



# **WASTEWATER CAPITAL FUND**





## 2009 – 2010 Proposed Budget --- Budget Summary Wastewater Capital Fund

### 2009 – 2010 Wastewater Capital Fund Budget Highlights

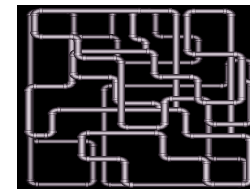
- City Council consideration and adoption of the recently completed update to the City's *Sanitary Sewer Collection System Master Plan and Water Reclamation Facility (WRF) Master Plan*, including planning for sewer service to the new areas included in the revised urban growth boundary.
- \$500,000 – Professional services to begin looking at WRF expansion based on preliminary findings in the *Collections/WRF Master Plan Update*.
- \$2,000,000 – Professional services and construction for infiltration and inflow (I&I) projects in various locations around the city. Based on preliminary findings in the collections/WRF master planning effort; I&I related rehabilitation projects are still a vital component in controlling overflows.
- \$635,000 – Professional services and construction for Michelbook basin pipeline capacity improvements as identified in the update Master Plan.

### 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 149 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 allows 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 (SPWF) 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** 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.
- 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** New Water Reclamation Facility and Raw Sewage Pump Station complete.
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- 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 sewer system improvements.

## 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.

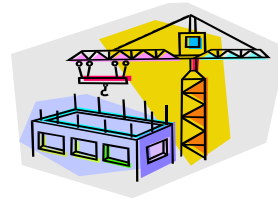
**2002** High School Basin Sewer Reconstruction Project complete.

**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 adopted a new sanitary sewer system development charge rate of \$2,808 per equivalent dwelling unit.

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2007 ACTUAL	2008 ACTUAL	2009 AMENDED BUDGET	Department :N/A Section :N/A Program :N/A	2010 PROPOSED BUDGET	2010 APPROVED BUDGET	2010 ADOPTED BUDGET
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**RESOURCES**

**BEGINNING FUND BALANCE**

0	0	0	<b>4077 Designated Begin FB-WW Cap Fd</b>	0	0	0
215,000	275,000	275,000	<b>4077-05 Designated Begin FB-WW Cap Fd - OECDD W/WWF Loan</b> Designated cash carryover for the Oregon Economic and Community Development Department (OECDD) Water/Wastewater (W/WWF) loan payment; 7 months saved toward December 1, 2009 annual principal and interest payment.	275,000	275,000	275,000
1,250,000	1,225,000	1,225,000	<b>4077-10 Designated Begin FB-WW Cap Fd - 2004 RB Refunding</b> Designated cash carryover for 2004 Sewer Revenue Refunding Bonds: 920,000 5 months saved toward February 1, 2010 annual principal 305,000 5 months saved toward August 1, 2009 semi-annual interest	1,225,000	1,225,000	1,225,000
825,000	1,800,000	2,805,000	<b>4077-15 Designated Begin FB-WW Cap Fd - WW Capital Reserve</b> 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.	3,591,000	3,591,000	3,591,000
0	76,238	0	<b>4077-20 Designated Begin FB-WW Cap Fd - Storm Drainage</b>	0	0	0
7,672,749	8,910,084	10,250,000	<b>4090 Beginning Fund Balance</b> Estimated July 1, 2009 undesignated cash carryover from the 2008-2009 fiscal year.	9,609,000	9,609,000	10,504,000
Budget Note: SDC accounting discloses an extremely large negative system development charge fund balance. This negative balance indicates that the building of the WRF and sewer system improvements over 10-years ago could have been significantly funded by SDCs, but was instead funded by the sale of revenue bonds since adequate SDCs were not available. This continues to be the case and will be for the foreseeable future.						
<b>9,962,749</b>	<b>12,286,322</b>	<b>14,555,000</b>	<b>TOTAL BEGINNING FUND BALANCE</b>	<b>14,700,000</b>	<b>14,700,000</b>	<b>15,595,000</b>

**CHARGES FOR SERVICES**

923,370	1,169,859	850,000	<b>5500 System Development Charges</b> Sewer system development charges (SDC) collected from new construction and addition to commercial or industrial projects that increase the loading on the sanitary sewer system.	425,000	425,000	425,000
0	24,415	2,500	<b>5505 SDC: NE Trunk</b>	0	0	0
<b>923,370</b>	<b>1,194,274</b>	<b>852,500</b>	<b>TOTAL CHARGES FOR SERVICES</b>	<b>425,000</b>	<b>425,000</b>	<b>425,000</b>

**MISCELLANEOUS**

569,340	579,757	395,200	<b>6310 Interest</b>	239,300	239,300	239,300
1,268	0	0	<b>6310-20 Interest - SDC Contracts</b>	0	0	0
0	0	0	<b>6500 Private Sewer Lateral</b>	0	0	0

