

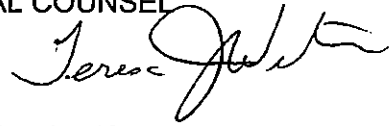
AGENDA COVER MEMO

AGENDA DATE: June 1, 2005
Memorandum Date: May 17, 2005

TO: LANE COUNTY BOARD OF COMMISSIONERS

DEPARTMENT: LANE COUNTY OFFICE OF LEGAL COUNSEL

PRESENTED BY: Teresa J. Wilson, County Counsel



AGENDA ITEM TITLE: 1. **Second Reading and Public Hearing/Ordinance No. 1-05/In** the Matter of Creating the Metropolitan Wastewater Management Commission as an Intergovernmental Entity, Declaring an Emergency and Providing an Immediate Effective Date

2. **Public Hearing and Order No. _____/In** the Matter of Approving the Issuance of Revenue Bonds by the Metropolitan Wastewater Management Commission and Setting an Effective Date

I. MOTION:

1. I MOVE TO ENACT ORDINANCE NO. 1-05/IN THE MATTER OF CREATING THE METROPOLITAN WASTEWATER MANAGEMENT COMMISSION AS AN INTERGOVERNMENTAL ENTITY, DECLARING AN EMERGENCY AND PROVIDING AN IMMEDIATE EFFECTIVE DATE

2. I MOVE TO APPROVE THE ISSUANCE OF REVENUE BONDS UP TO \$100 MILLION BY THE METROPOLITAN WASTEWATER MANAGEMENT COMMISSION

II. AGENDA ITEM SUMMARY

There are two items before the Board on June 1.

1. Conducting the second reading and public hearing on the Metropolitan Wastewater Management Commission (MWMC) intergovernmental agreement (IGA) modifications, and authorizing the County Administrator to execute the IGA.

2. Conducting the public hearing and authorizing MWMC to issue up to \$100 million in revenue bonds.

The Board has already received a packet on the first matter. This packet will address more directly the matter of approval of issuance of the revenue bonds.

III. BACKGROUND/IMPLICATIONS OF ACTION

A. Board Action and Other History

Most of the history and analysis is addressed by the Agenda Cover Memo and attachments provided to the Board on May 18 regarding the Ordinance. Concisely, in 2004, MWMC and the three Governing Bodies adopted a regional wastewater Facilities Plan, which included capital projects with an estimated cost of \$144 million in 2004 dollars. Roughly \$105 million of those projects are scheduled for design and construction within the first 5 years. The Plan included a financing strategy, which relies on revenue bonds to fund a significant portion of the improvements. More specific detail related to the revenue bonds is contained in the April 18 City of Springfield Agenda Item Summary regarding the revenue bonds, a copy of which is attached.

B. Policy Issues

The primary policy issue is whether the Board is willing to give MWMC the necessary authority to proceed with its adopted plans for financing the Facilities Plan projects for the next 5 years. MWMC intends to issue up to \$100 million in bonds over the next 5 years, with the first issuance of about \$35 million scheduled to occur in September, 2005. Subsequent issuances would occur over the remainder of the five year period.

C. Board Goals

This proposal is consistent with the Board's Strategic Plan Goals (2001-2005), specifically with the overall goal relating to appropriate community development. There the Board provided that one of its overall goals is: "Contribute to **appropriate community development** in the areas of transportation and telecommunications infrastructure, housing, growth management, and land development." The MWMC proposal is designed to position the entity to be able to move forward with its adopted Facilities Plan and to obtain the necessary financing, while addressing the object of accountability back to the governing bodies.

D. Financial and/or Resource Considerations

See discussion in the attached Springfield Agenda Item Summary. The planned bond sale has been included in MWMC's user rate-setting assumptions since 2004, and will require a 6% increase in regional sewer user fees for FY 2005-06. MWMC indicates that if it fails to issue bonds and must rely on user fee revenues to support the capital improvements, the rate increase required would be about 65% for FY 2005-06.

