

Metropolitan Wastewater MANAGEMENT COMMISSION



partners in wastewater management

MWMC MEETING AGENDA

Friday, February 13, 2026, 7:30 AM – 9:30 AM (PDT)

The MWMC Meeting will be held in-person at Springfield City Hall, 225 Fifth Street, Springfield, OR 97477 in the Library Meeting Room, remotely or via phone.

To attend virtually, registration is required: Webinar ID: **839 8428 5166**

Zoom Link: https://us06web.zoom.us/webinar/register/WN_zV5q94URSEueuvFNJSDxkQ

To join the Zoom meeting by phone dial: **877.853.5247**

- 7:30 – 7:35 **I. ROLL CALL:** Commissioner Farr, Commissioner Hazen, Commissioner Keeler, Commissioner Lesley, Commissioner Stout, Commissioner Yeh
- 7:35 – 7:40 **II. CONSENT CALENDAR**
a. MWMC 1/9/26 Minutes
Action Requested: By motion, approve the Consent Calendar
- 7:40 – 7:45 **III. PUBLIC COMMENT:** Public comment can be submitted by email to Minman@springfield-or.gov or by phone 541-726-3694 by 5 PM February 12, 2026, or made at the meeting. All public comments need to include your full name, address, if you are representing yourself or an organization (name of organization), and topic.
- 7:45 – 8:05 **IV. FY24-25 AUDITED FINANCIAL STATEMENTS & REPORT**.....Kevin Vanderwall
Action Requested: Approve by motion
- 8:05 – 8:45 **V. DRAFT RWP CAPITAL BUDGET & 5-YEAR CAPITAL PLAN**.....Troy McAllister and Greg Watkins
Action Requested: Informational and Discussion
- 8:45 – 9:15 **VI. FINANCIAL PLAN DISCUSSION**.....Jeremy Cleversey
Action Requested: Informational and Discussion
- 9:15 – 9:30 **VII. BUSINESS FROM COMMISSION, EXECUTIVE DIRECTOR, & WASTEWATER DIRECTOR**
- 9:30 **VIII. ADJOURNMENT**

The meeting location is ADA Accessible. For hearing impaired, an interpreter can be provided with 48 hours' notice prior to meeting. To arrange services, call 541-726-3694.

THE FULL PACKET IS POSTED ON THE WEBSITE

www.mwmcpartners.org

Metropolitan Wastewater MANAGEMENT COMMISSION



partners in wastewater management

MWMC MEETING MINUTES

Friday, January 9, 2026, at 7:30 a.m.

The MWMC Meeting was held remotely via computer, phone, and in-person.
Meeting was video recorded.

Commissioner Farr opened the meeting at 7:34 a.m. Roll call was taken by Misty Inman.

ROLL CALL

Commissioners Present In-Person: Pat Farr, Christopher Hazen, Doug Keeler, Dawn Lesley, Alan Stout (arrived at 7:35 a.m.), and Jennifer Yeh

Commissioner Absent: Bill Inge

Staff Present In-Person: Jeremy Cleversey, Amy Hartsfield, Shawn Krueger, Troy McAllister, James McClendon, Todd Miller, Michelle Miranda, Robert Murray, Bryan Robinson, Loralyn Spiro, Matt Stouder, Valerie Warner, and Greg Watkins

CONSENT CALENDAR

a. MWMC 12/12/25 Minutes

MOTION: IT WAS MOVED BY COMMISSIONER **YEH** WITH A SECOND BY COMMISSIONER **KEELER** TO APPROVE THE CONSENT CALENDAR. THE **MOTION PASSED** UNANIMOUSLY 6/0 WITH COMMISSIONER INGE ABSENT.

Hazen	Y
Farr	Y
Inge	Absent
Keeler	Y
Lesley	Y
Stout	Y
Yeh	Y

PUBLIC COMMENT

There was no public comment.

DELEGATED AUTHORITY

Matt Stouder, MWMC Executive Director, presented the proposed delegated authority level for entering contracts, as outlined in the 2001 Operations Maintenance & Administrative Agreement (OM&A). Updates to the Intergovernmental Agreement (IGA) and OM&A were presented at the MWMC Board meeting in November and are being reviewed by partner agencies; Springfield has approved them, with Eugene and Lane County expected to follow by the end of January. The updated OM&A removes contract authority limits from the multi-jurisdiction approval process and relegates it to general provisions with limits to be set by the MWMC Board. Key discussion included aligning the Executive Director's contract authority with Oregon law, as current limits were low and inconsistent. Certain agreements, like real property agreements, remain outside this authority. Contracts under \$150,000 may still be brought to the Commission for discussion, such as liability insurance. He requested the MWMC Board approve Resolution 26-01, delegating authority to the Executive Director to approve, negotiate, and execute contracts up to \$150,000. Contract approval updates will be included in the monthly MWMC Communication Packet.

Kristen Denmark, MWMC Legal Counsel, outlined proposed revisions to the OM&A delegated authority provisions to reference state statute rather than a fixed-dollar limit. The MWMC Board may delegate authority to the Executive Director up to the statutory intermediate procurement limit. Delegated authority requires MWMC Board resolution. Routine agreements would be handled under this authority, while significant items would continue to be brought to the Commission as appropriate.

Commission Discussion

- Leasing property and environmental liability (Resolution 26-01)

MOTION: IT WAS MOVED BY COMMISSIONER **KEELER** WITH A SECOND BY COMMISSIONER **LESLEY** TO APPROVE RESOLUTION 26-01, DELEGATING THE MWMC EXECUTIVE DIRECTOR THE AUTHORITY AND RESPONSIBILITY TO APPROVE, NEGOTIATE, AND EXECUTE CONTRACTS WHICH DO NOT EXCEED \$150,0000. THE **MOTION PASSED** UNANIMOUSLY 6/0 WITH COMMISSISONER INGE ABSENT.

Hazen	Y
Farr	Y
Inge	Absent
Keeler	Y
Lesley	Y
Stout	Y
Yeh	Y

FY 2026-2027 BUDGET KICKOFF

Jeremy Cleversey, Environmental Services Management Analyst, Michelle Miranda, the City of Eugene Wastewater Division Director, and Matt Stouder, MWMC Executive Director, presented the fiscal year (FY) 2026–2027 budget process with a mid-year review, including discussion of delayed revenue due to an Eugene Water and Electric Board (EWEB) billing software issue, an overview of key outcomes and indicators, the budget schedule, and a preview of upcoming budget drivers. Revenues are generally tracking as expected following the July 1 rate increase, with septage revenues performing well, interest income slightly down, and reserves remaining healthy. Operating costs are on track, and capital spending appears low due to large projects that span multiple years. Key challenges include regulatory

requirements, aging infrastructure, major capital and solids-handling needs, and long-term financial planning. Environmental performance remains strong, with continued permit compliance, improved energy efficiency efforts, and a new safety indicator added. Staff reported progress on financial management, intergovernmental partnerships, asset management, and public outreach. Future budget presentations will continue through spring, with opportunities to refine indicators, consider strategic plan updates, and incorporate Commission feedback before final budget adoption.

Commission Discussion:

- Attachment 1: Outcome and Indicators
 - Further discussion on whether to include greenhouse gas reduction
 - Environmental Management System (EMS)
 - Consolidating outcomes/indicators
 - Permit requirements
- Operational efficiencies
- Communications media

BIOSOLIDS IMPROVEMENTS STUDY UPDATE

Bryan Robinson, Environmental Services Supervisor, updated the Commission on the MWMC Biosolids Improvement Study, which assesses the complete biosolids treatment system for efficiency, sustainability, and performance. Key Biosolids Management Facility (BMF) issues include lagoon solids reduction, belt filter press and polymer performance, and struvite management. Historical solids volumes were likely underreported, but recalibration and programming adjustments in 2025 improved accuracy, currently reducing flow volumes by 20% with calibrations and flow monitoring continuing. Procurement for the study is planned for 2026. Immediate actions in the study will involve lagoon sampling and analysis, and solids volume assessment. Study findings will guide midterm planning for biosolids system capacity and biosolids quality, and potential long-range capital projects such as facility expansion, covered biosolids storage, and new advanced technology treatment. Results and recommendations from the study will be presented in late 2027–2028.

Commissioner Discussion:

- Digester feed flow (Biosolids PowerPoint presentation, January 2026)
- Lagoon capacity
- Range of cake concentrations and issues
- Polymer vendor
- Biosolids land application availability (Biosolids Memo, January 2026)

BUSINESS FROM THE COMMISSION

Commissioner **Farr** said Lane County authorized moving forward with an exploration contract for co-locating a Short Mountain pipeline along with a natural gas pipeline in the same ditch on the east side of the freeway. It is 30 years overdue but moving forward.

BUSINESS FROM MWMC EXECUTIVE DIRECTOR

Mr. Stouder updated the MWMC Board on the Goshen/Creswell project. Lane County and City of Springfield staff updated the Springfield City Council on the project in early January, including next steps needed for Metro Plan approval and addressing capacity issues in Franklin Boulevard and the Glenwood Pump Station. The Springfield Council supported continuing work to address these issues. Junction City's

interest in connecting to the system was also discussed. Discussion with the Eugene City Council is slated for later this month.

He said that the Request for Proposal (RFP) for the Boiler project is posted. Award of the contract will occur later this spring.

The Board position vacated by Commissioner Inge is being advertised and recruited through Lane County. Commissioner Inge has accepted a new position with his company, which involves extensive travel, limiting his ability to attend meetings. He is hopeful to invite him to a future meeting as a guest of honor, recognizing his long service since November 1999. The County Board will make the appointment for the MWMC position once the application process is complete.

Todd Miller, Environmental Services Deputy Director, added that the RFP for the poplar harvest contract closes today, and the opening will be this afternoon, with several proposals already submitted.

BUSINESS FROM WASTEWATER DIVISION DIRECTOR

Ms. Miranda said that the treatment plant has not accepted fats, oils, or grease (FOG) since 2017. The treatment headworks are not designed to take FOG, and haulers are not permitted to discharge FOG at the plant. On December 17, a mobile waste hauler mistakenly dumped a grease load from a local restaurant, causing problems at the headworks. Due to the Environmental Protection Agency (EPA) fuel program rules, the resulting RINs will not be eligible for sale during the 28-day digester retention period. The team is exploring ways to recover value, prevent future incidents, and enforcement action will be taken against the hauler.

She said the IGA update will be presented at the Eugene City Council work session on January 28.

Mr. Stouder added that he, Mr. Miller, and Ms. Miranda have been discussing actions beyond the City of Eugene's response regarding an EPA rule that he considers unreasonable. The rule is outside of the MWMC's control, and he noted the financial impact of invalidating a 28-day cycle is substantial and suggested contacting legislators to raise awareness and potentially seek a fix, emphasizing that other agencies face similar challenges.

Commissioner **Farr** said he will be attending the quarterly legislative meeting this afternoon. It is something that could be flagged early if he would like.

Mr. Stouder said anything would be helpful. Staff will reach out directly to legislators.

Commissioner **Farr** adjourned the meeting at 9:20 am.

Metropolitan Wastewater MANAGEMENT COMMISSION



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MEMORANDUM

DATE: February 5, 2026
TO: MWMC Board
FROM: Kevin Vanderwall, MWMC Accountant
SUBJECT: FY 2024-25 Audited Financial Statements and Report
ACTION REQUESTED: Approve, by motion, the Annual Financial Report

BACKGROUND

The MWMC Board is required to issue an Annual Financial Report, which has been audited by an independent Certified Public Accounting firm. The financial statements are the responsibility of the Board's management. The accompanying statements for the MWMC were audited again this year by Grove, Mueller & Swank, P.C.

DISCUSSION

At the February 13, 2026 MWMC meeting, a member of the audit team from Grove, Mueller & Swank, P.C. will discuss the FY 2024-25 Annual Financial Report (Attachment 1) and Management Report (Attachment 2). The reports discuss financial statements, audit findings, estimates, representations, and qualitative aspects of accounting practices. Both staff and the auditors will be available at the February meeting to answer any questions the Board may have.

ACTION REQUESTED

By motion, accept the Annual Financial Report, including the audited financial statements for FY 2024-25.

ATTACHMENTS

- 1) FY 2024-25 Annual Financial Report
- 2) Management Report

Regional Wastewater Program Annual Financial Report



Metropolitan Wastewater
MANAGEMENT COMMISSION



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Fiscal Years
2024-2025

**METROPOLITAN WASTEWATER MANAGEMENT COMMISSION
OF THE EUGENE-SPRINGFIELD METROPOLITAN AREA**

ANNUAL FINANCIAL REPORT

For the Years Ended June 30, 2025 and 2024

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION

ANNUAL FINANCIAL REPORT

For the Years Ended June 30, 2025 and 2024

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Introductory Section

Metropolitan Wastewater MANAGEMENT COMMISSION



partners in wastewater management

GOVERNING BOARD

June 30, 2025

Pat Farr
Eugene, OR 97401

Lane County Board of Commissioners Representative
President

Doug Keeler
Springfield, OR 97477

Springfield Citizen Representative
Vice President

Jennifer Yeh
Eugene, OR 97401

Eugene Council Representative

Alan Stout
Springfield, OR 97477

Springfield Council Representative

Bill Inge
Eugene, OR 97402

Lane County Citizen Representative

Christopher Hazen
Eugene, OR 97405

Eugene Citizen Representative

The Board and Officers can be contacted at the following address:

ADMINISTRATION
225 Fifth Street
Springfield, Oregon 97477

Matt Stouder

MWMC General Manager/Executive Officer

Michelle Miranda

Wastewater Division Director

Nathan Bell

MWMC Finance Officer

Financial Section

Independent Auditor's Report

Independent Auditor's Report

Governing Board
Metropolitan Wastewater Management Commission
Springfield, Oregon

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of Metropolitan Wastewater Management Commission (MWMC), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise MWMC's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of Metropolitan Wastewater Management Commission, as of June 30, 2025 and 2024, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MWMC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

MWMC's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about MWMC's ability to continue as a going concern for twelve months beyond the financial statement issuance date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MWMC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about MWMC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise MWMC's basic financial statements. The other supplemental information is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplemental information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Minimum Standards for Audits of Oregon Municipal Corporations

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated December 19, 2025, on our consideration of MWMC's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in dark ink, appearing to read 'RP', with a long horizontal stroke extending to the right.

Ryan T. Pasquarella, Principal
For REDW LLC
Salem, Oregon
December 19, 2025

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Management's Discussion and Analysis

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Metropolitan Wastewater Management Commission (MWMC), we offer readers of MWMC's financial statements this narrative overview and analysis of the financial activities of MWMC for the fiscal years ended June 30, 2025 and 2024. Please read it in conjunction with MWMC's basic financial statements, which begin on page 19.

Mission

The purpose of the MWMC is to protect health, safety and the environment by providing high quality wastewater management services to the Eugene-Springfield metropolitan area. The MWMC and its regional partners are committed to providing these services in a manner that is effective, efficient, and meets customer service expectations. Since the mid-1990's, the Commission and staff have worked together to identify key outcome areas in which to focus the annual work plan and budget priorities, as well as planning capital and construction administration.

Responsibility and Controls

The City of Springfield performs all administrative duties, as well as planning and capital construction of major capital assets for the MWMC in accordance with the provisions of an intergovernmental service agreement among the City of Springfield, the City of Eugene, and the MWMC.

The City of Eugene performs all operations and maintenance duties for the MWMC in accordance with the provisions of the intergovernmental service agreement among the City of Eugene, the City of Springfield, and the MWMC.

FINANCIAL HIGHLIGHTS

- Total assets and deferred outflows of resources at June 30, 2025 were \$270.5 million and exceeded liabilities and deferred inflows of resources by \$245.2 million (i.e. net position). The increase in net position for the fiscal year ended June 30, 2025 was \$13.0 million. The increase in net position for the fiscal year ended June 30, 2024 was \$14.2 million. The decrease of \$1.2 million was the result of an increase of \$1.7 million in operating expenses and a decrease in non-operating expenses of \$891 thousand, only partially offset by an increase in operating revenues of \$383 thousand and \$1.0 million in administration and depreciation expense decreases.
- Operating revenues for the year were \$41.1 million as compared to \$40.8 million for fiscal year 2024. This is \$383 thousand more than the prior year, a 1.0 percent increase. Fiscal year 2024 increased from 2023 with a change to operating revenues of \$2.2 million.
- Total operating and maintenance expenses for the year were \$20.6 million and the total administration expenses were \$4.9 million compared to the prior year when expenses were \$19.4 and \$5.1 million respectively, and 2023 when they were \$16.1 and \$5.0 million respectively.

