furniture & Appliances	1,000	1,000	1,000	1,000	0	0%	
Commuter Trip Reduction	450	350	350	250	(100)	-29%	
Program Expense	43,500	38,000	38,000	38,000	0	0%	
Equipment Maintenance	10,600	10,600	10,600	10,600	0	0%	
Property Maintenance	1,500	1,500	1,500	1,500	0	0%	
Employee Development	28,950	25,900	25,900	25,600	(300)	-1%	
Internal Insurance Chgs	47,350	26,403	26,403	26,361	(42)	0%	
Internal Veh Mt Chgs	3,328	3,328	3,328	3,647	319	10%	
Internal Fac Rent	34,897	0	0	0	0	NA	
Computer Equip Chgs	6,924	7,003	7,003	8,052	1,049	15%	
Bldg Maint Chgs	36,119	35,902	35,903	37,418	1,516	4%	
Internal Veh & Equip Rent	7,992	10,212	10,212	6,984	(3,228)	-32%	
Internal Employee Benefit	13,165	12,313	12,313	11,877	(436)	-4%	
License & Fee Refunds	5,350	4,565	4,565	3,150	(1,415)	-31%	
Internal MS Enterprise Agreement	0	0	0	0	0	NA	
Accrual Adjustments	0	11,061	11,061	9,323	(1,738)	-16%	
Prior Year Encumbrance	0	0	0	0	0	NA	
Total Materials & Services	\$2,063,344	\$1,959,878	\$1,959,878	\$1,921,135	(\$38,742)	-2.0%	
<u>CAPITAL OUTLAY</u>							
Total Capital Outlay	0	0	0	0	0	NA	
TOTAL	\$3,875,032	\$3,546,833	\$3,546,833	\$3,609,970	\$63,138	1.8%	

CITY OF EUGENE
REGIONAL WASTEWATER PROGRAM RESPONSIBILITIES

The Wastewater Division for the City of Eugene manages all Regional Wastewater Pollution Control Facilities (WPCF) serving the Eugene and Springfield Urban Grow Boundary areas under the Intergovernmental Agreement for the Metropolitan Wastewater Management Commission (MWMC). These regional facilities include the Eugene/Springfield Regional Water Pollution Control Facility, the Biosolids Management Facility, the Beneficial Reuse Site, the Biocycle Farm site, and regional wastewater pumping stations and transmission sewers.

Program Responsibilities

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

In support of the water pollution control program, the Division provides technical services for wastewater treatment, management of equipment replacement and infrastructure rehabilitation, biosolids treatment and recycling, and an industrial source control and pretreatment program in conjunction with City of Springfield staff. Other services include regional laboratory services for wastewater and water quality analyses and flow monitoring on the regional sanitary trunk sewers.

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. 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 WPCF is designed to treat an average of 49 million gallons per day (mgd) of dry weather flow, with a wet weather peak flow of 277 mgd. The Operations section optimizes wastewater treatment processes to ensure effluent quality requirements are met in an energy 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, and the Biosolids and Beneficial Reuse Site.

REGIONAL WASTEWATER TREATMENT

FACILITY MAINTENANCE

The Maintenance section of the Wastewater Division is responsible for preservation of the multi-million dollar investment in the equipment and infrastructure of the WPCF. This section provides a preventative maintenance program to maximize equipment life and performance; a corrective maintenance program for repairing unanticipated equipment failures; a facility maintenance program to maintain the buildings, treatment structures, and grounds; and a stores unit that purchases and stocks parts and supplies and assists with professional services contracting. Also included within the Maintenance section's charge are the pump stations and sewers in the regional collection system, and the facilities and equipment at the Biosolids Management and Beneficial Reuse Site.

BIOSOLIDS MANAGEMENT

The Residuals Management section of the Wastewater Division manages the handling and beneficial reuse of the biological solids (biosolids) produced as a result of the activated sludge treatment of wastewater. This section operates the Biosolids Management Facility (BMF) and the Biocycle Farm located at Awbrey Lane in Eugene. Approximately 4,000 dry tons of biosolids are produced annually by the WPCF. These 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 or irrigated on poplar trees at the Biocycle Farm as a beneficial fertilizer and soil conditioner. This section also manages the Beneficial Reuse Site, which formerly served to treat wastewater from food processing operations.

INDUSTRIAL SOURCE CONTROL (Pretreatment) and ANALYTICAL SERVICES, SAMPLING TEAM

The pretreatment program is a regional activity implemented jointly by the cities of Eugene and Springfield. The Industrial Source Control group of the Wastewater Division is charged with administering the pretreatment program for the regulation and oversight of commercial and industrial wastewaters discharged to the sanitary collection system by fixed-site industries in Eugene and by mobile waste haulers in the Eugene and Springfield areas. This group is also responsible for ensuring that these wastes do not damage the collection system, interfere with wastewater treatment processes, result in the pass-through of harmful pollutants to treated effluent or biosolids, or threaten worker health or safety.

This responsibility is fulfilled through the use of a permit system for industrial dischargers. This permit system, common to both Eugene and Springfield, implements necessary limitations on waste characteristics and establishes inspection, monitoring, and reporting requirements for documenting waste quality and quantity controls. The staff is also responsible for locating new industrial discharges in Eugene and evaluating the impact of new non-residential discharges on the WPCF. As of December 2010, there were 22 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 the Regional Information System, and supplies technical expertise and assistance in the selection, operation, and modification of computer systems (hardware and software) within the Division.

PROJECT MANAGEMENT

Management of wastewater system improvements and ongoing developments is carried out by the Project Management staff. Activities include coordination of CIP activities with the City of Springfield staff, problem-solving and action recommendations, project management, technical research, coordination of activities related to renewal of the NPDES wastewater discharge permit, computer-aided design and electronic storage of design drawings, and planning of projects to anticipate and prepare for new regulatory and operational requirements. 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 11-12, Eugene staff will support the following major regional initiatives in addition to ongoing operational activities.

- Manage the O&M responsibilities of the NPDES permits for the wastewater discharge and treatment plant stormwater programs and the LRAPA air emissions permit for the regional wastewater treatment plant.
- Continue to evaluate impacts of regulatory actions (such as the federal SSO and blending policy development, Willamette River TMDLs implementation, and any newly adopted state water quality standards) upon operational responsibilities.
- Provide technical input and O&M assessments related to proposed initiatives for addressing TMDL compliance, greenhouse gas emission controls, and renewable energy objectives.
- Complete scheduled major rehabilitation, equipment replacement, and other capital projects in an efficient and timely manner.

- Work cooperatively on the CIP elements and effectively integrate capital project work with ongoing O&M activities, with emphasis on maintaining an effective CIP management and coordination program with Springfield.
- Achieve ongoing sustainable efficiencies by initiating projects to reduce energy consumption. This includes the Aeration Blower Design & Engineering project that will provide significant ongoing electrical energy savings. The two-year project includes \$275,000 in the proposed FY11-12 budget for design and engineering work, and an estimated \$1,225,000 to be budgeted in FY12-13 for equipment and construction costs to complete the project.
- Manage the Operations & Maintenance (O&M) aspects of the Biocycle Farm, continuing the development of the biosolids irrigation practices and poplar tree management.

SIGNIFICANT CHANGES IN THE O & M BUDGET FOR FY 11-12

The proposed budget for Operations and Maintenance of the regional wastewater treatment facilities (personnel, materials and services, and capital outlay) for FY 11-12 totals \$12,112,828. The amount represents an increase of 4.3% from the FY 10-11 budget. The largest cost centers for the proposed budget are personnel costs, utilities, materials, maintenance, and chemicals. Details of significant items and changes proposed for the FY 11-12 Operations and Maintenance budget as compared to the FY 10-11 budget include:

Personnel Services

Personnel Services totaling \$7,445,623 represents a FY 11-12 increase of \$423,498 or 6%. The major changes are in the following budget categories:

Staffing

- An increase of 0.19 FTE is proposed for FY11-12 due to rebalancing FTE between local and regional funds.

FTE Fund Reallocations – During the preparation of the annual budget proposal, the distribution of FTE hours for regional and non-regional activities from the previous year are reviewed and adjustments are made to the proposed year's budget. This is done to project proper charges of staffing based on actual time spent between the regional and local funds, and planned labor activities for the coming fiscal year. (+0.19 FTE increase)

Regular Wages \$4,726,022 [Increase of \$120,028 or 2.6%]

- Salaries are based upon negotiated management/labor contracts between the City of Eugene and the local union (AFSCME). The Cost of Living (COLA) is projected at 2.0%.

The increase is also a result of annual merit increases for existing staffs, as applicable.

Employee Benefits \$1,484,936 [Increase of \$174,706 or 13.3%]

- The employee benefits increase is due primarily to higher PERS/OPSRP retirement system contributions.

Health Insurance \$1,071,997 [Increase of \$140,274 or 15.1%]

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

Materials and Services

The proposed Materials and Services budget totaling \$4,650,205 and represents an FY 11-12 increase of \$60,223 or 1.3%. The major changes are in the following budget categories:

Utilities \$775,345 [Increase of \$69,840 or 9.9%]

- The increase is due to a projected 9% increase in electric rates and slightly increased electric usage due to additional odorous air controls.

