


WASTEWATER CAPITAL FUND



- **Statement of Bonds and Loans Outstanding**



2010 – 2011 Proposed Budget --- Budget Summary Wastewater Capital Fund

2010 – 2011 Wastewater Capital Fund Budget Highlights

- \$4,000,000 – Design and construction costs associated with infiltration and inflow (I&I) projects in various locations around the city. Based on preliminary findings in the master planning effort; I&I related rehabilitation projects are still a vital component in controlling overflows.
- \$75,000 – Professional Services to continue to look at WRF expansion based on preliminary findings in the updated *Water Reclamation Facilities Master Plan*.
- \$125,000 – Begin construction of secondary treatment modifications as indentified in the updated Master Plan.



In 2009, the Elm Street Rehabilitation project replaced 6,319 feet of sewer pipelines and 27 manholes.

Replacement of these old pipelines reduced the amount of unwanted storm water and ground water infiltrating in the sanitary sewer system.

The project was designed by the City's Engineering Department staff.



There are approximately 149 miles of pipelines in the City's public sanitary sewer system.

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 *Conveyance System and Water Reclamation Facilities Master Plans*.

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.



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** 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 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.

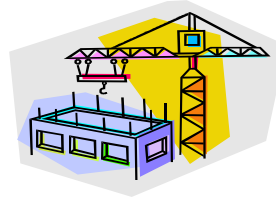
2002 High School Basin Sewer Reconstruction Project complete.

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.

2007 The City Council adopted a new sanitary sewer system development charge rate of \$2,870 per equivalent dwelling unit.

2009 DEQ approves the WRF Facilities Plan.

2009 The Elm Street Sewer Rehabilitation Project was completed.



2010-2011 Proposed Budget --- Statement of Bonds and Loans Outstanding

	Date of Issue	Date of Maturity	Amount of Issue	Rate of Interest	Outstanding 6/30/2009	Maturing 2010 - 2011 Principal	Maturing 2010 - 2011 Interest
GENERAL OBLIGATION BONDS							
Property taxes are levied annually to pay principal and interest payments on General Obligation bonds. Property tax revenue and debt service payments are accounted for in the Debt Service Fund.							
Public Safety Civic Buildings Construction Bonds Bond proceeds used to construct Police Department Building at 2nd and Adams and Civic Hall Building at 2nd and Baker.	11/14/2006	11/14/2026	\$ 13,120,000	3.75 - 5.50%	\$ 12,365,000	\$ 480,000	\$ 489,013
Park Improvement Bonds Bond proceeds used for land acquisition and park improvements or construction, as identified by the Parks Master Plan.	8/1/2001	8/1/2021	\$ 9,100,000	4.50 - 5.00%	\$ 7,125,000	\$ 430,000	\$ 313,328
TOTAL - General Obligation Bonds			\$ 22,220,000		\$ 19,490,000	\$ 910,000	\$ 802,341
SEWER BONDS							
Sewer user fees are accounted for in the Wastewater Services Fund and transferred to the Wastewater Capital Fund. The Wastewater Capital Fund then pays the debt service payments.							
Sewer Refunding Bonds These bonds refunded the 1994 Sewer Revenue Bonds and 1993 Oregon Economic Community Development Department loan.	2/13/2004	2/13/2014	\$ 23,690,000	3.0 - 5.0%	\$ 13,275,000	\$ 2,555,000	\$ 383,563
TOTAL - Sewer Bonds			\$ 23,690,000		\$ 13,275,000	\$ 2,555,000	\$ 383,563
TOTAL DEBT:			\$ 45,910,000		\$ 32,765,000	\$ 3,465,000	\$ 1,185,904

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2008 ACTUAL	2009 ACTUAL	2010 AMENDED BUDGET	Department :N/A Section :N/A Program :N/A	2011 PROPOSED BUDGET	2011 APPROVED BUDGET	2011 ADOPTED BUDGET
RESOURCES						
BEGINNING FUND BALANCE						
275,000	275,000	275,000	4077-05 Designated Begin FB-WW Cap Fd - OECDD W/WWF Loan Budget Note: Oregon Economic and Community Development Department (OECDD) Water/Wastewater (W/WWF) loan repaid December 2010.	0	0	0
1,225,000	1,225,000	1,225,000	4077-10 Designated Begin FB-WW Cap Fd - 2004 RB Refunding Designated cash carryover for 2004 Sewer Revenue Refunding Bonds: 920,000 5 months saved toward February 1, 2011 annual principal 305,000 5 months saved toward August 1, 2010 semi-annual interest	1,225,000	1,225,000	1,225,000
1,800,000	2,805,000	3,591,000	4077-15 Designated Begin FB-WW Cap Fd - WW Capital Reserve 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.	4,381,000	4,381,000	4,381,000
76,238	0	0	4077-20 Designated Begin FB-WW Cap Fd - Storm Drainage	0	0	0
8,910,084	10,288,607	10,504,000	4090 Beginning Fund Balance Estimated July 1, 2010 undesignated cash carryover from the 2009-2010 fiscal year. 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.	9,947,880	9,947,880	9,686,380
12,286,322	14,593,607	15,595,000	TOTAL BEGINNING FUND BALANCE	15,553,880	15,553,880	15,292,380
CHARGES FOR SERVICES						
1,169,859	405,364	425,000	5500 System Development Charges 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.	300,000	300,000	300,000
24,415	0	0	5505 SDC: NE Trunk	0	0	0
1,194,274	405,364	425,000	TOTAL CHARGES FOR SERVICES	300,000	300,000	300,000
MISCELLANEOUS						
579,757	268,338	239,300	6310 Interest	73,900	73,900	73,900
0	0	0	6310-20 Interest - SDC Contracts	0	0	0
0	0	160,000	6500-05 Private Sewer Lateral - Loan Repayment 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 completed the City's compliance with Consent Decree at \$160,000.	160,000	160,000	160,000

