

Metropolitan Wastewater Management Commission



partners in wastewater management

MWMC MEETING

Friday, January 13, 2012 @ 7:30 a.m.

City of Springfield
Library Meeting Room

MINUTES

I. ROLL CALL

President Bill Inge opened the meeting at 7:30 a.m. Roll call was taken by Kevin Kraaz and introductions were given around the room.

COMMISSIONERS:

PRESENT

Jay Bozievich
George Brown
Bill Inge
Doug Keeler
Walt Meyer
Marilee Woodrow

ABSENT

Hilary Loud

STAFF IN ATTENDANCE:

Katherine Bishop
Ron Bittler
Dave Breitenstein
Michelle Cahill
Judy Castleman
Rachael Chilton

Bill Hamann
John Huberd
K.C. Huffman, Attorney
Tonja Kling
Kevin Kraaz
Barry Mays
Troy McAllister

Todd Miller
Josh Newman
Sharon Olson
Ed Pabor
Greg Watkins
Ken Vanderford

GUESTS:

Tom Glogau – Grove, Mueller & Swank, P.C.

II. CONSENT CALENDAR

a. MWMC 12-9-11 Meeting Minutes

MOTION: IT WAS MOVED BY COMMISSIONER WOODROW TO APPROVE THE CONSENT CALENDAR. THE MOTION WAS SECONDED BY COMMISSIONER BOZIEVICH. THE MOTION PASSED UNANIMOUSLY 6/0.

III. PUBLIC COMMENT

There was no public comment.

IV. FY 10-11 AUDITED FINANCIAL STATEMENTS REPORTS

Nathan Bell, City of Springfield's Accounting Manager, introduced Tom Glogau representing the auditing firm of Grove, Mueller & Swank, who audited the MWMC's financials for FY 11-12.

Mr. Glogau stated the MWMC's overall financial standing is good. He passed around a handout that showed a 4-year comparison of certain financial ratios for the MWMC, stating the column showing the trend as the most important indicator. Mr. Glogau pointed out the long term debt showing an increase of almost \$52 million from 2008 to 2011 was acceptable as major construction had been going on during that period and the ratio showed the MWMC's ability to repay debt was very good. The cash generated from operations compared to the cash necessary for debt services has a ratio of 2.83 which means from operations, the MWMC generated almost 3 times the amount needed to repay its debt – the standard for excellence being something greater than 2. Next Mr. Glogau discussed the MWMC's assets, how much is paid for versus how much is financed, and he stated the overall trend is going in the right direction. He also said the creditor's portion of the MWMC's assets has been decreasing and over the last three years we have been moving in the right direction.

DISCUSSION:

President Inge asked what the threshold is on items 2, 3, and 5 on the handout. The handout showed the MWMC above or below the standard of excellence on each of these items.

Mr. Glogau replied the standard of excellence is developed for all governments – a one size fits all – and in trying to lump all the government bodies together they try to find an average that can be used as a rule of thumb. If they went by types of government bodies, the standard would be different for each one as they have different investments into their infrastructure. Item #2 - How much useful life do we have left in our capital assets; the standard is >75% which means that only 25% is depreciated. When there is such a large investment in infrastructure, it is impractical to fund 90% on your own. In reality, the MWMC will never be >75% so looking at the trend is how to see if it is moving the right direction

President Inge asked if the trend was what you look at in each of these items. Mr. Glogau answered yes. President Inge then asked if there was a percentage the MWMC would want to aim for instead of just the trend being a good standard of excellence. Mr. Glogau responded that anything over 50% would mean the MWMC was in good shape. Since the MWMC is dealing with long term assets, the critical thing is to look ahead to plan for when you need to replace assets; are you planning now for what you will need when the time comes to make the capital outlays without hindering operations. Ultimately that is what the standard is designed to get people to think about.

President Inge asked, from a management standpoint, does it make sense to have a number that is our goal in each of the categories referred to in the handout, or is it better to look at the trend. Mr. Glogau replied it was the trend, but that a number is useful in some instances, such as the fifth ratio – the overall financial condition for the last year, did it improve, decline, or

remain steady. The standard of excellence is >10% which means that the net worth increased by greater than 10% each year. The basic concept is that you can't pay off a debt unless you make a profit. He suggested it is important to make a profit but probably not important to make a 10% profit. Mr. Glogau said that the MWMC should shoot for the 5% standard of excellence in that particular category. A 5% profit each year more than covers the annual debt payments and sets some money aside for the future. He added the MWMC is keeping faith with rate payers by not over charging but charging what is needed to run a fiscally stable operation.