OVERVIEW OF ANNUAL FINANCIAL REPORT

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A represents management's examination and analysis of MWMC's financial condition and performance.

The financial statements report information about MWMC using the accrual basis of accounting. As such, revenues are recognized when they are earned and expenses are recognized when they are incurred.

The financial statements include a statement of net position, a statement of revenues, expenses, and changes in net position, a statement of cash flows and notes to the financial statements. The statement of net position provides information about the nature and amount of resources and obligations at year-end. The statement of revenues, expenses, and changes in net position presents the results of the business activities over the course of the fiscal year and information on how the net position changed during the year. The statement of cash flows presents changes in cash and cash equivalents resulting from operational, capital and related financing, and investing activities. This statement presents information about cash receipts and cash disbursements, without consideration of the earnings event, when an obligation occurs, or depreciation of capital assets.

The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the MWMC's accounting policies, significant account balances and activities, material risks, obligations, commitments, and contingencies.

The financial statements represent a consolidation of two budgetary funds: the Regional Wastewater Fund and the Regional Wastewater Capital Fund. For financial reporting purposes, management considers the activities relating to the operation of wastewater management to be of a unitary nature and they are reported as such. For operational purposes, the accounts of wastewater management are organized on the basis of funds, each of which is considered a separate accounting entity. Supplementary information comparing the budget to actual revenues and expenses is provided.

The financial statements were prepared by City of Springfield staff from the detailed books and records of the MWMC. The financial statements were audited during the independent external audit process.

Financial Analysis

The following comparative condensed financial statements serve as the key financial data and indicators for management, monitoring, and planning.

CONDENSED FINANCIAL STATEMENTS Statements of Net Position

	2025	As restated, 2024	2023
Current and other assets	\$ 141,005,486	\$ 134,429,769	\$ 121,048,049
Capital assets, net, where applicable, of accumulated depreciation	129,056,663	124,726,341	126,948,724
Total assets	270,062,149	259,156,110	247,996,773
Deferred outflows of resources	464,819	811,415	1,158,011
Current liabilities	9,771,558	8,288,112	7,338,186
Long-term liabilities	15,519,650	19,405,018	23,694,255
Total liabilities	25,291,208	27,693,130	31,032,441
Deferred inflows of resources	16,010	33,475	63,820
Net position:			
Net investment in capital assets	123,851,002	115,517,326	113,896,357
Restricted for capital improvement	16,700,739	15,857,856	6,970,309
Restricted for debt service	50,000	50,000	50,000
Unrestricted	104,618,009	100,787,148	97,141,857
Total net position	\$ 245,219,750	\$ 232,212,330	\$ 218,058,523

The largest portion of the MWMC's net position is net investment in capital assets, followed by unrestricted assets, and then the restricted amounts held for investment in the capital improvement plan and finally, the remaining amount that is restricted for debt service.

Total net position for MWMC continues to show a growth trend with increases to the categories of unrestricted and restricted for capital improvement. Net investments in capital assets increased in fiscal year 2025 due to the decrease in unamortized outstanding capital debt. MWMC is deliberately focused on a robust capital program that will maintain plant infrastructure to withstand the wear and tear of time, to meet current and future regulatory requirements, to survive natural disasters and to incorporate modern technologies. At the same time, MWMC has taken opportunities to retire long-term debt when cash has accumulated and interest rates are favorable.

Statements of Revenues, Expenses, and Changes in Net Position

	2025	As restated, 2024	2023
Operating revenues	\$ 41,074,726	\$ 40,752,172	\$ 38,592,209
Operations & maintenance	(20,632,112)	(19,361,818)	(16,121,306)
Administration	(4,891,179)	(5,063,464)	(4,972,942)
Depreciation	(9,908,855)	(10,389,078)	(10,403,006)
Operating income	5,642,580	5,937,812	7,094,955
Non-operating revenues (expenses), net (includes capital contributions)	7,364,840	8,244,585	5,827,644
Change in net position	\$ 13,007,420	\$ 14,182,397	\$ 12,922,599

Operating revenues increased by 0.7 percent from fiscal year 2024 to 2025 and increased by 5.6 percent from fiscal year 2023 to 2024. The fiscal year 2024 increase was primarily due to a \$1.3 million increase in sewer user fees collected. The smaller increase from 2024 to 2025 as compared to prior years was caused primarily by two issues. First, issues with the renewable natural gas credit management company caused sales of credits to be temporarily delayed. Second, issues with Eugene Water and Electric Board's accounting software resulted in the majority of 2025's user fees being remitted based on an estimated payment which will be reconciled in 2026.

Operations & maintenance expenses increased by approximately \$1.3 million, or 6.6 percent, compared to fiscal year 2024. The MWMC experienced small increases and decreases throughout the budget, but there were a couple of items with significance worth detailing. Personal services increased by \$1.4 million which was driven primarily by an increase to regular wages and related payroll expenses due to salary increases and the filling of vacant positions. Eugene operations increased by \$322 thousand driven primarily by increases to parts and components, materials and supplies other, and computer software.

Net non-operating revenues/(expenses) decreased from \$8.2 million in fiscal year ending June 30, 2024 to \$7.4 million for the year ending June 30, 2025. Net non-operating expenditures were down in fiscal year 2025 due to a decrease in capital contributions of \$767 thousand, making up almost the entire change and indicating less property development in the region. Interest income was down slightly from the prior year.

Capital Assets

MWMC's investment in capital assets as of June 30, 2025 was \$129.1 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, machinery and equipment, and other assets. The net increase in the MWMC's investment in capital assets for the current fiscal year was 3.5 percent. MWMC had a net increase to capital assets of \$4.3 million, this was due to capital increases being higher than decreases due to depreciation and asset disposals.

Major capital asset events during the current fiscal year included the following:

- Increases in construction in progress made up the largest category of increases that occurred during fiscal year ending June 30, 2025. The administration building project had an increase of \$4.6 million, the water quality trading program increased by \$1.5 million, the aeration basin upgrade increased by \$1.3 million, and the comprehensive facilities plan increased by \$1.2 million, along with other smaller additions.
- Machinery increases were primarily due to vehicle acquisitions worth less than \$100 thousand, in addition to those there was the purchase of a dredge for the biosolids management facility of \$726.6 thousand and the interior recoating of digester #1 for \$730.9 thousand.

MWMC's Capital Assets
(net of accumulated depreciation)

	June 30,		
	2025	2024	2023
Land	\$ 8,781,282	\$ 8,781,282	\$ 8,781,282
Land improvements	60,365	40,705	17,180
Construction in progress	22,850,025	11,585,488	8,017,005
Buildings and infrastructure	70,353,757	76,125,398	68,670,339
Machinery and equipment	26,368,841	26,980,393	39,642,008
Studies	642,393	1,213,075	1,820,910
Total	<u>\$ 129,056,663</u>	<u>\$ 124,726,341</u>	<u>\$ 126,948,724</u>

Debt Administration

At the end of the current fiscal year, the MWMC had total bonded debt outstanding (net of unamortized premium) of \$5.2 million, all of which is secured solely by sewer revenues. Notes payable were comprised entirely of one State Revolving Fund Loan (SRF) which was obtained as additional funding to implement the Facilities Plan at more advantageous interest rates than would result from issuing another revenue bond. In November 2018, two of the five SRF loans were retired, a third was retired in October 2019 and the fourth was paid off in December 2020, leaving a balance of \$500 thousand as of June 30, 2025.

Additional information on the MWMC's capital assets and related debt can be found in Note G and Note I, beginning on page 30 of this report.

Economic Factors and Next Year's Budget and Rates

For the year ended June 30, 2025, MWMC approved a 5 percent rate increase that was effective July 1, 2025 (a 5.5 percent increase was effective July 1, 2024). The new rate resulted in an average residential billing of \$31.91 per month based on typical residential consumption of 5,000 gallons per month. The budget included an annual capital contribution of \$14.3 million in order to fund implementation of the ongoing Capital Improvement Plan and Equipment Replacement.

Requests for Information

This financial report is designed to provide our citizens and rate payers with a general overview of the finances for those funds maintained by the MWMC and to show MWMC's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Kevin Vanderwall
MWMC Accountant
City of Springfield
225 Fifth Street
Springfield, OR 97477

Basic Financial Statements

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Metropolitan Wastewater Management Commission
Comparative Statements of Net Position

	June 30,	
	2025	As restated, 2024
ASSETS		
Current assets:		
Cash and investments		
Unrestricted	\$ 113,040,749	\$ 106,917,652
Restricted	20,109,346	19,065,688
Accounts receivable	110,929	80,771
Intergovernmental receivable, net	5,217,377	5,883,037
Inventory	777,900	741,826
Accrued interest	857,364	616,735
Prepaid expenses	34,092	62,917
Notes receivable (System Development Charges)	141,393	327,165
Lease receivable	16,336	17,642
Total current assets	<u>\$ 140,305,486</u>	<u>\$ 133,713,433</u>
Noncurrent assets:		
Deposits	700,000	700,000
Lease receivable	-	16,336
Land and construction in progress	31,631,307	20,366,770
Other capital assets, net of accumulated depreciation	<u>97,425,356</u>	<u>104,359,571</u>
Total noncurrent assets	<u>129,756,663</u>	<u>125,442,677</u>
Total assets	<u>270,062,149</u>	<u>259,156,110</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge for debt refunding	<u>464,819</u>	<u>811,415</u>
LIABILITIES		
Current liabilities:		
Accounts and contracts payable	5,645,670	4,334,133
Other accrued liabilities	95,512	75,776
Interest payable	30,376	55,459
Current portion of notes payable	100,000	100,000
Current portion of revenue bonds payable	3,900,000	3,750,000
Unearned revenues	-	1,334
Total current liabilities	<u>9,771,558</u>	<u>8,316,702</u>
Long-term liabilities:		
Due to other governments	13,849,170	13,234,589
Notes payable	400,000	500,000
Revenue bonds payable (net of unamortized premium, and current portion)	<u>1,270,480</u>	<u>5,670,429</u>
Total long-term liabilities	<u>15,519,650</u>	<u>19,405,018</u>
Total liabilities	<u>25,291,208</u>	<u>27,721,720</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue lease	<u>16,010</u>	<u>33,475</u>
NET POSITION		
Net investment in capital assets	123,851,002	115,517,326
Restricted for capital improvement	16,700,739	15,857,856
Restricted for debt service	50,000	50,000
Unrestricted	<u>104,618,009</u>	<u>100,787,148</u>
Total net position	<u>\$ 245,219,750</u>	<u>\$ 232,212,330</u>

The accompanying notes are an integral part of these statements.

Metropolitan Wastewater Management Commission
Comparative Statements of Revenues, Expenses and Changes in Net Position

	For the years ended June 30,	
	2025	As restated, 2024
Operating revenues:		
Sewer user fees	\$ 41,053,088	\$ 40,733,350
Other operating receipts	21,638	18,822
Total operating revenues	<u>41,074,726</u>	<u>40,752,172</u>
Operating expenses:		
Operations and maintenance	20,632,112	19,361,817
Administration	4,891,179	5,063,465
Depreciation	9,908,855	10,389,078
Total operating expenses	<u>35,432,146</u>	<u>34,814,360</u>
Operating income	<u>5,642,580</u>	<u>5,937,812</u>
Non-operating revenues (expenses):		
Interest income	5,995,981	6,021,115
Interest expense	(79,314)	(239,647)
Lease income	63,550	51,939
Gain (loss) on disposal of capital assets	(121,106)	99,554
Miscellaneous revenue	44,202	81,482
Total non-operating revenues (expenses)	<u>5,903,313</u>	<u>6,014,443</u>
Income before contributions	11,545,893	11,952,255
Capital contributions	<u>1,461,527</u>	<u>2,230,142</u>
Change in net position	13,007,420	14,182,397
Net position, beginning of year	<u>232,212,330</u>	<u>218,058,523</u>
Prior period adjustment - Note J	<u>-</u>	<u>(28,590)</u>
Net position, beginning of year, as restated	<u>232,212,330</u>	<u>218,029,933</u>
Net position, end of year	<u>\$ 245,219,750</u>	<u>\$ 232,212,330</u>

The accompanying notes are an integral part of these statements.

Metropolitan Wastewater Management Commission
Comparative Statements of Cash Flows

	For the years ended June 30,	
	2025	As restated, 2024
Cash flows from operating activities:		
Cash received from customers	\$ 41,688,590	\$ 40,073,087
Cash paid to other governments	(12,952,454)	(13,526,611)
Cash paid to suppliers for goods and services	(10,603,643)	(10,029,554)
Other operating receipts	20,304	19,047
Net cash provided by operating activities	18,152,797	16,535,969
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(14,267,590)	(8,166,695)
Proceeds from sale of capital assets	(76,904)	181,036
Proceeds of capital contributions	1,461,527	2,230,142
Principal paid on notes payable	(100,000)	(100,000)
Principal paid on revenue bonds payable	(3,750,000)	(3,590,000)
Interest payments	(257,750)	(423,000)
Net cash used in capital and related financing activities	(16,990,717)	(9,868,517)
Cash flows from investing activities:		
Interest received	5,755,352	5,783,829
Notes receivable issued	(118,333)	(189,374)
Cash received on notes receivable	304,105	94,337
Lease income	63,550	53,170
Net cash provided by investing activities	6,004,674	5,741,962
Net increase (decrease) in cash and investments	7,166,754	12,409,414
Cash and investments, beginning of year	125,983,340	113,573,926
Cash and investments, end of year	\$ 133,150,094	\$ 125,983,340
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 5,642,579	\$ 5,937,812
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	9,908,855	10,389,078
Changes in assets / liabilities:		
Intergovernmental receivable, net	(104,825)	(660,263)
Prepaid expenses	28,825	(24,319)
Accounts and contracts payable	1,340,127	820,253
Due to other governments	634,317	60,160
Inventory	(36,074)	13,023
Unearned revenues	(1,334)	225
Net cash provided by operating activities	\$ 18,152,797	\$ 16,535,969

The accompanying notes are an integral part of these statements.

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METROPOLITAN WASTEWATER MANAGEMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2025 and 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Metropolitan Wastewater Management Commission (MWMC) was established on February 9, 1977 through an intergovernmental agreement between Lane County and the Cities of Eugene and Springfield. It was formed to construct, operate, and maintain regional sewage facilities. The Commission is composed of seven voting members from Eugene, Springfield, and Lane County. Three of the seven members are elected officials from each of the partner agencies' governing bodies.

The financial operations of MWMC are reported as an entity using enterprise fund accounting. It is MWMC's intent that the costs of providing services to users on a continuing basis will be financed or recovered primarily through an equitable fee levied on all user classes.

Reporting Entity

These financial statements include all funds, organizations, departments, and offices that are not legally separate from the MWMC.

The City of Springfield performs all administrative duties and construction of major capital assets for MWMC in accordance with the provisions of a July 14, 1983 service agreement, which was updated and reaffirmed in 2005. The City of Eugene performs all operations and maintenance duties for MWMC under the same updated service agreement. The agreement is part of an arrangement among the Cities of Eugene and Springfield and MWMC whereby the two Cities perform all necessary operational and staff support activities of MWMC.

Basis of Accounting

The financial operations of MWMC are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

All activities of the MWMC are accounted for within two proprietary (enterprise) funds. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to a private business enterprise where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

MWMC distinguishes operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services to users. The principal operating revenues involve charges for services and the major operating expenses include the costs of plant operation and maintenance, administration, and depreciation of capital assets. All revenues and expenses not meeting these definitions are reported in these financial statements as non-operating revenues and expenses.

