



2007 – 2008 Proposed Budget --- Budget Summary

Wastewater Capital Fund

2007 – 2008 Wastewater Capital Fund

Budget Highlights

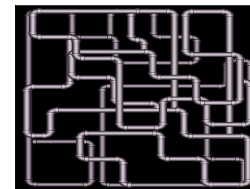
- Completion of the update to the City's Sanitary Sewer Collection System Master Plan, including planning for sewer service to the new areas included in the revised Urban Growth Boundary.
- Completion of the update to the Water Reclamation Facility (WRF) Master Plan considering future capacity and expansion needs, as well as current and anticipated regulatory requirements.
- Completion of the update to the Wet Weather Overflow Management Plan (WWOMP) including:
 - An evaluation of system inflow and infiltration (I&I), considering the sewer rehabilitation projects completed over the past several years.
 - The evaluation of alternatives to off-line storage of excess wastewater flows during peak flow periods.
- \$400,000 - Sewer mainline replacement project in the High School Basin to address I&I issues.
- \$75,000 – Separate the sanitary sewer and storm sewer system between Johnson and Irvine streets.

Short- and Long-Term Issues

- Compliance with Oregon Revised Statutes relative to expenditure of system development charges (SDCs).
- Financial planning to meet the needs identified in the updated Sanitary Sewer System Master Plan, Wet Weather Overflow Management Plan / Consent Decree, and the WRF Facilities Plan.

Core Services

- Capital improvement planning and construction for the City's wastewater collection system and Water Reclamation Facility to meet needs of increased growth of community and ever-changing regulatory climate.
- Continue evaluating projects to reduce the infiltration and inflow of ground water and rain into the City's sanitary collection system.
- Providing for stability in the rate structures by sound financial planning to meet the capital construction needs.



There are over 144 miles of public sanitary sewer lines.



Wastewater Capital Fund --- Historical Highlights

- 1969** Voters approve \$710,000 six-year sewage disposal general obligation bond issue.
- 1987** Sewer Capital Fund established for future sewer treatment plant expansion and sewer system capital improvements.
- 1992** April 1992, City Council passes Resolution 1992 – 14 authorizing the use of bond revenues to pay for pre-incurred expenses for the wastewater treatment facility. This resolution allowed the City to re-pay expenses incurred prior to sewer revenue bond issuance.
- 1992** August 1992, City Council passes Resolution 1992 – 28 authorizing the issuance of revenue bonds for the purpose of financing the acquisition, construction, installation, and equipping of facilities for the City's wastewater management program. This resolution started the 60-day window during which a vote could be petitioned before the issuance of revenue bonds.

- 1993** December 1993, \$10,121,020 State of Oregon Bond Bank, Special Public Works Fund 20-year Loan to partially fund a new water reclamation facility. First loan repayment not beginning until December 1995 allowing for ramping up of sewer user and system development charges.

- 1994** January 1994, City Council passes Resolution 1994 – 01 for the purpose of providing a comprehensive framework for the issuance of revenue bonds. This resolution establishes the debt service bond covenants that require City Council to maintain sewer rates at adequate levels to operate and maintain the sewer system, pay debt service, and maintain a specified level of cash operating and debt service reserves.

- 1994** February 1994, \$28,560,000 Sewerage System Revenue 20-Year Bonds issuance to complete funding the new water reclamation facility, raw sewage pump station, and significant sewer system improvements. First bond principal repayment not beginning until February 1997 allowing for ramping up of sewer user rates and system development charges.

- 1995** New Water Reclamation Facility and Raw Sewage Pump station complete.



- 1996** Major repair and replacement of Cozine Trunk Line and Pump Station complete.
- 2000** July 2000, \$3,590,000 State of Oregon Bond Bank Water/Wastewater 10-Year Loan to continue funding significant improvements sewer system.

Wastewater Capital Fund --- Historical Highlights

2000 Spending reaches an estimated \$54 million on the WRF construction, pump station improvements and collection system repairs.