Commissioner Bozievich clarified the MWMC is not necessarily making a profit but is having a growth in its net worth. Mr. Glogau replied that was correct and it was a function of terminology. He went on to say that what you want is to be fiscally stable. If you are heavily leveraged, you are not fiscally stable.

Commissioner Bozievich asked what the findings were on the level of internal controls for the MWMC. Mr. Glogau replied that there is a page at the end of the audit report that talks about compliance and internal controls, especially in regards to the federal money that the MWMC has received. Mr. Glogau said for the City of Springfield and the MWMC, the fiscal environment is very good.

Commissioner Keeler expressed his appreciation for the fresh approach for presenting the information; he felt it fostered some good discussion. In regards to assets, Commissioner Keeler stated that when equipment has reached the end of its predicted life, its asset value is zero, however, that is not a bad thing as it is still functioning and therefore contributing to the daily routine. Mr. Glogau responded that when depreciation is calculated it is estimated what the useful life is going to be. For equipment it is 5-7 years; if something last 10 years then after 5-7 years it is considered fully depreciated but it is still useful. To the extent that useful life is underestimated, the number is skewed.

Commissioner Meyer asked when the major equipment is replaced, does the accountant take the old off the books and put the new in and then give it a new useful life. Mr. Glogau replied that was correct.

Commissioner Meyer asked if the equipment replacement fund was adequate. Mr. Glogau replied that just as depreciation is an estimate, equipment replacement fund is an estimate as well. It also has to do with the overall philosophy of the Commission on how much it wants to rely on internally generated resources versus borrowing. He gave two philosophies.

1. Some people are more comfortable incurring debt because ultimately it allows new equipment which is going to benefit the rate payers in the future. Because they are getting the benefit of this new equipment, they ought to pay for the cost.
2. People who are currently receiving the service, ought to be paying not just for the service they are receiving but for the use of the capital assets, the wear and tear that is created. They should be paying enough so that money can be set aside for when that piece of equipment wears out, enough money will have been collected from the people who benefited from it to replace it, or a portion of the cost of replacing it.

Mr. Glogau went on to say that what usually happens is somewhere in the middle of those two extremes depending on your philosophy; on who ought to pay for it, on your tolerance to debt, and on your ability to generate internal resources.

Commissioner Woodrow asked if the factors that he had just mention would also affect the estimation of the life of equipment. For instance, would it be better to underestimate than over estimate the life of equipment. Mr. Glogau responded that an accountant's goal is not to be surprised but to give the most accurate information possible. His recommendation was to make an estimate as accurate as possible because accurate information is needed to base decisions on; he would lean towards a conservative estimate rather than overestimate. He said that it is always safe making a conservative estimate than run some risk when you make an estimate that is less conservative.

President Inge commented that the flip side is if you consistently underestimate then ultimately you over charge. Mr. Glogau replied that was correct; you have to balance fiscal security and an obligation to your customers.

MOTION: IT WAS MOVED BY COMMISSIONER MEYER TO ACCEPT THE ANNUAL FINANCIAL REPORT, INCLUDING THE AUDITED FINANCIAL STATEMENTS FOR FY 2010-2011. THE MOTION WAS SECONDED BY COMMISSIONER WOODROW. THE MOTION PASSED UNANIMOUSLY 6/0.

V. MWMC PROCUREMENT RULES UPDATE 2012

K.C. Huffman, MWMC Legal Counsel, made the staff presentation. Mr. Huffman explained that previously the procurement rules had been updated every other year, but because the legislature is meeting on an annual basis, there is the potential that changes may come every year. He stated that the changes made this year were much less than last year noting that some of the changes are refinements of newer items that had been added previously while other changes are economic increases that needed to be updated. He said that the changes do not hurt the MWMC, and that most of the changes were actually helpful, giving more flexibility.

Mr. Huffman explained that after the legislature makes a change, the Attorney General is charged with updating its Model Procurement Rules that public entities can either adopt wholly or they can make changes to and adopt new policies as their own, as long as they are not less than what the minimums are; noting the MWMC has traditionally done the latter. Mr. Huffman then gave the example of the Intermediate Procurement Rule which was revised to clarify the increased amount for an amendment on an original contract price. The Model Rule states the amount shall not exceed 25% of the original contract price. The MWMC adjusted the amount to 30% giving the project manager and staff authority to negotiate those change orders up to 30% of the original price. If it exceeds 30%, Commission approval is needed. Mr. Huffman went on to say that this allows a little more cushion because of the types of projects the MWMC has and the potential for changes can be higher than other public agencies.