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2025 and 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Cash and Investments

MWMC participates in a cash and investment pool maintained by the City of Springfield. The amount reported as cash and investments is the MWMC share of the total City of Springfield cash and investment pool. As of June 30, 2025, MWMC does not maintain investments separate from the investment pools.

State statutes authorize the City to invest in obligations of the U.S. Treasury and its agencies, bankers' acceptances, high grade commercial paper, the State of Oregon Local Government Investment Pool, and repurchase agreements.

Deferred Inflows and Outflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Fair Value Measurements

Investments are stated at fair value.

Fair value is defined as the price that would be received at the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes fair value measurements within the hierarchy established by the GASB. This hierarchy defines three levels of inputs used to assess fair value which allows financial statement users to identify the level of reliability and determine variance risk between actual amounts received during a sale of assets or transfer of liabilities to that which is reported in the financial statements for the measurement date.

For purpose of the statement of cash flows, cash and investments in the City-wide investment pool (including restricted cash, investments and LGIP) are considered cash and cash equivalents. The pool has the general characteristics of a demand deposit account for MWMC in that MWMC may deposit additional cash at any time and may withdraw cash at any time without prior notice or penalty.

Intergovernmental Receivable

The municipal water utilities for the Cities of Eugene and Springfield bill and collect sewer user fees. The collected amounts are due to the MWMC. Accordingly, MWMC records the amounts due from the local water utilities as its intergovernmental receivable. Both utilities have historically collected over 99 percent of accounts receivable, therefore only a small allowance for uncollectible amounts is recorded.

Lease Receivables

Lease receivables are recognized at the net present value of the leased assets at a borrowing rate either explicitly described in the agreement or implicitly determined by the Metropolitan Wastewater Management Commission, reduced by principal payments received.

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2025 and 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Assets

All capital assets are valued at historical cost or estimated historical cost. Cost includes labor, materials, and related indirect costs. The cost of additions, renewals, and betterments over \$10,000 are capitalized, except as modified by the guidance in GASB Implementation Guide 2021-1. This guidance has been implemented by MPMC and therefore if an item or items are purchased at a unit cost below the capitalization threshold they are capitalized if those assets in the aggregate are significant. Repairs and minor replacements are charged to operating expenses.

All depreciation is accumulated and shown as a reduction of historical costs reported on the Statement of Net Position. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. Upon disposal of such assets, the accounts are relieved of the related historical costs and accumulated depreciation and resulting gains and losses are reflected in income.

The estimated useful lives agree with those used for cost analysis purposes as required by federal regulations. They are as follows:

Land improvements	10 – 30 years
Buildings and infrastructure	10 – 50 years
Machinery and equipment	1 – 50 years
Studies	5 – 40 years

Accumulated Unpaid Vacation, Sick Pay and Other Benefit Amounts

The portions of accumulated unpaid vacation, sick, and compensatory time that are not expected to be paid within the year are reported as long-term liabilities as “due to other governments” since all employees are contracted from the cities of Eugene and Springfield.

Long-term Debt

Long-term debt is reported as a liability in the Statement of Net Position. Bond issuance costs are expensed in full in the year incurred and deferred amounts on refunding are amortized over the life of the new debt. Bond premiums and discounts are amortized using the bonds outstanding method.

Use of Estimates

In preparing the Commission’s financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risk Management

MPMC is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets. MPMC carries commercial insurance for such risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2025 and 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Net Position

Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

When both restricted and unrestricted resources are available for use, it is the MWMC's practice to use restricted resources first, when applicable, then unrestricted resources as they are needed.

New Accounting Pronouncements

During the fiscal year ended June 30, 2025, the MWMC implemented the following GASB pronouncements:

- GASB Statement No. 101 – *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The effects of adoption and implementation of Statement No. 101 are referenced in Note J of the financial statements.
- GASB Statement No. 102 – *Certain Risk Disclosures*. The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The adoption and implementation of Statement No. 102 did not have a significant impact to the MWMC.
- *GASB Statement No. 103 and 104* – These are other pronouncements that have been issued by the GASB but not yet implemented by the MWMC.

NOTE B – INTERGOVERNMENTAL AGREEMENTS

In accordance with the MWMC service agreement dated July 14, 1983 and updated on July 5, 2005, the City of Eugene is responsible for the operations of the regional sewage facilities. The agreement obligated MWMC for costs incurred by the City of Eugene in operating and maintaining the Regional Sewage Facilities. These costs include employee benefits for City of Eugene employees. The interagency payable at June 30, 2025 for operation and maintenance costs incurred by the City of Eugene is \$2,503,161 (\$2,526,458 for 2024). The total costs charged to MWMC for the year ended June 30, 2025 were \$20,632,112 (\$19,361,818 for 2024). The City of Springfield, in accordance with the MWMC service agreement dated July 14, 1983 and updated July 5, 2005, provides the technical, financial, and administrative support services to MWMC. Costs charged to MWMC for the years ended June 30, 2025 and 2024 were \$4,891,178 and \$5,063,464 respectively and include employee benefits for City of Springfield employees.

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2025 and 2024

NOTE B – INTERGOVERNMENTAL AGREEMENTS - CONTINUED

These costs include a pro-rata share of other post-employment benefits, specifically medical, dental and vision coverage for eligible retirees, their spouses, domestic partners, and dependents on a self-pay basis. Due to the effect of age, retiree claim costs are generally higher than claim costs for all members as a whole. The difference between retiree claim costs and the amount of retiree healthcare premiums represents implicit employer contribution. In addition, life insurance benefits are provided to fully disabled employees. The actuarial computed liability for the plan at June 30, 2025 was \$968,648 (\$935,877 for 2024).

MWMC has no employees of its own. All personnel costs reflected are related to the employees of the cities of Eugene and Springfield contracted to do the work of MWMC. In addition to the post-employment benefit liability referenced above, as of June 30, 2025, MWMC has recorded an interagency payable to the respective cities for the compensated absences of \$1,312,419 (\$1,148,685 for 2024), and the net pension liability of \$11,568,103 (\$11,150,025 for 2024) computed for those employees. For 2025, the total interagency payable due to the cities of Eugene and Springfield is \$13,849,170 (\$13,234,589 for 2024.)

NOTE C – COMMITMENTS AND CONTINGENCIES

At June 30, 2025, MWMC was obligated by contracts for uncompleted construction projects for \$59,582,777. At June 30, 2024, the obligation on contracts for capital improvement projects was \$15,379,358.

NOTE D – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary information

MWMC follows these procedures in establishing the budgetary data reflected in the statements presented in the supplementary information section.

In the spring of each year, the Executive Officer submits a proposed budget to the Metropolitan Wastewater Management Commission. The budget is prepared on the modified accrual basis of accounting. Estimated revenues and expenditures are budgeted for by fund, department, and category. Information on the past year's actual receipts and expenditures and the current-year amended budget are provided in the budget document. MWMC conducts a public hearing for the purpose of obtaining citizen comments on the budget. MWMC then adopts the budget. All three governmental bodies included in the intergovernmental agreement, the City of Springfield, the City of Eugene, and Lane County, ratify the budget as appropriate. MWMC then makes a final adoption by resolution.

MWMC may change the budget throughout the year by transferring appropriations between levels of control and by adopting supplemental budgets. Any changes adopted by MWMC in this manner must also be adopted by the City of Springfield, because MWMC's budget is included in the budget of the City of Springfield. Management may transfer budget amounts between individual line items within the control level, but cannot make changes between the legal levels of control. During the fiscal year ended June 30, 2025, MWMC adopted several transfer resolutions and supplemental budgets increasing expenditures by \$14,062,648. This was funded by adjustments to beginning cash - carrying forward budget planned, but not spent at the end of FY 2024.

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2025 and 2024

NOTE E – RESTRICTED CASH AND INVESTMENTS

The Commission maintains cash and investments in several fund accounts in accordance with bond resolutions and Commission authorization. Descriptions of these fund account types are as follows:

System Development Charge Reserves – Used to account for charges assessed and collected in conjunction with installation of new sewer services in the Regional Sewer System and are restricted by State of Oregon Statutes to system enhancements and other related capital expenditures.

Investments for Bond Principal and Interest – Used to account for cash and investments restricted by Bond Indentures of Trust for future payment of principal and interest on debt.

State Revolving Loan Reserves – Deposits held for debt service as required by the State of Oregon Department of Environmental Quality for Clean Water State Revolving Fund Loan Agreements.

Insurance Reserve - Deposits held by direction of the Commission for use towards future insurance claims.

Detailed amounts for restricted cash and investments were as follows:

	2025	2024
State Revolving Fund loan reserves	\$ 50,000	\$ 50,000
System development charge reserves	16,559,346	15,515,688
Investments for bond principal and interest	2,000,000	2,000,000
Insurance reserve	1,500,000	1,500,000
Total restricted cash and investments	<u>\$ 20,109,346</u>	<u>\$ 19,065,688</u>

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2025 and 2024

NOTE F – LEASE RECEIVABLE

On July 1, 2021, Metropolitan Wastewater Management Commission entered into a 58-month lease as Lessor for the use of 410 River Avenue. As of June 30, 2025, the value of the lease receivable and deferred inflow of resources were \$16,336 and \$16,010, respectively. The lessee is required to make monthly fixed payments of \$1,493. The lease has an interest rate of 1.06 percent. Principal and interest payments received were \$17,642 and \$274, respectively, during the 2025 fiscal year. Principal and interest payments received were \$17,465 and \$421, respectively, during the 2024 fiscal year.

	Balance as of June 30, 2024	Additions	Reductions	Balance as of June 30, 2025
Lease receivables				
Infrastructure:				
410 River Avenue	\$ 33,978	\$ -	\$ (17,642)	\$ 16,336
Total lease receivables	<u>\$ 33,978</u>	<u>\$ -</u>	<u>\$ (17,642)</u>	<u>\$ 16,336</u>
	Balance as of June 30, 2024	Additions	Reductions	Balance as of June 30, 2025
Deferred inflows of resources				
Infrastructure:				
410 River Avenue	\$ 33,475	\$ -	\$ (17,465)	\$ 16,010
Total deferred inflows of resources	<u>\$ 33,475</u>	<u>\$ -</u>	<u>\$ (17,465)</u>	<u>\$ 16,010</u>

The future principal and interest lease receivable payments are as follows:

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2026	\$ 16,336	\$ 87	\$ 16,423
	<u>\$ 16,336</u>	<u>\$ 87</u>	<u>\$ 16,423</u>

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2025 and 2024

NOTE G – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Increases	Decreases and Reclassifications	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 8,781,282	\$ -	\$ -	\$ 8,781,282
Construction in progress	11,585,488	11,264,537	-	22,850,025
Total capital assets, not being depreciated	20,366,770	11,264,537	-	31,631,307
Capital assets, being depreciated:				
Land improvements	3,718,192	25,660	-	3,743,852
Buildings and infrastructure	189,588,847	512,844	-	190,101,691
Machinery and equipment	114,632,700	2,477,978	(114,238)	116,996,440
Studies	5,760,864	-	-	5,760,864
Total capital assets, being depreciated	313,700,603	3,016,482	(114,238)	316,602,847
Less accumulated depreciation for:				
Land improvements	(3,677,487)	(6,000)	-	(3,683,487)
Buildings and infrastructure	(113,463,449)	(6,058,210)	-	(119,521,659)
Machinery and equipment	(87,652,307)	(3,273,963)	72,396	(90,853,874)
Studies	(4,547,789)	(570,682)	-	(5,118,471)
Total accumulated depreciation	(209,341,032)	(9,908,855)	72,396	(219,177,491)
Total capital assets, being depreciated, net	104,359,571	(6,892,373)	(41,842)	97,425,356
Capital assets, net	\$ 124,726,341	\$ 4,372,164	\$ (41,842)	\$ 129,056,663

Capital asset activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Increases	Decreases and Reclassifications	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 8,781,282	\$ -	\$ -	\$ 8,781,282
Construction in progress	8,017,005	5,993,308	(2,424,825)	11,585,488
Total capital assets, not being depreciated	16,798,287	5,993,308	(2,424,825)	20,366,770
Capital assets, being depreciated:				
Land improvements	19,635	3,698,557	-	3,718,192
Buildings and infrastructure	166,910,666	22,678,181	-	189,588,847
Machinery and equipment	136,828,944	8,275,790	(30,472,034)	114,632,700
Studies	5,760,864	-	-	5,760,864
Total capital assets, being depreciated	309,520,109	34,652,528	(30,472,034)	313,700,603
Less accumulated depreciation for:				
Land improvements	(2,455)	(4,395)	(3,670,637)	(3,677,487)
Buildings and infrastructure	(98,240,327)	(6,523,916)	(8,699,206)	(113,463,449)
Machinery and equipment	(97,186,936)	(3,252,932)	12,787,561	(87,652,307)
Studies	(3,939,954)	(607,835)	-	(4,547,789)
Total accumulated depreciation	(199,369,672)	(10,389,078)	417,718	(209,341,032)
Total capital assets, being depreciated, net	110,150,437	24,263,450	(30,054,316)	104,359,571
Capital assets, net	\$ 126,948,724	\$ 30,256,758	\$ (32,479,141)	\$ 124,726,341

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2025 and 2024

NOTE H – REBATABLE ARBITRAGE

On May 3, 2016 MWMC issued \$32,725,000 in revenue bonds. Interest earnings on unspent bond proceeds can result in an arbitrage rebate due to the federal government. Arbitrage regulations require that the first installment date computation be made at five years from the delivery date. The rebate is required to be made within 60 days of the calculation. MWMC's liability is estimated at zero as of June 30, 2025 and 2024.

NOTE I – LONG TERM DEBT

Revenue Bonds

MWMC issued \$32,725,000 in revenue bonds as a result of a bond refunding in FY2015-16. The bond premium of \$5,249,467 is being amortized over the life of the bonds. Additionally, a deferred charge for debt refunding of \$3,639,258 is being amortized over the life of the 2016 bonds with \$464,819 unamortized as of June 30, 2025 and \$811,415 as of June 30, 2024. There are no longer specific reserves required by the bond covenants.

As part of the Water bonds covenants MWMC is required to maintain net revenue equal to 1.25 times the annual debt service of the bonds. MWMC was in compliance with these covenants for the year ended June 30, 2025 and 2024.

Revenue obligation bonds payable transactions for the year ended June 30, 2025 are as follows:

	Issue Date	Final Maturity Date	Effective Interest Rate	Outstanding July 1, 2024	Issued During Year	Matured During Year	Outstanding June 30, 2025	Due Within One Year
Sewer system revenue bonds serviced by fund revenues:								
Series 2016	5/3/2016	2027	1.461%	\$ 8,250,000	\$ -	\$ 3,750,000	\$ 4,500,000	\$ 3,900,000
						Unamortized premium Due in current year	670,479 (3,900,000)	
						Total revenue bonds payable	\$ 1,270,479	

Revenue obligation bonds payable transactions for the year ended June 30, 2024 are as follows:

	Issue Date	Final Maturity Date	Effective Interest Rate	Outstanding July 1, 2023	Issued During Year	Matured During Year	Outstanding June 30, 2024	Due Within One Year
Sewer system revenue bonds serviced by fund revenues:								
Series 2016	5/3/2016	2027	1.461%	\$ 11,840,000	\$ -	\$ 3,590,000	\$ 8,250,000	\$ 3,750,000
						Unamortized premium Due in current year	1,170,429 (3,750,000)	
						Total revenue bonds payable	\$ 5,670,429	

Maturities of bond principal and interest are as follows:

Fiscal Year	Principal	Interest
2026	\$ 3,900,000	\$ 102,000
2027	600,000	12,000
	<u>\$ 4,500,000</u>	<u>\$ 114,000</u>

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2025 and 2024

NOTE I – LONG TERM DEBT – continued

Notes Payable

In September 2009 the MWMC entered into a Note Payable with the Oregon Department of Environmental Quality (DEQ). The Note was a direct placement. The Note is a "Revenue Secured Loan" and the DEQ was granted a security interest in the MWMC's Net Revenues. Other provisions include: note is subordinate to Revenue Bonds in existence at the time the Note was taken and possibly to future Revenue Bonds subject to the Master Declaration, there are no prepayment penalties, the Note is subject to a late payment fee of 5% of the late payment, the MWMC must maintain a loan reserve set by the DEQ, and the MWMC must meet and report annually on Debt Service Coverage ratio of 105% of that fiscal year's debt service payments. If there is an event of default which remains uncured, the DEQ may declare the outstanding loan amount plus unpaid accrued interest and fees to be due immediately. The DEQ may also: appoint a receiver at the MWMC's expense, set and collect utility rates, direct the State Treasurer of the State of Oregon to withhold any amounts otherwise due to the MWMC. To date, the MWMC has complied with all of the Note provisions and there have been no events of default.