2001 Evans Street Sewer Reconstruction Project complete.

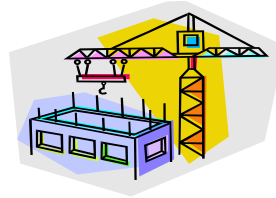
2002 High School Basin Sewer Reconstruction Project complete.

2003 Three Mile Lane Pump Station #1 replacement project complete.

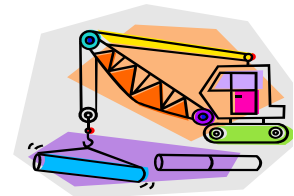
2004 February 2004, \$23,6980,000 10-year refinancing of remaining 1993 SPWF Loan and 1994 Sewer Revenue Bonds saving sewer ratepayers ~\$2,200,000.

2004 May 2004, City completes 2004 Sewer Rate Equity Review and City Council passes Resolution 2004 – 13 revising sewer user fees and sewer SDCs – rates set to achieve \$7.5 million capital reserve in 10 years for future Water Reclamation Facility expansion.

2005 Three Mile Lane Trunk Sewer replacement project is completed, removing the Three Mile Lane #2 pump-station from service.

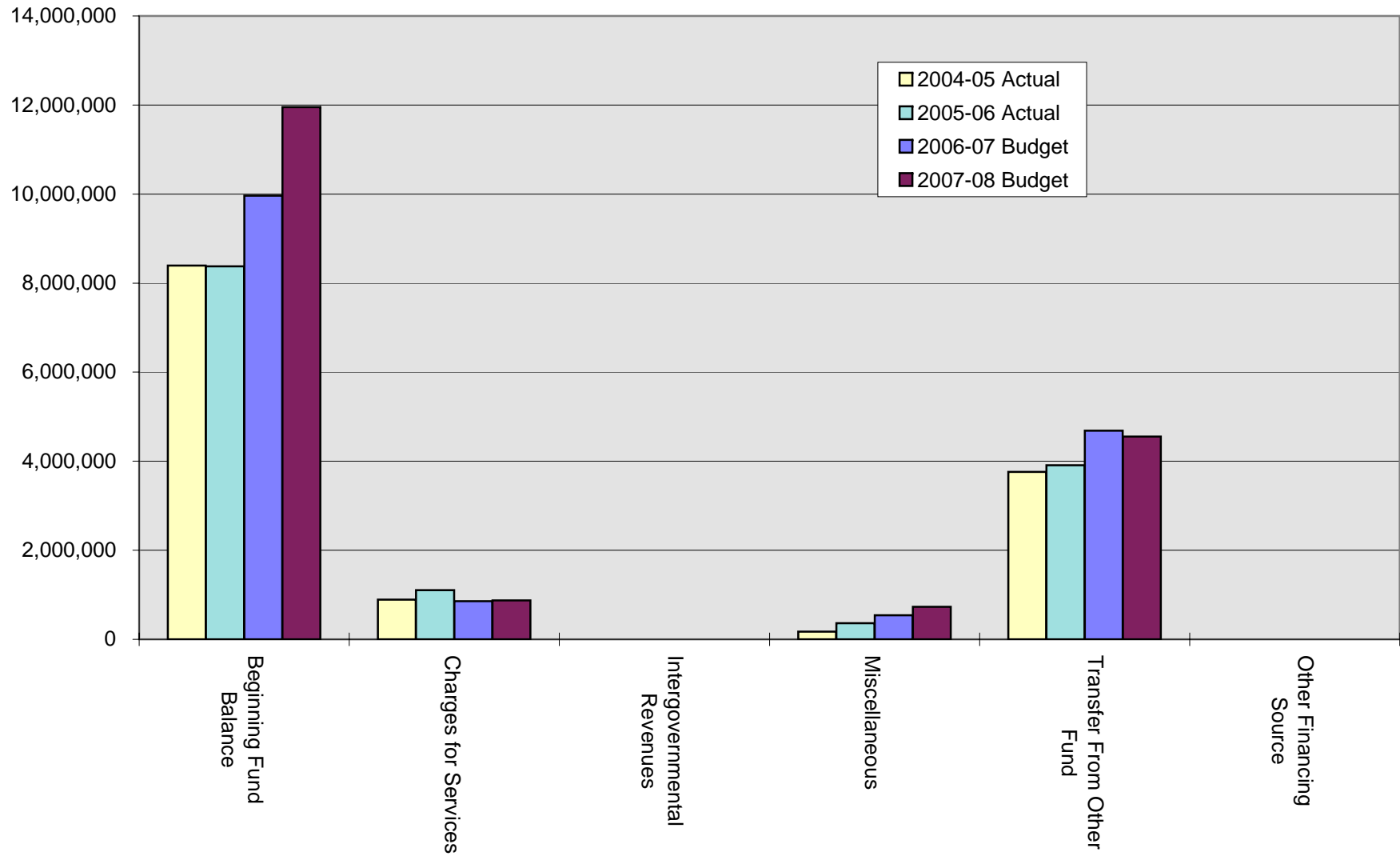


2006 The City Council adopts a new sanitary sewer system development charge rate of \$2,808 per equivalent dwelling unit.