MOTION: IT WAS MOVED BY COMMISSIONER KEELER TO ADOPT RESOLUTION 12-01. THE MOTION WAS SECONDED BY COMMISSIONER WOODROW. THE MOTION PASSED UNANIMOUSLY 6/0.

VI. FY 12-13 BUDGET KICK OFF: KEY OUTCOMES AND PERFORMANCE INDICATORS FOR FY 12-13

Ron Bittler, the MWMC General Manager, gave an overview of the annual budget process for the Regional Wastewater Budget. The budget presented to the Commission for the next three months will be the Draft Capital Budget, the Operating Budget, and Revenues, Reserves, and Rate Scenarios.

Mr. Bittler started the budget kick off presenting the mid-year review and noting FY11-12 was based on 4% rate increase and current revenues are on target. It was estimated that the MWMC would collect \$100,000 from EWEB; currently that number has exceeded expectations at \$123,500. The septage revenues are on target and look like they will meet the budgeted number of \$180,000. Mr. Bittler noted that there is about \$88,000 in personnel savings: Chuck Gottfried, Assistant General Manager, retired and that position has remained vacant; Tim Schuck's position as Senior Finance Analyst was vacant for a number of months before Katherine Bishop was hired; and there is also a vacant Engineering Assistant position. Overall it looks good in terms of revenue.

Mr. Bittler gave a couple of highlights with respect to revenue and reserves. The user revenue estimates are on target, based on historical and seasonal trends, and the System Development Charges (SDC) revenues are up due to a couple of large developments in Eugene. The projection was about \$530,000 in revenue; currently the MWMC has received over \$900,000. Mr. Bittler also noted that the operating reserve amounts are expected to meet the target.

In 2010 the staff and the Commission spent some time discussing the MWMC's Purpose Statement and adopted some revised language. The added statement about promoting the balance between environment and economic needs from the old terminology which was effective and efficient, Mr. Bittler stated that staff is seriously taking these things into consideration as they go forward with projects.

Michelle Cahill, Wastewater Director, began by stating that the MWMC's work plan is governed by the five key outcomes listed in the Commission memo, adding the following:

- The MWMC is very successful at meeting the environmental standards. In addition to the indicators that staff tracks and reports, the plant is consistently award winners at the National Association of Clean Water Agencies (NACWA). Staff is also active in the Lane Pollution Prevention Coalition and administers a couple DEQ programs: Industrial Stormwater and the Industrial Pretreat Program.
- The MWMC is doing very well and is achieving their bond coverage and covenants with effective and efficient fiscal management.
- Eugene/Springfield staff work very closely together and the partnership is very effective. The Wet Weather Flow Management Program (WWFMP) identified necessary plant improvements and staff is now transitioning to the Capacity Management Operations and Maintenance (CMOM) program. On Springfield's side, part of the administrative and capital work is towards the \$4.5 million sludge thickening tank project which is being built in a primary part of the treatment plant and is on schedule to be completed in July 2012.

- The best practices benchmark for preventive maintenance completed on time is 90% and the treatment plant scores at 93%. Eugene will be hiring more plant facility maintenance staff due to noncompliance with the labor agreement that says if temporary help is continually needed a regular employee should be hired. One of the positions would mostly be absorbed in contractual services currently being spent. The other position is due to the age and increased infrastructure. The budget would not reflect the full cost of the additional employee because cuts were made in materials, supplies and in other areas to cover part of the cost of the new position.

Mr. Bittler talked about the major issues and challenges ahead, stating those haven't changed very much. The MWMC is still operating under the 2004 Facilities Plan (a 20-year plan) whose numerous projects total \$200 million. Mr. Bittler said that a partial update of the Facilities Plan is being done this year to measure whether staff is on track with the projects that were identified and to review the schedule for those projects that need to be constructed within the current timeline. Mr. Bittler mentioned that the Recycled Water Plan will continue to move forward. He also stated that the plant staff does an excellent job of maintaining permit compliance, however there will be some upcoming challenges in the next NPDES permit negotiations, adding that a sound strategy will need to be developed for how we will go forward. Staff will be looking at continued implantation of the TMDL to the Willamette. As reported to the Commission a couple of months ago, the Environmental Quality Commission adopted revised water quality standards for toxics and that will be a significant challenge going forward with the next permitting process. Mr. Bittler reported the WWFMP is in a transitional period. The first WWFMP was completed and tied to compliance dates set by DEQ for meeting the bacteria standard. The projects that were identified in the WWFMP were completed at the end of 2009. New hydraulic capacity has increased capacity at the plant significantly, but was not enough to meet the full build-out potential for wet weather flow. The CMOM approach is a transition from the wet weather compliance driven document to what we are going to do internally to continue to address inflow and infiltration reduction and how we formalize the program. At the October 2011 Regional Wastewater Policy team meeting, Mr. Bittler proposed that staff work on this effort jointly and do so under a model ordinance which is similar to what the MWMC set up for the pretreatment program a number of years ago. Eventually staff will be bringing more information back to the Commission about CMOM. Discussions between the State of Oregon and Region 10 EPA, talked about the ACWA alternative to SSOs and the NPDES permit. Currently it looks like CMOM will be a voluntary program, but still an important program for the MWMC to manage inflow and infiltration, and a component of the program will be to look at private laterals as well.