E. Analysis

See discussions in the attached Springfield Agenda Item Summary. The Oregon statutes allow intergovernmental entities such as MWMC to issue revenue bonds if the parties to the intergovernmental agreement approve the issuance after a public hearing.

The Board will need to hold the public hearing on the question of whether they should authorize MWMC to proceed with the revenue bond.

F. Alternatives/Options

1. The Board could choose to only approve \$35 million in bonds which MWMC seeks to issue in September. The implication is that MWMC would then need to return for approval at a later date for additional authority for the remaining anticipated \$65 million of bonds needed. This introduces the potential of conflicting approvals/denials among the three governing bodies, which is not in the best interest of MWMC's seeking a favorable bond rating.
2. The Board could choose to approve the issuance of the \$100 million of revenue bonds, as recommended by MWMC

IV. TIMING/IMPLEMENTATION

See discussions in the attached Springfield Agenda Item Summary

V. RECOMMENDATION

The Finance and Audit Committee did not specifically address this aspect of the proposed MWMC request. However, in light of its recommendation regarding the IGA, it is would be consistent to also authorize issuance of the full \$100 million of revenue bonds.

VI. FOLLOW-UP

After the three Governing Bodies all approve their IGA ordinances and bond approval resolutions or orders, MWMC will adopt a resolution and publish notice pursuant to ORS 288.805 to 288.945. Sixty days after MWMC publishes the notice MWMC will be authorized to sell bonds, if the citizens do not refer the question of issuing the bonds to the voters.

VII. ATTACHMENTS

April 18 Springfield City Council Agenda Item Summary – re: Authorize the MWMC to Issue Revenue Bonds
Order - In the Matter of Approving the Issuance of Revenue Bonds by the Metropolitan Wastewater Management Commission and Setting an Effective Date

AGENDA ITEM SUMMARY

Meeting Date: April 18, 2005
Meeting Type: Regular Session
Department: Public Works *SW*
Staff Contact: Susie Smith *SS*
Staff Phone No.: 726-3697
Estimated Time: 10 minutes

**SPRINGFIELD
CITY COUNCIL**

ITEM TITLE:	PROPOSAL TO AUTHORIZE THE METROPOLITAN WASTEWATER MANAGEMENT COMMISSION (MWMC) TO ISSUE REVENUE BONDS.
ACTION REQUESTED:	The City Council is requested to conduct a public hearing, discuss the proposed resolution authorizing the MWMC to issue revenue bonds, and have a first reading of a RESOLUTION OF THE CITY OF SPRINGFIELD COMMON COUNCIL APPROVING THE ISSUANCE OF REVENUE BONDS BY THE METROPOLITAN WASTEWATER MANAGEMENT COMMISSION; AND PROVIDING AN EFFECTIVE DATE.
ISSUE STATEMENT:	The MWMC seeks to issue revenue bonds to provide funding for construction of regional wastewater facilities improvements at the lowest possible cost to current and future sewer customers. Oregon statutes allow intergovernmental entities (such as MWMC) to issue revenue bonds if the parties to the intergovernmental agreement approve the issuance of revenue bonds after a public hearing.
ATTACHMENTS:	Attachment A: Council Briefing Memorandum Attachment B: Resolution
DISCUSSION/ FINANCIAL IMPACT:	<p>In 2004, MWMC, the Springfield and Eugene City Councils, and the Lane County Commissioners adopted the MWMC Facilities Plan and 20-Year Project List. The Plan includes capital projects with an estimated cost of \$144,000,000 (in 2004 dollars) needed to meet the sewage treatment needs of the Eugene-Springfield metropolitan area through 2025. The Plan also includes a cost-effective financing strategy, which relies on revenue bonds to fund significant portions of the facilities improvements. MWMC intends to issue up to \$100,000,000 in bonds over the next five years, with the first issuance of about \$35,000,000 scheduled to occur in September, 2005.</p> <p>This planned bond sale has been included in MWMC's user rate-setting assumptions since 2004, and will require a 6% increase on the regional (MWMC) sewer user fees for fiscal year (FY) 2005-06. Alternatively, if the MWMC fails to issue bonds and must rely on user fee revenues to support the capital improvements, the rate increase required would be about 65% for FY 05-06. A public hearing to review the resolution authorizing MWMC to issue bonds is scheduled for April 18, 2005. Timely public notice has been provided in the Springfield News and the Register Guard. The Council is scheduled to take action on this matter on May 2, 2005.</p>