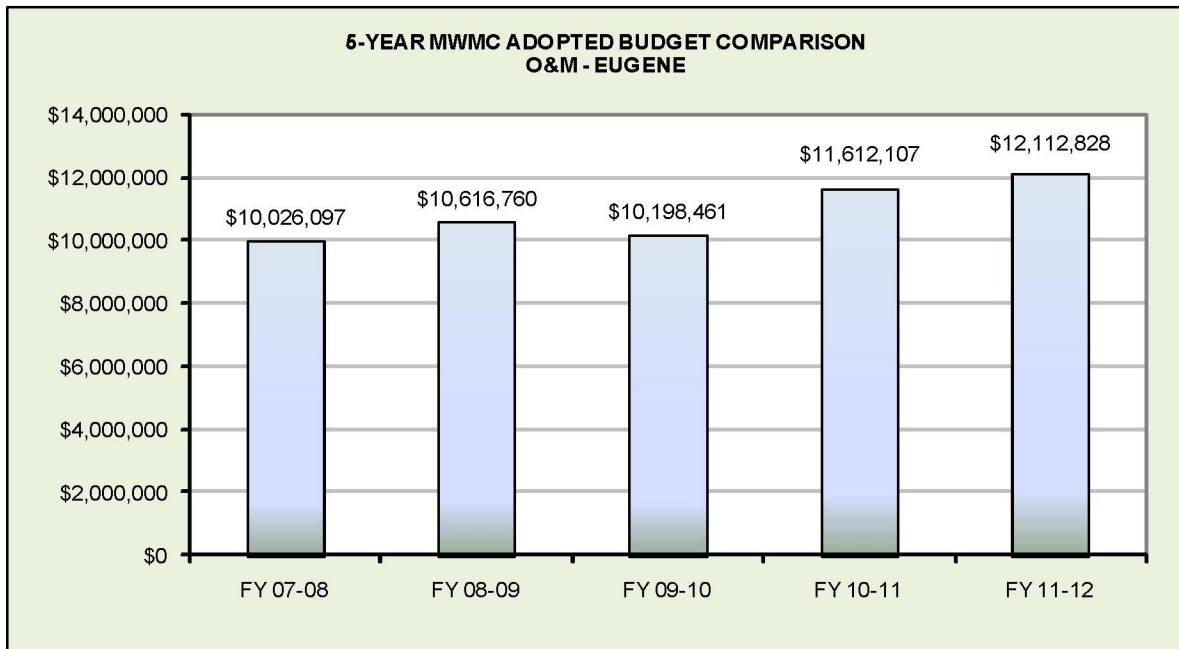
Fleet Operating Charges (\$302,822) [Decrease of \$29,945 or (9.0%)]

- Each year fleet rates are estimated by proportioning historic costs by vehicle category. The decrease in this line item is based on the previous year's expenditures for equipment.

EXHIBIT 10

**O & M - CITY OF EUGENE PROGRAM
PROPOSED FY 11-12
BUDGET SUMMARY**

	ACTUAL FY 09-10	ADOPTED BUDGET FY 10-11	AMENDED BUDGET FY 10-11	PROPOSED BUDGET FY 11-12	CHANGE *	
					INCR/(DECR)	
Personnel Services	\$6,442,410	\$7,022,125	\$7,022,125	\$7,445,623	\$423,498	6.0%
Materials & Services	3,741,122	4,589,982	4,589,982	4,650,205	60,223	1.3%
Capital Outlay	14,929	0	0	17,000	17,000	NA
Budget Summary	\$10,198,461	\$11,612,107	\$11,612,107	\$12,112,828	\$500,721	4.3%



Note: * Change column and Percent Change column compare adopted FY 11-12 budget to originally adopted FY 10-11 budget.

EXHIBIT 11

O&M - CITY OF EUGENE
LINE ITEM BUDGET SUMMARY

	ACTUAL FY 09-10	ADOPTED BUDGET FY 10-11	AMENDED BUDGET FY 10-11	PROPOSED BUDGET FY 11-12	CHANGE INCR/(DECR)	
<u>PERSONNEL SERVICES</u>						
Regular Wages	\$4,167,535	4,605,994	\$4,605,994	4,726,022	\$120,028	2.6%
Extra Help	3,562	-	-	-	0	NA
Overtime	70,502	92,020	92,020	94,645	2,625	3%
Employee Benefits	1,240,282	1,310,230	1,310,230	1,484,936	174,706	13%
Workers' Comp/Unemploy Ins	83,938	82,158	82,158	68,023	(14,135)	-17%
Health Insurance	876,591	931,723	931,723	1,071,997	140,274	15%
TOTAL PERSONNEL SERVICES	6,442,410	7,022,125	7,022,125	7,445,623	423,498	6.0%
FTE	76.49	76.11	76.11	76.30	0.19	0.2%
<u>MATERIALS & SERVICES</u>						
Utilities	611,420	705,505	705,505	775,345	69,840	10%
Fleet Operating Charges	321,799	332,767	332,767	302,822	(29,945)	-9%
Maintenance-Equip & Facilities	238,016	378,793	378,793	405,949	27,156	7%
Contractual Services	269,547	391,020	391,020	401,906	10,886	3%
Materials & Program Expense	412,748	540,818	540,818	529,546	(11,272)	-2%
Chemicals	305,306	454,585	454,585	473,800	19,215	4%
Parts & Components	291,295	227,347	227,347	230,111	2,764	1%
Risk Insurance - Employee Liability	50,506	50,735	50,735	65,861	15,126	30%
Laboratory Equipment & Supplies	93,805	81,888	81,888	77,338	(4,550)	-6%
Computer Equip, Supplies, Maint	178,146	221,948	221,948	218,286	(3,662)	-2%
Indirects	968,534	1,204,576	1,204,576	1,169,241	(35,335)	-3%
TOTAL MATERIALS & SERVICES	3,741,122	4,589,982	4,589,982	4,650,205	60,223	1.3%
<u>CAPITAL OUTLAY</u>						
Motorized Vehicles	14,929	0	0	0	0	NA
Capital Outlay -Other	0	0	0	17,000	17,000	NA
TOTAL CAPITAL OUTLAY	14,929	0	0	17,000	17,000	NA
LINE ITEM SUMMARY: EUGENE	10,198,461	11,612,107	11,612,107	12,112,828	500,721	4.3%
EQUIPMENT REPLACEMENT	\$ 158,452	\$ 105,579	\$ 271,579	\$ 720,355	\$ 614,776	582%
MAJOR REHAB	\$ 187,266	\$ 50,000	\$ 185,936	\$ 507,400	\$ 457,400	915%
MAJOR CAPITAL OUTLAY	\$ -	\$ -	\$ -	\$ 275,000	\$ 275,000	NA
		\$ 11,767,686	\$12,069,622	\$ 13,615,583	\$ 27,886	0.2%

REGIONAL WASTEWATER PROGRAM CAPITAL PROGRAMS

Overview and Goals

The FY 11-12 Regional Wastewater Program (RWP) Capital Budget and the FY 11-16 five-year Capital Improvement Program (CIP) are based on the MWMC Facilities Plan (the Plan). The Plan was approved by the MWMC, the governing bodies of Eugene, Springfield and Lane County, and the Oregon Department of Environmental Quality in 2004. The Plan, 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 Plan 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 Plan was intended to identify facility enhancements and expansions needed to meet changing regulatory and wet weather flow requirements and to serve the community's wastewater capacity and treatment needs through 2025.

The objectives of the Capital Program are:

- 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 Citizens Advisory Committee recommendations, which represent diverse community interests, values and involvement, and that have been adopted by the Commission as the MWMC plans and policies; and
- 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).

Attaining these objectives is the basis for the projects included in the five-year CIP and FY 11-12 Capital Projects budget administered by the Capital Projects Section staff in the City of Springfield. The capital program objectives also guide the capital projects administered by the City of Eugene that extend the life of the existing facilities through equipment replacement, facility rehabilitation and capital outlay.

With respect to the first objective above, the MWMC completed improvements needed to achieve the estimated peak hydraulic capacity in the regional conveyance and treatment systems as of December 31, 2009.

CIP Financial Planning and Policy Overview

The RWP CIP is funded primarily through proceeds from revenue bond sales, system development charges, and transfers from the operating fund to Capital Reserves. Project financing is also available through the Clean Water State Revolving Fund (SRF) loan program. In 2008, staff applied for a construction SRF loan, and in 2009, staff applied for a planning SRF loan. As a result, the MWMC entered into loan agreements with the State of Oregon Department of Environmental Quality (DEQ) in 2008, 2009, and 2010 that allows the MWMC to borrow up to \$20.8 million over the next five years for qualified projects.

Through the construction SRF loan program, \$8,000,000 of financing was approved for the Tertiary Filtration—Phase 1 project, \$7,500,000 approved for Odorous Air Treatment—Phase 1, and \$4,000,000 approved for Primary Sludge Thickening. Of the \$7,500,000 approved for the Odorous Air Control project, \$4,000,000 was funded through the American Reinvestment and Recovery Act (ARRA, or “Stimulus”). This funding was part of the federal government’s economic stimulus program, with loans issued under favorable conditions to stimulate infrastructure and capital project investment.

The ARRA funding agreement provided that 50% of the loan’s principal would be forgiven, and the remaining 50% of principal to be repaid at 0% interest. This resulted in \$2,000,000 of net revenue to the CIP. Additionally, \$1,279,200 in SRF financing was made available to the MWMC for RWP planning efforts. Loan payments on both construction and planning efforts began October 2010. In the long term, staff anticipates that, while SRF funding will remain available in the future, the ARRA funding program was a one-time opportunity resulting from federal stimulus spending, and will not be available in the future.

The operating fund derives the majority of its revenue from wastewater user charges that are collected by Eugene and Springfield from their respective customers. Transfers from the operating fund are budgeted annually consistent with the MWMC Financial Plan to meet the financial needs of the capital projects. The RWP uses these transfers to reduce the amount of borrowing necessary to finance the capital program.

For each fiscal planning cycle, only one year of budget authority is appropriated. The remaining four years of the CIP are important and useful for fiscal and work planning purposes, but the funds in the outer years of the CIP are only planned for, not appropriated. The full amount of obligated multi-year project costs is typically 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 projected project cost. For these multi-year contracts, unspent funds from one fiscal year will be carried over to subsequent fiscal years until the project is completed.