Katherine Bishop, Senior Finance Analyst spoke about the FY12-13 Budget and Rate Assumptions which included the following:

- Personnel Services is based on contracted salary and benefit programs from each of the cities.
- Materials and Services: It is anticipated that there will be a moderate increase in operating and material expenses that will be related to not only the age of the infrastructure but also the maintenance of the infrastructure that was expanded or built more recently. The continued implementation of the TMDL and changes in utility and chemical costs (increases or decreases) will be incorporated into the upcoming budget.
- Capital Outlay requests including equipment replacement, major rehabilitation, and other capital programs.

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- Assumes revenues remain stable – they have been on target and in some cases slightly favorable.
- Strategic transfers to Capital Fund with the focus on delaying and minimizing future bond issuance.
- Staff continues to seek operational efficiencies to moderate rate increases.

Ms. Bishop stated that in regards to the FY12-13 Rate Strategy, the approach is to:

- Comply with bond covenants >1.25 debt service coverage ratio
- Remain positioned to borrow \$20 million if needed for capital outlay
- Continue to use revenues from SDCs to pay debt service
- Make significant capital transfers to minimize and/or delay future bond issuance, with a goal of pay-as-you go financing

Ms. Bishop presented the FY12-13 Budget and Rate Decision Schedule.

January 13, 2012	Budget Kick-off: Key Outcomes and Performance Measures
February 10, 2012	Draft Capital Programs
March 9, 2010	FY12-13 Presentation and Discussion: Operating Budget, Revenues and Reserves, and Rate Scenarios
April 13, 2012	Budget and User Rate Public Hearings and Options to Adopt

The MWMC Budget and CIP Ratification Schedule:

May 7, 2012	Springfield City Council
May 14, 2012	Eugene City Council
May 23, 2012	Lane County Board of Commissioners
June 8, 2012	Final Ratification of FY12-13 Budget, Rates & Capital Programs by MWMC

DISCUSSION:

Commissioner Meyer asked if staff has looked at the potential for refinancing the Series 2008 bonds at a lower interest rate, maybe even a shorter term so that the debt rate would stay the same but we could get them paid off quicker. Ms. Bishop replied that there is a scheduled conference call with the bond council in a few weeks to look at the viability of refinancing some of the bonds that are at a higher rate.

Commissioner Keeler said in reference to Key Outcome #3 which is a successful intergovernmental partnership, he wanted to recognize that the MWMC had Susie Smith and Peter Ruffier for many years and a really great program and then there was a turnover. He wanted thank Mr. Bittler and Ms. Cahill for their continued leadership and that things are working very well. He stated that the MWMC has been held up as a model for how Eugene, Springfield, and Lane County can work together. He is glad to see that is continuing.

Commissioner Keeler said that he would like to be the first to propose that the MWMC reduce rates in the next fiscal year. He went on to say that it might be a pie-in-the sky but he would like to have that sentiment in the minds of staff as they start to work on the rates. Whatever the MWMC can do to hold costs for the rate payers would be greatly appreciated.

Commissioner Bozievich said that he would like to echo Commissioner Keeler in regards to the IGA. As he has talked to the fire departments about ambulance service and the whole fire department merger, they are looking at the MWMC's model on how to run the fire departments between two cities instead of a full merger. He said that the MWMC's IGA is definitely the model for how to work between jurisdictions.

Commissioner Bozievich asked if it was the Matt Knight Arena that was making the SDCs so high. Ms. Bishop responded that there were some sizeable developments; one in particular is a 179 unit apartment complex.

President Inge asked when the MWMC reduced the rate before was there an increase in septic haulers return. Mr. Bittler responded that he wasn't sure on the increase of septic haulers but we did see an increase on the gallons of septage.

President Inge said at one time we were beginning to see more off site septage dumping. He asked if there has been a reduction in that. Mr. Bittler answered that he is not aware of any new information in regards to that.