At June 30, 2025, note payable activity was as follows:

Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
\$ 600,000	\$ -	\$ (100,000)	\$ 500,000	\$ 100,000

At June 30, 2024, note payable activity was as follows:

Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
\$ 700,000	\$ -	\$ (100,000)	\$ 600,000	\$ 100,000

Principal and interest amounts due on the note payable in each of the next five years, and in five-year increments thereafter, are as follows:

Fiscal Year	Principal	Interest
2026	\$ 100,000	\$ 2,250
2027	100,000	1,750
2028	100,000	1,250
2029	100,000	750
2030	100,000	250
Total	\$ 500,000	\$ 6,250

MWMC maintained a loan reserve of \$50,000 as of June 30, 2025 in accordance with the loan agreements with the Oregon Department of Environmental Quality.

METROPOLITAN WASTEWATER MANAGEMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2025 and 2024

NOTE J – RESTATEMENT OF NET POSITION

As required during the implementation of GASB Statement 101- *Compensated Absences*, the sick time calculation portion of compensated absences was increased to better reflect the estimated sick time usage expected during the next fiscal year. This was reflected in a restatement to prior year financial statements. These adjustments resulted in a decrease to beginning net position in the amount of \$28,590 to the government. These are recorded on the basic financial statements as follows:

Change in net position	\$ 13,007,420
Net position - beginning as previously reported	232,240,920
Adjustment for implementation of GASB101	<u>(28,590)</u>
Net position - beginning as restated	<u>232,212,330</u>
Net position - ending	<u><u>\$ 245,219,750</u></u>

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Supplemental Information

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Metropolitan Wastewater Management Commission
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended June 30, 2025

	Regional Wastewater Fund	Regional Wastewater Capital Fund	Eliminations	Total
Revenues:				
Charges for services	\$ 41,604,185	\$ -	\$ (487,545)	\$ 41,116,640
Investment earnings	356,538	5,639,443	-	5,995,981
Intergovernmental revenue	-	299	-	299
Licenses and permits	20,139	-	-	20,139
Fines and forfeitures	1,200	-	-	1,200
Miscellaneous revenue	37,107	7,095	-	44,202
Total revenues	42,019,169	5,646,837	(487,545)	47,178,461
Expenses:				
Current operating:				
City manager's office	12,304	-	-	12,304
Finance	183,312	-	-	183,312
Development and public works	25,763,919	51,303	(487,545)	25,327,677
Debt service:				
Interest and premium amortization	232,667	(153,353)	-	79,314
Depreciation	9,908,855	-	-	9,908,855
Total expenses	36,101,057	(102,050)	(487,545)	35,511,462
Excess of revenues over (under) expenses	5,918,112	5,748,887	-	11,666,999
Other financing sources (uses):				
Transfers in	13,996,707	18,950,000	(32,946,707)	-
Transfers out	(18,950,000)	(13,996,707)	32,946,707	-
Capital contributions	(191,495)	1,653,022	-	1,461,527
Gain (loss) on disposal of capital assets	(121,106)	-	-	(121,106)
Total other financing sources (uses)	(5,265,894)	6,606,315	-	1,340,421
Change in net position	652,218	12,355,202	-	13,007,420
Net position, beginning of year, as restated	127,744,214	104,468,116	-	232,212,330
Net position, end of year	\$ 128,396,432	\$ 116,823,318	\$ -	\$ 245,219,750

Metropolitan Wastewater Management Commission
REGIONAL WASTEWATER FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
(NON-GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
Year Ended June 30, 2025

	Original Budget	Revised Budget	Budget Basis Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Charges for services	\$ 43,218,000	\$ 43,218,000	\$ 39,597,165	\$ (3,620,835)	\$ 2,007,020	\$ 41,604,185
Investment earnings	300,000	300,000	302,013	2,013	54,525	356,538
Licenses and permits	16,000	16,000	20,139	4,139	-	20,139
Fines and forfeitures	-	-	1,200	1,200	-	1,200
Miscellaneous revenue	700,000	700,000	53,850	(646,150)	(16,743)	37,107
Total revenues	44,234,000	44,234,000	39,974,367	(4,259,633)	2,044,802	42,019,169
Expenses:						
Current operating:						
City manager's office	18,232	18,232	12,304	5,928	-	12,304
Finance	193,181	193,181	183,312	9,869	-	183,312
Development and public works	25,224,847	26,220,044	25,652,913	567,131	111,006	25,763,919
Debt service:						
Principal	3,850,000	3,850,000	3,850,000	-	(3,850,000)	-
Interest and premium amortization	257,750	257,750	257,750	-	(25,083)	232,667
Depreciation	-	-	-	-	9,908,855	9,908,855
Total expenses	29,544,010	30,539,207	29,956,279	582,928	6,144,778	36,101,057
Excess of revenues over (under) expenses	14,689,990	13,694,793	10,018,088	(3,676,705)	(4,099,976)	5,918,112
Other financing sources (uses):						
Transfers in	27,722	27,722	27,722	-	13,968,985	13,996,707
Transfers out	(15,100,000)	(15,100,000)	(15,100,000)	-	(3,850,000)	(18,950,000)
Capital contributions	-	-	-	-	(191,495)	(191,495)
Gain (loss) on disposal of assets	-	-	7,070	7,070	(128,176)	(121,106)
Total other financing sources (uses)	(15,072,278)	(15,072,278)	(15,065,208)	7,070	9,799,314	(5,265,894)
Change in net position	(382,288)	(1,377,485)	(5,047,120)	(3,669,635)	5,699,338	652,218
Net position, beginning of year, as restated	11,089,438	12,632,990	12,632,990	-	115,111,224	127,744,214
Net position, end of year	\$ 10,707,150	\$ 11,255,505	\$ 7,585,870	\$ (3,669,635)	\$ 120,810,562	\$ 128,396,432

Metropolitan Wastewater Management Commission
REGIONAL WASTEWATER CAPITAL FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
(NON-GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL
Year Ended June 30, 2025

	Original Budget	Revised Budget	Budget Basis Actual	Variance	Adjustments to Budget Basis Actual	GAAP Basis Actual
Revenues:						
Investment earnings	\$ 1,500,000	\$ 1,500,000	\$ 5,378,380	\$ 3,878,380	\$ 261,063	\$ 5,639,443
Intergovernmental revenue	800	800	299	(501)	-	299
Miscellaneous revenue	8,000	8,000	7,095	(905)	-	7,095
Total revenues	1,508,800	1,508,800	5,385,774	3,876,974	261,063	5,646,837
Expenses:						
Current operating:						
Development and public works	4,149,000	7,866,810	4,191,473	3,675,337	(4,140,170)	51,303
Capital projects	69,120,000	75,665,472	9,828,814	65,836,658	(9,828,814)	-
Debt service:						
Premium amortization	-	-	-	-	(153,353)	(153,353)
Total expenses	73,269,000	83,532,282	14,020,287	69,511,995	(14,122,337)	(102,050)
Excess of revenues over (under) expenses	(71,760,200)	(82,023,482)	(8,634,513)	73,388,969	14,383,400	5,748,887
Other financing sources (uses):						
Transfers in	15,100,000	15,100,000	15,100,000	-	3,850,000	18,950,000
Transfers out	(27,722)	(27,722)	(27,722)	-	(13,968,985)	(13,996,707)
Capital contributions	2,770,000	2,770,000	1,616,009	(1,153,991)	37,013	1,653,022
Total other financing sources (uses)	17,842,278	17,842,278	16,688,287	(1,153,991)	(10,081,972)	6,606,315
Change in net position	(53,917,922)	(64,181,204)	8,053,774	72,234,978	4,301,428	12,355,202
Net position, beginning of year	100,995,359	113,514,455	113,514,455	-	(9,046,339)	104,468,116
Net position, end of year	\$ 47,077,437	\$ 49,333,251	\$ 121,568,229	\$ 72,234,978	\$ (4,744,911)	\$ 116,823,318

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Compliance Section

Independent Auditor's Report
Required by Oregon State Regulations

Governing Board
Metropolitan Wastewater Management Commission
Springfield, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the basic financial statements of Metropolitan Wastewater Management Commission (MWMC) as of and for the year ended June 30, 2025, and have issued our report thereon dated December 19, 2025.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MWMC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).
- Accountability for collecting or receiving money by elected officials – no money was collected or received by elected officials.

In connection with our testing nothing came to our attention that caused us to believe MWMC was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MWMC's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MWMC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of MWMC's internal control.

Restriction on Use

This report is intended solely for the information and use of the governing board and management of MWMC and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

A handwritten signature in dark ink, appearing to read 'R. Pasquarella', with a long horizontal flourish extending to the right.

Ryan T. Pasquarella, Principal
For REDW LLC
Salem, Oregon
December 19, 2025

Governing Body
Metropolitan Wastewater Management Commission
Springfield, Oregon

We have audited the financial statements of Metropolitan Wastewater Management Commission (MWMC) as of and for the year ended June 30, 2025, and have issued our report thereon dated December 19, 2025. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our statement of work letter dated March 5, 2025, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of the system of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MWMC's internal control over financial reporting. Accordingly, as part of our audit, we considered the system of internal control of MWMC solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

We have identified the following significant risks:

- The possibility that management could override the system of controls. This risk is always identified and addressed by our planned audit procedures. This is not indicative of any unusual circumstances observed within your organization.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by MWMC is included in the notes to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended June 30, 2025. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates and Related Disclosures

Accounting estimates and related disclosures are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Management's estimate of the depreciation of capital assets, based on management's determination of the useful lives and future economic benefit of the assets.
- Management's estimate of the fair market value of investments, based on third-party brokerage information.
- Management's estimate of the allowance for doubtful accounts, based on past experience with uncollected accounts.
- Management's estimate of the contractual liabilities, based on the proportionate share of the cities of Eugene and Springfield's other post-employment benefits, net pension liability and related deferrals, and compensated absences. The other post-employment benefits and net pension liabilities are based on calculations from an independent third-party actuary.

We evaluated the factors and assumptions used to develop the estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting MWMC's financial statements relate to MWMC's long-term liabilities including contractual obligations to the Cities of Eugene and Springfield and compliance with Oregon Minimum Standards and Local Budget Law.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to MWMC's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated December 19, 2025.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with MWMC, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as MWMC's auditors.

This report is intended solely for the information and use of the governing body and management of Metropolitan Wastewater Management Commission and is not intended to be and should not be used by anyone other than these specified parties.

REDW LLC

Salem, Oregon
December 19, 2025



Metropolitan Wastewater MANAGEMENT COMMISSION



partners in wastewater management

MWMC Commission

Pat Farr
Lane County Commissioner
MWMC President

Doug Keeler
Springfield Citizen
MWMC Vice President

Christopher Hazen
Eugene Citizen

Bill Inge
Lane County Citizen

Dawn Lesley
Eugene Citizen

Alan Stout
Springfield City Councilor

Jennifer Yeh
Eugene City Councilor

Administration

Matt Stouder
MWMC Executive Officer
City of Springfield
225 Fifth Street
Springfield, Oregon 97477
(541) 726-3694
FAX (541) 726-2309

Operations

Michelle Miranda
Wastewater Director
City of Eugene
410 River Avenue
Eugene, Oregon 97404
(541) 682-8600
FAX (541) 682-8601

December 19, 2025

REDW, LLC
475 Cottage Street NE, Suite 200
Salem, OR 97301

This representation letter is provided in connection with your audit of the financial statements of Metropolitan Wastewater Management Commission (MWMC), which comprise the statement of financial position as of June 30, 2025 and 2024, and the respective change in financial position, and where applicable, cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements of the various opinion units are presented fairly, in all material respects, in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of December 19, 2025.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated March 5, 2025, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- The financial statements referred to above have been fairly presented in accordance with U.S. and include all properly classified funds, required supplementary information, and notes to the basic financial statements.
- We acknowledge our responsibility for the design, implementation, and maintenance of the system of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP.
- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All net position components and fund balance classifications have been properly reported and, if applicable, approved.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets and right-to-use assets, are properly capitalized, reported, and if applicable, depreciated or amortized.
- All required supplementary information is measured and presented within the prescribed guidelines.
- Nonexchange and exchange financial guarantees, either written or oral, under which it is more likely than not that a liability exists have been properly recorded, or if we are obligated in any manner, are disclosed.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.

- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- With regard to items reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- We have conducted a comprehensive risk assessment and disclosed all material concentrations and constraints in accordance with GASB Statement No. 102, Certain Risk Disclosures. These disclosures provide sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact associated with the concentration or constraint, if applicable.
- We have evaluated the concentrations and constraints, including those that occur subsequent to the statement of net position date but before the financial statements are issued and have been properly disclosed in the financial statements as subsequent events.
- With respect to accounting estimates:
 - The significant judgments made in making the accounting estimates have taken into account all relevant information of which we are aware.
 - We have consistently and appropriately selected and applied methods, assumptions, and data when making accounting estimates.
 - The assumptions we used in making and disclosing accounting estimates appropriately reflect our intent and ability to carry out specific courses of action on behalf of MWMC.
 - The disclosures related to accounting estimates, including those disclosures describing estimation uncertainty, are complete and are reasonable in the context of the applicable financial reporting framework.
 - We are not aware of any events subsequent to the date of the financial statements that require adjustment to our accounting estimates and disclosures included in the financial statements.
- With respect to the supplemental information accompanying the financial statements:
 - We acknowledge our responsibility for the presentation of the supplemental information in accordance with U.S. GAAP.
 - We believe the supplemental information, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.

- The methods of measurement or presentation have not changed from those used in the prior period.
 - We believe the following significant assumptions or interpretations underlying the measurement or presentation of the supplemental information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
 - When the supplemental information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the supplemental information no later than the date of issuance by MWMC of the supplemental information and the auditor's report thereon.
 - We acknowledge our responsibility to include the auditor's report on the supplemental information in any document containing the supplemental information and that indicates the auditor reported on such supplemental information.
 - We acknowledge our responsibility to present the supplemental information with the audited financial statements or, if the supplemental information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplemental information no later than the date of issuance by MWMC of the supplemental information and the auditor's report thereon.
- With respect to any nonattest services provided, we have performed the following:
 - Made all management decisions and performed all management functions;
 - Assigned a competent individual to oversee the services;
 - Evaluated the adequacy of the services performed;
 - Evaluated and accepted responsibility for the result of the service performed; and
 - Established and maintained controls, including a process to monitor the system of internal control.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit;
 - Unrestricted access to persons within the entity and others from whom you determined it necessary to obtain audit evidence;
 - A written acknowledgement of all the documents that we expect to issue that will be included in the annual report and the planned timing and method of issuance of that annual report, and
 - A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.
- The financial statements and any other information included in the annual report are consistent with one another, and the other information does not contain any material misstatements.

- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our evaluation of the entity's ability to continue as a going concern, including significant conditions, events present, concentrations and constraints, and we believe that our use of the going concern basis of accounting is appropriate.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors (contractors), analysts, regulators, or others.
- We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, abuse or waste that you have reported to us.
- We have a process to track the status of audit findings and recommendations.
- We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation, claims, or assessments.
- We have disclosed to you the identity of all the entity's related parties and the nature of all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- MWMC has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, and deferred inflows of resources.
- We have disclosed to you all guarantees, whether written or oral, under which MWMC is contingently liable.

- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
 - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- MWMC has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.