The RWP CIP reflects projected price changes over time that affect the cost of materials and services. Until about 2003, the 20-year average Engineering News Record (ENR) inflationary factor for construction served as a good predictor for future inflation and was used for projecting the MWMC costs. Initial cost projections for projects included in the Facilities Plan were included in the Plan based on January 2004 construction costs. In the period 2004 through 2008, construction inflation accelerated

nationally and local construction cost inflation has even accelerated faster than the national average. Therefore, the MWMC modified its inflationary projections accordingly.

In early 2006, the MWMC hired the consulting firm CH2M Hill to perform a comprehensive update of project cost estimates. Following that update, the RWP CIP assumes general prices change at five percent per year over the planning period. This does not reflect a projection of any single inflation index but was developed by CH2M Hill to reflect a reasonable aggregate rate of increases for the next five years, based on the historical activity of both construction and non-construction price indices. Indices tracked include the Engineering News Record Construction Cost Index, the Turner Building Cost Index, and the Consumer Price Index.

Recently, construction cost inflation has decreased substantially, contributing to a favorable bidding climate. In several cases, this has resulted in construction bids lower than estimated costs. RWP staff will continue to monitor inflationary trends to inform our forecasting of capital improvement costs.

Regional Wastewater Program Capital Projects Budget

The following is a summary of the status of capital projects that are currently budgeted in the FY 10-11 Regional Wastewater Program Capital Budget (“Capital Budget”) and those included in the proposed FY 11-12 Capital Budget.

The proposed Regional Wastewater Program Capital Budget consists of the projects in the first year of the FY 11-16 five-year CIP, totaling \$25,932,282

Budget and cash flow information pertaining to each ongoing or new capital project initiated in FY 11-12 is provided in the CIP project summary sheets, included in this document. Each summary sheet provides a description of the project, the project’s purpose and what drives the timing of the project, the funding schedule, and the expected final cost and cash flow for the project. For those projects that are in progress, a short status report is included on the summary sheet.

Completed Capital Projects (Scheduled Completion by June 30, 2011)

In FY 10-11, several capital projects are projected to be completed and closed out. No CIP summary sheets are included in this document for these projects because there is no expected carryover of project funds to FY 11-12, and therefore no FY 11-12 budget for these projects will be requested. All projects completed in FY 10-11 have been completed within the Commission-approved capital budgets for each project. The completed capital projects are:

- Aeration Basin Improvements – Phase 1
- Clarifier Improvements
- Line Biosolids Lagoon - Phase 2
- Odorous Air Treatment—Phase 1
- Master Landscape Design & Implementation for the WPCF. (The Landscape Design & Implementation for the WPCF project established the integrated conceptual design for the

WPCF. It was funded by existing budgeted MWMC Capital Projects. Hereafter, implementation of the landscape detailed design and construction will likewise be funded through existing and approved project budgets.)

Carryover Capital Projects (Projects Initiated in FY 10-11 or Earlier)

Most or all (depending on the specific project) of the remaining funding for capital projects that were started or are on-going in FY 10-11 is carried over in this FY 11-12 budget. CIP project summary sheets for these carryover projects are included in this document. Overall, the funding for these projects continues to be consistent with the CH2M Hill 2006 re-costing of capital projects. The on-going carryover projects are:

- WWFMP Update
- Facilities Plan Engineering Services
- Influent Pumping and Headworks Expansion (Landscape funding only)
- Sodium Hypochlorite Conversion
- Peak Flow Management Improvements (Landscape funding only)
- Odorous Air Treatment - Phase 2
- Primary Sludge Thickening
- Tertiary Filtration - Phase 1
- Effluent Reuse - Phase 1
- Effluent Reuse - Phase 2
- Line Biosolids Lagoon – Phase 3
- Increase Digestion Capacity
- Waste Activated Sludge Thickening
- Repair and/or Partial Replacement of Biosolids Force Main
- 2010 Partial Facility Plan Update

New Projects for the FY 11-12 Capital Budget

Consistent with the Facilities Plan project list and the FY 10-11 CIP, several additional projects are rolling from the second year of the adopted FY 10-15 CIP, into the first year of the FY 11-16 CIP, and therefore into the FY 11-12 Capital Budget. CIP project summary sheets for these projects are included in this document.

The following new project was added in the FY 11-12 Capital budget:

- Line Biosolids Lagoon—Phase 4

Summary of FY 10-11 Capital Budget

The following summary table Exhibit 12 on page 41 – Summary of FY 11-12 MWMC Construction Program Capital Budget shows the adjusted budget and end-of-year estimates for expenditures for the FY 10-11 Capital Budget and the amount of funding that is expected to be carried over to FY 11-12 for those projects that are ongoing to FY 11-12. Also shown is additional funding and new projects in the FY 11-12 Capital Budget. The projects are organized in the table by where they are in the funding

cycle, i.e. projects completed in FY 10-11, projects to be carried over from the FY 10-11 budget to the FY 11-12 budget, and projects that are newly budgeted. These projects and funding are consistent with the planning and funding as presented in the approved FY 10-15 CIP.

EXHIBIT 12					
Summary of FY 11-12 MWMC Construction Program Capital Budget					
	FY 10-11 ADJUSTED BUDGET	FY 10-11 ESTIMATED ACTUALS	FY 10-11 CARRYOVER TO FY 11-12	NEW FUNDING PROGRAMMED FOR FY 11-12	TOTAL ADOPTED FY 11-12 BUDGET
Projects Completed in FY 10-11					
Aeration Basin Improvements - Phase 1	50,000	2,000	0	0	0
Clarifier Improvements	480,270	310,000	0	0	0
Odorous Air Treatment - Phase 1	1,283,428	320,000	0	0	0
Line Biosolids Lagoon - Phase 2	20,000	5,000	0	0	0
Ground Lease Negotiations	8,678	2,500	0	0	0
Master Landscape Design & Implementation for WPCF (1)	7,063	7,063	0	0	0
Projects to be Carried Over to FY 11-12					
WWFMP Update	372,202	93,802	278,400	0	278,400
Facilities Plan Engineering Services	90,000	90,000	0	67,005	67,005
Influent Pumping and Headworks Exp	934,504	842,000	92,504	0	92,504
Sodium Hypochlorite Conversion	5,892,501	1,010,281	2,977,000	0	2,977,000
Peak Flow Management Improvements	2,065,043	788,770	1,276,000	0	1,276,000
Odorous Air Treatment - Phase 2	1,704,000	209,000	1,495,000	0	1,495,000
Primary Sludge Thickening	3,946,108	1,893,788	2,052,000	0	2,052,000
Tertiary Filtration - Phase 1 (2)	13,246,729	4,544,729	5,517,000	0	5,517,000
Effluent Reuse - Phase 1	3,302,739	213,271	3,089,468	0	3,089,468
Effluent Reuse - Phase 2	5,152,000	155,830	4,996,170	0	4,996,170
2010 Partial Facility Plan Update	221,000	150,865	70,135	0	70,135
Increase Digestion Capacity	500,000	269,700	230,300	69,700	300,000
Waste Activated Sludge Thickening	300,000	107,400	192,600	0	192,600
Repair and/or Partial Replacement of Biosolids Force Main	150,000	70,000	80,000	1,350,000	1,430,000
Line Biosolids Lagoon - Phase 3	3,199,808	1,200,808	1,999,000	0	1,999,000
Newly Budgeted Projects for FY 11-12					
Line Biosolids Lagoon - Phase 4		0	0	100,000	100,000
TOTAL	\$42,926,073	\$12,286,807	\$24,345,577	\$1,586,705	\$25,932,282
(1) - The Landscape Design & Implementation for WPCF will be funded through existing/approved MWMC project budgets.					
(2) - FY 11/12: The Tertiary Filtration (Phase 1) Project is estimated to be under budget by \$3,185,000.					

Regional Wastewater Program FY 11-16 Five-Year CIP

The projects in the out years of the Regional Wastewater Program FY 11-16 Five-Year CIP are based almost exactly on the programming of regional capital projects in the current adopted FY 10-15 CIP. Significant changes from the current CIP include:

- Continuation of funding for the Facility Plan Engineering Services in FY 15-16, which includes an adjustment for inflation.
- \$69,700 was moved from FY 12-13 to FY 11-12 for the Increase Digestion Capacity project to support the master landscaping plan implementation (see Exhibit 12, note 1).

Staff has continued, as in past CIPs, to organize the projects in the CIP based on categories that illustrate the major functions they serve in the wastewater system. The classification system groups capital projects in four main project categories as follows:

- a. Biosolids Management,
- b. Non-Process Facilities and Facilities Planning,
- c. Conveyance Systems, and
- d. Plant Facilities Improvements.

The above classifications of projects are used to organize projects in the summary table for the FY 11-16 CIP in Exhibit 13 on page 43, Regional Wastewater 5-Year Capital Program, and to organize the CIP summary sheets that describe each project.

