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May 7, 2007

Mr. Bill VanVactor, County Administrator
Lane County
125 E. 8th Street
Eugene, OR 97401

Subject: Metropolitan Wastewater Management Commission (MWMC)
FY 07-08 Regional Wastewater Program (RWP) Budget and
Capital Improvements Program (CIP)

Dear Mr. VanVactor:

On April 19th, the MWMC held a public hearing on the FY 07-08 Regional Wastewater Program (RWP) Budget and Capital Improvements Program (CIP). At this meeting, the FY 07-08 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 Board of Commissioners for their consideration on May 23, 2007. If I can be of any additional assistance, please contact me at 726-3697.

Thank you for your consideration and assistance in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Susan L. Smith".

Susan L. Smith
MWMC General Manager

RECEIVED

MAY 09 2007

LANE COUNTY
BOARD OF COMMISSIONERS

REGIONAL WASTEWATER PROGRAM

BUDGET

and

CAPITAL IMPROVEMENTS PROGRAM

FY 07-08

The Metropolitan Wastewater Management Commission adopted its Operating Budget and Capital Improvements Program (CIP) for FY 07-08 _____. The Budget and CIP were ratified by the Springfield City Council on _____ the Lane County Board of Commissioners on, _____, and the Eugene City Council, _____. The Commission gave final ratification to the budget and CIP on June 21, 2007.

COMMISSION MEMBERS:

Doug Keeler, President (Springfield)
Faye Stewart, Vice-President (Lane County)

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Bill Inge (Lane County)
Hilary Loud, (Eugene)
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Terry Gould (Eugene)

STAFF:

Dan E. Brown, MWMC Executive Officer/Springfield Public Works Director
Susie Smith, MWMC General Manager/Springfield Environmental Services Manager
Peter Ruffier, Eugene Wastewater Division Director
Robert Duey, MWMC Finance Officer/Springfield Finance Director

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION
PROPOSED FY 07-08 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) 2007-08. 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 adopted 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 increased capacity will be provided to meet the needs of a growing service area. The one- and five-year CIP, which are included in this budget document, have been derived from the MWMC Facilities Plan, which was adopted by MWMC and the Eugene, Springfield and Lane County governing bodies in 2004. The budgeted amount for FY 07-08 Facilities Plan projects total \$76,226,346. The FY 07-08 CIP also includes Major Rehabilitation and Equipment Replacement capital projects, budgeted at \$270,000 and \$486,534, respectively. For FY 07-08, the combination of new projects and continuing projects carried forward from FY 06-07 results in a total CIP budget of \$76,982,880.

The FY 07-08 RWP Operating Budget for Personnel Services, Materials and Services and Capital Outlay expense is proposed at \$13,773,806. Consistent with the Commission's Financial Plan and policies, the FY 07-08 includes budgeted contributions to several reserves totaling \$4,696,823. Finally, the FY 07-08 budget includes debt service payments totaling \$3,702,088 as scheduled for repayment of \$50 million of revenue bonds issued in November 2006, 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 07-08, user fee revenues (including septage service) are projected at \$19,089,000. This level of revenue is projected based on an .8% 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. Revenues from SDCs are projected at \$1,770,000, which incorporate a 4.2% inflationary factor.

In summary, the proposed FY 07-08 budget funds operations and administration sufficiently to maintain existing levels of service, and to meet the environmental 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.

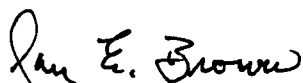
**REGIONAL WASTEWATER PROGRAM
RESOURCE AND EXPENDITURE SUMMARY**

	BUDGET 2006-07	AMENDED 2006-07	PROPOSED 2007-08
RESOURCES			
User Fees	\$17,274,000	\$17,274,000	\$19,089,000
Beginning Cash	31,942,202	30,713,811	71,570,063
Internal Transfers	7,829,646	3,829,646	41,947,127
System Development Charge	1,868,800	1,868,800	1,770,000
Interest	1,177,113	1,177,113	2,023,000
Revenue Bond Proceeds	40,000,000	50,000,000	50,000,000
Miscellaneous	44,615	548,614	892,635
	\$100,136,376	\$105,411,984	\$187,291,825
EXPENDITURES			
Reserves	\$25,314,154	\$31,844,058	\$50,876,779
Operations	9,659,696	9,738,318	10,026,097
Internal Transfers	7,829,646	3,829,646	41,956,272 *
CIP	51,721,611	54,465,324	76,982,880 **
Bond Sale Expense	762,500	762,500	0
Debt Service	1,473,431	1,200,000	3,702,088
Administration	3,375,338	3,572,138	3,747,709
	\$100,136,376	\$105,411,984	\$187,291,825

* Includes three equipment replacement contributions totaling \$696,823 and a Capital Reserve contribution of \$4,000,000.

** 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.

Respectfully submitted,



Dan E. Brown,
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 30 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 is effective, efficient, and meets 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 07-08 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 its relation to Willamette River water quality.*

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 07-08 RWP Operating Budget, Capital Improvements Program and associated work plans.

Outcome 1: *Achieve and maintain high environmental standards.*

Indicators:	Performance:		
	FY 05-06 Actual	FY 06-07 Estimated Actual	FY 07-08 Target
• Number of controlled wet weather overflows	4	2	0
• Number of NPDES permit effluent limit violations	1	2	0
• Biosolids quality - all regulated contaminants	<50% EPA	<50% EPA	<50% EPA
• Amount of recycled and reclaimed wastewater beneficially reused (million gallons)	936	875	900

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

Indicators:	Performance:		
	FY 05-06 Actual	FY 06-07 Estimated Actual	FY 07-08 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

Outcome 3: *Achieve and maintain a successful intergovernmental partnership.*

Indicators:	Performance:		
	FY 05-06 Actual	FY 06-07 Estimated Actual	FY 07-08 Target
• Model Pretreatment Ordinance - developed and adopted regionally (MWMC); implemented by two cities	Successful update	Evaluated, no update needed	Update Scheduled
• Wet Weather Flow Management Plan - developed and adopted regionally (MWMC); implemented by two cities	Scheduled Implementation Completed	Scheduled Implementation Completed	Update Scheduled
• Conflicts referred to governing bodies for resolution	0	0	0

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

Indicators:	Performance:		
	FY 05-06 Actual	FY 06-07 Estimated Actual	FY 07-08 Target
• Percent of scheduled preventative maintenance completed	87%	85%	85%
• Percent of planned maintenance work complete	96%	90%	90%
• Maintain infrastructure in good to excellent condition (rating scale 0 to 5, with 5 being excellent)	No Assessment scheduled for FY 05-06	No Assessment scheduled for FY 06-07	Conduct scheduled maintenance. Assessment in FY 07-08

Outcome 5: Achieve and maintain public awareness and understanding of MWMC, the regional wastewater system and its relationship to Willamette River water quality.

Indicators:	Performance:		
	FY 05-06 Actual	FY 06-07 Estimated Actual	FY 07-08 Target
• MWMC Annual Report	Deferred to FY 05-06	Produced	Produced
• Updated MWMC Informational Brochures	--	Partial Completion of Portfolio	Complete Portfolio
• Public Information Program for WPCF expansion/upgrades	N/A	Materials Developed	Implement Program

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 75.42 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 19.25 FTE of Public Works Department staff and 1.0 FTE of Finance Department staff, as reflected in the adopted FY 07-08 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" (ILOT). Because the bond debt has been fully repaid, property tax assessments and ILOT payments are no longer being assessed.