Mr. Bittler reminded the Commission that staff did a cost-of-service analysis when the rate was reset and it is time to run that model again. Staff will be doing that soon.

President Inge asked if there was a conclusion with Mr. Heard's disagreement with the MWMC. Mr. Bittler stated that there was no further action from Mr. Heard. Mr. Bittler said that Mr. Heard went through a facilities update process with the DEQ and he believes that the expansion of Mr. Heard's facility is going forward; he has not heard that it is not.

President Inge asked in regards to Mr. Heard's objections to the MWMC's rates, did he drop his objections. Mr. Huffman responded that there has been no formal action filed adding, it was reported to the auditors as an asserted claim because it is still out there.

President Inge asked Ms. Bishop, as a new set of eyes, what one or two things are on the top of her mind that she can make a difference as we move forward. Ms. Bishop said that she sees a lot of opportunity where she can personally make a difference. She said that there is good structure and policies in place, and there are a number of reserves in place. She said that she also appreciates the long term planning because it helps to moderate rate changes over time and work towards large capital expenditures. She feels that the rate model on the regional side is a little dated and cumbersome and that there is room for improvement. There is work in place to work with a consultant on that process and identify what changes could be considered for next year. She stated that she saw some minor areas to make changes but that she is hesitant to do so until she has gone through the process for a year to see if there are reasons why they are done that way.

Commissioner Woodrow wanted to add that she and Commissioner Bozievich are both working with ambulance transport services, looking at the MWMC's IGA and it is a nice model to look at historically.

VII. ACWA SUSTAINABLE ENERGY MANAGEMENT TRAINING PILOT PROGRAM

Josh Newman, Managing Civil Engineer, reported on the year-long training that ACWA put together and on the good work that is being done at the Wastewater Treatment plant. He stated that there are three parts to the training. There was an energy and independence study that came out that asked what it would take for Oregon Wastewater Agencies to be fully energy independent. That report came out with some strategies for doing so and followed two case studies on Corvallis and Gresham. The study had specific recommendations for those two plants but it also had some general information that is applicable to the MWMC. One of the items that came out of the study was the Fats, Oils, and Greases (FOG) program which can increase the gas production and efficiency of a system to get the energy out of the waste that is taken in.

Commissioner Keeler asked if the definition of *energy independence* is to be off the grid. Mr. Newman replied that was what the study was after.

Mr. Newman went on to say that what came out of the study was that it is done through a combination of renewable energy, a FOG program, and generating electricity onsite if possible and that the training was developed from the study. The Eugene and Springfield staff both attended the training.

Mr. Newman reported that the Eugene Wastewater Division has been very involved with energy conservation and energy management for at least two decades. They have had an Environmental Management System (EMS) program through the ISO-14001 certification since 2001. That is a programmatic approach and energy management is a component of it. Another key element is Eugene's Plant Supervisor, Bob Sprick, who is an expert in running wastewater plants to be as energy efficient as possible. Mr. Newman said that they are really lucky to have Mr. Sprick on the team.

Mr. Newman stated that Springfield's role is a support role in providing the design and developments services and staff works very closely with the plant staff to guarantee that the institutional knowledge that the operations group and the maintenance group have gets into the designs. There is a lot of innovation that comes out of the plant that is incorporated into the designs. Springfield provides all the equipment and controls that are ultimately the tools that Eugene staff uses to achieve their energy management goals, and maintain equipment specifications.

In regards to the training, Mr. Newman pointed out some challenges. The way the program was structured is based on the EPA's Energy Management Guidebook. Step one out of the box is to develop an energy management program complete with policy changes and then go to your board and lobby to adopt these policies. That did not fit with the way the MWMC is structured and the way our partnership works, so after some discussion, staff decided to go through the training but not implement that part. Mr. Newman said they got to showcase Mr. Sprick who participated as an instructor who gave some stellar presentations to the other ACWA members. Staff developed a good understanding of incentives and funding through the Department of Energy, the BPA, and the Oregon Energy Trust. As a management team, they renewed their focus and solidified their resolve around promoting a broader participation in energy management and energy conservation. They had some examples of innovation that

came directly out of the training. The training also exposed staff to some tools, one of which is a portfolio manager which electrical and natural gas usage data is entered. It benchmarks how you are doing and also allows you to compare your performance on a kilowatt/million gallon of wastewater treated basis, to other plants of your type and size. Staff also got involved with the ACWA Energy Task Force, and is attending meetings regularly.