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2008 ACTUAL	2009 ACTUAL	2010 AMENDED BUDGET	Department : N/A Section : N/A Program : N/A			2011 PROPOSED BUDGET	2011 APPROVED BUDGET	2011 ADOPTED BUDGET	
22,200	750	1,000	6500-10	Private Sewer Lateral - Penalty Property owner penalty of \$50 per month when owner fails to repair private sewer lateral.			0	0	0
				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	6600	Other Income			0	0	0
601,957	269,088	400,300	TOTAL MISCELLANEOUS				233,900	233,900	233,900
TRANSFERS IN									
25,000	0	0	6900-20	Transfers In - Street			0	0	0
0	0	70,000	6900-25	Transfers In - Airport 2nd 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
4,555,368	4,357,530	4,353,150	6900-75	Transfers In - Wastewater Services Transfer from the Wastewater Services Fund for debt service, capital improvements per 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. OECDD Water/Wastewater Fund Loan was retired in 2009 - 2010.			3,888,564	3,888,564	3,888,564
			Description	Units	Amt/Unit	Total			
			2004 Sewer Revenue Bond Refunding - debt service	1	2,938,564	2,938,564			
			Wastewater Capital Replacement - annual ratepayer contribution	1	450,000	450,000			
			Wastewater Capital Reserve - annual ratepayer contribution	1	500,000	500,000			
4,580,368	4,357,530	4,423,150	TOTAL TRANSFERS IN				3,958,564	3,958,564	3,958,564
18,662,920	19,625,589	20,843,450	TOTAL RESOURCES				20,046,344	20,046,344	19,784,844

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2008 ACTUAL	2009 ACTUAL	2010 AMENDED BUDGET	Department :N/A Section :N/A Program :N/A			2011 PROPOSED BUDGET	2011 APPROVED BUDGET	2011 ADOPTED BUDGET
REQUIREMENTS								
MATERIALS AND SERVICES								
2,356	3,127	57,680	7750	Professional Services		20,000	20,000	20,000
				Description	Units	Amt/Unit	Total	
				Audit fee allocation	1	9,750	9,750	
				Miscellaneous professional services	1	10,250	10,250	
400	400	0	7750-57	Professional Services - Financing Administration		400	400	400
167,651	0	16,000	7760-25	Professional Svcs - Plan/Study - Collection System Facility Plan		0	0	0
173,227	0	26,500	7760-30	Professional Svcs - Plan/Study - WRF Expansion Predesign		0	0	0
91,715	12,598	0	7760-35	Professional Svcs - Plan/Study - Storm Drain Master Plan		0	0	0
0	0	425,000	7770-37	Professional Services - Projects - WRF Expansion Design		75,000	75,000	75,000
				Engineering services for the design of the expansion of the Water Reclamation Facility.				
5,359	0	0	7770-42	Professional Services - Projects - WRF Telemetry Upgrade		0	0	0
0	0	200,000	7770-57	Professional Services - Projects - I&I Reduction Design		100,000	100,000	110,000
				Engineering services for the design and contract documents for the Inflow and Infiltration (I&I) Reduction Projects.				
0	0	60,000	7770-58	Professional Services - Projects - Michelbook Basin		0	0	0
1,673	2,384	2,500	8230	Private Sewer Lateral Reimburse		5,000	5,000	5,000
				Private Sewer Lateral Repair Incentive Program - maximum of \$250 per private lateral repair completed within 90 days of Notice of Defect.				
0	0	160,000	8240-10	Private Sewer Lateral Loans - Low Income Loans		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.				
442,380	18,509	947,680	TOTAL MATERIALS AND SERVICES			360,400	360,400	370,400
CAPITAL OUTLAY								
25,939	0	0	8810-25	Building Construction - Telemetry Upgrade		0	0	0
67,626	0	0	9120-20	Sewer Construction - 3rd Street Separation Project		0	0	0
0	105,983	2,500,000	9120-25	Sewer Construction - I&I Reduction Projects		3,900,000	3,900,000	3,610,000
				Sewer rehabilitation and reconstruction at various locations around the City to address inflow and infiltration (I&I).				
0	0	550,000	9120-30	Sewer Construction - Michelbook Basin		0	0	0
0	0	0	9120-35	Sewer Construction - Secondary Treatment Modification		125,000	125,000	125,000
				Facility improvements to increase flow capacity.				