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0	0	160,000	<b>6500-05 Private Sewer Lateral - Loan Repayment</b> Loan repayments from Low-Income Loan Program for property owners to finance private lateral repairs.	160,000	160,000	160,000																				
			Budget Note: 2006-2007 funding of \$20,000 annual increase to the private sewer lateral low-income loan program completed the City's compliance with Consent Decree at \$160,000.																							
6,069	22,200	1,000	<b>6500-10 Private Sewer Lateral - Penalty</b> Property owner penalty of \$50 per month when owner fails to repair private sewer lateral.	1,000	1,000	1,000																				
			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	0	<b>6600 Other Income</b>	0	0	0																				
<b>576,677</b>	<b>601,957</b>	<b>556,200</b>	<b><u>TOTAL MISCELLANEOUS</u></b>	<b>400,300</b>	<b>400,300</b>	<b>400,300</b>																				
			<b><u>TRANSFERS IN</u></b>																							
0	0	0	<b>6900 Transfers In</b>	0	0	0																				
0	25,000	0	<b>6900-20 Transfers In - Street</b>	0	0	0																				
0	0	0	<b>6900-25 Transfers In - Airport</b> 1st year repayment of interfund "loan" to Airport Maintenance Fund to finance the Automated Flight Service Station Building remodel into rental space for Oregon State Police, McMinnville operations.	70,000	70,000	70,000																				
4,688,685	4,555,368	4,357,530	<b>6900-75 Transfers In - Wastewater Services</b> Transfer from the Wastewater Services Fund for debt service, wastewater system capital improvements according to the Wastewater Rate Equity Study, and saving toward \$7,500,000 reserve established by the City Council as the Wastewater Capital Reserve goal for June 30, 2014.	4,353,150	4,353,150	4,353,150																				
			<table border="0"> <thead> <tr> <th>Description</th> <th>Units</th> <th>Amt/Unit</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2004 Sewer Revenue Bond Refunding - debt service</td> <td>1</td> <td>2,935,070</td> <td>2,935,070</td> </tr> <tr> <td>OECD Water/Wastewater Fund Loan - debt service</td> <td>1</td> <td>468,080</td> <td>468,080</td> </tr> <tr> <td>Wastewater Capital Replacement - annual ratepayer contribution</td> <td>1</td> <td>450,000</td> <td>450,000</td> </tr> <tr> <td>Wastewater Capital Reserve - annual ratepayer contribution</td> <td>1</td> <td>500,000</td> <td>500,000</td> </tr> </tbody> </table>	Description	Units	Amt/Unit	Total	2004 Sewer Revenue Bond Refunding - debt service	1	2,935,070	2,935,070	OECD Water/Wastewater Fund Loan - debt service	1	468,080	468,080	Wastewater Capital Replacement - annual ratepayer contribution	1	450,000	450,000	Wastewater Capital Reserve - annual ratepayer contribution	1	500,000	500,000			
Description	Units	Amt/Unit	Total																							
2004 Sewer Revenue Bond Refunding - debt service	1	2,935,070	2,935,070																							
OECD Water/Wastewater Fund Loan - debt service	1	468,080	468,080																							
Wastewater Capital Replacement - annual ratepayer contribution	1	450,000	450,000																							
Wastewater Capital Reserve - annual ratepayer contribution	1	500,000	500,000																							
<b>4,688,685</b>	<b>4,580,368</b>	<b>4,357,530</b>	<b><u>TOTAL TRANSFERS IN</u></b>	<b>4,423,150</b>	<b>4,423,150</b>	<b>4,423,150</b>																				
<b>16,151,481</b>	<b>18,662,920</b>	<b>20,321,230</b>	<b><u>TOTAL RESOURCES</u></b>	<b>19,948,450</b>	<b>19,948,450</b>	<b>20,843,450</b>																				

