

COBURG CITY COUNCIL DEPARTMENT REPORT



DEPARTMENT: Public Works / Wastewater

TOPIC: Consultant study of Cost of MWMC Connection

Meeting Date: March 13, 2007
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REPORT

The consultant (Debbie Galardi) hired by Lane County to do an analysis of the potential cost of connecting Coburg to the MWMC system has completed her analysis.

The consultant concluded that, using the parameters given her by the MWMC staff at the cities of Eugene and Springfield, Coburg would have to pay between \$8,455,700 and \$9,079,700 in connection costs to connect to MWMC. Combined with the necessary construction costs to build the system in Coburg to collect the wastewater, this would mean a cost to Coburg of \$21,905,700 and \$23,029,700.

Based on the engineer's estimates of construction costs and other estimates the Coburg Wastewater Reclamation system is projected to have a total cost of approximately \$16,000,000.

MWMC staff had developed their own estimates of the connection costs. These ranged from \$7 million to \$12 million. These estimates were very rough calculations based on what the MWMC staff believed that they had been instructed to do by the city councils of Eugene and Springfield. The MWMC staff agreed to cooperate in the consultant's study only on the grounds that the calculations be based on what they understood the Council instructions to be.

The basic instruction from the Eugene and Springfield councils was that none of the possible costs of a Coburg connection were to be paid by any users except Coburg users. In a practical way this appeared to work into a methodology that included every possible cost, including speculative costs that have not yet been planned for, and an elimination of all possible credits that might be applied.

Some examples of the impact of the methodology;

- Coburg would not be allowed to purchase existing capacity in the MWMC system. This capacity was reserved for future users within the UGB.
- Coburg would have to pay for the additional, yet to be built capacity increases at the beginning, rather than through rate payments collected during the time of connection and construction of the additional capacity.

- Coburg would not be eligible for a credit for the portion of future rate payments that are collected for capacity construction.
- Coburg would have to pay the cost of compliance with TMDL temperature requirements. These requirements have just been announced and are being appealed by MWMC. The costs for compliance were estimated and Coburg's share was assigned to Coburg as an initial payment. Other existing users will have to pay these costs (whatever they may be) through rates. It was assumed that Coburg would pay those rates as well.
- It was assumed that Coburg would pay the entire connection charge, including the cost of all future users, at the time of connection. This was identified as a potential policy change that might reduce the initial cost, but not the eventual cost.

Without a restructuring of the basic assumptions, it will not be possible to gain any revision of the figures in the conclusion. While the study was originally intended to look at examples of other connection charges around the state for situations similar to Coburg's, this portion of the work was left undone. One conclusion that might be drawn is that because no other actual connection system was built on the same assumptions of every possible cost included in the calculations, there was no comparison possible.

ATTACHMENTS

The Summary of the Galardi Report