Greg Watkins, Project Manager, went over what the Eugene Wastewater division has implemented as far as energy conservation projects and efforts noting staff has policies, procedures, and standards in place that they consistently implement. The "Change Management Policy" reviews energy efficiency with any kind of process or equipment change. The Distribute and Control System allows staff to operate the plant to the most efficient extent possible and removes lag time for response between different processes. The division's standards for lighting, heating and cooling of occupied spaces, and power supplies to printers and computers, use energy saving settings to keep things running efficiently. The Environmental Management System reduces power consumption. Staff performs energy audits and initiates internal projects as a result of the audits. Goals were set to reduce annual consumption of power by 5 to 10% which they regularly achieve. Mr. Watkins went on to say that staff has a real good partnership with EWEB's Rebate and Incentive Programs, resulting in installing more energy efficient motors, pumps, and variable frequency drives. Over the past decade, because of those kinds of changes and incentives, over 1100 megawatt hours of energy savings have been clocked.

Mr. Watkins stated that in moving forward at the plant, the next step is to replace the large multi-stage blowers with smaller, more efficient turbo blowers, adding that would save around \$90,000 per year in operating costs. Another goal for this coming year is to save 400,000 kilowatt hours through replacing pumps and reassessing their size to make sure staff has not oversized things inefficiently. Staff will also evaluate cleaning and rehabilitation of the sludge force main between the plant to the Biocycle Management Farm to reduce pumping cost.

Mr. Newman reported one of the projects as part of the Partial Facility Plan Update is a Biogas Utilization Study. Staff is looking at ways to reduce or eliminate flaring of the biogas by expanding the amount used beneficially onsite and also considering alternatives to power generation. He said staff had an initial brainstorming session that generated 30 different alternatives to screen for biogas production and utilization. Among those ideas was to use the FOG program to segregate fats, oils, and grease and efficiently use that as fuel through the digestion process. Another idea was to look at the sale of pipeline quality biomethane to the natural gas utility or to other potential end users. Staff will look at transportation fuel which is compressed natural gas for fleet vehicles and other onsite and offsite uses. Mr. Newman went on to say that staff is continuing to be involved in the energy task force and are participating on the steering committee for the Oregon Department of Energy Biogas Utilization Study for Wastewater Plants.

Mr. Newman ended the presentation with a summary of MWMC's history of solid energy management which is embedded in its programs and culture. He stated that staff has taken the benefits and opportunities gained through the ACWA Sustainable Energy Management training and are using some of the tools that they learned. They have also renewed their focus on energy conservation at the management level as they move forward.

DISCUSSION:

Commissioner Meyer asked in regards to the new aeration system, if they were able to operate with one of the existing blowers or is it necessary to run two. Mr. Watkins responded they basically have more efficient diffusers getting more oxygen transfer so they are able to operate on one.

Commissioner Meyer asked if they were running near capacity or well below. Mr. Watkins responded that it depends on the time of year. The large blower is not able to turn down much so it ends up wasting a lot of air during the winter months. In an early technical memorandum that Kennedy/Jenks helped develop for transitioning to a turbo blower, it was estimated that unit would be able to operate about 95% of the time but then 5% of the year staff would transition to the large multi-stage blower because it is the most efficient when it is running at peak capacity.

Commissioner Keeler stated that Mr. Newman mentioned tools and he was wondering about technological tools, such as, does the plant have a system that gives high resolution on where energy is used. For example, on each major project are we able to track that independently as opposed to the meter out on the street. Mr. Watkins responded that they collect through the Distribute and Control System energy usage at most of the major processing units. Data can be pulled at some point before and after, where the largest usage is at the plant and track those areas and track improvements.

Commissioner Meyer asked staff to produce a graph for 5 years, historically, that shows how much electricity that MWMC purchased per million gallons of wastewater treated. He feels it would be an interesting graph to see how the MWMC actually did with all the different things that have been incorporated.

President Inge asked if we have any idea how the MWMC's energy use compares to Portland, Medford, or other places. Mr. Newman responded that they are different kinds of plants. President Inge said that didn't matter, he was interested in seeing a comparison of energy usage per millions of gallons. Mr. Newman said staff could do that; it would be energy used per gallon of wastewater treated.

President Inge asked what percentage the MWMC is increasing its capacity. Mr. Bittler responded that we are going from 175 mgd (wet weather hydrologic capacity) to 277 mgd and roughly from 49 to 59 mgd for dry weather.

President Inge asked if staff anticipates if initially there is going to be an actual increase in cost of energy as a result of having this excess capacity or do we anticipate that the changes that we made are going to actually give us a decrease in energy usage because of efficiencies. Mr. Bittler stated that he would hope that we could balance that spreadsheet and that we could offset, through energy savings, the additional pumping requirements, noting it is very weather dependant.