EXHIBIT 13
Regional Wastewater 5-Year Capital Programs

	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	TOTAL
CAPITAL PROJECTS						
Biosolids Management						
Line Biosolids Lagoon - Phase III	1,999,000					1,999,000
Line Biosolids Lagoon - Phase IV	100,000	3,200,000				3,300,000
Repair/Replace of Biosolids Force Main	1,430,000					1,430,000
Non-Process Facilities and Facilities Planning						
WWFMP Update	278,400					278,400
Facility Plan Engineering Services	67,005	70,355	73,873	77,567	81,445	370,245
2010 Facility Plan Update	70,135					70,135
2015 Facility Plan Update			1,349,000			1,349,000
Conveyance Systems						
Influent Pumping & Headworks	92,504					92,504
Plant Performance Improvements						
Sodium Hypochlorite Conversion	2,977,000					2,977,000
Peak Flow Management Improvements	1,276,000					1,276,000
Odororous Air Treatment II	1,495,000					1,495,000
Primary Sludge Thickening	2,052,000					2,052,000
Tertiary Filtration I	5,517,000					5,517,000
Tertiary Filtration II			9,680,000			9,680,000
Effluent Reuse I	3,089,468					3,089,468
Effluent Reuse II	4,996,170					4,996,170
Effluent Reuse III		6,542,000				6,542,000
Effluent Reuse IV					18,835,000	18,835,000
Waste Activated Sludge Thickening	192,600	3,601,600				3,794,200
Increase Digestion Capacity	300,000	8,030,300				8,330,300
TOTAL CAPITAL PROJECTS	25,932,282	21,444,255	11,102,873	77,567	18,916,445	77,473,422
ASSET MANAGEMENT						
Equipment Replacement	720,355	734,701	953,041	917,814	1,828,762	5,154,673
Major Rehab	507,400	775,400	592,500	383,100	403,400	2,661,800
Major Capital Outlay	275,000	1,225,000				1,500,000
TOTAL ASSET MANAGEMENT	1,502,755	2,735,101	1,545,541	1,300,914	2,232,162	9,316,473
TOTAL CAPITAL IMPROVEMENTS	\$27,435,037	\$24,179,356	\$12,648,414	\$1,378,481	\$21,148,607	\$86,789,895

As shown in Exhibit 13 on page 42, the FY 11-16 five-year CIP for Regional Capital Projects amounts to \$77,473,422. When Asset Management Capital Program planned expenditures (administered by the City of Eugene) are added in, the total five-year CIP comes to \$86,789,895. Information regarding each capital project in the FY 11-16 CIP is included in the CIP summary sheets included in this document.

Regional Wastewater Asset Management Capital Program

Another category of projects in the MWMC Capital Budget are those capital projects and capital purchases that are administered by the City of Eugene for the MWMC, and which provide for major reconstruction, replacement, repairs, and purchases necessary to maintain functionality, lifespan, and effectiveness of existing facility assets. This is called the Asset Management Capital Program. Three sub-categories are included in the Asset Management category:

- a. Equipment Replacement
- b. Major Rehabilitation
- c. Major Capital Outlay

FY 11-12 Asset Management Capital Program Budget

- **Equipment Replacement Program - Budget**

The FY 11-12 Capital Programs budget includes \$720,355 in Equipment Replacement purchases which are identified on the table below.

Equipment Replacement Projects	
Project Description	FY 11-12 Proposed Budget
Shop Lathe	30,000
Odor Scrubber Fans (4)	54,000
Primary Treatment Sludge and Scum Pumps	176,000
Return Activated Sludge Pump (2)	250,000
Oil & Grease Extraction System	12,500
Computer Replacement1	37,855
Fleet Replacement	160,000
Total	\$720,355

Shop Lathe – The regional treatment plant’s maintenance shop lathe has been in service for 27 years and has reached the end of its useful life. Replacement with current technology will also enable machining of more kinds of equipment parts with less setup time. Machining equipment parts allows for faster

repair, keeping equipment downtime to a minimum, and is less expensive than purchase of manufactured parts.

Odor Scrubber Fans – The regional treatment plant’s odor scrubber fans convey odorous air from the pretreatment solids/grit dewatering building to the odorous air scrubber. The fans have been in service for 27 years and have reached the end of their useful life. Replacement will maintain the operational reliability of the scrubber system, which is a legal requirement for worker safety and control of odors from the treatment facility.

Primary Treatment Sludge and Scum Pumps – The regional treatment plant’s primary sludge and scum pumps convey sludge and scum removed in primary clarification to the anaerobic digestion process. The pumps are air-operated diaphragm type and have been in service for 27 years. Replacement with rotary lobe-type pumps will provide for continued reliability and are more energy efficient.

Return Activated Sludge Pumps – The regional treatment plant’s return activated sludge pumps are essential equipment to the secondary treatment process. The pumps have been in service for 27 years and have reached the end of their useful life. These pumps convey settled sludge from the secondary clarifiers to the aeration basins and the solids handling complex, a key function for removal of suspended solids and biochemical oxygen demand. Two of the four pumps are currently being replaced in FY10-11 and this replacement project will complete the full set.

Oil & Grease Extraction System – The oil and grease extraction system is laboratory equipment that removes oil and grease from wastewater samples for measurement analysis.

Computer replacement includes scheduled replacement of personal and laptop computers, monitors, and a network file server.

Fleet replacement consists of replacement of a farm tractor, boom mower, and two turf mowers. This equipment is utilized in grounds maintenance.

- **Major Rehabilitation Program - Budget**

The FY 11-12 Capital Programs budget includes \$507,400 for Major Rehabilitation projects which are identified on the table below.

Major Rehab Projects	
Project Description	FY 11-12 Proposed Budget
Air Drying Bed Resurfacing (2 beds)	236,600
Jenbacher Cogeneration Upper engine Rebuild	120,000
Willakenzie Pump Station discharge Piping	85,000
Exterior Door Replacements - Beneficial Reuse Site	9,000
Block Masonry Wall Coating - Beneficial Resue Site	6,800
Operations/Maintenance Building Improvements	50,000
Total Budget	\$507,400

Air Drying Bed Resurfacing – The biosolids drying process takes place on 13 asphalt drying beds over a 25 acre area. Many of the beds will require resurfacing to extend their useful life. Beginning in FY11-12 two beds will be resurfaced each year until all beds in need of resurfacing can be completed.

Jenbacher Cogeneration Upper Engine Rebuild – The regional treatment plant’s cogeneration system provides power equivalent to approximately 55% of the plant’s power needs. Continuous power generation engine will require a regular scheduled 20,000 hour engine rebuild in FY11-12.

Willakenzie Pump Station Discharge Piping – This project will consist of rehabilitation or replacement of 4 pump discharge pipe elbows. The existing pipe elbows are the original piping and are severely worn and could lead to failure.

Exterior Doors Replacement – The original metal exterior doors of the Operations Building at the Beneficial Reuse Site (prior Seasonal Industrial Waste Site) have corroded to the point which calls for their replacement.

Block Masonry Wall Coating – The exterior block wall of the Operations Building at the Beneficial Reuse Site (prior Seasonal Industrial Waste Site) will be coated to address signs of moisture leakage through the wall.

Operations/Maintenance Building Improvements – This expenditure will go towards miscellaneous repairs and renovation to maintain and improve the functionality of the Operations and/or Maintenance Building for staff. Business functions and staff size have changed substantially for office and technical staff since original construction of the Operations and Maintenance buildings. Rehabilitation and functionality improvements help to delay the need for additional floor space.

- **Major Capital Outlay - Budget**

The FY 11-12 Capital Programs budget includes \$275,000 for one Major Capital Outlay item identified on the table below.

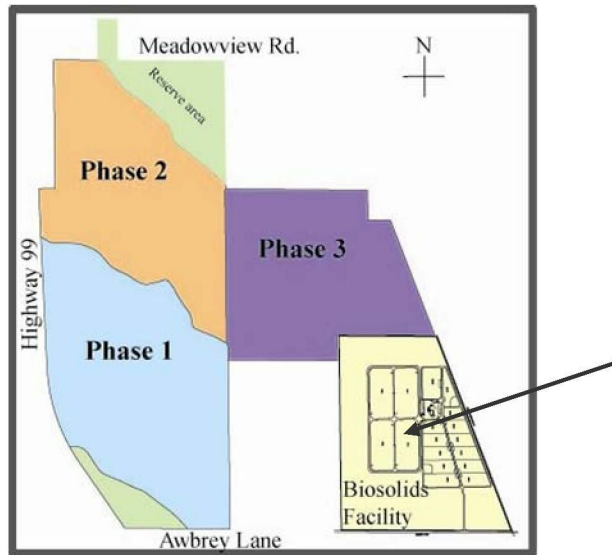
Major Capital Outlay	
Description	FY11-12 Proposed Budget
Aeration Blower Design and Engineering	275,000
Total	\$275,000

Aeration Blower Design and Engineering – This expenditure will go towards the design consulting phase for replacement of a secondary treatment aeration basin blower. The existing blowers are the original fixed speed 1,000 horsepower blowers and are far less energy efficient than current available technology. The equipment and construction related cost, not included in FY11-12, to be requested in FY12-13 will be an additional \$1,225,000.

Summary of FY 11-12 Asset Management Capital Budget

<u>Category of Capital Expense</u>	FY 11-12 Proposed Budget
Equipment Replacement	720,355
Major Rehabilitation	507,400
Major Capital Outlay	275,000
TOTAL	\$1,502,755

LINE BIOSOLIDS LAGOONS – PHASE 3



Description: Reline existing lagoons, Phase 3 at the Biosolids Management Facility (BMF).

Status: Design phase. Construction is anticipated to start in the summer of 2011.

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

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

Project Trigger: Implement the phased work based on the 2005 work plan schedule provided from the MWMC to the DEQ. Continue to monitor the effectiveness of the first and second phase of the lagoon lining projects. The MWMC anticipates rehabilitating all four existing lagoons and monitor the new liner improvements.