Nathan Bell, MWMC Finance Officer

Metropolitan Wastewater MANAGEMENT COMMISSION



partners in wastewater management

MEMORANDUM

DATE: February 5, 2026

TO: MWMC Board

FROM: Troy McAllister, MWMC Managing Engineer
Greg Watkins, AIC Wastewater Deputy Director

SUBJECT: FY 2026-27 Regional Wastewater Program (RWP) Capital Budget and 5-Year Plan

ACTION REQUESTED: MWMC Board review and feedback on draft FY 2026-27 Capital Program Budget and 5-Year Capital Plan

ISSUE

In advance of preparing final MWMC budget documents in Spring 2026, the first draft of the FY 2026-27 RWP Capital Budget and 5-Year Capital Plan is attached for MWMC Board review and comment. Staff will provide a presentation of the RWP Capital Budget at the February 13, 2026 MWMC meeting.

BACKGROUND

The MWMC Board reviews a draft RWP Capital Budget each February for the annual budget process. The FY 2026-27 budget kick-off meeting with the Board occurred on January 9, 2026. Below is a list of the planned public meetings related to development of the FY 2026-27 MWMC budget, prior to forwarding the documents to the partner agencies of Eugene, Springfield and Lane County.

- | | |
|--------------------|--|
| January 9, 2026: | Budget kick-off (MWMC Key Outcomes and Performance Measures) |
| February 13, 2026: | MWMC Board discussion of the draft Capital Program budget, including: <ul style="list-style-type: none"> • 5-year Capital Improvement Plan • Asset Management Capital Program (AMCP) |
| March 13, 2026: | Presentation and discussion of draft budget FY 2026-27 <ul style="list-style-type: none"> • MWMC Operating Budget • Revenues & Reserves • Rate Scenarios |
| April 10, 2026: | MWMC Budget and User Rates (Public Hearings and Options to Adopt) |

DISCUSSION

The Capital Program Budget has two major components: 1) Capital Improvement Program (CIP), and 2) Asset Management Capital Program (AMCP). The MWMC Capital Program section of the draft FY 2026-27 budget document (Attachment 1) provides a detailed discussion of the following:

- An overview of the RWP Capital Program and objectives
- An overview of the RWP Capital Program funding and financial planning methods
- A description of the CIP status and FY 2026-27 CIP Budget
- A description of the AMCP status and FY 2026-27 AMCP Budget
- A summary of the 5-Year Capital Plan

The proposed draft budget document anticipates the following:

FY 2026-27 budget

- CIP FY 2026-27 proposed budget: \$39,430,000
- AMCP FY 2026-27 proposed budget: \$2,829,000

5-year projected budget (subject to change)

- CIP 5-year planning subtotal: \$171,300,000
- AMCP 5-year planning subtotal: \$10,570,000
- RWP Capital Program 5-Year planning total: \$181,870,000 (July 2026 to June 2031)

On February 13, 2026, staff will provide a presentation summarizing the proposed FY 2026-27 Capital Program Budget and the 5-Year Capital Plan. Input provided by the MWMC Board will be incorporated into the final draft of the RWP Capital Budget, to be presented at the March 13, 2026 MWMC meeting, along with the first review of the MWMC FY 2026-27 Operating Budget.

ACTION REQUESTED

MWMC Board review and feedback on the draft FY 2026-27 Capital Program Budget and 5-Year Capital Program is requested.

ATTACHMENT

- 1) Draft FY 2026-27 Regional Wastewater Program Capital Budget

REGIONAL WASTEWATER PROGRAM CAPITAL PROGRAMS

Overview

The Regional Wastewater Program (RWP) includes two components: the Capital Improvement Program (CIP) and the Asset Management Capital Program (AMCP). The FY 26-27 CIP Budget, the FY 26-27 AMCP Budget, and the associated 5-Year Capital Plan are based on the following: 2004 MWMC Facilities Plan, 2014 Partial Facilities Plan Update, Resiliency Planning Study (Disaster Mitigation & Recovery Plan – March 2020), 2023 infrastructure evaluation, and 2025 information from project P80101 Facilities Planning work in progress.

The CIP is administered by the City of Springfield for the MWMC. The AMCP implements the projects and activities necessary to maintain functionality, lifespan, and effectiveness of the MWMC facility assets on an ongoing basis. The AMCP is administered by the City of Eugene and consists of three sub-categories:

- Equipment Replacement
- Major Rehabilitation
- Major Capital Outlay

The MWMC has established these capital programs to achieve the following RWP objectives:

- Compliance with applicable local, state, and federal laws and regulations
- Protection of the health and safety of people and property from exposure to hazardous conditions such as untreated or inadequately treated wastewater
- Provision of adequate capacity to facilitate community growth in the Eugene-Springfield metropolitan area consistent with adopted land use
- Construction, operation, maintenance, and management of MWMC facilities in a manner that is cost-effective, efficient, and affordable to the community in the short and long term

Capital Program Funding and Financial Planning Methods and Policies

This annual budget document presents the FY 26-27 CIP Budget, the FY 26-27 AMCP Budget, and 5-Year Capital Plan which includes the CIP and AMCP. The MWMC CIP financial planning and funding methods are in accordance with the financial management policies put forth in the MWMC 2019 Financial Plan.

Each of the two RWP capital programs relies on funding mechanisms to achieve the objectives described above. The CIP is funded primarily through Capital Reserves, which may include proceeds from revenue bond sales, financing through the State of Oregon DEQ Clean Water State Revolving Fund (SRF) loan program, grants, System Development Charges (SDC), user fee revenue, and transfers from the Operating Fund to Capital Reserves.

The RWP's Operating Fund is maintained to pay for operations, administration, debt service, equipment replacement contributions and capital contributions associated with the RWP. The Operating Fund derives most of its revenue from regional wastewater user fees that are collected by Eugene Water & Electric Board (EWEB) and the Springfield Utility Board (SUB) from their respective customers, passed through to the City of Eugene and City of Springfield, and ultimately to the MWMC. In accordance with the MWMC Financial Plan, funds remaining more than budgeted for operational expenditures can be transferred from the Operating Fund to the Capital Reserve. The Capital Reserve accumulates revenue to fund capital projects, including major rehabilitation, to reduce the amount of borrowing necessary to finance capital projects. In addition, the CIP is partially funded with System Development Charges for the projects that qualify.

The AMCP consists of three categories managed by the City of Eugene and funded through regional wastewater user fees. The *Equipment Replacement* account funds replacement of equipment valued at or over \$10,000 with a life expectancy greater than one year; the *Major Rehabilitation* account funds rehabilitation of the MWMC infrastructure such as roof replacements, structure coatings, etc.; and the *Major Capital Outlay* account is for the initial purchase of major equipment that will be placed on the equipment replacement list, or a one-time large capital expense. Some AMCP projects are scheduled in coordination with a CIP project due to the nature and complexity of the project scheduling. The MWMC assets are tracked throughout their lifecycle using asset maintenance management software. Based on this information, the AMCP annual budget is established and projected for the 5-Year Capital Plan.

For planning purposes, the MWMC considers market changes that drive capital project expenditures. Specifically, the MWMC capital plan reflects projected price changes over time that affect cost of materials, supply chain impacts, and services. In addition, City of Springfield staff and MWMC design consultants monitor construction trends in Oregon along with supply chain issues during the design phase.

Regional Wastewater Capital Program Status and Budget

CIP Project Status and Budget

The FY 26-27 CIP Budget is comprised of the individual budgets for each of the active (carryover) or starting (new) projects in the first year of the 5-Year Capital Plan. The total of these FY 26-27 project budgets is \$39,430,000. Each capital project represented in the FY 26-27 Budget is described in detail in a CIP project sheet that can be found at the end of this document. Each project sheet provides a description of the project, the project's purpose/driver (the reason for the project), the funding schedule for the project, and the project's estimated final cost and cash flow information. For those projects that are in progress, a short status report is included on the project sheet. In 2019, the MWMC Resiliency Planning consultant study focused on seismic (Cascadia magnitude 9.0 earthquake) and major flooding event(s) and recommended some infrastructure multi-year improvements for consideration during the CIP Budgeting process.

Completed Capital Projects

The following capital projects were completed or on hold in FY 25-26:

- Comprehensive Facility Plan Update - P80101
- Class A Disinfection Facilities - P80098
- Recycled Water Demonstration Projects - P80099
- Waste Activated Sludge Thickening - P80078

Carryover Capital Projects

All or a portion of remaining funding for active capital projects are carried forward to the MWMC FY 26-27 budget. The on-going carryover projects are:

- Aeration System Upgrades - P80113
- Administration/Operations Building Improvements - P80104
- Electrical Switchgear & Transformer Replacement - P80115
- Water Quality Trading Program - P80112
- Repair Clarifiers & Final Treatment - P80118
- Glenwood Pump Station Upgrade - P80064
- WPCF Stormwater Infrastructure - P80111
- Resiliency Follow-Up - P80109
- Facility Plan Engineering Services - P80110
- Biosolids Improvements Study – P80122
- WPCF Boiler Upgrades – P80121

Overall, the budgeting for these projects follows, and is consistent with, the estimated cost of the listed capital projects and new information gathered during the MWMC design development process.

New Projects for FY 26-27

- Owosso Bridge Upgrades – P80116
- WPCF Storage – P80123
- WPCF Thickening Upgrades – P80124

FY 26-27 Capital Budget Summary (Exhibit 12)

Exhibit 12 displays the adjusted budget and end-of-year expenditure estimates for FY 25-26, the amount of funding projected to be carried over to FY 26-27 and additional funding for existing and/or new projects in FY 26-27.

EXHIBIT 12**Summary of FY 26-27 Regional Capital Program Budget**

	FY 25-26 ADJUSTED BUDGET	FY 25-26 ESTIMATED ACTUALS	FY 25-26 CARRYOVER TO FY 26-27	NEW FUNDING FOR FY 26-27	TOTAL FY 26-27 BUDGET
Project to be Completed/Ended in FY 25-26					
Waste Activated Sludge Thickening	\$6,500,000	\$0	\$0	\$0	\$0
Comprehensive Facilities Plan Update	702,024	400,000	0	0	0
Class A Disinfection Facilities	600,000	40,000	0	0	0
Recycled Water Demonstration Projects	262,169	30,000	0	0	0
Projects to be Carried Over to FY 26-27					
Aeration System Upgrades (2023 to 2026)	36,202,723	8,702,723	13,000,000	0	13,000,000
Electrical Switchgear & Transformer Replacement	15,375,786	5,875,786	7,400,000	0	7,400,000
Repair Clarifiers & Final Treatment	3,733,026	683,026	3,050,000	550,000	3,600,000
Biosolids Improvements Study	350,000	150,000	200,000	3,300,000	3,500,000
Admin Building Improvements	21,046,529	18,046,529	3,000,000	0	3,000,000
Water Quality Trading Program	9,843,109	2,443,109	2,100,000	0	2,100,000
Resiliency Follow-Up	678,080	378,080	300,000	1,700,000	2,000,000
WPCF Boiler Upgrades	450,000	200,000	250,000	750,000	1,000,000
Glenwood Pump Station Upgrade	1,755,682	1,155,682	600,000	0	600,000
WPCF Stormwater Infrastructure	600,000	120,000	480,000	0	480,000
Facility Plan Engineering Services	600,000	300,000	300,000	0	300,000
New Projects in FY 26-27					
Owosso Bridge Upgrades	0	0	0	1,100,000	1,100,000
WPCF Storage	0	0	0	900,000	900,000
WPCF Thickening Upgrades	0	0	0	450,000	450,000
TOTAL Capital Projects	\$98,699,128	\$38,524,935	\$30,680,000	\$8,750,000	\$39,430,000

FY 26-27 Asset Management Capital Program and Budget

The AMCP consists of the following accounts, listed by category:

- Equipment Replacement
- Major Rehabilitation
- Major Capital Outlay

The AMCP budget is described below by category.

Equipment Replacement - Budget

The FY 26-27 Capital Programs budget includes \$619,000 in Equipment Replacement purchases that are identified on the table below.

Equipment Replacement	
Description	FY 26-27 Proposed Budget
Waste Heat Radiator, Digester	\$100,000
Annual Equipment Allocation, Digester Cleaning Pump, Actuators (x8)	100,000
Pickup Truck, Replace Chevrolet 2WD, Maintenance	65,000
Dilution Water Pump, Digesters	60,000
Digester Cleaning Pump, Digesters	50,000
Variable Frequency Drives (x6), Digester Mixers, Digesters	45,000
Electric Cart, GEM-EXLD, Facilities	35,000
Electric Cart, GEM, Operations	35,000
Actuator, Primary Diversion Gate, Pretreatment	33,000
Thickened Sludge Pump, Gravity Thickener	30,000
Transmission and Clutch Replacement, 10yd Dump Truck, Biosolids Management Facility (BMF)	29,000
Variable Frequency Drive, Dilution Water Pump, Digesters	15,000
Variable Frequency Drives (x2), Thickened Waste Activated Sludge Pump, Gravity Belt Thickener (GBT)	12,000
Variable Frequency Drives (x2), Waste Activated Sludge Pump, GBT	10,000
Total	\$619,000

Radiator, Digesters – This radiator removes excess heat from the hot water loop. After 7 years of exposure to H₂S gas, the heat exchanger has rusted and needs to be replaced. The other elements of the unit (i.e., frame, motor, fan) are still in good condition.

Annual Equipment Allocation – This allocation is for critical assets exposed to treatment conditions and high frequency usage that accelerate equipment wear. The digester cleaning pump needs to be replaced every 2-3 years due to the highly corrosive sludge and struvite pumped out of the digesters. The actuators at the Plant (x5) and BMF (x3) are obsolete, repair parts are unavailable, and the equipment will require immediate replacement upon failure.

Pickup Truck 2WD, Maintenance – This 20-year-old vehicle needs replacement given the multiple, reoccurring engine and accessory problems which Fleet Maintenance has been unable to repair.

Dilution Water Pump, Digesters – Installed in 1989, this pump is used to flush the digested sludge force main and slurry digester cleanings sent to BMF. It has been rebuilt multiple times and is now in need of full replacement.

Digester Cleaning Pump, Digesters – This pump is used to remove struvite, sand, and trash when cleaning a digester. It was previously rebuilt, and now both the rotor and stator need to be replaced.

Variable Frequency Drives (x6), Digester Mixers – These VFDs run the draft tube mixers on three of the four digesters. After 17 years of service, they have surpassed their service life.

Electric Cart, Facilities – This cart is used by Facility Maintenance staff at the treatment plant. It has operating control failures that make it unsafe to use.

Electric Cart, Operations – This cart is 9 years old and needs to be replaced with a model that better suits Operator needs when transporting samples and hand-held instruments.

Actuator, Primary Diversion Gate, Pretreatment – Installed in 2009, this actuator moves the large Primary Diversion Gate used during peak flow events. It has had multiple communication card failures which staff and the manufacturer have been unsuccessful in repairing.

Thickened Sludge Pump, Gravity Thickener – This pump transfers thickened sludge from the Gravity Thickener to the Digesters. It has required frequent, expensive rebuilds. After successfully working with a vendor on other pump replacements, staff intend to pilot test using a different style of pump.

Transmission and Clutch Replacement, Dump Truck, BMF – This dump truck is used at BMF to haul dewatered biosolids from the Dewatering Building to the Air Drying Beds. Rather than a complete replacement, just the transmission and clutch will be replaced.

Variable Frequency Drives, Digesters – Variable Frequency Drives (VFDs) associated with the dilution water pump.

Variable Frequency Drives (x2), Thickened Waste Activated Sludge Pump, GBT – These VFDs run the pump that transfers thickened waste activated sludge from the GBT to the Digesters. After 28 years of service, they have well exceeded their expected life, and parts have become difficult to find.

Variable Frequency Drives (x2), Waste Activated Sludge Pump, GBT – These VFDs operate the pumps that transfer waste activated sludge to the gravity belt thickener. These are similar in age to the VFDs for Thickened Waste Activated Sludge (TWAS) and parts are difficult to find.

Major Rehabilitation - Budget

The FY 26-27 Capital Programs budget includes \$1,230,000 for Major Rehabilitation projects that are identified on the table below.