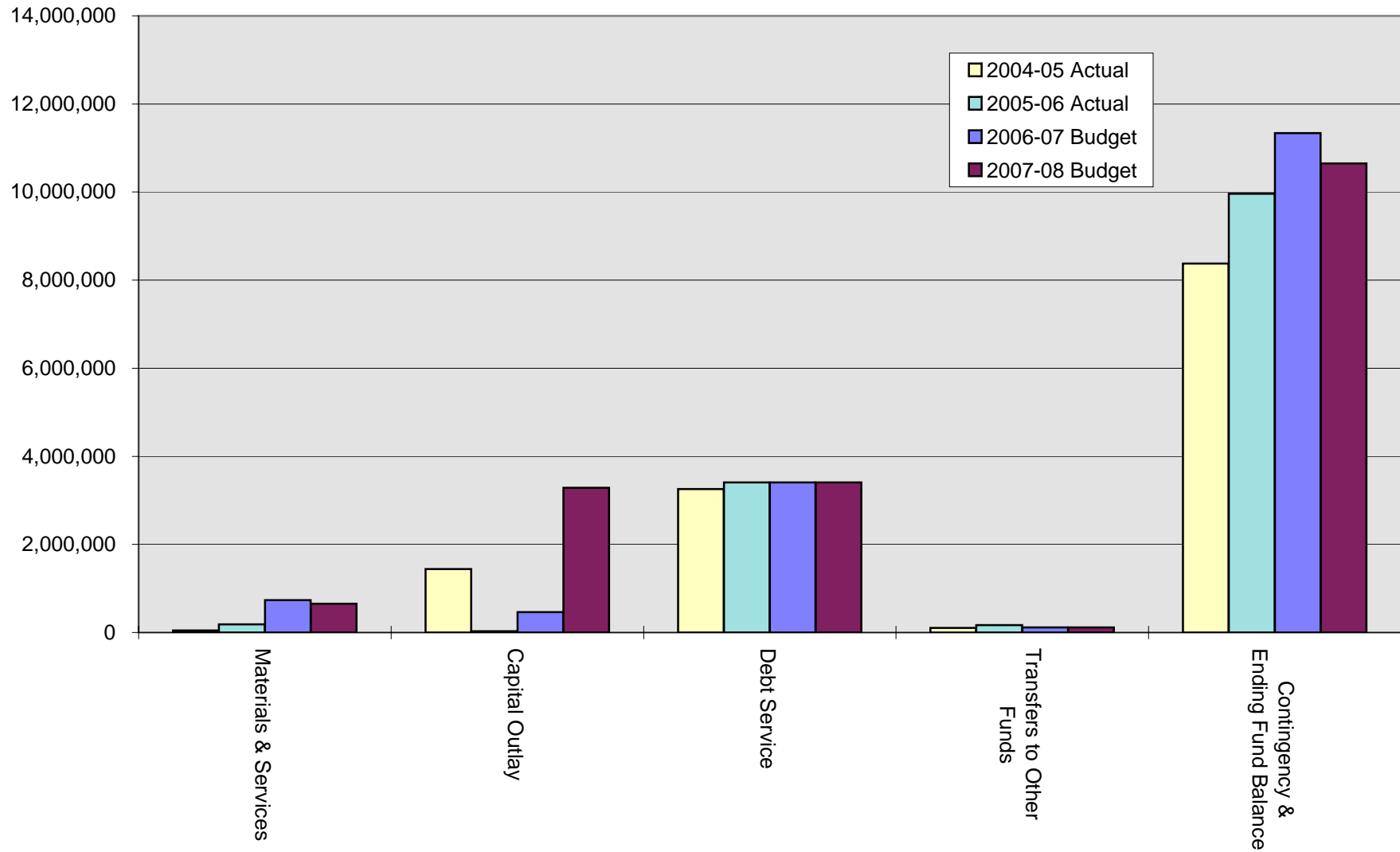


In 2006, developers constructed 4 miles of new public sanitary sewer lines, and completed one new pump station.

Wastewater Capital Fund Resources



Wastewater Capital Fund Requirements



WASTEWATER CAPITAL FUND

56 00

2007-08

11-Jul-07

ACTUAL 2004-05	ACTUAL 2005-06	BUDGET 2006-07		NUMBER OF EMPLOYEES	PROPOSED 2007-08	APPROVED 2007-08	ADOPTED 2007-08
-------------------	-------------------	-------------------	--	------------------------	---------------------	---------------------	--------------------

RESOURCES

BEGINNING FUND BALANCE

0	0	0	60000-02	DESIGNATED BEGIN FUND BALANCE:	0.00	0	0	0
0	0	0	60000-21	DBFB - STORM DRAINAGE	0.00	52,000	52,000	77,000
			July 1, 2007 designated cash carryover collected from storm drainage charge implemented July, 1 2002 to fund development of Storm Drainage Master Plan to address Phase II NPDES requirements. Implementation of plan requirement by DEQ were originally postponed, but plan partially completed at July 1, 2007; consequently, charges collected to fund the plan still designated. Plan to be completed in 2007-2008.					
275,000	275,000	215,000	60000-85	DBFB - OECDD W/WWF LOAN	0.00	275,000	275,000	275,000
			Designated cash carryover for OECDD W/WWF loan payment; 7 months saved toward December 1, 2007 annual principal and interest payment.					
1,230,000	1,305,000	1,250,000	60000-87	DBFB - 2004 RB REFUNDING	0.00	1,225,000	1,225,000	1,225,000
			Designated cash carryover for 2004 Sewer Refunding Bonds: 920,000 5 months saved toward February 1, 2008 annual principal 305,000 5 months saved toward August 1, 2007 semi-annual interest					
