

# Metropolitan Wastewater MANAGEMENT COMMISSION



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## MEMORANDUM

**DATE:** September 4, 2025

**TO:** Metropolitan Wastewater Management Commission (MWMC)

**FROM:** Kevin Vanderwall, MWMC Accountant

**SUBJECT:** FY 2025-26 Supplemental Budget #1

**ACTION REQUESTED:** Approve Resolution 25-09

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### ISSUE

Staff requests approval of Resolution 25-09 authorizing proposed supplemental budget requests for FY 2025-26. This is the first of three supplemental budgets processed each year to adjust for corrections and new information.

### DISCUSSION

Fiscal year 2025-26 wastewater rates and budget amounts were based upon estimates derived from FY 2024-25 estimated expenditures, inflationary factors, projected debt and other considerations identified during the FY 2025-26 budget development process.

Actual amounts often differ from estimates used during the budget process, principally because the budget development process takes place mid-year. Consequently, estimates for the future year are based on approximately six months actual experience. As a result, certain adjustments are necessary at the beginning of a new fiscal year in order to reconcile actual prior year ending balances with budgeted beginning balances for the subsequent year.

Staff now has final capital project costs and ending cash amounts for FY 2024-25. When ending cash is more than estimated, an increase to the subsequent year is recorded in beginning cash. This amount must be offset with a corresponding increase to the appropriate subsequent year reserves unless some of the additional funds are requested to be carried over or used to fund new spending requests. If ending cash is less than estimated, a decrease to the subsequent year beginning cash is recorded. This amount must be offset with a corresponding decrease to either a reserve or an expenditure line in the subsequent year. Staff is requesting that a portion of the additional capital cash carryforward from FY 2024-25 be allocated among carryforward requests for existing projects and new spending requests with the remaining amount recorded as

additions to reserves. Below are the specific recommendations:

**Operating Fund:**

- The Commission is requested to approve a decrease to the Operating Fund in the amount of \$3,611,617 to adjust Beginning Cash. This transfer will align the FY 2025-26 Budgeted Beginning Cash balance with the actual cash balance on June 30, 2025. This decrease is driven by two revenue timing issues:
  - \$2,353,834 of sewer user fees need to be re-budgeted in FY2025-26 due to a clerical error in the timing of the June user fee payment. The June payment came in a day late from the City of Eugene and cannot be recognized in FY2024-25. This rebudgeting will allow the revenue to be included in beginning cash.
  - Changes in EWEB's payment information as provided to the City of Eugene has resulted in Eugene paying an estimated amount of user fee collections to MWMC since November. The City of Eugene will pay the MWMC the difference once they are able to separate the charges and reconcile any differences. Staff can provide additional information on this topic at the 9/12/25 MWMC meeting.
- The Commission is requested to approve a total Operating Fund carryforward of \$895,699. The Operations (Eugene) carryforward is \$790,846, with additional requests of 498,000, for a combined total of \$1,288,846. The largest source of new money (\$360,000) is related to biosolids hauling and landfilling, to dispose of excess biosolids that have accumulated in lagoons at the Biosolids Management Facility as discussed with the Commission at the June 2025 MWMC meeting. Carryforward and new money are detailed below:

Eugene Operations		SB1 Proposal
Capital Outlay Open POs (RNG Waste Gas Burner, BMF Pump, etc)	\$	84,975
Cathodic Protection, Secondary		116,445
Ops-Admin Building Furniture and Media Equip		120,000
Fire Alarm System Upgrade		170,000
M&S Open POs (RNG Consulting, Hypo, RIO Software, etc)		299,426
Total Carryforward		790,846
Biosolids Dewatering Optimization		35,000
PSA Media Swap (RNG)		103,000
Biosolids Hauling and Landfilling		360,000
Total	\$	1,288,846

- The Administration (Springfield) carryforward requested is \$104,853, with additional requests of \$33,000. The carryforward is for ongoing items including the pretreatment software purchase and roll over of the Small Home System Development Charge (SDC) balance. The additional money request is to cover a projected 10-15% increase in liability insurance coverage for the MWMC, along with a projected increase in the cost of a Chevy Equinox (due to a dated quote) to be purchased for the pretreatment program. The carryforward and new money for Administration is detailed below:

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Springfield Administration	SB1 Proposal
Pretreatment Software	\$ 54,853
Small Home SDC Program	50,000
Total Carryover	104,853
Chevy Equinox	5,000
Liability Insurance	28,000
Total	\$ 137,853

- The total of the aforementioned items is carryforward of \$895,699, with additional requests of \$531,000. Adjusting the Beginning Cash along with the rebudgeting of user fee revenue will result in a decrease to the Operating Reserve of \$2,684,482. This will reduce the reserve from \$5,302,500 to \$2,618,018.