MEMORANDUM

City of Springfield

Date: April 13, 2005
To: Mike Kelly, City Manager **COUNCIL**
From: Susie Smith, Environmental Services Manager *SS* **BRIEFING**
Dan Brown, Public Works Director *DB*
Subject: Metropolitan Wastewater Management Commission **MEMORANDUM**
(MWMC)—Revenue Bond Authorization

ISSUE:

The MWMC seeks to issue revenue bonds to fund construction of regional wastewater facilities improvements at the lowest possible cost to current and future sewer customers. This financing strategy is consistent with the 2004 MWMC Facilities Plan (Facilities Plan), which was adopted by the governing bodies of Springfield, Eugene and Lane County (Governing Bodies) in June, 2004. Oregon statutes allow intergovernmental entities (such as MWMC) to issue revenue bonds if the parties to the intergovernmental agreement authorize the issuance by adopting a resolution following a public hearing. The Springfield City Council is scheduled to conduct the required public hearing on April 18, 2005.

BACKGROUND AND DISCUSSION:

In 2004, MWMC and the three Governing Bodies adopted a regional wastewater Facilities Plan, which includes capital projects with an estimated cost of \$144,000,000 (in 2004 dollars) necessary to meet the sewage treatment needs of the Eugene-Springfield metropolitan area through the year 2025. Approximately \$105,000,000 of capital projects are scheduled for design and construction within the first five years. Although MWMC currently enjoys the position of being debt-free, its cash-on-hand (i.e. capital reserves) and revenues from user rates and system development charges (SDCs) are insufficient to fund the magnitude of this capital improvement program (CIP).

In 2002, MWMC anticipated this capital funding need, and conducted an evaluation of MWMC's financial policies and funding strategies. The evaluation resulted in adoption of the 2003 MWMC Financial Plan, which includes financial planning and asset management policies, along with preferred capital funding strategies. The Financial Plan and the Facilities Plan reflect the strategy to fund the CIP in part by issuing revenue bonds. This industry standard, fiscally prudent approach will enable MWMC to meet financial planning objectives that are consistent with the intent of the MWMC intergovernmental agreement (IGA).

MWMC has contracted with a professional Financial Advisor and Bond Counsel to review the MWMC IGA and the Commission's financial policies, and to provide guidance in moving forward with long-term borrowing. This review has resulted in two significant actions that are currently before the Governing Bodies for consideration. First, in order to enable MWMC to issue revenue bonds, the IGA needed updating and expanding to include language necessary to meet bond sales covenants and Oregon's statutory requirements (ORS 190.080(1)) for intergovernmental entities that issue revenue bonds. The updated IGA is currently under review by the Governing Bodies as a separate matter.

Second, the statutory requirements guiding issuance of bonds under the Uniform Revenue Bond

of up to \$100,000,000 of revenue bonds to finance regional sewerage facilities pursuant to ORS 190.080(1)(a) and ORS 288.805 to 288.945. By adoption of this Resolution, the City Council hereby approves of the issuance of up to \$100,000,000 of revenue bonds by the Metropolitan Wastewater Management Commission pursuant to ORS 190.080(1)(a) and ORS 288.805 to 288.945 to finance regional sewerage facilities.

Section 2. Effective Date. This Resolution shall become effective immediately upon its adoption, or on the date that the Intergovernmental Agreement referred to in Finding E above takes effect, whichever is later.

Adopted by the Common Council of the City of Springfield the ____ day of _____, 2005.