0	435,000	825,000	60000-90	DBFB - WW CAPITAL RESERVE	0.00	1,800,000	1,800,000	1,800,000
			Designated Beginning Fund Balance saving toward \$7,500,000 reserve established by the City Council as the wastewater capital reserve goal for June 30, 2014.					
6,890,130	6,359,875	7,675,000	60001-00	BEGINNING FUND BALANCE	0.00	8,600,000	8,600,000	8,850,000
			Estimated July 1, 2007 undesignated cash carryover from the 2006 - 2007 fiscal year.					
			Budget Note: System Development Charge accounting discloses the extremely large negative system development charge fund balance. This negative balance indicates that the building of the Water Reclamation Facility and sewer system improvements over 10-years ago could have been funded significantly more by SDCs, but were instead funded by the sale of revenue bonds since adequate SDCs were not available, which continues to be the case and will be for the foreseeable future. 32,250,000 Rate payer positive Fund Balance (20,025,000) SDC negative Fund Balance 2,000 Rounding 12,227,000 Unappropriated Beginning Fund Balance					
8,395,130	8,374,875	9,965,000	TOTAL BEGINNING FUND BALANCE		0.00	11,952,000	11,952,000	12,227,000

CHARGES FOR SERVICES

891,178	1,089,260	850,000	60063-00	SYSTEM DEVELOPMENT CHARGES:	0.00	870,000	870,000	870,000
			Sewer system development charges (SDC) collected from new construction and additions to commercial or industrial projects that increase the loading on the sanitary sewer system. This budget reflects a proposed fee increase of 2.2% effective July 1, 2007 based on the Engineering News Record Construction Cost Index.					