Interagency Coordination

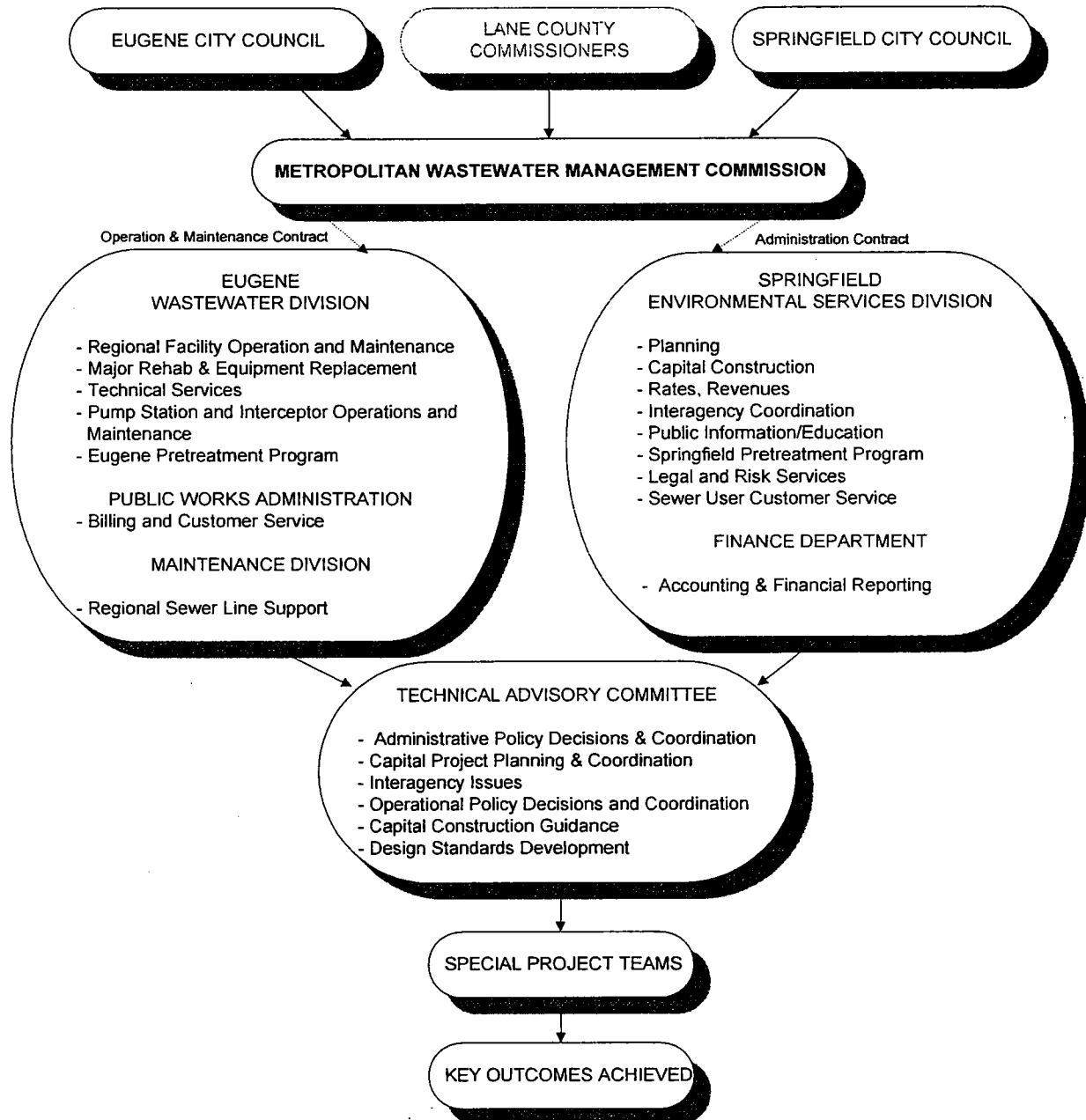
The effectiveness of MWMC and the RWP depends on extensive coordination, especially between Springfield and Eugene staff, who provide ongoing program support. This coordination occurs in several ways. The Springfield ESD/MWMC General Manager and the Eugene Wastewater Division Director coordinate regularly 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, the interagency Technical Advisory Committee (TAC) and project teams provide input to ongoing MWMC administration issues and ad hoc project needs. These committees rely on support from staff throughout the partner agency organizations, primarily from the Eugene and Springfield Public Works Departments.

Exhibit 1 on the following page reflects the interagency coordination structure supporting the RWP. The TAC supports ongoing MWMC policy and coordination issues, and is coordinated by Springfield. 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 07-08 BUDGET

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 11. Finally, Exhibit 4 on page 12 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 06-07" column in all budget tables represents the updated FY 06-07 RWP budget as of January 18, 2007, which reconciled actual beginning balances at July 1, 2006, and approved budget transfers and supplemental requests.

EXHIBIT 2

REGIONAL OPERATING BUDGET SUMMARY: INCLUDING RESERVE CONTRIBUTIONS

	ADOPTED BUDGET FY 06-07	AMENDED BUDGET FY 06-07	PROPOSED BUDGET FY 07-08	CHANGE (1) INCR/(DECR)	
FTE	93.57	93.57	95.67	2.10	
Personnel Services (2)	\$7,687,904	\$7,687,904	\$8,089,011	\$401,107	5%
Materials & Services (2)	5,261,130	5,536,552	5,630,295	369,165	7%
Capital Outlay (2,3)	86,000	86,000	54,500	(31,500)	-37%
Equip Replacement Contr (4)	603,077	603,077	696,823	93,746	16%
Capital Reserve Contr (5)	3,226,569	3,226,569	4,000,000	773,431	24%
Working Capital Reserve (6)	700,000	700,000	900,000	200,000	29%
Rate Stability Reserve Contr (7)	1,650,405	1,350,405	2,402,056	751,651	46%
Operating Reserve (8)	1,363,243	1,433,190	1,375,000	11,757	1%
Revenue Bond Reserve (9)	4,000,000	0	0	(4,000,000)	NA
Debt Service (10)	1,473,431	1,200,000	1,234,029	(239,402)	-16%
Rate Stabilization Reserve Contr (11)	0	2,000,000	0	0	NA
Budget Summary	\$26,051,759	\$23,823,697	\$24,381,714	(\$1,670,045)	-6%

Notes:

1. The Change column and Percent Change column compare the adopted FY 07-08 budget with the originally Adopted FY 06-07 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 21 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 page 23 for year-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 20 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 Revenue Bond Reserve was established in FY 05-06 to recognize and record reserves required by revenue bond covenants. This reserve was eliminated during FY 06-07 because bond insurance was purchased in-lieu-of retaining funds in a bond reserve.
10. The Debt Service line item is the sum of annual interest and principal payments on the Revenue Bonds made from the Operating Budget (derived from user rates). The total amount of debt service budgeted in FY 07-08 is \$3,702,088, the balance of which is budgeted from SDCs.
11. The Rate Stabilization Reserve is a result of the 2006 MWMC Revenue Bond Declaration and Covenants. It holds a one-time contribution, which is available if needed, to ensure debt service payments can be made.