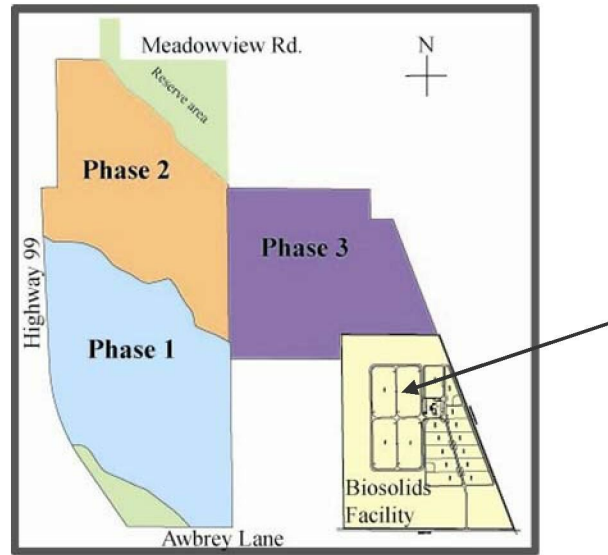
Project Type: 100% Rehabilitation

Estimated Project Cost: \$3,200,000

Expected Cash Flow: FY 09-10 = \$192; FY 10-11 = \$1,200,808; FY 11-12 = \$1,999,000

<u>Expenditure/Category:</u>	<u>Prior</u>	<u>2010-11</u>		<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>Total</u>
	<u>Years</u>	<u>Est.</u>	<u>Act.</u>						
Design/Construction	\$192	\$1,200,808	\$1,999,000	0	0	0	0	0	\$3,200,000
Other	0	0	0	0	0	0	0	0	0
Total Cost	\$192	\$1,200,808	\$1,999,000	\$0	\$0	\$0	\$0	\$0	\$3,200,000

LINE BIOSOLIDS LAGOONS – PHASE 4



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

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

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

Project Trigger: Implement the phased work based on the 2005 work plan schedule provided from MWMC to DEQ. Continue to monitor the effectiveness of the first and second phase of the lagoon lining projects. MWMC anticipates rehabilitating all four existing lagoons and monitor the new liner improvements.

Project Type: 100% Rehabilitation

Estimated Project Cost: \$3,300,000

Expected Cash Flow: FY 11-12 = \$100,000; FY 12-13 = \$1,540,000; FY 13-14 \$1,660,000

Expenditure/Category:	2009-10		2010-11	2011-12	2012-13	2013-14	2014-15	Total
	Prior Years	Est. Act.						
Design/Construction	0	0	0	100,000	\$3,200,000	0	0	\$3,300,000
Other	0	0	0	0	0	0	0	0
Total Cost	\$0	\$0	\$0	\$100,000	\$3,200,000	\$0	\$0	\$3,300,000

REPAIR AND/OR PARTIAL REPLACEMENT OF BIOSOLIDS FORCE MAIN

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

Status: As of December 22, 2010, staff is researching information about the existing MWMC biosolids force main (piping system) and confirming the project scope details related to consultant and construction services.

Justification: Project will rehabilitate portions of the existing MWMC biosolids conveyance system.

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

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

Project Type: 100% Rehabilitation

Estimated Project Cost: \$1,500,000

Expected Cash Flow: FY 10-11 = \$70,000; FY 11-12 = \$1,430,000

<u>Expenditure/Category:</u>	<u>Prior</u> <u>Years</u>	<u>2010-11</u> <u>Est. Act.</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>Total</u>
Design/Construction	0	\$70,000	\$1,430,000	\$0	\$0	\$0	0	\$1,500,000
Other	0	0	0	0	0	0	0	0
Total Cost	\$0	\$70,000	\$1,430,000	\$0	\$0	\$0	\$0	\$1,500,000

WET WEATHER FLOW MANAGEMENT PLAN (year 2010 and beyond)

Description:	Evaluate collection system flow monitoring data collected since the original WWFMP (Wet Weather Flow Management Plan) which was finalized in 2000. Update and run collection system model and confirm (revise) the 2004 MWMC Facility Plan recommendations. Continue evaluating the wastewater private lateral systems, and investigate ways to encourage or require private lateral repairs. This project is a combination of two MWMC Facility Plan projects – one for the update of the 2001 WWFMP report, and one for further support and development of a private lateral program.
Status:	The collection system model update portion of the work has been completed. An ongoing planning effort is underway to assess opportunities to reduce I&I and provide reduction targets to cost-effectively ensure compliance with Federal and State regulations.
Project Driver:	Continue to monitor the wastewater collection system and refine work programs to reduce infiltration and inflow (I/I) that is caused by wet weather storm events. Wastewater private lateral infiltration remains an important issue to monitor and address.
Project Trigger:	Scheduled update (WWFMP work programs) and address regulation requirements.
Improvement	
SDC Eligibility:	11%
Estimated Project Cost:	\$532,000
Expected Cash Flow:	FY 05-06 = \$6,028; FY 06-07 = \$86,895; FY 07-08 = \$42,589; FY 08-09 = \$9,562 FY 09-10 = \$14,724; FY 10-11 = \$93,802; FY 11-12 = 193,000; FY 12-13 = \$85,400

<u>Expenditure/Category:</u>	<u>Prior</u> <u>Years</u>	<u>2010-11</u> <u>Est. Act.</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>Total</u>
Design/Construction	0	0	0	0	0	0	0	0
Other	\$159,798	\$93,802	\$278,400	0	0	0	0	\$532,000
Total Cost	\$159,798	\$93,802	\$278,400	\$0	\$0	\$0	\$0	\$532,000

FACILITY PLAN ENGINEERING SERVICES

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

Status: This year, work included continued assistance with overall coordination of utility needs for the various projects in the capital program at the plant, assistance with plant wide corrosion control and cathodic protection of piping systems, and a load study and modeling of WPCF electrical systems.

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

Project Driver: Ongoing goal to efficiently follow and update the 20-Year Facilities Plan.

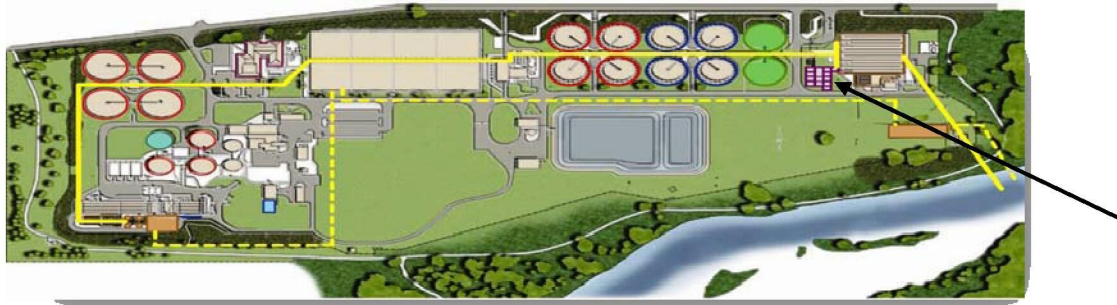
Project Trigger: On-going need.

Estimated Project Cost: \$617,585 (Note: Staff anticipates continuation of the need for facility plan engineering services in 2015-2016 and beyond. Therefore, \$81,446 was added for FY 15-16, which assumes 5% inflation annually)

Expected Cash Flow: FY 06-07 = \$50,000; FY 07-08 = \$50,044; FY 08-09 = \$25,467; FY 09-10 = \$31,829; FY 10-11 = \$90,000; FY 11-12 = \$67,005; FY 12-13 = \$70,355; FY 13-14 = \$73,873; FY 14-15 = \$77,567; FY 15-16 = \$81,445

<u>Expenditure/Category:</u>	<u>Prior Years</u>	<u>Est. Act. 2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>Total</u>
Design/Construction	0	0	0	0	0	0	0	0
Other	\$157,340	\$90,000	\$67,005	\$70,355	\$73,873	\$77,567	\$81,445	\$617,585
Total Cost	\$157,340	\$90,000	\$67,005	\$70,335	\$73,873	\$77,567	\$81,445	\$617,585

SODIUM HYPOCHLORITE CONVERSION



Description: Convert the existing chlorine gas system to sodium hypochlorite for the base and wet weather flows. Retain the existing chlorine contact basins for the disinfection process. Install new system with capability for high rate disinfection of primary effluent diversion using dosages of sodium hypochlorite into a new contact basin structure. The new contact basin has been split off of this project and is now part of a different MWMC project (Peak Flow Management Improvements), so the budget for that portion of the project has also been moved. Staff included upgrades of the existing recreational vehicle (RV) wastewater dump station to accommodate boat wastewater dumping in the construction bid documents for the sodium hypochlorite conversion project. The boat wastewater dump modification was designed and grant funded by the Oregon State Marine Board that the MWMC approved for implementation at the September 21, 2006 public meeting. The recommended project budget below includes \$80,000 allocated to the project for the boat wastewater dump that was reimbursed by the State agency after construction was completed. Some of the project funding will support the treatment plant landscape upgrades.

Status: The upgraded disinfection system has been continuously used since March of 2010. As of December 22, 2010, Emery and Sons Construction and a vendor are following up on improving the sodium hypochlorite injection/mixing system related to the specified performance requirements. Completion of this system is anticipated in early 2011.

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

Project Driver: Operator and community safety issues and meeting flow capacity requirements for peak flows.