ATTEST: _____
Amy Sowa, City Recorder

REVIEWED & APPROVED
AS TO FORM


DATE: 4/12/05
OFFICE OF CITY ATTORNEY

RECOMMENDED ACTION:

According to Bond Counsel, prior to issuance of revenue bonds by MWMC, the Governing Bodies must first approve the issuance by adopting a resolution following a public hearing. Timely notice of such a public hearing, scheduled for April 18th, was provided in the Springfield News and the Register Guard. Therefore, it is recommended that the Springfield City Council conduct a public hearing to review the proposed resolution, which is included as Attachment B of the Agenda Item Summary. Council action on this matter is currently scheduled for May 2, 2005.

The Eugene City Council is scheduled to conduct a public hearing on this matter on May 9, and is scheduled to take action on May 23, 2005. This matter also has been forwarded to Lane County for consideration, and we anticipate that the Board of Commissioners will conduct a public hearing and take action in the near future.

IN THE BOARD OF COUNTY COMMISSIONERS
OF LANE COUNTY, OREGON

ORDER NO. 05-6-1-) IN THE MATTER OF APPROVING THE ISSUANCE
) OF REVENUE BONDS BY THE METROPOLITAN
) WASTEWATER MANAGEMENT COMMISSION
) AND SETTING AN EFFECTIVE DATE

WHEREAS, pursuant to ORS Chapter 190, Lane County and the Cities of Eugene and Springfield (Governing Bodies) entered into an intergovernmental agreement (Agreement) on February 9, 1977 establishing the Metropolitan Wastewater Management Commission (MWWMC) to construct, operate and maintain Regional Sewerage Facilities to service the Eugene-Springfield Metropolitan area (Metro Area), and

WHEREAS, the original Regional Sewerage Facilities were constructed in the early 1980's with a planned design capacity to serve the Metro Area through 2004, and

WHEREAS, the Commission and the Governing Bodies have approved the 2004 MWWMC Facilities Plan and the 20-year Project List, which includes capital projects with an estimated cost of \$144,000,000 (in 2004 dollars) necessary to meet the sewage needs of the Metro Area through the year 2025, and

WHEREAS, the Commission and its financial advisor conducted an evaluation of funding options, and concluded that revenue bonds are the best available financing tool and that approximately \$100,000,000 in revenue bonds should be issued between 2005 and 2010 to fund the capital projects on the 20-year Project, List, and

WHEREAS, pursuant to Ordinance No. 1-05 adopted on this same date, Lane County adopted a restated and amended intergovernmental agreement that, in part, created the Metropolitan Wastewater Commission as an intergovernmental entity pursuant to the provisions of ORS 190.010 and ORS 190.085, and

WHEREAS, ORS 190.080(1) provides that intergovernmental entities may issue revenue bonds if the parties to the agreement approve the issuance of the revenue bonds after a public hearing, and

WHEREAS, Lane County and the Cities of Eugene and Springfield desire to authorize the Metropolitan Wastewater Management Commission to issue revenue bonds under ORS 288.805 to 288.945

NOW, THEREFORE IT IS HEREBY ORDERED as follows:

1. A public hearing was held before the Lane County Board of Commissioners on June 1 regarding the issuance by the Metropolitan Wastewater Management Commission of up to \$100,000,000 of revenue bonds to finance regional sewerage facilities pursuant to ORS 190.080(1)(a) and ORS 288.805 to 288.945, and comments have been duly considered.

2. By adoption of this Order, the Board of Commissioners hereby approves the issuance of up to \$100,000,000 by the Metropolitan Wastewater Management Commission

pursuant to ORS 190.080(1)(a) and ORS 288.805 to 288.945 to finance regional sewerage facilities.

3. This Order shall become effective immediately upon its adoption, or on the date that the Intergovernmental Agreement referred to in Ordinance 1-05 above takes effect, whichever is later.

DATED this ____ day of June, 2005.

Chair, Lane County Board of
Commissioners

APPROVED AS TO FORM

Date 5/17/05 Lane County

Jesse Miller
OFFICE OF LEGAL COUNSEL