**Capital Funds:**

- The Commission is requested to approve an increase to Beginning Cash of \$9,650,711. This action will align the FY 2025-26 Beginning Cash balance with the actual cash balance on June 30, 2025.
- The Commission is requested to approve a carryforward of \$7,674,128 from FY 2024-25 for capital work. There are two new projects (WPCF Boiler Upgrades and Biosolids Study and Process Improvement) that result in a request of \$800,000. The carryforward and new projects (totaling \$8,474,128) are offset by the reduction of the Class A Disinfection Facility budget of \$8,200,000, resulting in an increase of \$274,128 to the Capital fund. The carryforward and two additional projects are shown below:

Springfield Capital Projects	SB1 Proposal
Glenwood Pump Station Upgrades	\$ 55,682
Waste Activated Sludge Thickening	250,000
Recycled Water Demonstration	27,169
Comprehensive Facility Plan Update	402,024
Admin Building Improvements	4,246,529
Resiliency Follow-Up	178,080
Facility Plan Engineering Services	300,000
WPCF Stormwater Infrastructure	60,000
Water Quality Trading Program	543,109
Aeration Basin Upgrade 2023-26	902,723
Switchgear & Transformer Replacement	475,786
Repair Clarifiers & Final Treatment	233,026
Total Carryforward	7,674,128
Class A Disinfection Facilities	(8,200,000)
WPCF Boiler Upgrades	450,000
Biosolids Study and Process Improvement	350,000
Total	\$ 274,128

- Estimated actuals for equipment replacement were below budget and remaining funds were returned to the Equipment Replacement (ER) reserve. Actual expenditures ended up higher

than the estimates, resulting in the need to re-budget \$886,479 in FY2025-26 as shown in the table below to account for the shortfall.

<b>Equipment Replacement</b>		<b>SB1 Proposal</b>
Rebudgeting expenditure authority to cover estimated actuals difference	\$	138,692
BMF Flail Mowers (2)		60,000
Bar Screen		150,000
Gravity Belt Thickener		60,000
Open POs (Alfa, Apsco, Corrosion Comp, Hydro Intl, Jacobs, Shi Intl, Yoko)		477,787
Total	\$	886,479

- The Commission is requested to approve a carryforward of \$344,775 from FY 2024-25 Major Rehabilitation funding for ongoing work. \$71,000 in additional funding is needed for Pretreatment and BRS related work, resulting in the total shown below:

<b>Major Rehabilitation</b>		<b>SB1 Proposal</b>
Major Rehabilitation Open POs (Harvy Price, Jacobs, Umqua Roofing)	\$	44,775
Hypo System Rebuild		110,000
Groundwater Wells		190,000
Total Carryforward		344,775
Concrete Expansion Joints, Upper Deck, Pretreatment		21,000
Culverts, BRS		50,000
Total	\$	415,775

- The Commission is requested to approve carryforward of \$207,730 in Major Capital funding for outstanding open purchase orders for vendors such as Brown & Caldwell, Ethosoft, SPE Controls, and Kennedy Jenks as shown below:

<b>Major Capital</b>		<b>SB1 Proposal</b>
Open POs (B&C, Ethosoft, SPE Controls, Kennedy Jenks)	\$	207,730
Total	\$	207,730

The Commission is requested to approve adjustments to the ending Capital reserves as follows:

<b>Capital Reserve Balances</b>	<b>Reserve Adjustment</b>
Capital Reserve	\$ 6,810,277
Equipment Replacement Reserve	(697,269)
SDC Improvement Reserve	1,851,478
SDC Reimbursement Reserve	(97,887)
Total	\$ 7,866,599

Taken together, individual actions requested above accomplish the following objectives:

- Modification of FY 2025-26 beginning cash balances to reflect actual FY 2024-25 operating results in compliance with State Budget Law.

- Carryforward of funds into the current fiscal year associated with specific capital projects and operations items that were budgeted in FY 2024-25 but will actually be expended in FY 2025-26.
- Funding for additional capital items.
- Establishment of reserves as appropriate to balance increases and decreases in the FY 2025-26 operating and capital budgets.

**ACTION REQUESTED**

Approve, by motion, Resolution 25-09 authorizing the budget actions requested in this memorandum.