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

Project Type: 50% Capacity; 50% Performance

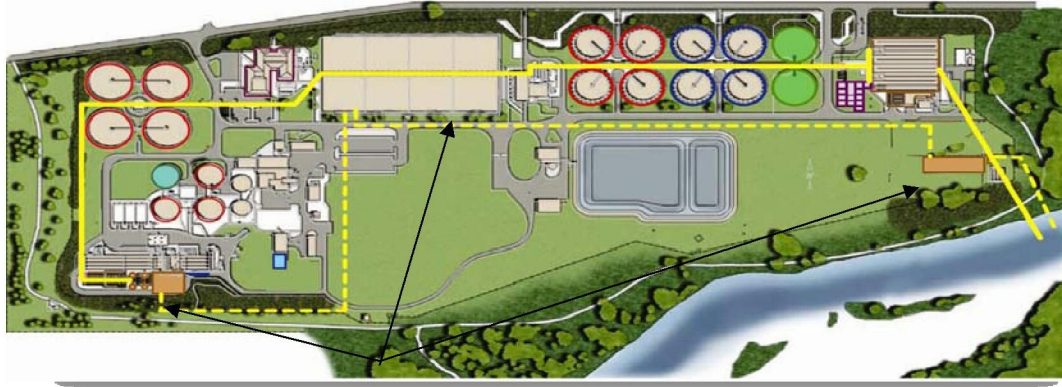
Improvement SDC Eligibility: 25%

Estimated Project Cost: \$7.8 million (part of the project money will support the treatment plant landscape upgrades)

Expected Cash Flow: FY 06-07 = \$1,353; FY 07-08 = \$594,520; FY 08-09 = \$3,319,347; FY 09-10 = \$(102,501); FY 10-11 = \$1,010,281; FY 11-12 = \$250,000; FY 12-13 = \$50,000; FY 13-14 = \$2,677,000 (construction, landscape, administration, consultant services)

Expenditure/Category:	Prior Years	2010-11		2011-12	2012-13	2013-14	2014-15	2015-16	Total
		Est.	Act.						
Design/Construction	\$3,812,719	\$1,010,281		\$2,977,000	0	0	0	0	\$7,800,000
Other	0	0		0	0	0	0	0	0
Total Cost	\$3,812,719	\$1,010,281		\$2,977,000	\$0	\$0	\$0	\$0	\$7,800,000

PEAK FLOW MANAGEMENT IMPROVEMENTS



Description: The Peak Flow Management project combines several project elements described in the 2004 Facilities Plan into one project. These are 1) the Parallel Primary/Secondary Treatment project, 2) the Bankside Outfall project, 3) the Outfall Mixing Zone Study, and 4) the design and construction of the high rate disinfection basins, which was pulled out of the Sodium Hypochlorite Conversion project and added to the Peak Flow Management project. These project elements combine to provide the hydraulic infrastructure necessary to convey the peak flow through the plant, split the flow into the parallel primary and secondary treatment trains, provide additional disinfection capacity, and discharge the treated flow in accordance with the 2004 MWMC Facilities Plan.

Status: Construction completed. The remaining budgeted money will help fund the Water Pollution Control Facility (WPCF) landscape project related to the MWMC Conditional Use Permit (CUP) requirements.

Justification: This project expands the peak wet weather treatment capacity to 277 mgd through flow management techniques.

Project Driver: DEQ and Oregon Administrative Rules (OAR) related to winter peak wet weather flow (5-year, 24-hour rain event).

Project Trigger: Elimination of sanitary sewer overflows by January 1, 2010 related to OAR.

Project Type: 100% Capacity

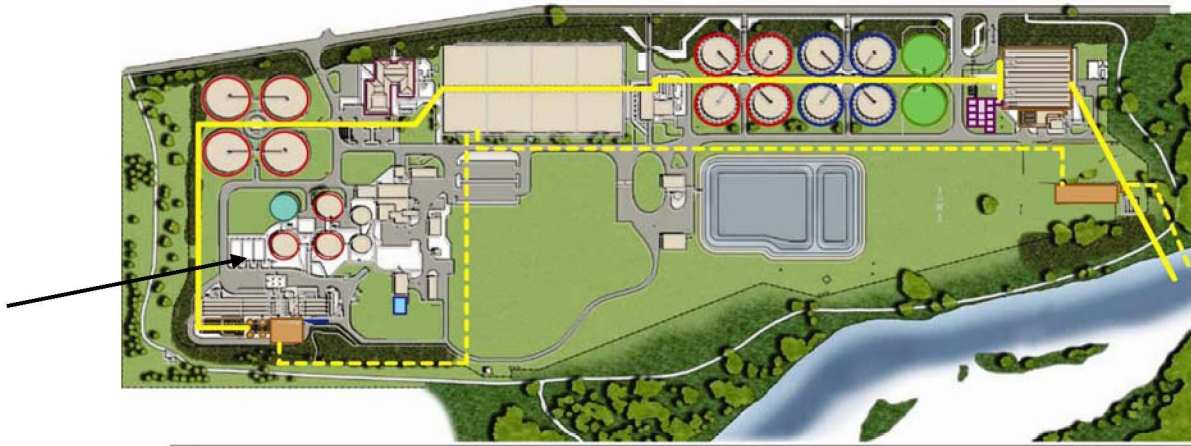
Improvement SDC Eligibility: 30.2%

Estimated Project Cost: \$19,054,000 (part of the project money will support the treatment plant landscape upgrades).

Expected Cash Flow: FY 06-07 = \$28,913; FY 07-08 = \$1,499,833; FY 08-09 = \$9,525,527; FY 09-10 = \$5,934,957; FY 10-11 = \$788,770; FY 11-12 = \$570,000; FY 12-13 = \$706,000

Expenditure/Category:	Prior Years	2010-11		2011-12	2012-13	2013-14	2014-15	2015-16	Total
		Est.	Act.						
Design/Construction	\$16,989,230	\$788,770	\$1,276,000	\$0	\$0	\$0	\$0	\$0	\$19,054,000
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost	\$16,989,230	\$788,770	\$1,276,000	\$0	\$0	\$0	\$0	\$0	\$19,054,000

ODOROUS AIR TREATMENT – PHASE 2



Description: Provide odorous air conveyance duct work and tank covers associated with the new Primary Sludge Thickener.

Status: Odorous Air Treatment Phase 2 upgrades are being implemented through the Primary Sludge Thickening and Odorous Air Phase 1 projects. The Odorous Air Phase 1 work was completed in FY 10-11. The Primary Sludge Thickening project is in the design phase as of December of 2010.

Justification: Compliance with Conditional Use Permit requirements and "good neighbor" policy to reduce odor impacts on the surrounding community.

Project Driver: Maintain MVMC's status as environmental stewards. Address neighborhood odor complaints and community concerns regarding odors.

Project Trigger: New construction of certain facilities requires odor control upgrades. Odorous Air Treatment Phase 2 work is being coordinated with the design and construction of the new Gravity Sludge Thickener (primary sludge thickener technology).

Project Type: 100% Performance

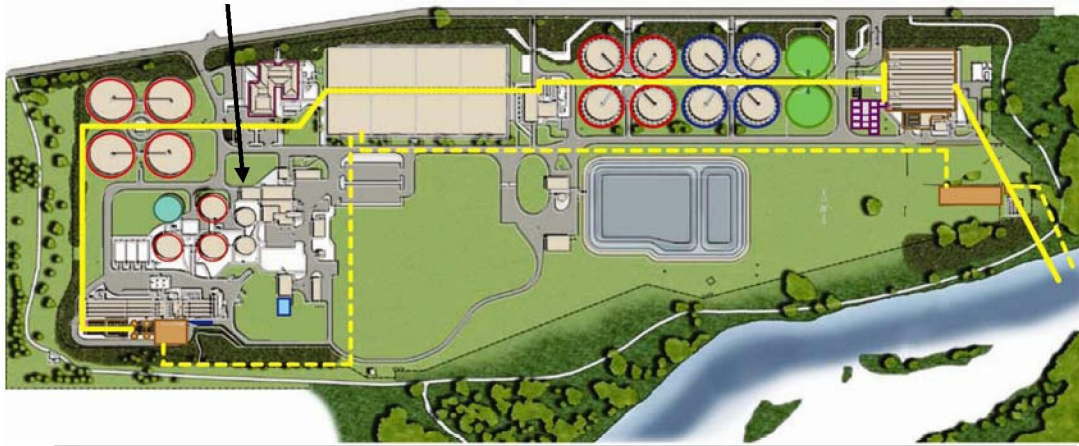
Improvement SDC Eligibility: 26%

Estimated Project Cost: \$1,704,000

Expected Cash Flow: FY 10-11 = \$209,000; FY 11-12 = \$1,495,000

<u>Expenditure/Category:</u>	<u>Prior</u> <u>Years</u>	<u>2010-11</u> <u>Est. Act.</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>Total</u>
Design/Construction	0	\$209,000	\$1,495,000	0	0	0	0	\$1,704,000
Other	0	0	0	0	0	0	0	0
Total Cost	0	\$209,000	\$1,495,000	0	0	0	0	\$1,704,000

PRIMARY SLUDGE THICKENING



Description: Install gravity thickener system (covered for odor control), upgrade thin primary sludge pumping and piping systems, install supernatant overflow pumping and piping, and thickened sludge piping/pumping to digesters. See Odorous Air Treatment – Phase 2 for treatment of odors.

Status: As of December 2010, the project is in the design development phase. The construction bidding phase is anticipated to start in spring of 2011.

Justification: Thicken sludge before the digester system and help keep the sludge blanket lower in primary clarifiers to avoid washout of the sludge blanket during peak flow events.

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

Project Trigger: Availability of sludge thickening capacity is needed prior to next scheduled digester cleaning (i.e., before 2013).

Project Type: 100% Capacity

Improvement SDC Eligibility: 65%

Estimated Project Cost: \$4,498,000 (Note: Part of the project money will support the treatment plant landscape upgrades. Also, MWMC received a state revolving fund (SRF) loan for the primary sludge thickening project)

Expected Cash Flow: FY 07-08 = \$9,730; FY 08-09 = \$40,606 FY 09-10 = \$501,876;
 FY 10-11 = \$1,893,788; FY 11-12 = \$2,027,000; FY 12-13 = \$25,000 (administration, construction, landscape, consultant services, etc.)