Major Rehabilitation Projects	
Description	FY 26-27 Proposed Budget
Spot Repairs and Recoating, Clarifier Rake Arms (x2), Secondary Clarifiers	\$500,000
Waste Removal and Remediation, Brown Lane, BMF	250,000
Culvert Repair, Beneficial Reuse Site (BRS)	200,000
Culvert (New), BMF	120,000
Grout, Grit Collector/Head Cell Walls (x2), Pretreatment	110,000
Operations/Maintenance Building Improvements	50,000
Total	\$1,230,000

Spot Repairs, Recoating, Clarifier Rake Arms (x2), Secondary – After being in service for 20 years, the protective coating on the steel collector mechanism truss is failing and needing to be replaced.

Waste Removal and Remediation, Brown Lane – Brown Lane property has approximately 7,500 cubic yards of soil contaminated with hemlock, trash, and rock (up to 1-foot in size). Staff will solicit a neighbor willing to take the material or a local pit accepting excavation spoils. If landfilling is necessary, staff will re-evaluate and then potentially return to the Commission to request additional funding.

Culvert Repair, BRS – The Beneficial Reuse Site (BRS) has multiple culverts that pass stormwater across the borders of the property. Three of these have completely rusted and need to be replaced.

Culvert, BMF – Drainage of site stormwater is discharged to the north of the facility. Unfortunately, this flows across a main gravel road which becomes deeply flooded during the rainy season. This work would include regrading and installation of new culvert to safely convey stormwater under the gravel road.

Grout, Grit Collector/Head Cell Walls (x2), Pretreatment – The Head Cell collects grit screened from the wastewater as part of Pretreatment. Large portions of grout in the head cell walls directing flow through the units have failed and need to be replaced.

Operations/Maintenance Building Improvements – Allocation for small-scale facility improvements.

Major Capital Outlay

The FY 26-27 Capital Program budget includes \$980,000 for the Major Capital items listed below.

Major Capital Outlay	
Description	FY 26-27 Proposed Budget
Furniture, Media Equipment, Admin-Ops Building (upon P80104 completion)	\$365,000
Cathodic Protection Testing Well, Secondary Clarifiers	150,000
Generator, 180 kW, Regional	130,000
COD Analyzers (x2), Plant	80,000
Service Van (New), Electrical Maintenance	70,000
Moisture Analyzer, RNG	60,000
Wash Water Booster Tank System, Belt Filter Presses, BMF	50,000
Harmonic Filters, W2 Pumps, Final	45,000
Mobile Flood Lights w/Generator, Towed, Emergency Response	30,000
Total	\$980,000

Furniture, Media Equipment, Admin-Ops Building – Furnishings and media equipment for the larger building space and additional conference rooms once the Administration and Operations Building Project (P80104) is completed.

Cathodic Protection Testing Well, Secondary Clarifiers – A new testing well is needed to properly test the performance of the cathodic protection system on the secondary clarifiers. The well is used to obtain a reference conductivity of the surrounding soil.

Towed Generator, 180 kW, Regional Facilities – An additional regionally-owned generator sized to run almost all process areas in the plant and many of the pump stations.

COD Analyzers (x2), Plant – Carbonaceous Biochemical Oxygen Demand (CBOD is one of our NPDES permit parameters, but the test takes five days to return the result. Since Chemical Oxygen Demand (COD) is correlated with CBOD, a COD analyzer would provide real-time indication of likely CBOD values. This early notice would provide plant operators time to respond to any incoming constituent that may risk exceeding CBOD permit limits.

Service Van (New), Electricians – With the addition of FTE for electrical maintenance, a third service van is needed to allow staff to respond to multiple regional locations simultaneously (i.e., WPCF, BMF, pump stations).

Moisture Analyzer, RNG System – This analyzer is used to measure the moisture in the digester gas as it leaves the H2S filter vessels. The information is used to ensure there is sufficient water content in the filter media to maximize its life, thereby reducing downtime for media replacement.

Wash Water Booster Tank System, Belt Filter Presses – The current system design is prone to becoming air locked if not monitored closely. Installing a booster tank system would alert operators to make belt filter press adjustments early enough to prevent air locking.

Harmonic Filters, W2 Pumps, Final – The distance between the VFDs and W2 pumps is long, which results in harmonic frequencies that accelerate wear on the VFDs, conductors, and pump motors. The harmonic filters will remove this energy and prolong equipment life.

Mobile Flood Lights, Towed, Emergency Response – For use during power outages when other generators are deployed to keep the process equipment and pump stations operating, this enables staff to work more safely in the dark while restoring service.

Summary of FY 26-27 Asset Management Capital Program Budget

<u>Category of Capital Expense</u>	FY 26-27 Proposed Budget
Equipment Replacement	\$619,000
Major Rehabilitation	1,230,000
Major Capital Outlay	980,000
TOTAL	\$2,829,000

FY 27-28 Asset Management Capital Program Budget Planning

The AMCP consists of the following accounts, listed by category:

- Equipment Replacement
- Major Rehabilitation
- Major Capital Outlay

The AMCP budget planning (subject to change) is described below.

Equipment Replacement – Budget Forecast

The FY 27-28 Capital Programs budget includes \$1,230,000 in Equipment Replacement purchases that are identified in the table below.

Equipment Replacement	
Description	FY 27-28 Proposed Budget
Motor, HP300, Raw Sewage (x5), Willakenzie Pump Station (PS)	\$325,000
Motor Control Center, "A" and "B" Side (x2), Willakenzie PS	300,000
Irrigator, Center Pivot, BRS	200,000
Switchboard (x2), Willakenzie PS	200,000
Variable Frequency Drives (x2), Willakenzie PS	80,000
Trailer, 48' Lowboy, Facilities	65,000
Mercury Analyzer, MREX Low Level, ESB Metals Lab	40,000
Autoclave, Lab Wash, ESB	20,000
Total	\$1,230,000

Motor, HP300, Raw Sewage Pumps, Willakenzie PS – These motors power five pumps at Willakenzie pump station, which is the largest MWMC pump station, and conveys Springfield flow to the WPCF.

Motor Control Center (x2), Willakenzie PS – This is the original 1984 equipment that provides power to the pump motors.

Irrigator, Center Pivot, BRS – Damage from theft has resulted in the need to replace the wiring and controller.

Switchboard (x2), Willakenzie PS – This equipment switches between electrical power sources for the Willakenzie pump station.

Variable Frequency Drives (x2), Willakenzie PS – These are the two remaining VFDs that have been experiencing premature failure.

Trailer, 48' Lowboy, Facilities – This trailer is used to haul taller loads such as the dredge.

Mercury Analyzer, MREX Low Level, ESB – Mercury analyzer replacement is needed to keep analysis up to date with technology and technical support. Low level mercury analysis is required for the MWMC NPDES permit.

Autoclave, Lab Wash, ESB – Existing autoclave has recurring maintenance issues. Autoclave failure could possibly risk NPDES permit noncompliance. Autoclave sterilization is required for microbiological analysis, high level mercury digestion, and phosphorus digestion.

Major Rehabilitation – Budget Forecast

The FY 27-28 Capital Programs budget includes \$880,000 for Major Rehabilitation projects that are identified in the table below.

Major Rehabilitation Projects	
Description	FY 27-28 Proposed Budget
Spot Repairs and Recoating, Clarifier Rake Arms (x2), Secondary Clarifiers	\$500,000
Dome Exterior Coatings (x2), Sludge Holding Tanks	300,000
Operations/Maintenance Building Improvements	50,000
MWMC Construction Trailer, Interior Rehab, Plant	30,000
Total	\$880,000

Spot Repairs, Recoating, Clarifier Rake Arms (x2), Secondary – Periodic spot repairs to the coatings are necessary to continue to protect the steel structure.

Dome Exterior Coatings (x2), Sludge Holding Tanks – The exterior coating on the Sludge Holding Tanks is showing significant wear and needs to be repaired.

Operations/Maintenance Building Improvements – Allocation for small-scale facility improvements.

Interior Rehabilitation, MWMC Trailer, Plant – After twenty years of use, the trailer for Springfield construction management staff needs interior refurbishment (i.e., carpet, cupboards, partitions, doors).

Major Capital Outlay – Budget Forecast

The FY 27-28 Capital Program budget includes \$0 for the Major Capital items listed below.

Major Capital Outlay	
Description	FY 27-28 Proposed Budget
Total	\$0

Summary of FY 27-28 Asset Management Capital Program Budget Planning

<u>Category of Capital Expense</u>	FY 27-28 Proposed Budget
Equipment Replacement	\$1,230,000
Major Rehabilitation	880,000
Major Capital Outlay	0
TOTAL	\$2,110,000

5-Year Capital Plan (Exhibit 13)

For each fiscal planning cycle, only the first year of budget authority is appropriated. The remaining four years of the CIP and AMCP are important and useful for fiscal and work planning purposes. However, it is important to note that the funds in the outer years of the Capital Plan are only planned and not appropriated. For these multi-year contracts, unspent funds from the first fiscal year will typically be carried over to the next fiscal year until the project is completed. Accordingly, the RWP Capital Plan presented herein is a subsequent extension of the plan presented in the adopted FY 25-26 Budget that has been carried forward by one year to FY 26-27. Changes to the 5-Year Plan typically occur from year to year as more information becomes available and evaluated.

Exhibit 13 displays the MWMC 5-Year Capital Plan programs budget, which includes \$171,300,000 in planned capital projects and \$10,570,000 planned asset management capital projects for an overall 5-Year Capital Plan Budget of \$181,870,000.

EXHIBIT 13**Regional Wastewater 5-Year Capital Program**

	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31	TOTAL
MWMC CAPITAL PROJECTS						
Planning						
Facility Plan Engineering Services	\$300,000	\$300,000	\$200,000	\$200,000	\$220,000	\$1,220,000
Partial Facility Plan Update (NPDES 9/2027)		400,000	300,000			700,000
Conveyance Systems						
Owosso Bridge Upgrades	1,100,000	3,800,000	1,800,000	300,000		7,000,000
Glenwood Pump Station Upgrade	600,000					600,000
East Bank Interceptor (EBI) Repairs		500,000	800,000	1,700,000	3,000,000	6,000,000
Improvements at WPCF, BMF, etc.						
Aeration System Upgrades (2023 to 2026)	13,000,000	12,000,000	2,500,000			27,500,000
Electrical Switchgear & Transformer Replacement	7,400,000	2,100,000				9,500,000
Repair Clarifiers & Final Treatment	3,600,000	8,000,000	7,700,000	3,000,000		22,300,000
Biosolids Improvements Study	3,500,000	6,000,000	7,600,000	10,500,000	13,200,000	40,800,000
Administration Building Improvements	3,000,000					3,000,000
Water Quality Trading Program	2,100,000	2,000,000	1,900,000	1,300,000	100,000	7,400,000
Resiliency Follow-Up	2,000,000	2,000,000	3,000,000	7,000,000	3,000,000	17,000,000
WPCF Boiler Upgrades	1,000,000	700,000	700,000	100,000		2,500,000
WPCF Storage	900,000	2,500,000	2,400,000			5,800,000
WPCF Stormwater Infrastructure	480,000					480,000
WPCF Thickening Upgrades	450,000	1,850,000	2,800,000	2,200,000		7,300,000
Asphalt Repairs		900,000	2,400,000	2,200,000		5,500,000
BMF Storage		700,000	3,300,000			4,000,000
Pretreat Screw Pump MCC Changes		250,000	250,000	200,000		700,000
Study WPCF Septage Station		200,000				200,000
Connections for Emergency Generator			250,000			250,000
Cell Tower Evaluation			100,000			100,000
Study Fat-Oil-Grease (FOG) Receiving Station				350,000	100,000	450,000
Repair Aeration, Clarifiers, Outfall Control Structure					1,000,000	1,000,000
TOTAL CAPITAL PROJECTS	\$39,430,000	\$44,200,000	\$38,000,000	\$29,050,000	\$20,620,000	\$171,300,000
ASSET MANAGEMENT						
Equipment Replacement	619,000	1,230,000	306,000	820,000	185,000	3,160,000
Major Rehabilitation	1,230,000	880,000	700,000	3,620,000		6,430,000
Major Capital Outlay	980,000					980,000
TOTAL ASSET MANAGEMENT	\$2,829,000	\$2,110,000	\$1,006,000	\$4,440,000	\$185,000	\$10,570,000
MWMC TOTAL CAPITAL PROJECTS	\$42,259,000	\$46,310,000	\$39,006,000	\$33,490,000	\$20,805,000	\$181,870,000

FACILITY PLAN ENGINEERING SERVICES (P80110)

Description: Engineering/technical/vendor services for analysis, project definition, cost estimating, design feedback, follow up approvals, and general consultation regarding the MWMC Facilities Plan follow up support. The related project P80090 for consultant services was closed out in FY 21-22.

Status: Pursuant to the issuance of the 2022 NPDES permit, MWMC representatives began updating the Facilities Plan under P80101 and will need follow up support via P80110 Facility Plan Engineering Services. As required by the NPDES permit #102486 (page 12 and 38) and before September 15, 2025, the MWMC completed the inspection of the treatment plant outfall system via P80110 funding.

Justification: Consultant services to provide ongoing technical and engineering services as needed after the MWMC Comprehensive Facilities Plan Update (P80101).

Project Driver: Ongoing engineering/technical/vendor services via P80110.

Project Trigger: Ongoing need.

Estimated Project Cost: \$1,520,000 (2025 to 2031)

Estimated Cash Flow: FY 25-26 = \$300,000; FY 26-27 = \$300,000; FY 27-28 = \$300,000; FY 28-29 = \$200,000; FY 29-30 = \$200,000; FY 30-31 = \$220,000

	Prior Years	2025-26 Est. Act.	2026-27	2027-28	2028-29	2029-30	2030-31	Total
EXPENDITURE/CATEGORY:								
Design/Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	0	300,000	300,000	300,000	200,000	200,000	220,000	1,520,000
Total Cost	\$0	\$300,000	\$300,000	\$300,000	\$200,000	\$200,000	\$220,000	\$1,520,000

FY 26-27 BUDGET AND CIP

OWOSSO BRIDGE SEISMIC UPGRADES (P80116)

- Description:** This project was identified in the Disaster Mitigation and Recovery Plan (March 2020). The MWMC owns the Owosso Bridge (constructed in 1982) and has infrastructure attached to the bridge. This project would provide seismic upgrades to the bridge.
- Status:** Under the MWMC project P80109 work related to the Owosso Bridge, the MWMC received a geotechnical seismic analysis consultant report dated June 23, 2022. In August 2022, an engineering consultant provided updated cost estimates for Owosso Bridge seismic retrofits. The MWMC submitted for grant funding but was not successful in 2025 for the P80116 design and construction project.
- Justification:** The MWMC's facilities and wastewater conveyance/treatment services are integral to protection of the community and public health following a major disaster such as the anticipated Cascadia Subduction Zone Earthquake.
- Project Driver:** Cost effectively ensure reasonable recovery of MWMC's core facilities and services following major disaster impacts after earthquake and/or flooding.
- Project Trigger:** Ongoing effort to address level of service recommendations/improvements from the Disaster Mitigation and Recovery Plan dated March 2020 (older project P80096).

Estimated Project Cost: \$7,000,000 (evaluate cost estimating during design development)

Estimated Cash Flow: FY 26-27 = \$1,100,000; FY 27-28 = \$3,800,000; FY 28-29 = \$1,800,000; FY 29-30 = \$300,000

	Prior Years	2025-26 Est. Act.	2026-27	2027-28	2028-29	2029-30	2030-31	Total
EXPENDITURE/CATEGORY:								
Design/Construction	\$0	\$0	\$1,100,000	\$3,800,000	\$1,800,000	\$300,000	\$0	\$7,000,000
Other	0	0	0	0	0	0	0	0
Total Cost	\$0	\$0	\$1,100,000	\$3,800,000	\$1,800,000	\$300,000	\$0	\$7,000,000

FY 26-27 BUDGET AND CIP

GLENWOOD PUMP STATION UPGRADE (P80064)

Description: Expand Glenwood pump station capacity to accommodate growth and meet Oregon Department of Environmental Quality (DEQ) wastewater pump station design requirements. The pump station was designed with stalls for additional pumps. Two pumps were installed in 1995 with space for two additional pumps to be added when wastewater flow to the pump station increases with development of the Glenwood and Laurel Hill basins. In 2019, the P80096 Resiliency Planning study recommended onsite geotechnical evaluation and additional improvements.