**ATTACHMENT**

1. Resolution 25-09
2. Summary of changes
3. FY 2025-26 Adopted and SB1 reserves

# Metropolitan Wastewater MANAGEMENT COMMISSION



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## METROPOLITAN WASTEWATER MANAGEMENT COMMISSION

### RESOLUTION 25-09

) **IN THE MATTER OF APPROVAL OF**  
) **FISCAL YEAR 2025-26 SUPPLEMENTAL**  
) **BUDGET #1**

**WHEREAS**, the Metropolitan Wastewater Management Commission (MWMC) approved the FY 2025-26 Budget on June 9, 2025 pursuant to Resolution 25-09;

**WHEREAS**, sewer rates and budget amounts for the FY 2025-26 budget were based upon certain estimates;

**WHEREAS**, additional information from actual experience regarding the FY 2024-25 budget is now available and actual prior fiscal year ending balances can be reconciled with the beginning budgeted balances for the FY 2025-26 Budget;

**WHEREAS**, the Operating Fund is requested to be adjusted as follows:

- A decrease in the budget for Beginning Cash for Operations, in the amount of \$3,611,617, to align the FY 2025-26 Budget for Beginning Cash with the actual cash balance as of June 30, 2025;
- An increase to beginning cash in the amount of \$2,353,834 due to the receipt of unbudgeted revenue in FY2025-26;
- A carryforward of \$790,846 for Eugene Wastewater Operations and \$498,000 in additional expenditure authority, for a combined total of \$1,288,846, both for capital outlay;
- A carryforward of \$104,853 for Springfield Operations for software and rolling over of the Small Homes System Development Charges balance, plus \$33,000 in additional expenditure authority for capital outlay, for a combined total of \$137,853; and
- A decrease to the Operating Reserve of \$2,684,482.

**WHEREAS**, the Capital Fund is requested to be adjusted as follows:

- An increase in the budget for Beginning Cash for Capital, in the amount of \$9,650,711, to align the FY 2025-26 Budget for Beginning Cash with the actual cash balance as of June 30, 2025;
- A carryforward of \$7,674,128 for Capital Projects and \$800,000 in additional expenditure authority, for a combined total of \$8,474,128, which is offset by the reduction of the Class A Disinfection Facility Budget by \$8,200,000, for a total of \$274,128;

# METROPOLITAN WASTEWATER MANAGEMENT COMMISSION

## Resolution 25-09

- An increase to the Equipment Replacement (ER) fund of \$138,692, plus \$747,787 in additional requests for additional needed equipment replacement projects, for a combined total of \$886,479;
- A carryforward of \$344,775 for Major Rehabilitation funding, plus \$71,000 in additional requests for certain rehabilitation projects, for a combined total of \$415,775;
- A carryforward of \$207,730 for Major Capital funding for outstanding open purchase orders; and
- Adjustments to the following reserves:
  - An increase to the Capital Reserve of \$6,810,277;
  - A decrease to the Equipment Replacement Reserve of \$697,269;
  - An increase to the SDC Improvement Reserve of \$1,851,478 to align with the actual beginning cash balance; and
  - A decrease to the SDC Reimbursement Reserve of \$97,887 to align with the actual beginning cash balance.

### **NOW, THEREFORE, BE IT RESOLVED BY THE METROPOLITAN WASTEWATER MANAGEMENT COMMISSION:**

The FY 2025-26 Supplemental Budget #1 as presented to the MWMC on September 12, 2025, is hereby approved.

### **ADOPTED BY THE METROPOLITAN WASTEWATER MANAGEMENT COMMISSION ON THE 12TH DAY OF SEPTEMBER 2025.**

Digital Signature:

\_\_\_\_\_  
Pat Farr, MWMC President

Digital Signature:

Approved as to form: \_\_\_\_\_  
Kristin Denmark, MWMC Legal Counsel

Digital Signature:

Attest: \_\_\_\_\_  
Misty Inman, MWMC Secretary

Attachment A – Summary of Changes

**FY 2025-26**

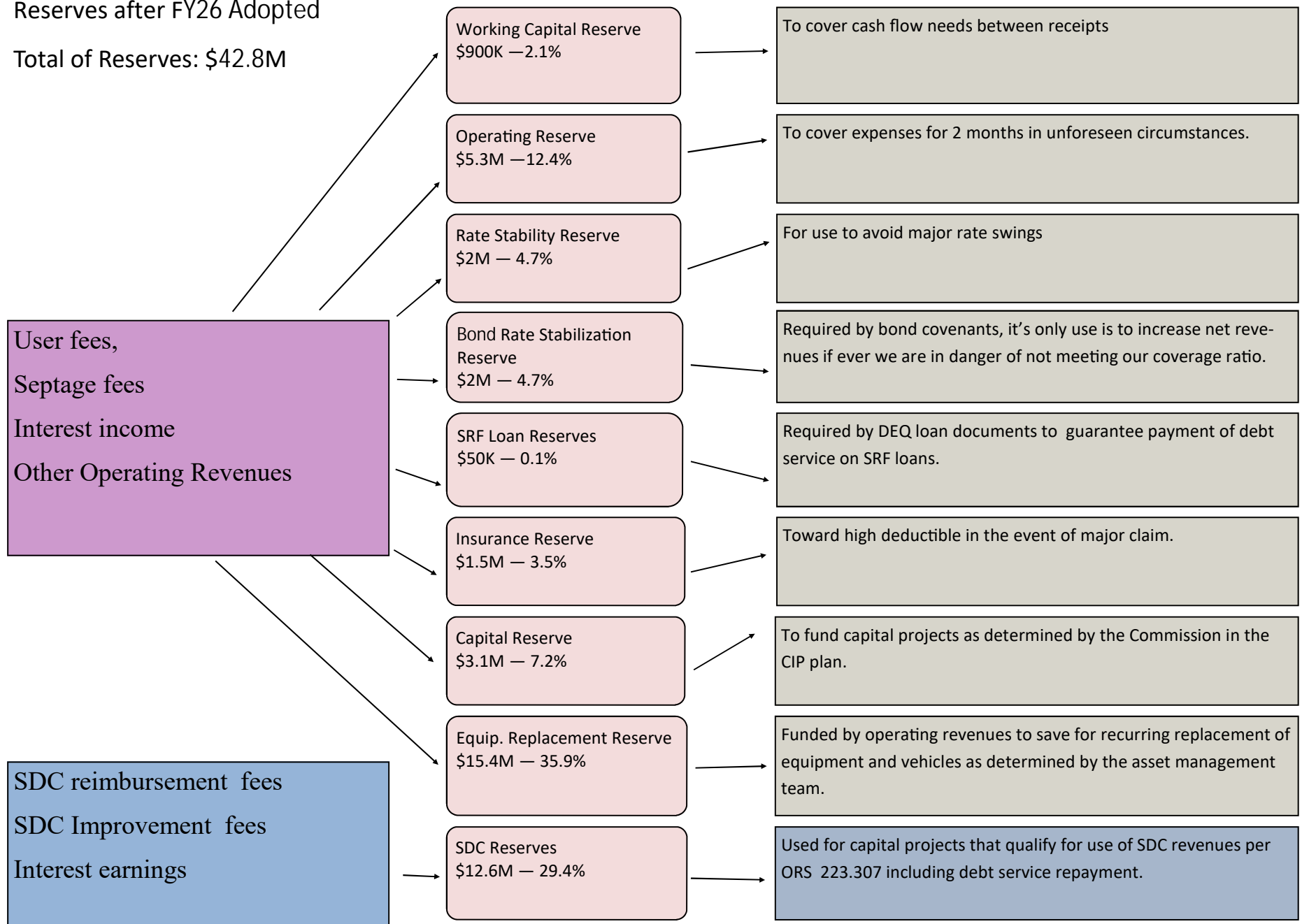
**MWMC - Supplemental Budget #1 Summary**

	<u>CAPITAL FUND</u>	<u>OPERATING FUND</u>	<u>TOTAL</u>
Beginning Cash Adjustment	\$ 9,650,711	\$ (3,611,617)	\$ 6,039,094
Requested Revenue Rebudgeting	-	2,353,834	2,353,834
Requested Expense Carryforwards	(8,226,633)	(895,699)	(9,122,332)
New Spending Requests	6,442,521	(531,000)	5,911,521
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NET CHANGE TO RESERVES	<u>\$ 7,866,599</u>	<u>\$ (2,684,482)</u>	<u>\$ 5,182,116</u>
Capital Reserve	\$ 6,810,277		
Equipment Replacement Reserve	(697,269)		
SDC Improvement Reserve	1,851,478		
SDC Reimbursement Reserve	(97,887)		
	<u>\$ 7,866,599</u>		



## Reserves after FY26 Adopted

Total of Reserves: \$42.8M



## Reserves after FY26 SB1

Total of Reserves: \$48.1M