WASTEWATER CAPITAL FUND

56 00

2007-08

11-Jul-07

ACTUAL 2004-05	ACTUAL 2005-06	BUDGET 2006-07			NUMBER OF EMPLOYEES	PROPOSED 2007-08	APPROVED 2007-08	ADOPTED 2007-08
0	17,286	5,000	60063-11	SDC: NE TRUNK	0.00	2,500	2,500	2,500
0	0	0	60065-00	FACILITIES DEVELOPMENT FEES	0.00	0	0	0
891,178	1,106,546	855,000	TOTAL CHARGES FOR SERVICES		0.00	872,500	872,500	872,500

MISCELLANEOUS

170,558	363,309	380,900	60151-00	INTEREST:	0.00	566,800	566,800	566,800
0	0	0	60151-01	INT - SDC CONTRACTS	0.00	0	0	0
3,000	650	1,000	60163-00	PRIVATE SEWER LATERAL PENALTY	0.00	1,000	1,000	1,000
Property owner penalty of \$50 per month when owner fails to repair private sewer lateral.								
Budget Note: Penalty begins accruing 90 days after Notice of Defect issued. If private lateral is repaired within 10 months, penalty accruals absolved.								
0	0	1,000	60165-00	PSL LOAN REPAYMENT:	0.00	0	0	0
0	0	160,000	60165-11	PSL LOW-INCOME LOAN REPAYMNT	0.00	160,000	160,000	160,000
Loan repayments from Low-Income Loan Program for property owners to finance private lateral repairs.								
Budget Note: 2006-2007 funding of \$20,000 annual increase to the private sewer lateral low-income loan program completes City's compliance with Consent Decree at \$160,000.								
0	0	0	60167-00	OTHER INCOME	0.00	0	0	0
173,558	363,959	542,900	TOTAL MISCELLANEOUS		0.00	727,800	727,800	727,800

TRANSFERS FROM OTHER FUNDS

0	0	0	60181-00	WASTEWATER SERVICES FUND:	0.00	0	0	0
450,000	450,000	450,000	60181-01	WSTWTR SVC FD - CAP REPLACE	0.00	450,000	450,000	450,000
Transfer from Sewer Fund for wastewater system capital improvements according to the Wastewater Rate Equity Study.								
50,000	50,000	700,000	60181-05	WSTWTR SVC FD - CAP RESERVE	0.00	700,000	700,000	700,000
Transfer from Wastewater Services Fund to begin saving toward \$7,500,000 reserve established by the City Council as the wastewater capital reserve goal for June 30, 2014. The 2006-2007 transfer includes \$200,000 which is half of a \$400,000 "catch-up" transfer needed to keep the reserve accumulation on track toward the reserve goal. The 2007-2008 transfer completes the catch-up.								
3,258,662	3,408,185	3,407,162	60181-11	WSTWTR SVC FD - DEBT SERVICE	0.00	3,405,368	3,405,368	3,405,368
Transfer From Sewer Fund for repayment of sewer revenue bonded debt; i.e., 2004 Sewer Refunding Bonds and 2000 Oregon Economic and Community Development Water/Wastewater Loan.								
0	0	131,523	60181-21	WSTWTR SVC FD - STORM DRAIN	0.00	0	0	0
3,758,662	3,908,185	4,688,685	TOTAL TRANSFERS FROM OTHER FUNDS		0.00	4,555,368	4,555,368	4,555,368

WASTEWATER CAPITAL FUND

56 00

2007-08

11-Jul-07

ACTUAL 2004-05	ACTUAL 2005-06	BUDGET 2006-07		NUMBER OF EMPLOYEES	PROPOSED 2007-08	APPROVED 2007-08	ADOPTED 2007-08
13,218,528	13,753,565	16,051,585	TOTAL RESOURCES	0.00	18,107,668	18,107,668	18,382,668