EXHIBIT 3

REGIONAL WASTEWATER PROGRAM OPERATING BUDGET
LINE ITEM SUMMARY BY PROGRAM AREA

	ACTUAL FY 05-06	ADOPTED BUDGET FY 06-07	AMENDED BUDGET FY 06-07	PROPOSED BUDGET FY 07-08	CHANGE INCR/(DECR)	
SPRINGFIELD						
MWMC ADMINISTRATION						
Personnel Services	\$675,617	\$1,302,927	\$1,302,927	\$1,465,007	\$162,080	12%
Materials & Services	1,444,863	1,677,075	1,873,875	1,899,057	221,982	13%
Capital Outlay	27,538	0	0	0	0	NA
TOTAL	\$2,148,019	\$2,980,002	\$3,176,802	\$3,364,064	\$384,062	13%
INDUSTRIAL PRETREATMENT						
Personnel Services	\$165,543	\$193,519	\$193,519	\$183,034	(\$10,485)	-5%
Materials & Services	74,173	77,748	77,748	79,899	2,151	3%
Capital Outlay	239,716	0	0	0	0	NA
TOTAL	\$479,432	\$271,267	\$271,267	\$262,933	(\$8,334)	-3%
ACCOUNTING						
Personnel Services	\$74,632	\$79,092	\$79,092	\$79,980	\$888	1%
Materials & Services	19,040	44,977	44,977	40,732	(4,245)	-9%
Capital Outlay	93,672	0	0	0	0	NA
TOTAL	\$187,344	\$124,069	\$124,069	\$120,712	(\$3,357)	-3%
TOTAL SPRINGFIELD						
Personnel Services	\$915,792	\$1,575,538	\$1,575,538	\$1,728,021	\$152,483	10%
Materials & Services	1,538,076	1,799,800	1,996,600	2,019,688	219,888	12%
Capital Outlay	360,927	0	0	0	0	NA
TOTAL	\$2,814,795	\$3,375,338	\$3,572,138	\$3,747,709	\$372,371	11%
EUGENE						
ADMINISTRATIVE SERVICES						
Personnel Services	\$976,780	\$1,192,727	\$1,192,727	\$1,342,162	149,435	13%
Materials & Services	512,946	486,848	486,848	613,520	126,672	26%
Capital Outlay	0	0	0	0	0	NA
TOTAL	\$1,489,726	\$1,679,575	\$1,679,575	\$1,955,682	\$276,107	16%
BIOSOLIDS MANAGEMENT						
Personnel Services	\$837,714	\$1,067,930	\$1,067,930	\$1,046,855	(\$21,075)	-2%
Materials & Services	603,843	659,971	665,171	705,441	45,470	7%
Capital Outlay	19,007	0	0	54,500	54,500	NA
TOTAL	\$1,460,564	\$1,727,901	\$1,733,101	\$1,806,796	\$78,895	5%
INDUSTRIAL SOURCE CONTROL						
Personnel Services	\$367,441	\$393,175	\$393,175	\$395,488	\$2,313	1%
Materials & Services	95,632	91,109	91,109	95,526	4,417	5%
Capital Outlay	0	0	0	0	0	NA
TOTAL	\$463,073	\$484,284	\$484,284	\$491,014	\$6,730	1%
TREATMENT PLANT						
Personnel Services	\$3,276,452	\$3,272,068	\$3,272,068	\$3,347,441	\$75,373	2%
Materials & Services	1,878,201	1,956,875	2,030,297	1,900,684	(56,191)	-3%
Capital Outlay	67,674	86,000	86,000	0	(86,000)	NA
TOTAL	\$5,222,327	\$5,314,943	\$5,388,365	\$5,248,125	(\$66,818)	-1%
REGIONAL PUMP STATIONS						
Personnel Services	\$70,631	\$52,898	\$52,898	\$93,841	\$40,943	77%
Materials & Services	241,187	204,939	204,939	237,814	32,875	16%
Capital Outlay	6,405	0	0	0	0	NA
TOTAL	\$318,223	\$257,837	\$257,837	\$331,655	\$73,818	29%
SEASONAL INDUSTRIAL WASTE FACILITY						
Personnel Services	\$111,211	\$133,568	\$133,568	\$135,203	\$1,635	1%
Materials & Services	53,164	61,588	61,588	57,622	(\$3,966)	-6%
Capital Outlay	0	0	0	0	\$0	NA
TOTAL	\$164,375	\$195,156	\$195,156	\$192,825	(\$2,331)	-1%
TOTAL EUGENE						
Personnel Services	\$5,640,229	\$6,112,366	\$6,112,366	\$6,360,990	\$248,624	4%
Materials & Services	3,384,973	3,461,330	3,539,952	3,610,607	149,277	4%
Capital Outlay	93,086	86,000	86,000	54,500	(31,500)	-37%
TOTAL	\$9,118,288	\$9,659,696	\$9,738,318	\$10,026,097	\$366,401	4%
TOTAL REGIONAL BUDGET						
		\$13,035,034		\$13,773,806	\$738,772	

EXHIBIT 4
REGIONAL WASTEWATER PROGRAM
BUDGET SUMMARY AND COMPARISON

		ADOPTED BUDGET FY 06-07	AMENDED BUDGET FY 06-07		PROPOSED BUDGET FY 07-08	CHANGE * INC(DEC)
OPERATING BUDGET	FTE			FTE		
Administration	20.15	\$3,375,338	\$3,572,138	20.25	\$3,741,709	\$366,371
Operations	70.36	9,659,696	9,738,318	75.42	10,026,097	366,401
Capital Contribution		3,226,569	3,226,569		4,000,000	773,431
Equip Repl - Contribution		603,077	603,078		696,823	93,746
Operating & Revenue Bond Reserves		8,303,648	5,286,795		8,336,606	32,958
Debt Service		1,473,431	1,200,000		1,234,029	(239,402)
Total Operating Budget	90.51	\$26,641,759	\$23,626,898	95.67	\$28,035,264	\$1,393,505
Funding:						
Beginning Balance		\$5,052,144	\$5,747,283		\$7,133,629	\$2,081,485
User Fees		17,274,000	17,274,000		19,089,000	1,815,000
Other		4,315,615	605,615		1,812,635	(2,502,980)
Total Operating Budget Funding		\$26,641,759	\$23,626,898		\$28,035,264	\$1,393,505
CAPITAL PROGRAM BUDGET						
Biosolids - Poplar Plantation		0	50,000		0	NA
Biosolids - Poplar Plantation II		299,000	303,418		0	NA
Biocycle Farm Hose Reels		405,000	405,670		0	NA
Biosolids - Line Lagoons I		2,800,000	2,967,508		1,503,508	(1,296,492)
Lab Modification		0	35,000		0	NA
River Avenue Improvements		500,000	498,637		498,637	(1,363)
WWFMP Update		432,000	475,972		413,972	(18,028)
Support Private Lateral Program		0	50,000		0	NA
Wilakenzie Pump Station Expansion		7,213,000	7,295,355		0	NA
Facility Plan Engineering Services		50,000	50,000		55,125	5,125
Influent Pumping Improvements		1,879,000	1,952,297		0	NA
Dry Weather Headworks		2,700,000	2,700,000		0	NA
Clarifier Improvements		14,350,000	15,838,337		5,591,337	(8,758,663)
Digester Mixing Improvements		2,472,596	2,647,281		690,281	(1,782,315)
Waste Activated Sludge Thickening		2,637,000	2,657,000		0	NA
Odorous Air Treatment I		2,740,000	2,807,705		9,257,705	6,517,705
Aeration Basin Improvements		9,779,680	9,986,129		7,990,129	(1,789,551)
Effluent Reuse I		2,891,000	2,891,000		2,791,000	(100,000)
Influent PS/Willakenzie PS/Headworks		0	0		26,738,652	NA
Biocycle Farm - Poplar Plantation III		0	0		372,000	NA
Outfall Mixing Zone Study		0	0		186,000	NA
Primary Sludge Thickening		0	0		4,378,000	NA
Parallel Primary/Secondary Treatment		0	0		1,500,000	NA
Sodium Hypochlorite Conversion		0	0		12,760,000	NA
Tertiary Filtration I		0	0		1,500,000	NA
EUGENE						
Equipment Replacement Purchases		310,335	468,385		486,534	176,199
Major Rehab		263,000	385,630		270,000	7,000
Total Capital Projects		\$51,721,611	\$54,465,324		\$76,982,880	\$25,261,269
Funding:						
Reimbursement SDC Reserve		3,775,000	3,796,321		3,673,271	(\$101,729)
Improvement SDC Reserve		2,120,000	2,869,899		2,554,399	\$434,399
Equipment Replacement		310,335	468,385		486,534	176,199
Capital Bond Fund		0	0		69,998,676	
Capital Reserve		45,516,276	47,330,719		270,000	(45,246,276)
Total Capital Projects Funding		\$51,721,611	\$54,465,324		\$76,982,880	\$25,261,269

Notes: * The Change (Inc/Decr) column compares the adopted FY 07-08 budget to the originally adopted FY 06-07 budget column.