Status: As of January 2026, the project is in the construction phase and the design consultant is reviewing construction submittals. P80064 construction completion is anticipated by October/November of 2026.

Justification: Additional pumping capacity will be required at this MWMC pump station to handle increasing flows in the Glenwood area (Springfield) and the Laurel Hill area (Eugene).

Project Driver: Oregon DEQ wastewater pump station redundancy requirements and 2019 Resiliency study recommendations.

Project Trigger: Information from 2023 onsite testing of existing pump/pipe system identified the need to upgrade the Glenwood pump station.

Estimated Project Cost: \$2,600,000

Estimated Cash Flow: FY 20-21 = \$1,426; FY 21-22 = \$43,259; FY 22-23 = \$106,469;
FY 23-24 = \$155,812; FY 24-25 = \$537,352; FY 25-26 = \$1,155,682;
FY 26-27 = \$600,000

	Prior Years	2025-26 Est. Act.	2026-27	2027-28	2028-29	2029-30	2030-31	Total
EXPENDITURE/CATEGORY:								
Design/Construction	\$844,318	\$1,155,682	\$600,000	\$0	\$0	\$0	\$0	\$2,600,000
Other	0	0	0	0	0	0	0	0
Total Cost	\$844,318	\$1,155,682	\$600,000	\$0	\$0	\$0	\$0	\$2,600,000

FY 26-27 BUDGET AND CIP

AERATION SYSTEM UPGRADES [2023-2026] (P80113)

Description: In 2020 and 2021, Brown and Caldwell evaluated the existing aeration systems and provided recommendations in January 2022 via project P80100. The P80113 project will implement the design and construction of additional upgrades/changes to the existing aeration systems by year 2028.

Status: As of January 2026, the construction notice to proceed was on June 24, 2025 and final completion is anticipated by end of 2028. Construction product/equipment submittals are being reviewed and processed back to the P80113 contractor (Pacific Excavation).

Justification: Update aging (1984) equipment/systems such as piping, electrical, communication technology, blowers, HVAC, and other components related to the aeration system which is part of the secondary treatment process.

Project Driver: Ongoing efforts to keep MWMC existing systems reliable and achieve required performance outcomes related to the National Pollution Discharge Elimination System (NPDES) permit #102486.

Project Trigger: Need to address aging aeration systems for reliability and performance upgrades.

Estimated Project Cost: \$40,000,000

Estimated Cash Flow: FY 22-23 = \$804,235; FY 23-24 = \$1,737,423; FY 24-25 = \$1,255,619; FY 25-26 = \$8,702,723; FY 26-27 = \$13,000,000; FY 27-28 = \$12,000,000; FY 28-29 = \$2,500,000

	Prior Years	2025-26 Est. Act.	2026-27	2027-28	2028-29	2029-30	2030-31	Total
EXPENDITURE/CATEGORY:								
Design/Construction	\$3,797,277	\$8,702,723	\$13,000,000	\$12,000,000	\$2,500,000	\$0	\$0	\$40,000,000
Other	0	0	0	0	0	0	0	0
Total Cost	\$3,797,277	\$8,702,723	\$13,000,000	\$12,000,000	\$2,500,000	\$0	\$0	\$40,000,000

ELECTRICAL SWITCHGEAR & TRANSFORMER REPLACEMENT (P80115)

Description: The main electrical switchgear at the Water Pollution Control Facility (WPCF) and Willakenzie Pump Station (WPS) were installed in 1983 during construction of the MWMC regional facilities. The purpose of the equipment is to take utility power and provide it to various process areas with the use of switches. Within the switchgear are medium voltage breakers to safely isolate the facility from the electricity provider (EWEB), as well as protect the utility from electrical faults at the site. This project will replace and upgrade the existing switchgears and medium voltage transformers.

Status: As of January 2026, the P80115 project is under construction with project completion anticipated by end of 2027. Two new transformers have been replaced.

Justification: The main electrical switchgear for the WPCF and the WPS have reached the end of their service life and need to be replaced. Several medium voltage (MV) transformers throughout both sites are in similar condition.

Project Driver: Main switchgear and MV transformers are of paramount importance to plant operations. Replacing switchgear is a major undertaking that involves large temporary power sources, specialized contractors, long equipment lead times, manufacturer field testing, and significant coordination to reduce disruption to plant operation.

Project Trigger: The September 2022 condition assessment, coupled with recent arcing events, has concluded the switchgear at the WPCF and WPS have reached the end of their useful life and need to be replaced, and it is anticipated that the MV transformers are not far behind.

Estimated Project Cost: \$17,000,000 (budget was reduced after construction bid received August 13, 2024)

Estimated Cash Flow: FY 22-23 = \$117,538; FY 23-24 = \$730,231; FY 24-25 = \$776,445;
FY 25-26 = \$5,875,786; FY 26-27 = \$7,400,000; FY 27-28 = \$2,100,000

	Prior Years	2025-26 Est. Act.	2026-27	2027-28	2028-29	2029-30	2030-31	Total
EXPENDITURE/CATEGORY:								
Design/Construction	\$1,624,214	\$5,875,786	\$7,400,000	\$2,100,000	\$0	\$0	\$0	\$17,000,000
Other	0	0	0	0	0	0	0	0
Total Cost	\$1,624,214	\$5,875,786	\$7,400,000	\$2,100,000	\$0	\$0	\$0	\$17,000,000

REPAIR CLARIFIERS & FINAL TREATMENT (P80118)**Description:**

In 2023, condition assessment efforts found existing structures needing concrete rehabilitation and other repair work related to primary clarifiers #1 and #3 and the final treatment chlorine contact basins originally constructed in 1980 and 1983, respectively. This project will look for solutions to repair and/or replace existing concrete and other systems related to MWMC past construction contracts C2 (primary treatment) and C6 (final treatment).

Status:

As of January 2026, the design consultant is creating the 90% design package for upcoming project team review and the design workshop is scheduled for February 12, 2026.

Justification:

Need to continue fixing aging infrastructure based on existing conditions and risk.

Project Driver:

Repair and/or replace existing infrastructure.

Project Trigger:

Fix structural system issues before impacting the MWMC treatment plant process.

Estimated Project Cost: \$23,000,000 (evaluate cost estimates during design development)

Estimated Cash Flow: FY 24-25 = \$16,974; FY 25-26 = \$683,026; FY 26-27 = \$3,600,000; FY 27-28 = \$8,000,000; FY 28-29 = \$7,700,000; FY 29-30 = \$3,000,000

	Prior Years	2025-26 Est. Act.	2026-27	2027-28	2028-29	2029-30	2030-31	Total
EXPENDITURE/CATEGORY:								
Design/Construction	\$16,974	\$683,026	\$3,600,000	\$8,000,000	\$7,700,000	\$3,000,000	\$0	\$23,000,000
Other	0	0	0	0	0	0	0	0
Total Cost	\$16,974	\$683,026	\$3,600,000	\$8,000,000	\$7,700,000	\$3,000,000	\$0	\$23,000,000

BIOSOLIDS IMPROVEMENTS STUDY (P80122)**Description:**

Biosolids are a valuable resource recovered during the processing of wastewater. The Biosolids Management Facility (BMF) is currently overloaded with solids in the four Facultative Sludge Lagoons (FSLs). Solids overloading in the FSLs is causing operating inefficiencies and stressing the land application program. This project will study solids loading addressing near-term capacity and identifying phased alternate analysis recommendations and implementation not limited to FSL expansion, Air Drying Bed (ADB) expansion, covered storage, new technologies, landfill disposal, and Class A biosolids production.

Status:

In 2026, the project team will be scoping the project priorities and seeking consultant services. The P80122 project is anticipated to recommend a phased approach of changes and upgrades.

Justification:

Solids overloading is currently causing FSL processing issues, dewatering inconsistencies, and complicating the loss of land available for land application of biosolids.

Project Trigger:

Processing constraints within the FSLs are jeopardizing the ability to achieve 100% beneficial use of biosolids. In 2025, the availability of land for biosolids application through the cooperative farm program significantly declined—from 4,000 acres to only 480 acres, posing a substantial challenge to sustainable biosolids management.

Estimated Project Cost: \$91,000,000 (ongoing evaluation about cost and solutions)

Estimated Cash Flow: FY 25-26 = \$150,000; FY 26-27 = \$3,500,000; FY 27-28 = \$6,000,000; FY 28-29 = \$7,600,000; FY 29-30 = \$10,500,000; FY 30-31 = \$13,200,000 and future cost to be determined based on solutions implemented

	Prior Years	2025-26 Est. Act.	2026-27	2027-28	2028-29	2029-30	2030-31	Total
EXPENDITURE/CATEGORY:								
Design/Construction	\$0	\$0	\$3,500,000	\$6,000,000	\$7,600,000	\$10,500,000	\$13,200,000	\$40,800,000
Other	0	150,000	0	0	0	0	0	150,000
Total Cost	\$0	\$150,000	\$3,500,000	\$6,000,000	\$7,600,000	\$10,500,000	\$13,200,000	\$40,950,000

ADMINISTRATION BUILDING IMPROVEMENTS (P80104)**Description:**

This project will address the Administration/Operations Building workspace needs at the Water Pollution Control Facility (WPCF). It is a follow up to the 2018-2019 construction of the P80085 new laboratory building and expansion of the existing maintenance building. In 2019, the P80096 Resiliency Planning study recommended: a) constructing a new building for immediate occupancy/use after a major natural disaster, or b) upgrade the existing building for immediate occupancy post-earthquake (magnitude 9.0 event).

Status:

As of January 2026, the P80104 project is in the construction phase with most of the exterior structure and roof completed. Project completion is anticipated by late 2026.

Justification:

The original design and construction of the Administration/Operations Building was completed February 1982 under older building codes. The redesign and reconstruction of the building would address daily work and level of service goals after a natural disaster (earthquake or flooding).

Project Driver:

The need to update the existing Administration/Operations building is driven by the necessity to provide a safe and efficient work environment. The new building also addresses the P80096 recommended level of service goals to operate after a Cascadia Zone earthquake.

Project Trigger:

Expansion and changes needed for functionality, safety, and natural disaster resiliency.

Estimated Project Cost: \$28,000,000

Estimated Cash Flow: FY 20-21 = \$17,937; FY 21-22 = \$209,786; FY 22-23 = \$1,317,424;
FY 23-24 = \$941,342; FY 24-25 = \$4,466,982; FY 25-26 = \$18,046,529;
FY 26-27 = \$3,000,000

	Prior Years	2025-26 Est. Act.	2026-27	2027-28	2028-29	2029-30	2030-31	Total
EXPENDITURE/CATEGORY:								
Design/Construction	\$6,953,471	\$18,046,529	\$3,000,000	\$0	\$0	\$0	\$0	\$28,000,000
Other	0	0	0	0	0	0	0	0
Total Cost	\$6,953,471	\$18,046,529	\$3,000,000	\$0	\$0	\$0	\$0	\$28,000,000

FY 26-27 BUDGET AND CIP

WATER QUALITY TRADING PROGRAM (P80112)**Description:**

The MWMC Water Quality Trading Program secures regulatory credits for meeting thermal load reduction through watershed restoration. The program fulfills the objectives of the Water Quality Trading Plan under the MWMC NPDES permit as approved November 2022, which defines the MWMC eligible trading area in the upper Willamette basin. The program is implemented via the MWMC's contractor-provided Credit Program Manager services with support of the MWMC's membership in the Pure Water Partners. Water quality trading credits comprise the MWMC's primary strategy for thermal load limit compliance.

Status:

The MWMC has a DEQ-approved Water Quality Trading Plan for NPDES permit compliance. As of March 2019, the MWMC procured The Freshwater Trust (www.thefreshwatertrust.org) as the Credit Program Manager. As of November 2022, the MWMC has an agreement with The Freshwater Trust to implement the permit-compliance water quality trading program scope of work to meet the 5-year credit timeline of the NPDES permit Compliance Schedule through 2027. Credits established through 2027 are invoiced over 4-year installments as registered and continue to be monitored and maintained for a period of 20 years. As of December 2025, the MWMC recorded 106 Mkal/day of credits out of a 5-year target of 200 Mkal/day.

Justification:

The Water Quality Trading Program will help provide cost-effective strategies for most of the thermal load compliance dates as required under the MWMC NPDES permit #102486 renewed in November 2022.

Project Driver:

Implementation of thermal load limits in the MWMC's 2022 NPDES permit.

Project Trigger:

The NPDES permit renewal includes a 15-year Compliance Schedule with a 5-year milestone of 200 Mkal/day of credits due by October 2027.

Estimated Project Cost: \$13 million (timing estimate from 2022 to 2034)

Estimated Cash Flow: FY 22-23 = \$760,026; FY 23-24 = \$896,865; FY 24-25 = \$1,500,000; FY 25-26 = \$2,443,109; FY 26-27 = \$2,100,000; FY 27-28 = \$2,000,000; FY 28-29 = \$1,900,000; FY 29-30 = \$1,300,000; FY 30-31 = \$100,000

	Prior Years	2025-26 Est. Act.	2026-27	2027-28	2028-29	2029-30	2030-31	Total
EXPENDITURE/CATEGORY:								
Design/Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	3,156,891	2,443,109	2,100,000	2,000,000	1,900,000	1,300,000	100,000	13,000,000
Total Cost	\$3,156,891	\$2,443,109	\$2,100,000	\$2,000,000	\$1,900,000	\$1,300,000	\$100,000	\$13,000,000

RESILIENCY FOLLOW-UP (P80109)**Description:**

This project provides follow-up evaluation and some implementation of the P80096 Resiliency Study (Disaster Mitigation and Recovery Plan - dated March 2020). The 2019 study recommended seismic and flooding mitigation projects estimated at \$34.6 million to be coordinated with the MWMC ongoing infrastructure/facilities construction program. The main objective is to address "level of service" goals before a natural disaster such as a 9.0 magnitude earthquake or major flooding. Also, the MWMC should continue to communicate with the agencies that prepare for natural disasters that relate to the Eugene/Springfield community.

Status:

As of January 2026, resiliency upgrades are in the construction phase for P80104 Operations Building, P80064 Glenwood Pump Station, and P80113 Aeration System.

Justification:

The MWMC's facilities and wastewater conveyance and treatment services are integral to protection of the community and public health following a major disaster such as the anticipated Cascadia Subduction Zone Earthquake and/or major flooding.

Project Driver:

Cost effectively ensure reasonable recovery of MWMC's core facilities and services following major disaster impacts after earthquake or flooding.

Project Trigger:

Follow-up to the P80096 consultant recommendations dated March 2020.

Estimated Project Cost: Mitigation recommendations estimate: \$34.6 million (2019 dollars)

Estimated Cash Flow: FY 20-21 = \$4,092; FY 21-22 = \$173,133; FY 22-23 = \$13,408;
 FY 23-24 = \$1,920; FY 24-25 = \$0; FY 25-26 = \$378,080; FY 26-27 = \$2,000,000;
 FY 27-28 = \$2,000,000; FY 28-29 = \$3,000,000; FY 29-30 = \$7,000,000;
 FY 30-31 = \$3,000,000, & continue the mitigation work estimated over \$34 million

	Prior Years	2025-26 Est. Act.	2026-27	2027-28	2028-29	2029-30	2030-31	Total
EXPENDITURE/CATEGORY:								
Design/Construction	\$0	\$378,080	\$2,000,000	\$2,000,000	\$3,000,000	\$7,000,000	\$3,000,000	\$17,378,080
Other	192,553	0	0	0	0	0	0	192,553
Total Cost	\$192,553	\$378,080	\$2,000,000	\$2,000,000	\$3,000,000	\$7,000,000	\$3,000,000	\$17,571,000

WPCF BOILER UPGRADES (P80121)

Description: The boiler serves as the main source for Water Pollution Control Facility (WPCF) heat, including wastewater treatment processes, and the engine generator (EG) is used either for backup in the summer or to help with peak heat demand in the winter. This project will review existing heating plant study results and replace the EG with an additional boiler capable of 100% redundancy for meeting peak heating demand.