WASTEWATER CAPITAL FUND

56 00

2007-08

11-Jul-07

ACTUAL 2004-05	ACTUAL 2005-06	BUDGET 2006-07		NUMBER OF EMPLOYEES	PROPOSED 2007-08	APPROVED 2007-08	ADOPTED 2007-08
REQUIREMENTS							
<u>MATERIALS & SERVICES</u>							
1,758	1,446	2,000	80581-00 PRIVATE SEWER LATERAL REIMB	0.00	2,000	2,000	2,000
			Private Sewer Lateral Repair Incentive Program - maximum of \$250 per private lateral repair completed within 90 days of Notice of Defect.				
0	100	500	80611-00 PROFESSIONAL SERVICES:	0.00	500	500	500
7,404	0	0	80611-11 PS - ATAD #1 UPGRADE	0.00	0	0	0
0	33,159	0	80611-13 PS - WRF CONTROL SYS UPGRADE	0.00	0	0	0
10,341	31,964	12,000	80611-15 PS - WRF TELEMETRY UPGRADE	0.00	4,500	4,500	4,500
			Engineering services cost for design, contract documents, and Federal Communications Commission (FCC) licensing.				
0	0	0	80611-21 PS - OFFLINE STORAGE	0.00	300,000	300,000	300,000
			Engineering services for design and contract documents for Phase 1 of the off-line storage project to address requirement to eliminate system overflows by 2010.				
11,689	0	0	80611-49 PS - ELIM 3 MILE LN PS#2	0.00	0	0	0
12,181	0	0	80611-53 PS - CRESTBROOK BASIN STUDY	0.00	0	0	0
0	14,000	286,000	80611-55 PS - WRF EXPANSION PREDESIGN	0.00	85,000	85,000	240,000
			Consultant fees related to WRF capacity review and expansion pre-design.				
			Budget Note: Project qualifies for 55% sewer SDC funding.				
0	59,938	140,000	80611-89 PS - COLLECTION SYS FAC PLAN	0.00	50,000	50,000	79,000
			Consultant services for updating 1994 Collection System Facility Plan. Update will address areas to be included in UGB expansion. Collection system flow data will also provide basis for implementation of wet weather overflow management planning.				
			Budget Note: Project qualifies for 55% sewer SDC funding.				
0	0	132,000	80611-90 PS - STORM DRAIN MASTER PLAN	0.00	52,000	52,000	77,000
			Update of 1991 Storm Drainage Master Plan to comply with pending regulatory changes.				
0	44,633	0	80611-93 PS - I&I FLOW MONITORING	0.00	0	0	0
400	400	500	80611-99 PS - BOND ADMINISTRATION	0.00	400	400	400
0	0	1,000	80671-00 PRIVATE SEWER LATERAL LOANS:	0.00	0	0	0
0	0	160,000	80671-11 PSL LOW-INCOME LOANS	0.00	160,000	160,000	160,000
			Low-Income Loan Program for property owners to finance private sewer lateral repairs. Consent Decree required \$20,000 per year be set aside for eight years to the final balance of \$160,000. Loan terms would be 24 months at 3.5% above prime lending rate as set by City ordinance.				