Expenditure/Category:	Prior	2010-11		2011-12	2012-13	2013-14	2014-15	2015-16	Total
	Years	Est.	Act.						
Design/Construction	\$552,212	\$1,893,788	\$2,052,000	0	0	0	0	0	\$4,498,000
Other	0	0	0	0	0	0	0	0	0
Total Cost	\$552,212	\$1,893,788	\$2,052,000	\$0	\$0	\$0	\$0	\$0	\$4,498,000

TERTIARY FILTRATION - PHASE 1



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

Status: The Tertiary Filtration (Phase 1) project is in the construction phase and Pacific Excavation, Inc. is the MWMC general contractor.

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

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

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

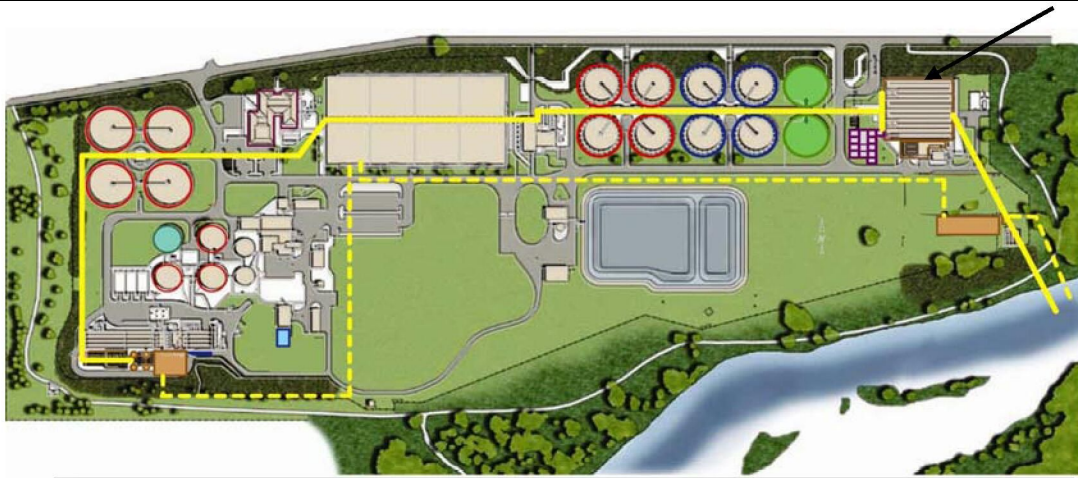
Improvement SDC Eligibility: 42%

Estimated Project Cost: Reduced to \$11,500,000 (Note: Part of the project money will support the treatment plant landscape upgrades. Also, MWMC received a DEQ state revolving fund (SRF) loan for the tertiary filtration project).

Expected Cash Flow: FY 07-08 = \$236,186; FY 08-09 = \$554,241; FY 09-10 = \$647,844; FY 10-11 = \$4,544,729; FY 11-12 = \$2,750,000; FY 12-13 = \$60,000; FY 13-14 = \$2,707,000 (design, construction, landscape, administration, etc.)

Expenditure/Category:	Prior Years	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	Total
		Est. Act.						
Design/Construction	\$1,438,271	\$4,544,729	\$5,517,000	0	0	0	0	\$11,500,000
Other	0	0	0	0	0	0	0	0
Total Cost	\$1,438,271	\$4,544,729	\$5,517,000	0	0	0	0	\$11,500,000

EFFLUENT REUSE - PHASE 1



Description: This project is the first package of funding for effluent reuse to address thermal load issues and for multiple environmental benefits. This project combines two projects identified in the 2004 MWMC Facilities Plan; Level II Reuse at Seasonal Industrial Waste and Level 4 Effluent Reuse Demonstration Projects. Project components may include additional treatment, disinfection, pumping, pipeline, and distribution/irrigation systems. The projects will be better defined as the planning for reuse continues and as markets for reuse are identified.

Status: Ongoing planning phase. The MWMC reached a settlement agreement on October 28, 2009 with the Department of Environmental Quality (DEQ) related to Willamette River total maximum daily loads (TMDL) for temperature.

Justification: Implements reuse so that thermal load is removed from the Willamette River and for multiple environmental benefits.

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

Project Trigger: Potential exceedance of NPDES thermal load limit. Identification of water needs for potential clients.

Project Type: 100% Performance

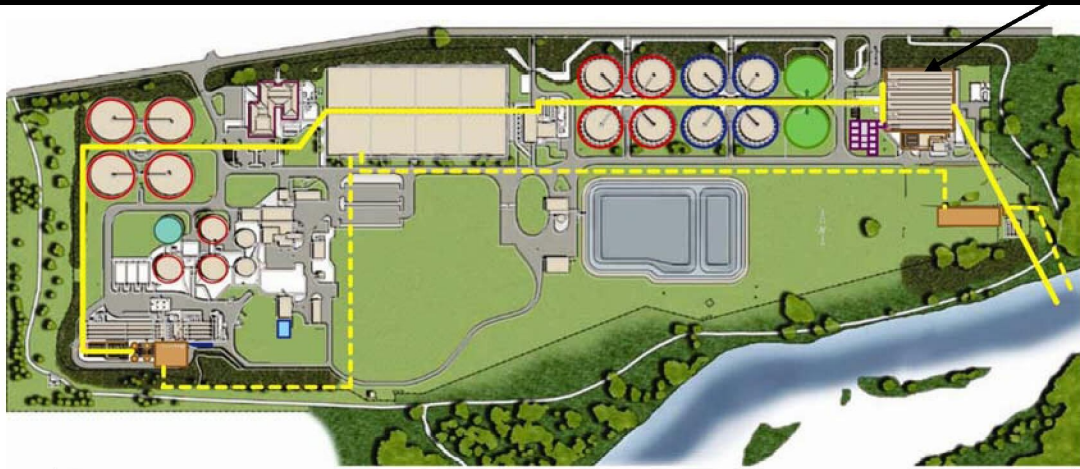
Improvement SDC Eligibility: 26%

Estimated Project Cost: \$ \$3,325,000

Expected Cash Flow: FY 06-07 = \$7,000; FY 07-08 = \$0; FY 08-09 = \$2,904; FY 09-10 = \$12,757; FY 10-11 = \$213,271; FY 11-12 = \$2,064,000; FY 12-13 = \$1,025,068

Expenditure/Category:	Prior	Est. Act.	2011-12	2012-13	2013-14	2014-15	2015-16	Total
	Years	2010-11						
Design/Construction	\$22,661	\$213,271	\$3,089,068	\$0	0	0	0	\$3,325,000
Other	0	0	0	0	0	0	0	0
Total Cost	\$22,661	\$213,271	\$3,089,068	\$0	\$0	\$0	\$0	\$3,325,000

EFFLUENT REUSE - PHASE 2



Description: This project is identified as Level C Effluent Reuse at the Biocycle Farm in the 2004 MWMC Facilities Plan. It encompasses planning, design, and construction necessary for 1.5 mgd of Class B reuse water at the Biocycle Farm and installation of dedicated reuse irrigation pipeline and microspray system. The project may change to adapt to take advantage of emergent opportunities and new information as planning progresses.

Status: Ongoing planning phase. The MWMC reached a settlement agreement on October 28, 2009 with the Department of Environmental Quality (DEQ) related to Willamette River total maximum daily loads (TMDL) for temperature.

Justification: Implements Level C reuse program to reduce the MWMC thermal load discharge into the Willamette River.

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

Project Trigger: Potential exceedance of NPDES thermal load limit. Identification of water needs for potential clients.

Project Type: 100% Performance

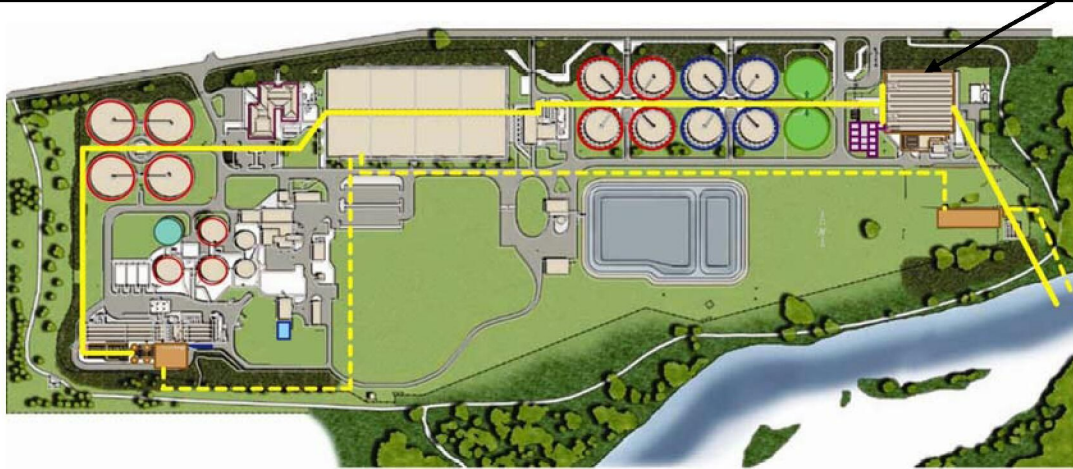
Improvement SDC Eligibility: 26%

Estimated Project Cost: \$5,152,000

Expected Cash Flow: FY 10-11 = \$155,830; FY 11-12 = \$1,826,000; FY 12-13 = \$3,170,170

<u>Expenditure/Category:</u>	<u>Prior</u> <u>Years</u>	<u>Est. Act.</u> <u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>Total</u>
Design/Construction	0	\$155,830	\$4,996,170	\$0	0	0	0	\$5,152,000
Other	0	0	0	0	0	0	0	0
Total Cost	\$0	\$155,830	\$4,996,170	\$0	\$0	\$0	\$0	\$5,152,000

EFFLUENT REUSE - PHASE 3



Description: This project is in the 2004 MWMC Facilities Plan known as Permanent Level A Reuse. It is to provide 2.5 mgd of permanent Level A reuse water to local greenspaces and community areas. Project components may include additional treatment, disinfection with UV system, pumping, pipeline, and distribution/irrigation systems. The project will be better defined as the planning for effluent reuse continues and as markets for reuse are identified.