OPERATING BUDGET AND RATE HISTORY

The graphs on the following page show a five-year Regional Operating Budget comparison, and Regional Residential Sanitary Sewer costs over a fifteen-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 five-year Regional Operating Budget comparison graph (on the following page) and the Five-Year Capital Programs comparison graph on page 44.

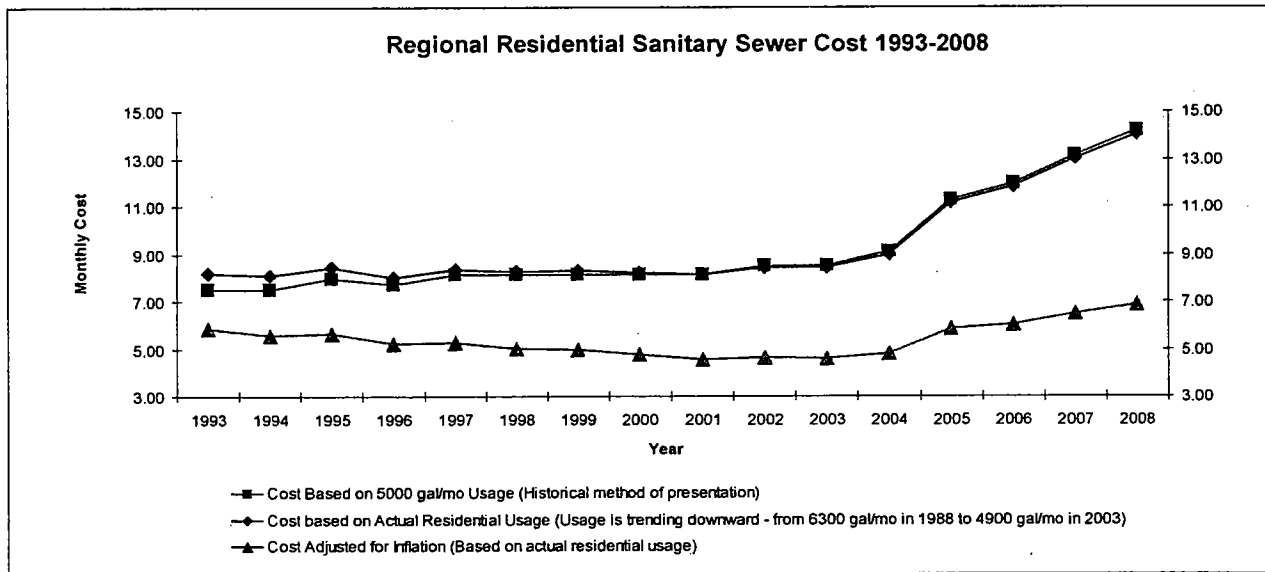
As shown on the following graph, regional sewer user charges remained highly stable from 1992 through 2004. During the late 1990s, considerable efforts were made by MWMC to absorb increased costs due to inflation and service level increases through improvements in organizational efficiency and effectiveness. 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.

The FY 07-08 RWP operating budget is based on an 8% user rate increase over FY 06-07 rates applied uniformly across all user classes. This rate recommendation was provided by the MWMC Financial Advisor in 2006. It is intended to meet capital and operating requirements, the Commission's Financial Plan policies, and covenants associated with MWMC's 2006 sale of revenue bonds.

An 8% increase in the MWMC user charge will increase the typical residential monthly wastewater bill (based on 5,000 gallons of usage) from \$13.15 in FY 06-07 to \$14.21 in FY 07-08. This is an increase of about \$1.06 per month.

The figure below compares the regional component of average monthly residential sewer cost on several different basis; average usage, actual usage, actual cost, and cost adjusted for inflation.