WASTEWATER CAPITAL FUND

56 00

2007-08

11-Jul-07

ACTUAL 2004-05	ACTUAL 2005-06	BUDGET 2006-07		NUMBER OF EMPLOYEES	PROPOSED 2007-08	APPROVED 2007-08	ADOPTED 2007-08
43,773	185,640	734,000	TOTAL MATERIALS & SERVICES	0.00	654,400	654,400	863,400
<u>CAPITAL OUTLAY</u>							
0	0	0	80779-00 WRF CONSTRUCTION:	0.00	0	0	0
0	2,957	30,000	80779-11 WRF CONST - ATAD #1 UPGRADE	0.00	0	0	0
0	9,871	0	80779-13 WRF CONST - CONTROL SYS UPGRD	0.00	0	0	0
0	0	180,000	80779-15 WRF CONST - TELEMETRY UPGRADE	0.00	60,000	60,000	60,000
			Data radio system equipment purchase for remote and master sites, equipment installation, start up and testing cost, and fiber extension to Fox Ridge site.				
0	0	0	80789-00 SEWER CONSTRUCTION:	0.00	0	0	0
0	0	200,000	80789-13 SC - HS BASIN SEWER RECONST	0.00	400,000	400,000	400,000
			Mainline replacement in the High School Basin per Wet Weather Overflow Management Plan (WWOMP) recommendations.				
0	0	0	80789-21 SC - OFFLINE STORAGE PHASE I	0.00	2,700,000	2,700,000	2,700,000
			Phase 1 of offline storage project improvements identified in the Wet Weather Overflow Management Plan. The improvements are necessary to address system capacity needs and to meet the 2010 deadline to eliminate system overflows.				
1,426,843	36	0	80789-49 SC - ELIM 3 MILE LN PS#2	0.00	0	0	0
0	0	0	80789-53 SC - 3RD ST SEPARATION PROJ	0.00	75,000	75,000	75,000
			Project to separate the sanitary and storm systems on 3rd Street between Johnson and Irvine Streets.				
12,724	17,533	50,000	80793-00 DEVELOPER REIMBURSEMENT	0.00	50,000	50,000	50,000
			Reimbursement to commercial and subdivision developers for sewer pipe constructed with extra capacity over what the developer requires which benefits the future growth requirements of the city.				
1,439,567	30,397	460,000	TOTAL CAPITAL OUTLAY	0.00	3,285,000	3,285,000	3,285,000

DEBT SERVICE

347,858	365,895	384,091	80798-31 W/WWF LOAN - PRINCIPAL 12-1-07	0.00	402,456	402,456	402,456
			Oregon Economic and Community Development Department (OECD) Water/Wastewater Fund (W/WWF) Loan principal payment due December 1, 2007 - 8th year principal payment of 10-year \$3,590,000 loan.				
124,479	106,216	87,007	80798-33 W/WWF LOAN - INTEREST 12-1-07	0.00	66,842	66,842	66,842
			OECD Water/Wastewater Fund Loan interest payment due December 1, 2007 - 8th year interest payment on 10-year \$3,590,000 loan.				
0	0	0	80798-40 2004 SRB & SPWF REFUNDING:	0.00	0	0	0

WASTEWATER CAPITAL FUND

56 00

2007-08

11-Jul-07

ACTUAL 2004-05	ACTUAL 2005-06	BUDGET 2006-07		NUMBER OF EMPLOYEES	PROPOSED 2007-08	APPROVED 2007-08	ADOPTED 2007-08
1,795,000	2,000,000	2,100,000	80798-41 REFUNDING - PRINCIPAL 2-1-08 2004 Sewer Refunding Bond annual principal replaces 1994 Sewer Revenue Bond and 1993 OECDD SPWF Loan annual principal - 4th year principal payment on 10-year refunding bonds due February 1, 2008.	0.00	2,205,000	2,205,000	2,205,000
478,713	468,031	418,032	80798-43 REFUNDING - INTEREST 8-01-07 2004 Sewer Refunding Bond semi-annual interest replaces 1994 Sewer Revenue Bond and 1993 OECDD SPWF Loan annual interest - 4th year semi-annual interest payment on 10-year refunding bonds due August 1, 2007.	0.00	365,535	365,535	365,535
512,906	468,031	418,032	80798-44 REFUNDING - INTEREST 2-01-08 2004 Sewer Refunding Bond semi-annual interest replaces 1994 Sewer Revenue Bond and 1993 OECDD SPWF Loan annual interest - 4th year semi-annual interest payment on 10-year refunding bonds due February 1, 2008.	0.00	365,535	365,535	365,535
3,258,956	3,408,173	3,407,162	TOTAL DEBT SERVICE	0.00	3,405,368	3,405,368	3,405,368