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<b>REQUIREMENTS</b>						
<b>MATERIALS AND SERVICES</b>						
0	2,356	52,500	<b>7750 Professional Services</b>	37,680	37,680	57,680
			<u>Description</u>	<u>Units</u>	<u>Amt/Unit</u>	<u>Total</u>
			Audit fee allocation	1	7,680	7,680
			Wastewater Rate Study - update	1	50,000	50,000
0	0	0	<b>7750-48 Professional Services - I&amp;I Flow Monitoring</b>	0	0	0
400	400	500	<b>7750-57 Professional Services - Financing Administration</b>	0	0	0
0	0	0	<b>7760 Professional Svcs - Plan/Study</b>	0	0	0
61,122	167,651	16,000	<b>7760-25 Professional Svcs - Plan/Study - Collection System Facility Plan</b>	0	0	16,000
50,264	173,227	26,500	<b>7760-30 Professional Svcs - Plan/Study - WRF Expansion Predesign</b>	0	0	26,500
55,285	91,715	10,000	<b>7760-35 Professional Svcs - Plan/Study - Storm Drain Master Plan</b>	0	0	0
0	0	0	<b>7770 Professional Services - Projects</b>	0	0	0
0	0	500,000	<b>7770-37 Professional Services - Projects - WRF Expansion Design</b> Engineering services for the design of the expansion of the Water Reclamation Facility.	500,000	500,000	425,000
			Budget Note: Re-budgeted from fiscal year 2008-2009.			
16,663	5,359	0	<b>7770-42 Professional Services - Projects - WRF Telemetry Upgrade</b>	0	0	0
0	0	175,000	<b>7770-57 Professional Services - Projects - I&amp;I Reduction Design</b> Engineering services for the design and contract documents for the Inflow and Infiltration (I&I) Reduction Projects.	200,000	200,000	200,000
0	0	0	<b>7770-58 Professional Services - Projects - Michelbook Basin</b> Michelbook Basin pipeline capacity improvements.	60,000	60,000	60,000
2,369	1,673	2,000	<b>8230 Private Sewer Lateral Reimburse</b> Private Sewer Lateral Repair Incentive Program - maximum of \$250 per private lateral repair completed within 90 days of Notice of Defect.	2,500	2,500	2,500
0	0	0	<b>8240 Private Sewer Lateral Loans</b>	0	0	0
0	0	0	<b>8240-05 Private Sewer Lateral Loans - Regular Loan</b>	0	0	0
0	0	160,000	<b>8240-10 Private Sewer Lateral Loans - Low Income Loans</b> 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.	160,000	160,000	160,000
<b>186,103</b>	<b>442,380</b>	<b>942,500</b>	<b>TOTAL MATERIALS AND SERVICES</b>	<b>960,180</b>	<b>960,180</b>	<b>947,680</b>

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<b><u>CAPITAL OUTLAY</u></b>						
0	0	0	<b>8810 Building Construction</b>	0	0	0
25,337	0	0	<b>8810-15 Building Construction - ATAD #1 Upgrade</b>	0	0	0
132,556	25,939	0	<b>8810-25 Building Construction - Telemetry Upgrade</b>	0	0	0
0	0	0	<b>9120 Sewer Construction</b>	0	0	0
0	67,626	0	<b>9120-20 Sewer Construction - 3rd Street Separation Project</b>	0	0	0
0	0	1,000,000	<b>9120-25 Sewer Construction - I&amp;I Reduction Projects</b> Sewer rehabilitation and reconstruction at various locations around the City to address inflow and infiltration (I&I).	1,800,000	1,800,000	2,500,000
0	0	0	<b>9120-30 Sewer Construction - Michelbook Basin</b> Michelbook Basin pipeline capacity improvements.	575,000	575,000	550,000
0	0	0	<b>9150 Developer Reimbursement</b>	0	0	0
0	12,975	50,000	<b>9150-10 Developer Reimbursement - Sanitary Sewer</b> 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.	25,000	25,000	25,000
<b>157,892</b>	<b>106,540</b>	<b>1,050,000</b>	<b><u>TOTAL CAPITAL OUTLAY</u></b>	<b>2,400,000</b>	<b>2,400,000</b>	<b>3,075,000</b>
<b><u>DEBT SERVICE</u></b>						
0	0	0	<b>9500 2000 Water/Wastewater Fund Loan</b>	0	0	0
384,091	402,456	425,998	<b>9500-05 2000 Water/Wastewater Fund Loan - Principal - Dec 1</b> Oregon Economic and Community Development Department (OECDD) Water/Wastewater Fund (W/WWF) Loan principal payment due December 1, 2009 - 10th year principal payment of 10-year \$3,590,000 loan.	444,727	444,727	444,727
87,007	66,842	45,714	<b>9500-10 2000 Water/Wastewater Fund Loan - Interest - Dec 1</b> OECDD Wastewater Fund Loan interest payment due December 1, 2009 - 10th year interest payment on 10-year \$3,590,000 loan.	23,349	23,349	23,349
0	0	0	<b>9510 2004 Sewer Refunding Bond</b>	0	0	0
2,100,000	2,205,000	2,315,000	<b>9510-05 2004 Sewer Refunding Bond - Principal - Feb 1</b> 2004 Sewer Refunding Bond annual principal replaces 1994 Sewer Revenue Bond and 1993 OECDD Special Public Works Fund (SPWF) Loan annual principal - 6th year principal payment on 10-year refunding bonds due February 1, 2010.	2,430,000	2,430,000	2,430,000
418,031	365,531	310,410	<b>9510-10 2004 Sewer Refunding Bond - Interest - Aug 1</b> 2004 Sewer Refunding Bond semi-annual interest replaces 1994 Sewer Revenue Bond and 1993 OECDD SPWF Loan annual interest - 6th year semi-annual interest payment on 10-year refunding bonds due August 1, 2009.	252,532	252,532	252,532
418,031	365,531	310,410	<b>9510-15 2004 Sewer Refunding Bond - Interest - Feb 1</b> 2004 Sewer Refunding Bond semi-annual interest replaces 1994 Sewer Revenue Bond and 1993 OECDD SPWF Loan annual interest - 6th year semi-annual interest payment on 10-year refunding bonds due February 1, 2010.	252,532	252,532	252,532