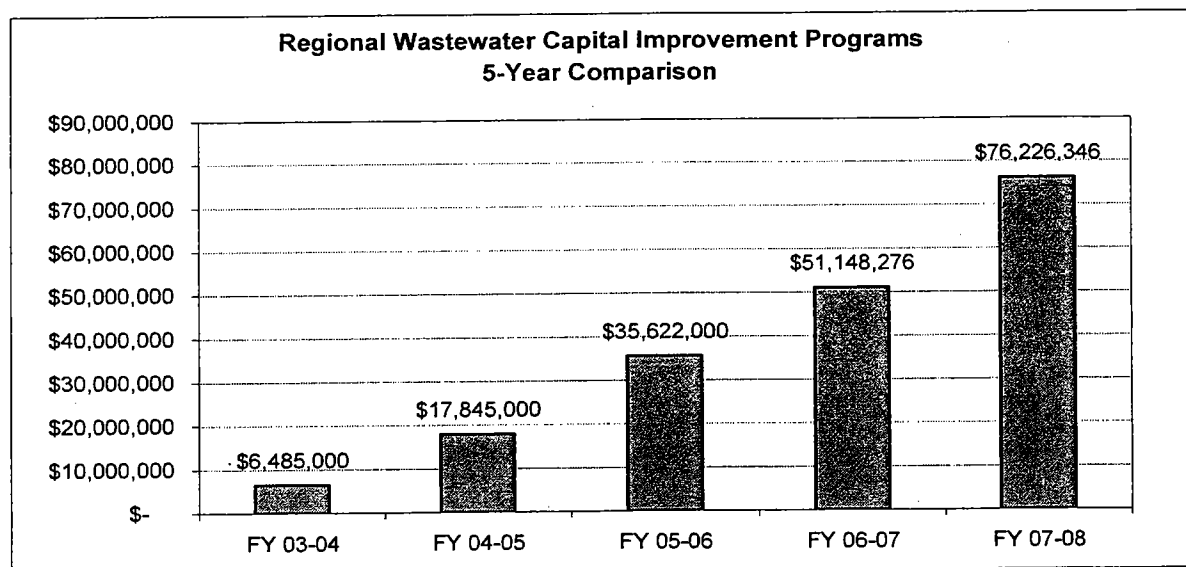
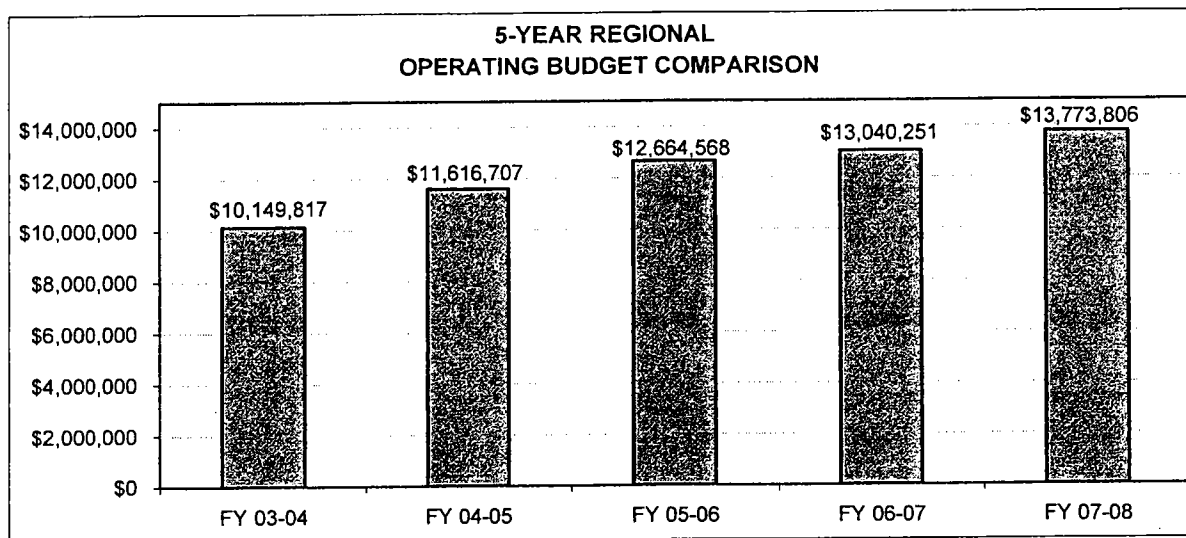
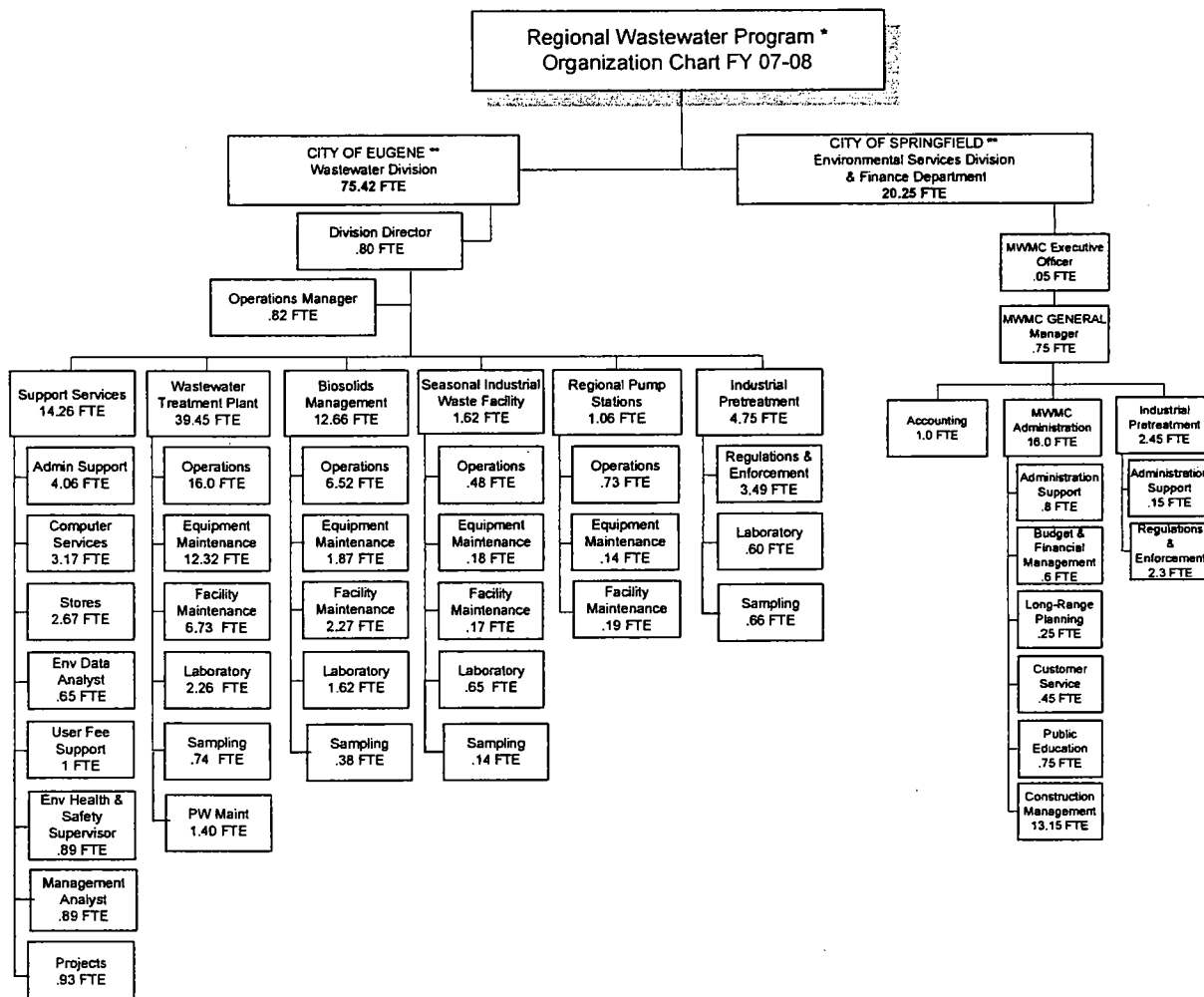


EXHIBIT 5



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	BUDGET FY 05-06	BUDGET FY 06-07	PROPOSED FY 07-08	CHANGE
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	0.90	0.90	0.90	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	1.00	2.00	2.00	0.00
Civil Engineer	2.00	2.00	1.00	-1.00
Engineering Assistant	2.35	2.35	2.45	0.10
Public Information & Education Specialist	0.65	0.65	0.65	0.00
Senior Management Analyst	0.00	0.00	0.00	0.00
Secretary	0.80	0.80	0.80	0.00
Clerk II	0.80	0.80	0.80	0.00
Accountant	1.00	0.80	0.80	0.00
Accounting Manager	0.20	0.20	0.20	0.00
Engineering Assistant (Special Project)	0.00	1.00	1.00	0.00
Design & Construction Coordinator	0.00	3.00	4.00	1.00
Senior Environmental Technician	0.90	0.90	0.90	0.00
Construction Inspector II	1.00	2.00	2.00	0.00
Environmental Services Technician I	0.50	0.50	0.50	0.00
TOTAL SPRINGFIELD	14.35	20.15	20.25	0.10

Note: Springfield's Industrial Pretreatment Program staffing of 2.45 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**

	BUDGET	BUDGET	ADOPTED	
CLASSIFICATION	FY 04-05	FY 05-06	FY 06-07	CHANGE
<u>EUGENE WASTEWATER DIVISION & OTHER PW</u>				
Division Director	0.75	0.84	0.80	-0.04
Operations Manager	0.85	0.82	0.82	0.00
Business Manager	0.89	0.89	0.89	0.00
Pretreatment/Laboratory/Sampling Supervisor	0.82	0.79	0.79	0.00
Operations Supervisor	1.00	1.00	1.00	0.00
Residuals Supervisor	1.00	1.00	1.00	0.00
Pump Station Supervisor	0.25	0.10	0.35	0.25
Maintenance Supervisor	0.96	0.97	0.97	0.00
Facilities Supervisor	0.95	0.93	0.93	0.00
Stores Supervisor/Buyer	0.89	0.89	0.89	0.00
Environmental Data Analyst	0.67	0.68	0.65	-0.03
Health and Safety Supervisor	0.89	0.89	0.89	0.00
Technical Services Analyst	0.89	0.89	0.89	0.00
Project Specialist	0.93	0.93	0.93	0.00
PW Maintenance Supervisor	0.05	0.05	0.05	0.00
Applications System Analyst	1.78	1.78	2.67	0.89
Applications Support Technician	0.89	1.39	0.50	-0.89
Computer Maintenance Management Specialist	0.00	0.00	0.89	0.89
Tech Specialist 2	0.35	0.35	0.35	0.00
Wastewater Technician (Operator)	15.00	15.00	15.00	0.00
Wastewater Technician (Residuals)	4.00	5.00	5.00	0.00
Wastewater Technician (Pretreatment)	3.22	3.17	3.17	0.00
Wastewater Technician (Laboratory)	4.84	4.73	4.73	0.00
Wastewater Technician (Sampling)	1.87	1.85	1.85	0.00
Wastewater Technician (Mechanical)	7.22	7.00	7.18	0.18
Wastewater Instrument/Electrician	3.83	3.88	3.88	0.00
Electrician	1.97	1.97	1.97	0.00
Maint Worker	9.54	9.43	9.43	0.00
Billing Specialist	0.75	0.75	1.00	0.25
Admin Specialist,Sr	0.89	0.89	0.89	0.00
Admin Specialist	1.78	1.78	2.28	0.50
Stores Clerk	1.78	1.78	1.78	0.00
Custodial Worker	1.00	1.00	1.00	0.00
TOTAL	72.50	73.42	75.42	2.00
GRAND TOTAL BOTH CITIES	86.85	93.57	95.67	2.10