Mr. Newman added it is pretty dynamic; we are replacing older less efficient equipment with newer more efficient equipment. Then there are the process units and other things that drive up that usage.

President Inge said since we are getting ready to do budgets, if we see the energy cost go up because of some inefficiency, now is the time to relay that information to help us in the budgeting process.

VIII. PUBLIC INFORMATION PROGRAM UPDATE

Rachael Chilton, Public Information & Education Specialist, gave the staff presentation on the Public Information Program Update. The MWMC's Communication Plan is based on the Commission's five key outcomes, particularly the fifth one, "Public Awareness and Understanding." Ms. Chilton has been running the program based on the 2004 Communication Plan and an outreach plan from 2005 supporting the 2004 Facilities Plan. It was time for an update.

Ms. Chilton reviewed the five goals of the Communication Plan:

1. Increase visibility of the MWMC, its regional facilities, and its role in the community.
2. Educate residents and business to understand how their behavior affects the health of the Willamette River and what they can do to help protect the river and our local environment.
3. Position the MWMC as a water resources management agency and communicate how it addresses many complex issues related to watershed health.
4. Communicate to ratepayers what their rates are paying for - how the community's investment in system improvements, infrastructure and clean water initiatives supports the quality of life in the Eugene-Springfield area.
5. Increase understanding by Regional Wastewater Program staff and local elected officials of the MWMC's business and accomplishments, and its role in the health of the Willamette River and local environment.

Next, Ms. Chilton went over communication tools and tactics noting it was about a year ago that the website was updated. Looking at the numbers from December 2010 to December 2011, the website had 2534 hits for the year and about 1300 unique visitors (not repeat visitors). In regards to the traffic source, 40% is coming from search engines such as Google and Bing, 20% is from referral traffic such as links from the City's website, and another 40% came from direct access such as a bookmark or typed in directly.

Ms. Chilton announced a new tactic will be a quarterly e-newsletter to provide Commission news and updates and will highlight pollution prevention tips. Currently she is gathering subscribers, and plans to produce the first e-newsletter in February. People can sign up for the newsletter on the MWMC's website or send Rachael an email.

In 2011, staff was able to really start giving tours again at the Wastewater Treatment Plant because the construction level had decreased enough to be safe for tours. Ms. Chilton gave 26 treatment plant tours in 2011 which is about 700 people who went through the plant. The bulk of the tours were schools. Besides the sixth grade students, there were a few U of O classes and Lane Community College classes that took the tours. On top of this there were tours done by the treatment plant staff. To enhance the treatment plant tours, interpretive

signs will be installed. Ms. Chilton showed some of the signs on her PowerPoint presentation and explained where they would be stationed.

Clean Water University is a program that Ms. Chilton started this last year. It is funded partly by Springfield and partly by the Regional program and is a general water quality outreach program for Springfield Fifth Graders. It is a ten session series of classroom workshops, two of which are on wastewater, and concluding with a half day tour of the treatment plant. In 2011, seven classes attended the Clean Water University with about 200 students graduating. It was very successful and the word has traveled crediting the program of how to be able to cover all the sessions that the teachers are requesting. Ms. Chilton has currently four sessions scheduled for spring which is at her limit since it is a busier time of year.

Ms. Chilton said that next she will be launching the new Pollution Prevention Campaigns that will go quarterly to match the new e-newsletter. Each Pollution Prevention Campaign will have its own outreach plan with its own set of goals, key messages, and strategies for meeting those goals and how to get the message out. The first campaign will be for the Med Return Boxes that are located in the Springfield Justice Center and Lane County Sheriff's Office and the soon to be Eugene Waste Office (doesn't have a name yet). The Med Return Boxes accept prescription medications, over the counter drugs, and pet medications with no questions asked, no paper work, and people just drop them off during business hours. Ms. Chilton is sending out fliers to pharmacies and doing radio advertisements from February 6th through the 20th. The advertisements will be on all the major radio stations in this area. The cost is a really good deal for nonprofits at \$5 per spot.

Ms. Chilton also produces the Annual Report which, she says, is routine now. The last tactic Ms. Chilton mentioned was the utility bill inserts. She would like to increase the message of what the rates go towards in the inserts. Ms. Chilton creates the inserts that goes out on the Springfield side and she will work with the Eugene staff for the insert that goes out on the Eugene side.

DISCUSSION:

President Inge asked Ms. Chilton what she was comparing the 2534 total hits to. She stated that compared to the audience size of 220,000 people, it is pretty low. She wasn't aware how many hits EWEB or SUB's websites get but she thinks it is substantially higher. One of the key indicators for the coming year is to increase the website hits. President Inge thought 2534 sounded good but asked if Ms. Chilton could contact other wastewater treatment plants such as Portland's to see how many hits they get on their websites.