TRANSFERS TO OTHER FUNDS

101,357	99,265	99,664	80901-00 GENERAL FD - ADMIN FIN & ENG Transfer to General Fund for personnel cost allocations for administration, finance, and engineering services.	0.00	110,332	110,332	111,163
0	67,341	1,110	80901-03 GEN FD - COMMUNITY DEV CTR Transfer to General Fund for Wastewater Capital Fund's allocation of the Community Development Center's operating costs; i.e., estimates of property and liability insurance, HVAC and lights, repairs and maintenance, building maintenance, janitorial services and supplies, and maintenance and rental contracts. In 2005-2006, purchase allocation of OMI Regional Building funded by this account. Budget Note: The Engineering Department provides the Wastewater Capital Fund with professional support, which includes wastewater capital program management, wastewater capital project construction management, wastewater capital contract management, and administration of the Inflow and Infiltration (I&I) Program.	0.00	3,870	3,870	3,870
0	0	13,230	80910-00 IMPROVEMENTS FD - CDC REMODEL	0.00	0	0	0
101,357	166,606	114,004	TOTAL TRANSFERS TO OTHER FUNDS	0.00	114,202	114,202	115,033

PROJECT CONTINGENCIES

0	0	650,000	80801-00 PROJECT CONTINGENCIES	0.00	500,000	500,000	500,000
0	0	650,000	TOTAL PROJECT CONTINGENCIES	0.00	500,000	500,000	500,000

UNAPPROPRIATED ENDING FUND BAL

0	0	0	80996-02 DESIGNATED END FUND BALANCE:	0.00	0	0	0
0	0	0	80996-21 DEFB - STORM DRAINAGE	0.00	0	0	0

WASTEWATER CAPITAL FUND

56 00

2007-08

11-Jul-07

ACTUAL 2004-05	ACTUAL 2005-06	BUDGET 2006-07		NUMBER OF EMPLOYEES	PROPOSED 2007-08	APPROVED 2007-08	ADOPTED 2007-08
275,000	215,000	275,000	80996-85 DEFB - OECDD W/WWF LOAN Designated cash carryover for OECDD W/WWF loan payment; 7 months saved toward December 1, 2008 annual principal and interest.	0.00	275,000	275,000	275,000
1,305,000	1,250,000	1,225,000	80996-87 DEFB - 2004 RB REFUNDING Designated cash carryover for 2004 Sewer Refunding Bonds: 965,000 5 months saved toward February 1, 2009 annual principal 260,000 5 months saved toward August 1, 2008 semi-annual interest	0.00	1,225,000	1,225,000	1,225,000
435,000	825,000	1,800,000	80996-90 DEFB - WW CAPITAL RESERVE Designated cash carryover reserved for future capital construction. The amount at June 30, 2008 is the difference between the sewer debt service payments before the 2004 bond and loan refunding and the new sewer debt service payments plus ~\$500,000 saved each year from sewer rates to accumulate an approximate \$7,500,000 by June 30, 2014.	0.00	2,805,000	2,805,000	2,805,000
6,359,875	7,672,749	7,386,419	80997-00 UNAPPROPRIATED ENDING FUND BAL Budgeted undesignated cash carryover for July 1, 2008. Actual cash carryover will also include all remaining money from the Project Contingency account and the excess (deficit) of revenues over (under) expenditures from 2007-2008 operations. Budget Note: System Development Charge accounting discloses the extremely large negative system development charge fund balance. This negative balance indicates that the building of the Water Reclamation Facility and sewer system improvements over 10-years ago could have been funded significantly more by SDCs, but were instead funded by the sale of revenue bonds since adequate SDCs were not available. 31,000,000 Rate payer positive Fund Balance (20,260,000) SDC negative Fund Balance (500,000) Project Contingency (26,133) Rounding 10,213,867 Unappropriated Ending Fund Balance	0.00	5,843,698	5,843,698	5,908,867
8,374,875	9,962,749	10,686,419	TOTAL UNAPPROPRIATED ENDING FUND BAL	0.00	10,148,698	10,148,698	10,213,867
13,218,528	13,753,565	16,051,585	TOTAL REQUIREMENTS	0.00	18,107,668	18,107,668	18,382,668

WASTEWATER CAPITAL FUND

56 00

2007-08

11-Jul-07

ACTUAL 2004-05	ACTUAL 2005-06	BUDGET 2006-07		NUMBER OF EMPLOYEES	PROPOSED 2007-08	APPROVED 2007-08	ADOPTED 2007-08
13,218,528	13,753,565	16,051,585	WASTEWATER CAPITAL FUND TOTAL REQUIREMENTS		18,107,668	18,107,668	18,382,668