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12,975	0	25,000	9150-10	Developer Reimbursement - Sanitary Sewer 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
106,540	105,983	3,075,000	TOTAL CAPITAL OUTLAY				4,050,000	4,050,000	3,760,000	
DEBT SERVICE										
402,456	425,998	444,727	9500-05	2000 Water/Wastewater Fund Loan - Principal - Dec 1 Budget Note: Oregon Economic and Community Development Department (OECDD) Water/Wastewater Fund (W/WWF) Loan repaid December 2010.				0	0	0
66,842	45,713	23,349	9500-10	2000 Water/Wastewater Fund Loan - Interest - Dec 1				0	0	0
2,205,000	2,315,000	2,430,000	9510-05	2004 Sewer Refunding Bond - Principal - Feb 1 2004 Sewer Refunding Bond annual principal replaces 1994 Sewer Revenue Bond and 1993 OECDD Special Public Works Fund (SPWF) Loan annual principal - 7th year principal payment on 10-year refunding bonds due February 1, 2011.				2,555,000	2,555,000	2,555,000
365,531	310,406	252,532	9510-10	2004 Sewer Refunding Bond - Interest - Aug 1 2004 Sewer Refunding Bond semi-annual interest replaces 1994 Sewer Revenue Bond and 1993 OECDD SPWF Loan annual interest - 7th year semi-annual interest payment on 10-year refunding bonds due August 1, 2010.				191,782	191,782	191,782
365,531	310,406	252,532	9510-15	2004 Sewer Refunding Bond - Interest - Feb 1 2004 Sewer Refunding Bond semi-annual interest replaces 1994 Sewer Revenue Bond and 1993 OECDD SPWF Loan annual interest - 7th year semi-annual interest payment on 10-year refunding bonds due February 1, 2011.				191,782	191,782	191,782
3,405,361	3,407,524	3,403,140	TOTAL DEBT SERVICE				2,938,564	2,938,564	2,938,564	
TRANSFERS OUT										
115,033	122,102	137,701	9700-01	Transfers Out - General Fund				148,603	148,603	147,202
				Description	Units	Amt/Unit	Total			
				Engineering, Admin, & Finance personal services support transfer	1	136,902	136,902			
				Wastewater Capital Fund support of Engineering operations	1	10,300	10,300			
0	350,000	0	9700-25	Transfers Out - Airport Maintenance				0	0	0
115,033	472,102	137,701	TOTAL TRANSFERS OUT				148,603	148,603	147,202	
CONTINGENCIES										
0	0	500,000	9800	Contingencies				500,000	500,000	500,000
0	0	500,000	TOTAL CONTINGENCIES				500,000	500,000	500,000	

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ENDING FUND BALANCE						
275,000	275,000	275,000	9977-05 Designated End FB - WW Cap Fd - OECD W/WWF Loan	0	0	0
1,225,000	1,225,000	1,225,000	9977-10 Designated End FB - WW Cap Fd - 2004 RB Refunding Designated cash carryover for 2004 Sewer Refunding Bonds: 1,120,000 5 months saved toward February 1, 2012 annual principal 105,000 5 months saved toward August 1, 2011 semi-annual interest	1,225,000	1,225,000	1,225,000
2,805,000	3,591,000	4,381,000	9977-15 Designated End FB - WW Cap Fd - Wastewater Capital Reserve Designated cash carryover reserved for future capital construction. The amount at June 30, 2011 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.	5,168,000	5,168,000	5,168,000
10,288,607	10,530,471	6,898,929	9999 Unappropriated Ending Fd Balance Budgeted undesignated cash carryover for July 1, 2011. Actual cash carryover will also include all remaining money from the Contingency account and the excess (deficit) of revenues over (under) expenditures from 2010-2011 operations.	5,655,777	5,655,777	5,675,678
14,593,607	15,621,471	12,779,929	TOTAL ENDING FUND BALANCE	12,048,777	12,048,777	12,068,678
18,662,921	19,625,588	20,843,450	TOTAL REQUIREMENTS	20,046,344	20,046,344	19,784,844

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18,662,920	19,625,589	20,843,450	TOTAL RESOURCES	20,046,344	20,046,344	19,784,844
18,662,921	19,625,589	20,843,450	TOTAL REQUIREMENTS	20,046,344	20,046,344	19,784,844