Commissioner Keeler thanked Ms. Chilton for doing a wonderful job and that the program sounded great. The outreach program that struck him was the Clean Water University. He stated that if you can reach the kids at that level, they will be intrigued and that is a wonderful thing. He suggested that they could expand the program by getting volunteers such as retired science teachers and have a volunteer trainer program so that it could reach more kids without overworking Ms. Chilton.

Commissioner Woodrow told Ms. Chilton and that she thought she was doing a great job getting the information out into the community and thanked her. Commissioner Woodrow

asked if Ms. Chilton was going to continue with the pet program. Ms. Chilton responded that she was, but it was only on the Springfield side.

Commissioner Woodrow agreed that volunteers would be a great idea and maybe a work study program from the University of Oregon could be something to tap into for an expansion of the program. She believes reaching the kids at that age where they get excited about those things because it is something that they can be a part of and that they can do really pulls them in. Ms. Chilton agreed that the age was right and gave an example of one little boy that his life goal is now to be a treatment plant operator.

Commissioner Woodrow stated that she believes that increased awareness of what the MWMC is will increase hits on the website; that it is a matter of people getting use to looking for something on the website and realizing that it is there.

Mr. Huffman asked how much time each of the governing bodies spends talking about the MWMC. Commissioner Bozievich responded that at Lane County it is once a year for budget and then when they are making committee assignments. Commissioner Woodrow agreed it was about the same for the City of Springfield except for when she was involved in the Pet Waste Program, it came up then. Mr. Bittler responded that the minutes do go out to the various agencies to be part of their Communication Packets. Commissioner Brown said that at Eugene they use to have a show and tell but it has been reduced. He said he gives a brief update about what was discussed at the commission meetings.

President Inge asked Ms. Chilton if there is signage by the poplar farm. Ms. Chilton said there was one but it became outdated. President Inge asked if it was possible to get a sign for it as it is a great opportunity to let people know about the MWMC. He thought it would be great if we could get one at both the north and south ends of the farm announcing it is the MWMC Poplar Farm. Commissioner Woodrow agreed.

IX. BUSINESS FROM COMMISSION, GENERAL MANAGER, AND WASTEWATER DIRECTOR

Mr. Bittler, General Manager, reminded the Commission that the MWMC's bond council was moving to join a national firm and start an office in Oregon. He said the move was made and their start date was effective December 16, 2011. After consulting with the MWMC's financial officer, Bob Duey, and talking to legal counsel, staff determined it was in the MWMC's best interest to follow the bond council. Transfers of the bond files was authorized to the new company, Hawkins, Delafield, and Wood, which is now made up of the entire bond council division that the MWMC has used for the past number of years.

Mr. Bittler stated that he, Ms. Cahill, and other staff from both Eugene and Springfield attended the Toxics workshop (Part A) and that it was an excellent workshop. They got a great overview of the revised standards and they discussed future permitting processes and what to watch out for in terms of preparing for the permitting process. Mr. Bittler said that he got the impression that the load is on staff to manage the process; the DEQ will basically take your data and run it through a model and say "good enough". He felt, therefore, that staff needs to really pay attention as they perform the regional analysis to see if the MWMC's effluent has potential to violate the water quality standards and that it will be an on-going and hands-on

process for staff. Mr. Bittler stated that Part B of the workshop is scheduled for February 21 and includes more hands-on training, comparing the plant's effluent quality to the standards and identifying a strategic approach for moving forward to navigate the new water quality standards.

Ms. Cahill and Mr. Bittler are still engaged in the thermal waste load allocation discussion. The ACWA board is meeting on February 7 and they are holding a time for interested parties to come and participate in the conversation. Mr. Bittler said that he and Ms. Cahill will be there.

Ms. Cahill, Wastewater Director, commented that the odor has been low at the treatment plant. She said that points out to her that the operators are doing an excellent job in balancing the cost of keeping odors low. It costs a lot to run the fans to keep everything ventilated and she is happy that they are doing a good job balancing that.

President Inge said that today's meeting and the presentations that were given, is just another indication of the fine work that is being done by staff. He said that he truly appreciates how the presentations are done, that they are not read to the Commission, and that they are able to deal with all the different aspects that are in the presentation. He thanked the staff and the leadership for a fine job.

X. ADJOURNMENT

President Inge adjourned the meeting at 9:30 a.m.

Minutes were recorded by Kevin Kraaz.