Status: Planning phase.

Justification: Continue implementation of an effluent reuse program to reduce the MWMC thermal load discharge into the Willamette River and for other environmental benefits.

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

Project Trigger: Potential exceedance of NPDES thermal load limit. Identification of water needs for potential clients.

Project Type: 100% Performance

Improvement SDC Eligibility: 26%

Estimated Project Cost: \$6,542,000

Expected Cash Flow: FY 12-13 = \$500,000; FY 13-14 = \$3,942,000; FY 14-15 = \$2,100,000

<u>Expenditure/Category:</u>	<u>Prior</u>	<u>Est. Act.</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>Total</u>
	<u>Years</u>	<u>2010-11</u>						
Design/Construction	0	0	0	\$6,542,000	0	\$0	0	\$6,542,000
Other	0	0	0	0	0	0	0	0
Total Cost	\$ 0	\$ 0	\$0	\$6,542,000	0	\$0	\$0	\$6,542,000

EFFLUENT REUSE - PHASE 4



Description: This project is in the 2004 MWMC Facilities Plan known as Permanent Level A Reuse. It is to provide 2.5 mgd of permanent Level A reuse water to local greenspaces and community areas. Project components may include additional treatment, additional disinfection, pumping, pipeline, and distribution/irrigation systems. The project will be better defined as the planning for effluent reuse continues and as markets for reuse are identified.

Status: Planning phase.

Justification: Continue implementation of an effluent reuse program to reduce the MWMC thermal load discharge into the Willamette River and for other environmental benefits.

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

Project Trigger: Potential exceedance of NPDES thermal load limit. Identification of water needs for potential clients.

Project Type: 100% Performance

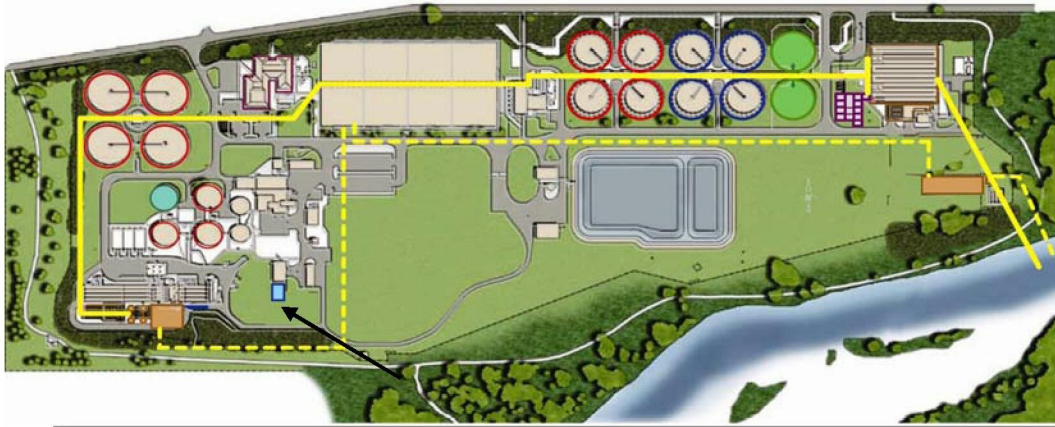
Improvement SDC Eligibility: 26%

Estimated Project Cost: \$18,835,000 (estimated based on CH2M Hill's 2006 project description and cost estimate, which assumes inflation at 5% annually)

Expected Cash Flow: FY 15-16 = \$4,140,000; FY 16-17 = \$11,868,000; FY 17-18 = \$2,827,000

Expenditure/Category:	Prior	Est. Act.	2011-12	2012-13	2013-14	2014-15	2015-16	Total
	Years	2010-11						
Design/Construction	0	0	0	0	0	0	18,835,000	\$18,835,000
Other	0	0	0	0	0	0	0	0
Total Cost	\$ 0	\$ 0	\$0	\$0	\$0	\$0	\$18,835,000	\$18,835,000

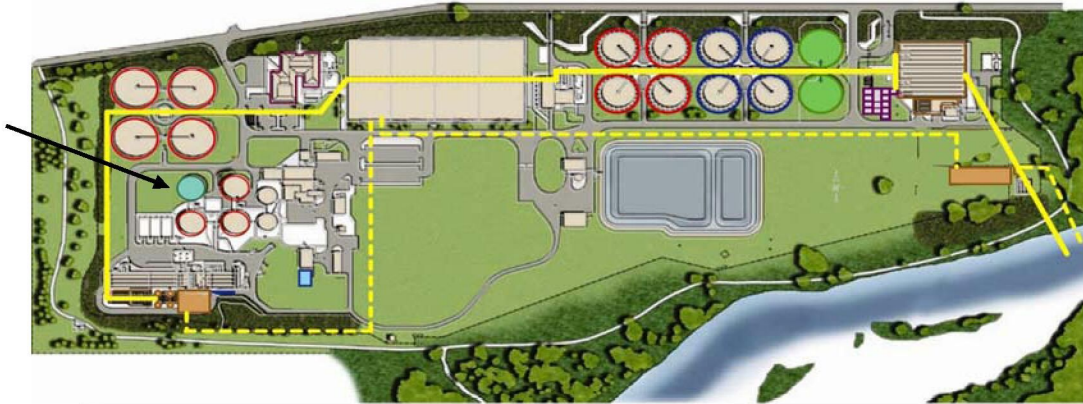
WASTE ACTIVATED SLUDGE THICKENING



- Description:** This project provides a third gravity belt thickener (GBT) and associated at-grade building improvements. The project also includes landscaping.
- Status:** Planning stage with the exception of landscaping (in keeping with the 2004 Facilities Plan landscaping budget allocations, funding from this project is being made available in FY 11-12 to accommodate staging of the plant-wide integrated landscape plan).
- Justification:** Provides additional capacity for Waste Activated Sludge (WAS) thickening and, along with addition of primary sludge thickening, will help to eliminate the need for additional digester capacity.
- Project Driver:** Additional capacity to provide WAS thickening with one unit offline at upper limit flow projections. Nitrification required by the NPDES permit and increasing wastewater flows and loads generates more WAS solids. Provide ability to conduct recuperative thickening so that the need for additional digestion volume can potentially be deferred.
- Project Trigger:** Exceeding solids and hydraulic loading rate design criteria. The latest evaluations of need for Waste Activated Sludge thickening indicates a need by about 2012 or later. After the secondary treatment modifications are completed and operational for a time, the timing of need for this project should be reevaluated.
- Estimated Project Cost:** \$3,901,000
- Improvement SDC Eligibility:** 100%
- Expected Cash Flow:** FY 06-07 = \$7, 000; FY 07-08 = \$0; FY 08-09 = \$0; FY 09-10 = \$0; FY 10-11 = \$107,400; FY 11-12 = \$17,724; FY 12-13 = \$202,965; FY 13-14 = \$1,100,500; FY 14-15 = \$2,465,411

Expenditure/Category:	Prior Years	2010-11 Est. Act.	2011-12	2012-13	2013-14	2014-15	2015-16	Total
Design/Construction	\$7,000	\$107,400	\$192,600	\$3,601,600	\$0	\$0	\$0	\$3,901,000
Other	\$0	\$0	\$0	\$3,601,600	\$0	\$0	\$0	\$0
Total Cost	\$7,000	\$107,400	\$192,600	\$3,601,600	\$0	\$0	\$0	\$3,901,000

INCREASE DIGESTION CAPACITY



Description: Installation of a fourth conventional high rate digester for continued production and expanded production of Class B biosolids.

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

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

Project Driver: This project addresses the need for more anaerobic digestion capacity. In the 2004 MWMC Facilities Plan, an option was identified to also change the existing digestion method in order to produce Class A biosolids. This option was to be considered as a strategy to secure a wider range of beneficial end-use options in the case that that flexibility was needed for beneficial reuse. Since that time, MWMC has taken effective steps to expand the ability to handle Class B biosolids through the construction and expansion of the Biocycle Poplar Plantation, and through working with other end users. Also, studies have shown that the current solids handling system will actually produce a Class A product because of the extended storage time available for biosolids in the lagoons at the biosolids handling facility. The digestion capacity issue will be influenced by several operational factors including the effectiveness of new primary sludge thickening and expanded WAS thickening processes, as well as digester cleaning protocols and schedules. Observation over the next several years is required prior to making a decision on when the expanded digestion facilities will be needed. A restudy of the anaerobic digestion system function and capacity should be undertaken prior to moving forward with this digestion expansion project. This study can be conducted as part of the Facilities Plan Engineering Services contract with CH2M HILL.

Project Trigger: The trigger for design and construction of new digestion facilities will depend on the findings of the digestion system capacity and process alternatives study under the 2010 Facilities Plan Update.

Improvement SDC Eligibility: 54%

Estimated Project Cost: \$8,600,000

Expected Cash Flow: FY 10-11 = \$269,700; FY 11-12 = \$286,200; FY 12-13 = \$3,806,000; FY 13-14 = 4,238,100

Expenditure/Category:	Prior	2010-11		2011-12	2012-13	2013-14	2014-15	2015-16	Total
	Years	Est.	Act.						
Design/Construction	\$0	\$269,700	\$300,000	\$8,030,300	\$0	\$0	\$0	\$8,600,000	
Other	\$0	\$0	\$0	\$8,030,300	\$0	\$0	\$0	\$0	
Total Cost	\$0	\$269,700	\$300,000	\$8,030,300	\$0	\$0	\$0	\$8,600,000	