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 07-08 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 Administration Working Capital Reserve is \$200,000, and the Operations Working Capital Reserve is \$700,000 in FY 07-08.

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.

BOND RESERVE

The Bond Reserve was established in FY 06-07 to meet prospective revenue bond covenants. In order to sell revenue bonds, sufficient reserves are created to provide assurances to bond holders that adequate revenue coverage will be provided for future debt service payments. It is not funded in FY 07-08 because the Commission purchased bond insurance in FY 06-07, eliminating the need to fund the reserve.

STATE REVOLVING FUND RESERVE

The State Revolving Fund Reserve was established in accordance with SRF loan covenant requirements. In order to secure an SRF loan, sufficient reserves are created to provide assurances that adequate revenue coverage will be provided for future debt service payments. Similar to the Bond Reserve, the reserve amount is defined as 10% of the loan proceeds and is

transferred to the operating reserves from the capital fund. This is removed in the FY 07-08 budget because the State Department of Justice determined that MWMC is not an eligible borrower.

OPERATING RESERVE

The Operating Reserve is used to account for accumulated operating revenues net of operating expenditures (including other reserves). The Commission has adopted a policy of budgeting an Operating Reserve balance approximately equal to 10% of the adopted operating budget.

The Operating Reserve for FY 07-08 is budgeted at 10% of total Personal Services, Materials and Services, and Capital Outlay in accordance with Commission policy. Additional budget detail for the Operating Reserve is provided below.

EXHIBIT 7

	ADOPTED BUDGET FY 06-07	AMENDED BUDGET FY 06-07	PROPOSED BUDGET FY 07-08
OPERATING RESERVES			
Beginning Balance	4,552,144	5,247,283	7,133,629
User Fee Revenue	16,854,000	16,854,000	18,635,400
Septage Revenue	420,000	420,000	453,600
Other Revenue	544,615	834,614	1,591,635
Interest	271,000	271,000	221,000
Transfer from Capital Reserve	4,000,000	0	0
Personal Services	(7,687,904)	(7,687,904)	(8,089,011)
Materials & Services	(5,261,130)	(5,536,552)	(5,624,295)
Capital Outlay	(86,000)	(86,000)	(54,500)
Interfund Transfers	(3,829,646)	(3,829,646)	(4,705,968)
Transfer to Bond Debt Service Fund	0	0	(1,234,029)
Debt Service	(1,473,431)	(1,200,000)	0
WORKING CAPITAL	(700,000)	(700,000)	(900,000)
RATE STABILITY RESERVE	(1,650,405)	(1,350,405)	(4,052,461)
RATE STABILIZATION RESERVE	0	(2,000,000)	(2,000,000)
BOND RESERVE	(4,000,000)	0	0
STATE REVOLVING FUND LOAN RESERVE	(590,000)	0	0
OPERATING RESERVE	1,363,243	1,236,390	1,375,000

CAPITAL RESERVES

The MWMC Capital Budget includes five reserves: the Equipment Replacement Reserve, SDC Reserves (Reimbursement, Improvement, and Contingency), and the Capital 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 the SRF Loan. 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 07-08 budget total \$696,823. Additional budget detail is provided below.

	ADOPTED BUDGET FY 06-07	AMENDED BUDGET FY 06-07	PROPOSED BUDGET FY 07-08
EQUIPMENT REPLACEMENT RESERVE			
Beginning Balance	5,842,835	4,493,315	5,130,191
Annual Equipment Contribution	365,199	365,199	436,536
Annual Vehicle Contribution	209,549	209,549	242,034
Annual Computer Contribution	28,329	28,329	18,253
Interest	269,679	269,679	230,000
Fund Equip Repl in Projects	(1,512,000)	0	0
Equipment Purchases	(310,335)	(468,385)	(486,534)
Reserve	4,893,256	4,897,686	5,570,480

SYSTEM DEVELOPMENT CHARGE (SDC) RESERVES

SDCs are required as part of the MWMC IGA. They are connection fees charged to new users to recover costs associated with construction of plant capacity, and are limited to funding Capital Programs. The purpose of the SDC Reserves are to collect and account for SDC revenues separately from other revenue sources, in accordance with statutory requirements. The Commission's SDC structure includes a combination of "Reimbursement" and "Improvement" fee components. Estimated SDC revenues for FY 07-08 total \$1,770,000. Budgeted expenditures include \$1,234,029 from Reimbursement Fees and \$1,234,030 from Improvement Fees to fund portions of the annual debt service payments on the 2006 revenue bonds. The projected beginning SDC Reserve balance on July 1, 2007 is \$10,817,757. During FY 04-05 several law suits were filed challenging the MWMC SDC methodology and charges. Taking into account the uncertainties that arise with these challenges, MWMC created an SDC Contingency Reserve to hedge potential loss of part or all of the SDC revenue collected from FY 04-05 through FY 07-08. The SDC Contingency Reserve is continued in FY 07-08. Additional budget detail is provided on the following page.

	ADOPTED BUDGET FY 06-07	AMENDED BUDGET FY 06-07	PROPOSED BUDGET FY 07-08
REIMBURSEMENT SDC RESERVE			
Beginning Balance	4,753,885	4,839,349	5,039,799
Reimbursement SDCs Collected	165,000	165,000	155,000
Interest	117,900	117,900	220,000
Miscellaneous Receipts	0	0	0
Xfr to Debt Service (Fund 312)	0	0	(1,234,029)
Materials & Services	0	0	(1,500)
SDC Contingency Reserve	(1,163,000)	(1,163,000)	(1,240,000)
Funding For Capital	(3,775,000)	(3,796,321)	0
Reserve	98,785	162,928	2,939,270

	ADOPTED BUDGET FY 06-07	AMENDED BUDGET FY 06-07	PROPOSED BUDGET FY 07-08
IMPROVEMENT SDC RESERVE			
Beginning Balance	3,137,472	4,254,158	5,777,958
Improvement SDCs Collected	1,703,800	1,703,800	1,615,000
Interest	97,200	97,200	221,000
Miscellaneous Receipts	0	0	0
Materials & Services	0	0	(4,500)
Xfr to Debt Service (Fund 312)	0	0	(1,234,030)
SDC Contingency Litigation Reserve	(1,748,206)	(1,748,206)	(2,555,000)
Funding For Capital	(2,120,000)	(2,869,899)	0
Reserve	1,070,266	1,437,053	3,820,428

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 07-08 Budget includes a contribution from the Operating Reserve of \$4,000,000. The beginning balance on July 1, 2007 is projected to be \$47,788,486. Additional budget detail on the CIP, Major Capital Outlay and Major Rehabilitation Program reserves is provided on the following page.