Status: As of January 2026, the MWMC project team issued a request for proposal (RFP) for consultant services and proposals are due on February 10, 2026. The P80121 budget in FY 25-26 is \$450,000 to startup the project.

Justification: The existing boiler and EG cannot provide total redundant heat at peak demand for the four digesters and WPCF heat load. Additionally, the existing boiler is not equipped with reliable sensors and communication devices.

Project Driver: Providing continuous and reliable heat is a primary concern for WPCF Operations and is required to meet NPDES permit conditions and DEQ reliability criteria. With the addition of digester #4, the process load on the system has the potential to exceed the capacity of the heating plant if the existing boiler becomes inoperable.

Project Trigger: During the Comprehensive Facilities Plan (P80101) project multiple significant deficiencies were documented. The WPCF boiler fuel control strategy requires an update to better manage the use of digester gas (DG) and natural gas (NG). Additionally, enhancements to the manual fuel selection override are needed to allow seamless switching between fuel sources. An upgrade to the hot water thermostat is also necessary, including the ability to set and adjust temperature setpoints. Finally, a manual boiler restart function should be implemented to ensure reliable operation.

Estimated Project Cost: \$2,700,000 (evaluate cost estimates during design development)

Estimated Cash Flow: FY 25-26 = \$200,000; FY 26-27 = \$1,000,000; FY 27-28 = \$700,000; FY 28-29 = \$700,000; FY 29-30 = \$100,000

	Prior Years	2025-26 Est. Act.	2026-27	2027-28	2028-29	2029-30	2030-31	Total
EXPENDITURE/CATEGORY:								
Design/Construction	\$0	\$200,000	\$1,000,000	\$700,000	\$700,000	\$100,000	\$0	\$2,700,000
Other	0	0	0	0	0	0	0	0
Total Cost	\$0	\$200,000	\$1,000,000	\$700,000	\$700,000	\$100,000	\$0	\$2,700,000

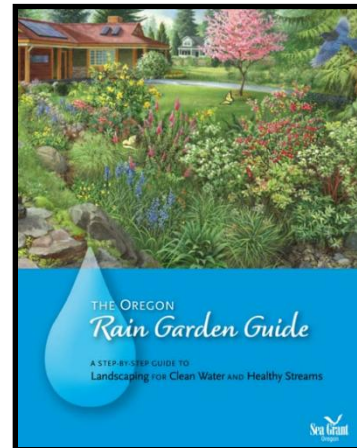
WPCF STORAGE (P80123)

- Description:** Covered storage space is limited, and existing facilities are operating at full capacity, resulting in inefficiencies in the storage of materials and equipment. This project will study and implement both increased covered storage and improve existing storage with options.
- Status:** Project funding proposed with FY 26-27 budget.
- Justification:** Current storage limitations and immediate needs include expanded covered storage for large equipment, dry storage for RNG media, and upgraded facilities for equipment and parts inventory.
- Project Driver:** Due to the lack of adequate covered storage, new materials and critical equipment are currently stored outdoors and exposed to environmental conditions.
- Project Trigger:** During the Comprehensive Facilities Plan (P80101) project storage deficiencies were identified including the lack of covered outdoor storage at the WPCF. The Equipment Maintenance Building has reached maximum storage capacity, lacks proper truck docking and staging space, and items needed are not stored onsite and available due to space limitations. The electrical shop room requires more staff workspace. The Oil (and Flammable) Storage Building lacks secondary containment. Both the South Storage Building and the Final Treatment Building are at storage capacity. The MWMC permanent archive as required by State of Oregon record retention regulatory requirements is housed upstairs in the decommissioned Dewatering Centrifuge Facility.

Estimated Project Cost: \$5,800,000 (evaluate cost estimating during design development)

Estimated Cash Flow: FY 26-27 = \$900,000; FY 27-28 = \$2,500,000; FY 28-29 = \$2,400,000

	Prior Years	2025-26 Est. Act.	2026-27	2027-28	2028-29	2029-30	2030-31	Total
<u>EXPENDITURE/CATEGORY:</u>								
Design/Construction	\$0	\$0	\$900,000	\$2,500,000	\$2,400,000	\$0	\$0	\$5,800,000
Other	0	0	0	0	0	0	0	0
Total Cost	\$0	\$0	\$900,000	\$2,500,000	\$2,400,000	\$0	\$0	\$5,800,000

WPCF STORMWATER INFRASTRUCTURE (P80111)

Description: Retrofit and/or change existing stormwater infrastructure at the Water Pollution Control Facility (WPCF). Also, if needed, update the WPCF Conditional Use Permit (CUP) related to stormwater infrastructure planning for upcoming construction.

Status: As of January 2026, Jacobs staff provided a Stormwater Master Plan (SWMP) dated December 16, 2021, with consultant recommendations including the need to update the WPCF existing CUP related to stormwater systems. Staff continues to monitor the MMMC upcoming construction projects and P80101 facilities planning consultant recommendations.

Justification: WPCF existing stormwater and drainage systems need to be retrofitted and/or changed for upcoming construction permit approvals.

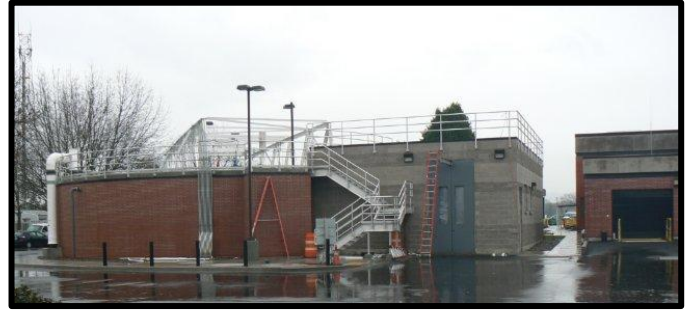
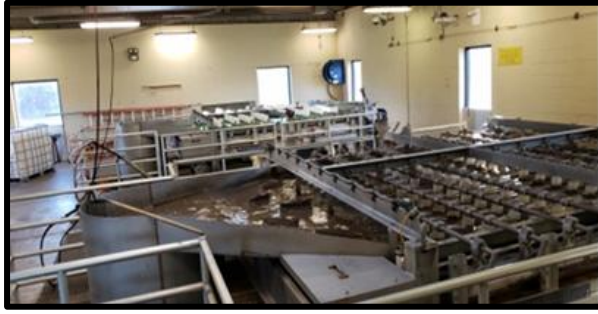
Project Driver: Maintain compliance with local and state stormwater requirements at the WPCF.

Project Trigger: Each infrastructure hard-surface change at the WPCF can trigger stormwater quality and quantity onsite controls related to project permit requirements.

Estimated Project Cost: \$600,000 (continue to evaluate cost of updating WPCF CUP if required for stormwater, retrofit existing three bioswales to rain gardens, add new rain gardens, and/or system changes)

Estimated Cash Flow: FY 25-26 = \$120,000; FY 26-27 = \$480,000

	Prior Years	2025-26 Est. Act.	2026-27	2027-28	2028-29	2029-30	2030-31	Total
EXPENDITURE/CATEGORY:								
Design/Construction	\$0	\$120,000	\$480,000	\$0	\$0	\$0	\$0	\$600,000
Other	0	0	0	0	0	0	0	0
Total Cost	\$0	\$120,000	\$480,000	\$0	\$0	\$0	\$0	\$600,000

WPCF THICKENING UPGRADES (P80124)

Description: The pumping of solids and sludge through pipes at the proper water content is critical to Water Pollution Control Facility (WPCF) operations and equipment. The sludge piped from the primary clarifiers to the digesters is not moving or materializing as designed and additional sub-performance is identified in multiple sludge pumping facilities. This project will perform a primary/gravity thickened sludge hydraulic analysis and provide WPCF equipment optimization recommendations.

Status: Begin the P80124 project in FY 26-27.

Justification: Multiple pump performance and configuration issues restricting solids pumping and management at the WPCF.

Project Driver: The primary treatment gravity thickener installed in 2014 is rarely used as cannot reliably exceed 5% solids sludge pumping required from primary clarifiers. Compaction is used to thicken sludge in the digesters with study results needed to determine optimal pumping configuration.

Project Trigger: During the Comprehensive Facilities Plan (P80101) project, solids handling deficiencies were documented including the Primary Sludge rotary lobe pump system upgrades needed to meet design capacity. The Return Activated Sludge (RAS) pump rates exceed maximum design flow and are generally suboptimal in addition to being wasteful. The Gravity Belt Thickener (GBT) pumps require corrective maintenance and need to be upsized to meet full capacity of feed lines and GBT capacity. At the end of the planning the capacity assessment predicts that the GBT solids loading rate will approach design maximum with one unit in service.

Estimated Project Cost: \$7,300,000

Estimated Cash Flow: FY 26-27 = \$450,000; FY 27-28 = \$1,850,000; FY 28-29 = \$2,800,000; FY 29-30 = \$2,200,000

	Prior Years	2025-26 Est. Act.	2026-27	2027-28	2028-29	2029-30	2030-31	Total
EXPENDITURE/CATEGORY:								
Design/Construction	\$0	\$0	\$450,000	\$1,850,000	\$2,800,000	\$2,200,000	\$0	\$7,300,000
Other	0	0	0	0	0	0	0	0
Total Cost	\$0	\$0	\$450,000	\$1,850,000	\$2,800,000	\$2,200,000	\$0	\$7,300,000

FY 26-27 BUDGET AND CIP

Metropolitan Wastewater MANAGEMENT COMMISSION



partners in wastewater management

MEMORANDUM

DATE: February 5, 2026
TO: MWMC Board
FROM: Jeremy Cleversey, MWMC Management Analyst
SUBJECT: MWMC Financial Plan – Policy Discussion #4

**ACTION
REQUESTED:** Information and Discussion

ISSUE

Staff is updating the MWMC Financial Plan, which was last updated in 2019. As part of this effort, staff is reviewing the plan's current objectives and policies. Discussions with the MWMC Board (Board) are underway to gather feedback and identify updates as needed. At the February 13, 2026 MWMC meeting, staff will review the last remaining policy section for discussion – the Asset Management ('A') policies. These policies are included as Attachment 1 to this memo.

BACKGROUND

The MWMC Intergovernmental Agreement (IGA) requires the MWMC to update the Financial Plan from time to time to provide guidance for the generation of sufficient revenue for the MWMC to fulfill its functions under the IGA. The IGA further specifies Financial Plan update objectives. Staff has been leading the Board through an iterative process over several months to engage the Board in feedback on focal sections of the plan.

In August 2025, staff began discussions with the Board about the need to refresh and update the 2019 Financial Plan. In October, staff presented the Financial Forecasting and Budgeting ('F') policies, with particular focus on the Reserves Policy ('F5'). The presentation included options for potential changes to gather input and feedback from the Board.

On November 14, staff continued the Financial Plan review with a presentation covering the 'I' policies (Investment of Liquid Assets), the 'R' policies (Sewer User Rates and System Development Charges), and a partial presentation of the 'A' policies (Asset Management).

In December, staff led a discussion on the Capital Planning and Financing policies, the "C" policies.

Throughout this process, Board feedback has and will continue to inform updates to the Financial Plan. Staff intend to present the final Financial Plan for adoption in 2026.

The financial administration objectives of the 2019 MWMC Financial Plan are directed toward achieving the following objectives as required by Section 3.f of the IGA:

1. Establishing revenue adequacy to provide for long-term health and stability of the regional sewerage facilities through a program of monthly sewer user charges, and system development charges that are imposed uniformly throughout the service area to achieve full cost recovery
2. Fully funding a program of capital improvements to address capacity, regulatory, and efficiency/effectiveness needs
3. Ensuring equity between newly connected and previously connected users for their total contributions toward regional sewerage facilities
4. Ensuring equity among various classes of users based on the volume, strength, and flow rate characteristics of their discharges together with any other relevant factors
5. Ensuring efficient and cost-effective financial administration of the regional sewerage facilities
6. Complying with applicable laws and regulations including those governing the establishment of user charges and the establishment of system development charges

DISCUSSION

Staff have been reviewing all financial plan policies with the goals of:

- Addressing points of confusion, reducing redundancy and improving overall clarity
- Proposing policy opportunities to better align with the regulatory environment
- Identifying opportunities to better align with Board objectives

The 'A' policy objectives to be discussed at the February 2026 MWMC meeting are summarized below and Attachment 1 is the proposed 'A' policy draft.

The 'A' Policies:

Asset management policies are intended to guide the Board and staff in protecting and safeguarding the investment in regional facilities and equipment. Capital assets shall be kept in sound working condition. Replacement, maintenance and rehabilitation shall be provided for so that total system costs are minimized and spread over time, while reliable, high-quality service and high water-quality standards are maintained.

Staff added the word "critical" to Policy A1 to reflect the reality that we may not insure obsolete assets that have not been disposed.

Staff is proposing to modify policy A2 to rename the "Equipment Replacement Reserve" to the "Asset Management Reserve" and use the fund to pay for Equipment Replacements and Major Rehabilitations.

Policy A3 describes the proposed methodology for calculating the target size of the Asset Management Reserve and for calculating the annual contribution. Staff recommend a ten-year planning horizon and a funding methodology that produces a proportionate amount of money for all items within the horizon based on the expected replacement year.

Policy A4 replaces the former C8 policy, which required staff to spend an amount equal to 2% of the RWP asset value annually on capital reinvestment and maintenance. The updated policy removes the 2%

target and instead requires that *adequate* capital maintenance be performed to prevent service disruptions. With MWMC's total asset value currently exceeding \$348 million, a 2% requirement would mandate roughly \$7 million in reinvestment each year. Staff recommend basing annual reinvestment on actual need, guided by maintenance management software schedules and staff expertise.

Policy A5 describes the criteria for a replacement to qualify for Asset Management reserve funding.

Policy A6 describes the criteria for Major Rehabilitation work to qualify for Asset Management reserve funding.

Staff eliminated the previous version of Policy A5, as capitalization is guided by generally accepted accounting principles (GAAP) and not Board policy.

ACTION REQUESTED

There are no actions required; this is for informational purposes only.

ATTACHMENT

- 1) 2025 Financial Plan – Asset Management ('A') Policies draft

Asset Management

Asset management policies are intended to guide the Board and staff in protecting and safeguarding the investment in regional facilities and equipment. Capital assets shall be kept in sound working condition. Replacement, maintenance and rehabilitation shall be provided for so that total system costs are minimized while reliable, high-quality service and high water quality standards are maintained.

Policy A1 Critical MWMC assets shall be insured for replacement value so that, in the event of a loss, plant and equipment could be restored to working condition.

Policy A2 The MWMC shall maintain a fully funded Asset Management Reserve so property and equipment may be replaced or rehabilitated when needed, without creating volatility in the operating budget.

Policy A3 The RWP staff plan for Equipment Replacement and Major Rehabilitation using condition maintenance records retained in the maintenance management software for projected budget needs and expenditures. A compilation of five years of data is utilized with the Five-Year Weighted Replacement Funding Model (10-20-40-20-10) to calculate the Asset Management reserve size. This information is used in determining the reserve target and contribution amounts.

Policy A4 Asset Management activity shall adequately cover capital maintenance of plant and equipment to ensure continued operation and eliminate service disruptions. In this context, Asset Management activity includes Equipment Replacement and Major Rehabilitation spending, as well as repair and maintenance spending.

Policy A5 Equipment provided for by the Asset Management Reserve shall include all fleet equipment, software installation, and other equipment, with an original cost over \$10,000, or the federal grant threshold, whichever is greater. The costs will be appropriated annually into a budget line item called Equipment Replacement.

Discussion –Before equipment is replaced, an analysis shall be done to determine if an asset should be kept in use longer, rehabilitated to extend its life, replaced with similar equipment, or replaced with newer or higher functioning equipment.

Policy A6 Major Rehabilitation work extends the useful life of an asset and shall be funded from the Asset Management Reserve. The costs will be appropriated annually into a budget line item called Major Rehabilitation.