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<b>3,407,160</b>	<b>3,405,361</b>	<b>3,407,532</b>	<b>TOTAL DEBT SERVICE</b>			<b>3,403,140</b>	<b>3,403,140</b>	<b>3,403,140</b>
<b><u>TRANSFERS OUT</u></b>								
0	0	0	<b>9700</b>	<b>Transfers Out</b>		0	0	0
100,774	115,033	122,102	<b>9700-01</b>	<b>Transfers Out - General Fund</b>		137,701	137,701	137,701
			<u>Description</u>	<u>Units</u>	<u>Amt/Unit</u>	<u>Total</u>		
			Engineering, Admin, & Finance personal services support transfer	1	134,452	134,452		
			WW Capital Fund support of Community Development Ctr operations	1	3,249	3,249		
0	0	350,000	<b>9700-25</b>	<b>Transfers Out - Airport Maintenance</b>		0	0	0
13,230	0	0	<b>9700-31</b>	<b>Transfers Out - Improvements</b>		0	0	0
<b>114,004</b>	<b>115,033</b>	<b>472,102</b>	<b>TOTAL TRANSFERS OUT</b>			<b>137,701</b>	<b>137,701</b>	<b>137,701</b>
<b><u>CONTINGENCIES</u></b>								
0	0	500,000	<b>9800</b>	<b>Contingencies</b>		500,000	500,000	500,000
<b>0</b>	<b>0</b>	<b>500,000</b>	<b>TOTAL CONTINGENCIES</b>			<b>500,000</b>	<b>500,000</b>	<b>500,000</b>
<b><u>ENDING FUND BALANCE</u></b>								
0	0	0	<b>9977</b>	<b>Designated End FB - WW Cap Fd</b>		0	0	0
275,000	275,000	275,000	<b>9977-05</b>	<b>Designated End FB - WW Cap Fd - OECDD W/WWF Loan</b>		275,000	275,000	275,000
			Designated cash carryover for OECDD W/WWF loan payment; 7 months saved toward December 1, 2010 annual principal and interest.					
1,225,000	1,225,000	1,225,000	<b>9977-10</b>	<b>Designated End FB - WW Cap Fd - 2004 RB Refunding</b>		1,225,000	1,225,000	1,225,000
			Designated cash carryover for 2004 Sewer Refunding Bonds: 965,000 5 months saved toward February 1, 2011 annual principal 260,000 5 months saved toward August 1, 2010 semi-annual interest					
1,800,000	2,805,000	3,591,000	<b>9977-15</b>	<b>Designated End FB - WW Cap Fd - Wastewater Capital Reserve</b>		4,381,000	4,381,000	4,381,000
			Designated cash carryover reserved for future capital construction. The amount at June 30, 2010 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.					
76,238	0	0	<b>9977-20</b>	<b>Designated End FB - WW Cap Fd - Storm Drainage</b>		0	0	0
8,910,084	10,288,607	8,858,096	<b>9999</b>	<b>Unappropriated Ending Fd Balance</b>		6,666,429	6,666,429	6,898,929
			Budgeted undesignated cash carryover for July 1, 2010. Actual cash carryover will also include all remaining money from the Contingency account and the excess (deficit) of revenues over (under) expenditures from 2009-2010 operations.					
<b>12,286,322</b>	<b>14,593,607</b>	<b>13,949,096</b>	<b>TOTAL ENDING FUND BALANCE</b>			<b>12,547,429</b>	<b>12,547,429</b>	<b>12,779,929</b>

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16,151,481	18,662,920	20,321,230	<i>TOTAL RESOURCES</i>	19,948,450	19,948,450	20,843,450
16,151,481	18,662,920	20,321,230	<i>TOTAL REQUIREMENTS</i>	19,948,450	19,948,450	20,843,450