	ADOPTED BUDGET FY 06-07	AMENDED BUDGET FY 06-07	PROPOSED BUDGET FY 07-08
CAPITAL RESERVES			
Beginning Balance	13,155,866	11,379,706	47,788,486
Transfer From Operating Reserve	3,226,569	3,226,569	4,000,000
Interest	421,334	421,334	231,000
Interest income (Revenue Bond Proceeds)	0	0	900,000
EPA Grant	0	190,000	0
Revenue Bond Sale Proceeds	40,000,000	50,000,000	50,000,000
Miscellaneous Receipts / Equipment Replacement	1,512,000	24,000	1,000
Bond Sale Expense	(512,500)	(512,500)	0
Bond Insurance	(250,000)	(250,000)	0
Transfer to Operating Reserve	(4,000,000)	0	0
Funding For Capital Improvement Projects	(45,253,276)	(46,945,089)	(76,226,346)
Funding For Major Rehabilitation	(263,000)	(385,630)	(270,000)
Funding For Capital Outlay	0	0	0
Capital Reserve	8,036,993	17,148,390	26,424,140

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 07-08 is provided in Exhibit 3 on page 11.

MWMC ADMINISTRATION

The Springfield Environmental Services Division 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 2007, there were 15 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 maintain 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 07-08, the City of Springfield will support the following major regional initiatives in addition to ongoing Commission administration and industrial pretreatment activities:

- Continue to implement the Wet Weather Flow Management Plan (WWFMP), including flow monitoring, data tracking, and regional coordination, and complete a WWFMP update, which was initiated in FY 06-07.
- Implement Capital Financing strategies necessary to meet current revenue bond obligations, prepare for future debt financing, and ensure sufficient revenues in accordance with the 2005 MWMC Financial Plan.
- Complete a Poplar Marketing and Harvest Plan.
- Continue implementation of the 2004 MWMC Facilities Plan to meet all regulatory requirements and capacity needs.
- Continue public information and outreach activities focused on the MWMC Facilities Plan.
- Complete a reclaimed water end-use market/feasibility study and capital plan.
- Update the MWMC cost-of-service analysis and develop modifications to MWMC's rate structure as appropriate.
- Review and update the local industrial discharge limits to address compliance with MWMC's NPDES permit, and implement mandatory EPA streamlining requirements.
- Protect RWP interests through participation in Association of Clean Water Agencies activities.
- Continue participation in the Pollution Prevention Coalition of Lane County.
- Complete and submit required NPDES permit compliance plans associated with an anticipated new wastewater discharge permit, including an Inflow Removal Plan, and a TMDL Implementation Plan.
- Provide litigation support.
- Conduct competitive solicitation for insurance agent of record.

SIGNIFICANT CHANGES FOR FY 07-08

The budget for Springfield Personnel Services, Materials and Services, and Capital Outlay for FY 07-08 totals \$3,747,709 representing an overall increase of \$372,371 over the adopted FY 06-07 budget (11%).

Personnel Services

Personnel Services totaling \$1,728,021 represent an FY 07-08 increase of \$152,483 or 10% over the originally adopted FY 06-07 budget.

Staffing

No changes in staffing levels are included in the FY 07-08 budget.

Job Classification Change

While having no net FTE or budgetary impact, one Civil Engineer position was reclassified to Design and Construction Coordinator, which is reflected in Exhibit 6 (page 17-18).

Fund Reallocation

Based on review of current and projected staffing allocations to RWP activities, the FY 07-08 budget includes an increase of .10 FTE to RWP within the Engineering Assistant job classification.

Regular Wages – Budget Request \$1,155,666 [Increase of \$50,102 or 5%]

- This increase represents merit increases and higher starting salaries needed to address recruitment issues.

Employee Benefits - Budget Request \$500,402 [Increase \$39,528 or 9%]

- Benefits for FY 07-08 increase by 9%. This is primarily driven by the contract agreement between the City of Springfield and the local union (SEIU). This agreement provides that the City will begin to pay the 6% employee share of PERS retirement contributions in-lieu-of a cost of living increase. This practice is consistent with the City of Eugene compensation practices.

Personal Services Adjustment – Budget Request \$21,751

- The Personal Services Adjustment line item is for up to two months of wages and benefits for new employees to work concurrently with retiring employees to provide cross-training.

Comp Time Payoff – Budget Request \$41,822

- The Comp Time Payoff line item is for one-time expenses associated with the anticipated retirement of two employees.

Materials and Services

The projected Materials and Services budget represents a total FY 07-08 increase of \$219,888 or 12% over the originally adopted FY 06-07 budget. The major changes are in the following budget categories:

Billing & Collection – Budget Request \$409,065 [Increase of \$27,075 or 7%]

- Billing and Collection costs are projected to increase based on an estimated 5% increase in Eugene Water & Electric Board costs and based on a 1% growth in customers.

Merchant Fees – Budget Request \$8,750 [Increase of \$6,000 or 218%]

- Merchant fees are projected to increase because of the significant increased use of credit cards by customers to make payments.

Computer Software – Budget \$45,460 [Increase of \$11,819 or 35%]

- The increase in computer software expense is due to the need to renew the hydraulic modeling software license, which is estimated at \$12,000.

Indirect Costs – Budget Request \$281,475 [Increase of \$27,462 or 11%]

- These charges are determined on a per – FTE basis, and are projected to increase this amount due to the expected completion of recruitment to fill vacant RWP positions.

Litigation Expense – Budget Request \$200,000 [Increase of \$100,000 or 100% over originally adopted FY 06-07 budget; equal to amended FY 06-07 budget]

- The addition of \$100,000 to the Litigation Expense budget is intended to support defense of litigation filed by Oregon River Watch.

Program Expense – Budget Request \$79,050 [Increase of \$41,199 or 109%]

- The increase in the Program Expense budget provides up to \$36,000 in funds budgeted for re-payment to the Eugene Water and Electric Board to reimburse the Customer Care Program for wastewater bill payments.

Internal Insurance Charges – Budget Request \$46,914 [Increase of \$23,635 or 102%]

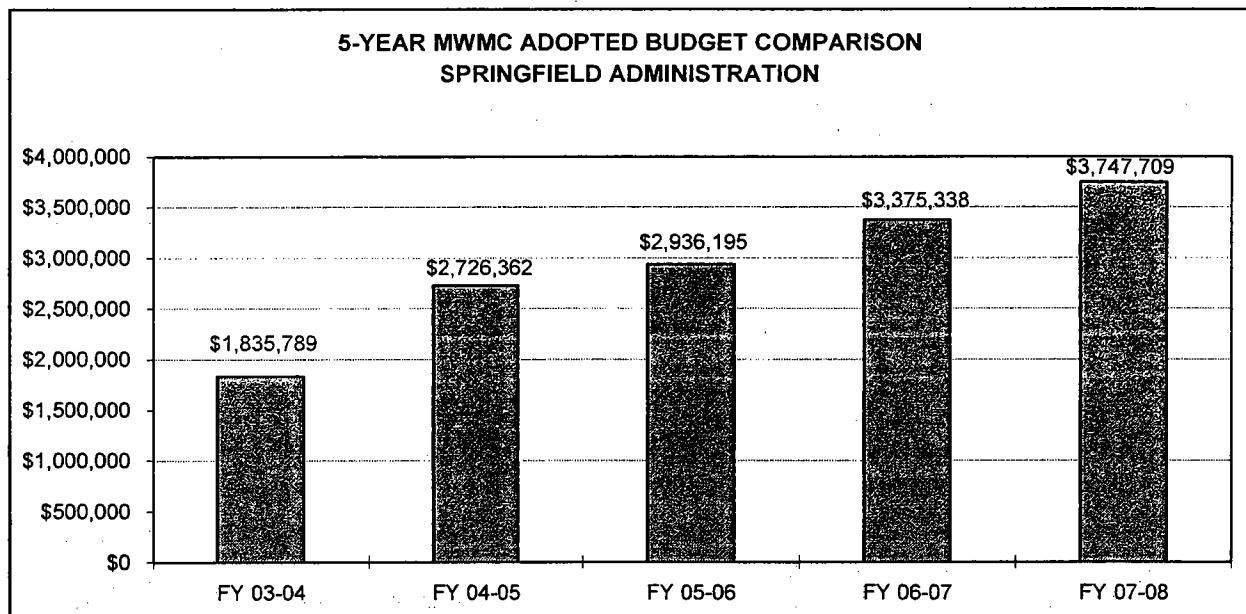
- Internal Insurance charges are assessed City-wide on an FTE basis. The increase in this budget is due, in part, to a miscalculation of FTE's existing in the RWP in FY 06-07 which undercharged the RWP. There is also an increase in this internal charge planned for FY 07-08.

Attorney Fees – Budget Request \$75,000 [Increase of \$15,000, or 25%]

- The Attorney Fees budget was increased in the amended FY 06-07 budget to reflect increased legal counsel assistance necessary to address the Department of Environmental Quality (DEQ) Total Maximum Daily Load (TMDL) rules and renewal of the MWMC National Pollutant Discharge Elimination System (NPDES) permit. This level of involvement by legal counsel in these matters in FY 07-08 will continue to be high.

EXHIBIT 8**SPRINGFIELD ADMINISTRATION PROGRAM****ADOPTED FY 07-08****BUDGET SUMMARY**

	ACTUAL FY 05-06	ADOPTED BUDGET FY 06-07	AMENDED BUDGET FY 06-07	PROPOSED BUDGET FY 07-08	CHANGE * INCR/(DECR)	
Personnel Services	\$915,793	\$1,575,538	\$1,575,538	\$1,728,021	\$152,483	10%
Materials & Services	492,045	1,799,800	1,996,600	2,019,688	219,888	12%
Capital Outlay	0	0	0	0	0	NA
Budget Summary	\$1,407,838	\$3,375,338	\$3,572,138	\$3,747,709	\$372,371	11%



Note: * Change column and Percent Change column compare adopted FY 07-08 budget to originally adopted FY 06-07 budget.

EXHIBIT 9
SPRINGFIELD ADMINISTRATION
LINE ITEM BUDGET SUMMARY

	ACTUAL FY 05-06	ADOPTED BUDGET FY 06-07	AMENDED BUDGET FY 06-07	PROPOSED BUDGET FY 07-08	CHANGE	
<u>PERSONNEL SERVICES</u>					INCR/(DECR)	
Regular Wages	\$675,299	\$1,105,564	\$1,105,564	\$1,155,666	\$50,102	5%
Extra Help	0	0	0	0	0	NA
Overtime	147	5,500	5,500	5,500	0	0%
Personal Services Adjustments	0	0	0	21,751	21,751	NA
Comp Time Payoff	0	0	0	41,822	41,822	NA
Employee Benefits	239,087	460,874	460,874	500,402	39,528	9%
Cell Phone Allowance	1,260	3,600	3,600	2,880	(720)	-20%
Total Personnel Services	\$915,793	\$1,575,538	\$1,575,538	\$1,728,021	\$152,483	10%
FTE	14.05	20.15	20.15	20.25	0.10	
<u>MATERIALS & SERVICES</u>						
Billing & Coll Exp	387,360	382,000	382,000	409,065	27,065	7%
Contractual Services	89,136	226,000	226,000	221,000	(5,000)	-2%
Litigation Expense	109,853	100,000	200,000	200,000	100,000	100%
Environmental Ed	5,560	5,000	5,000	5,000	0	0%
Attorney Fees	65,184	60,000	110,000	75,000	15,000	25%
Contractual Temporary Work	0	0	0	0	0	NA
Space Rental	0	0	0	0	0	NA
Merchant Fees	0	2,750	2,750	8,750	6,000	218%
Com Emerg Notification System	0	0	0	0	0	NA
PP&L Insurance	202,861	291,500	291,500	275,000	(16,500)	-6%
Telephone	1,422	2,426	2,426	2,300	(126)	-5%
Ris/Airs/Geo Charges	10,053	10,805	10,805	13,715	2,910	27%
Advertising	22,020	4,500	4,500	4,500	0	0%
Duplicating Supplies	924	2,450	2,450	2,300	(150)	-6%
Printing	1,864	9,500	9,500	9,500	0	0%
Travel & Meeting Expenses	10,196	29,671	29,671	30,750	1,079	4%
Internal Meeting	207	0	0	0	0	NA
Property Taxes	3,996	6,000	6,000	5,000	(1,000)	-17%
WPCF/NPDES Permits	157,011	98,550	98,550	105,000	6,450	7%
Safety Clothing/Eq	2,236	700	700	1,000	300	43%
Pretreatment Supplies	1,504	3,500	3,500	3,000	(500)	-14%
Gasoline & Oil	1,197	2,000	2,000	2,000	0	0%
Utilities	5,559	9,224	9,224	6,224	(3,000)	-33%
Memberships, Books, Subscrips	11,743	16,799	16,799	16,502	(297)	-2%
Postage & Shipping Charges	2,901	3,500	3,500	3,500	0	0%
Office Supplies	8,491	10,933	10,933	9,400	(1,533)	-14%
Computer Supplies	0	0	0	0	0	NA
Computer Software	28,472	33,641	80,441	45,460	11,819	35%
Small Furniture & Appliances	18,321	3,000	3,000	1,500	(1,500)	-50%
Commuter Trip Reduction	33,416	0	0	300	300	NA
Program Expense	0	37,851	37,851	79,050	41,199	109%
Elections Expense	4,392	0	0	0	0	NA
Internal System Mtce	7,565	0	0	0	0	NA
Equipment Maintenance	69	9,600	9,600	10,600	1,000	10%
Property Maintenance	8,568	3,530	3,530	1,000	(2,530)	-72%
Employee Development	22,150	26,505	26,505	28,900	2,395	9%
Internal Insurance Chgs	1,977	23,279	23,279	46,914	23,635	102%
Internal Veh Mt Chgs	510	3,532	3,532	3,703	171	5%
Phone Equip Chgs	42,592	0	0	0	0	NA
Internal Fac Rent	10,060	42,992	42,992	42,592	(400)	-1%
Computer Equip Chgs	39,450	7,835	7,835	9,453	1,618	21%
Data Proc Chgs	25,365	0	0	0	0	NA
Bldg Maint Chgs	0	34,993	34,993	30,273	(4,720)	-13%
Internal Phone Chgs	4,286	0	0	0	0	NA
Internal Veh & Equip Rent	11,397	6,618	6,618	7,101	483	7%
Internal Employee Benefit	0	16,086	16,086	17,292	1,206	7%
License & Fee Refunds	178,204	13,250	13,250	0	(13,250)	NA
Internal MS Enterprise Agreemen	0	5,267	5,267	5,569	302	6%
Indirect Costs	178,204	254,013	254,013	281,475	27,462	11%
Total Materials & Services	\$492,045	\$1,799,800	\$1,996,600	\$2,019,688	\$219,888	12%
<u>CAPITAL OUTLAY</u>						
Total Capital Outlay	0	0	0	0	\$0	NA
TOTAL	\$1,407,838	\$3,375,338	\$3,572,138	\$3,747,709	\$372,371	11%