



# Clackamas Water Environment Services

2021-2022 BUDGET PRESENTATION



CLACKAMAS

WATER  
ENVIRONMENT  
SERVICES



# Clackamas Water Environment Services

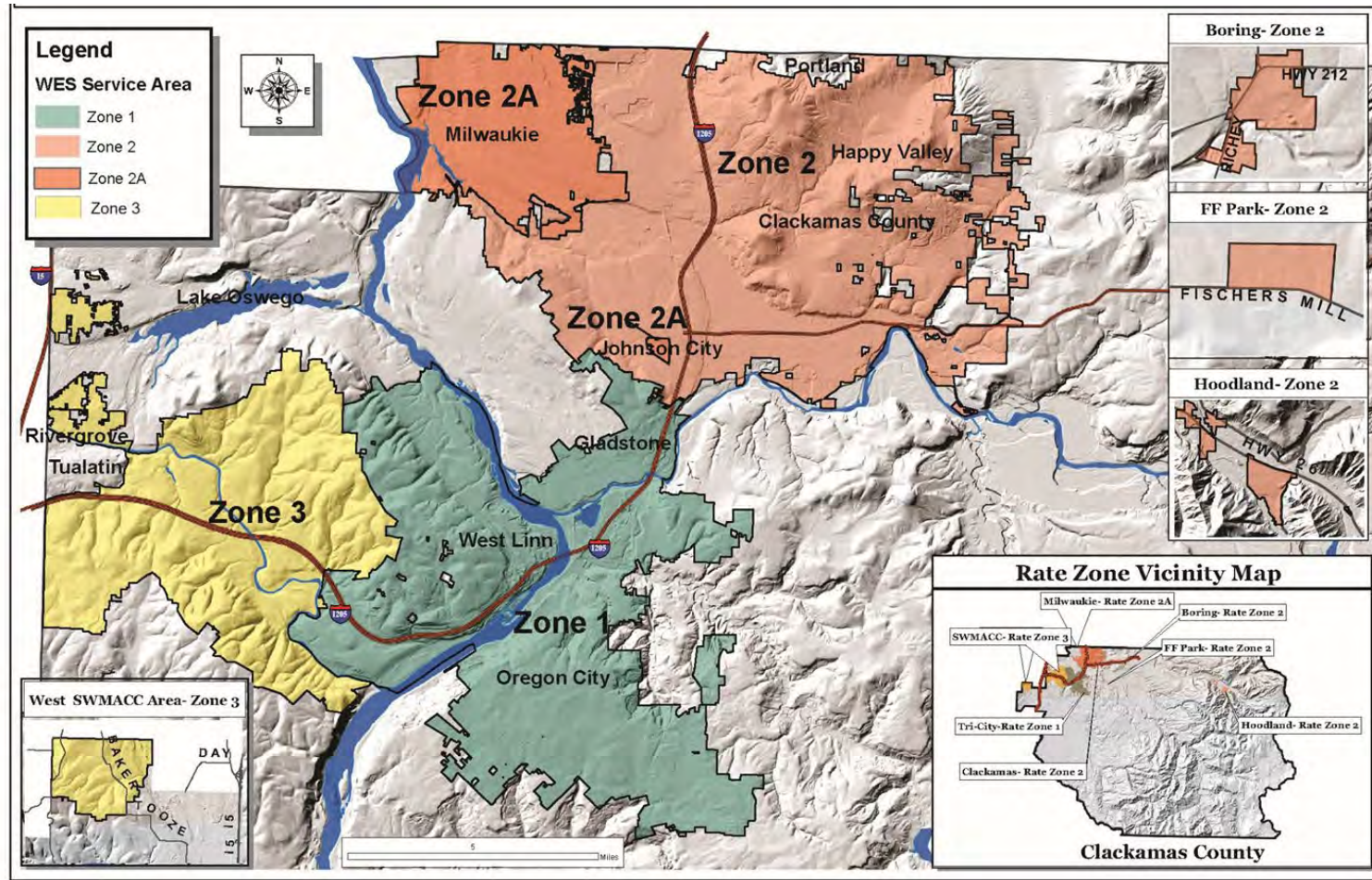
## ORGANIZATION

Municipal partnership formed through ORS 190 agreement, and component unit of Clackamas County.

## MISSION

The mission of Clackamas Water Environment Services is to provide resource recovery and watershed protection services to our community so we can live, work, and play in a healthy environment.

# Service Area



## WES Operates and Maintains:

- 5 Water Resource Recovery Facilities
- 23 Pump Stations
- >350 miles of Sanitary Sewer Pipe
- >300 miles of Surface Water Pipe

# 2020 Major Accomplishments

AREA	DESCRIPTION
Operations	<ul style="list-style-type: none"> <li>• Provided wastewater treatment and collection services for WES' approximately 190,000 customers through pandemic, wildfires, ice storm, power outages, and multiple heavy rain events</li> </ul>
Capital Planning and Management	<ul style="list-style-type: none"> <li>• Completed 11 rehabilitation and upgrade projects at Kellogg Creek Water Resource Recovery Facility (WRRF)</li> <li>• Completed construction and startup of new digester and dewatering facilities at Tri-City WRRF</li> <li>• Completed new asset management model; 100% of new assets are mapped and tracked within our system within six months</li> </ul>
Environmental Services	<ul style="list-style-type: none"> <li>• Continued progress on update to WES' rules and standards</li> <li>• Initiated comprehensive storm system master plan</li> <li>• Began restoration planning of 3-Creeks Natural Area</li> </ul>
Business Services	<ul style="list-style-type: none"> <li>• Modified billing practices to temporarily waive penalties, suspend certification, and offer payment plans to provide relief for customers financially-impacted by the pandemic</li> <li>• Received renewed 'AAA' bond rating from Standard &amp; Poor's</li> <li>• Launched new online account management system and interactive voice response telephone pay option</li> </ul>

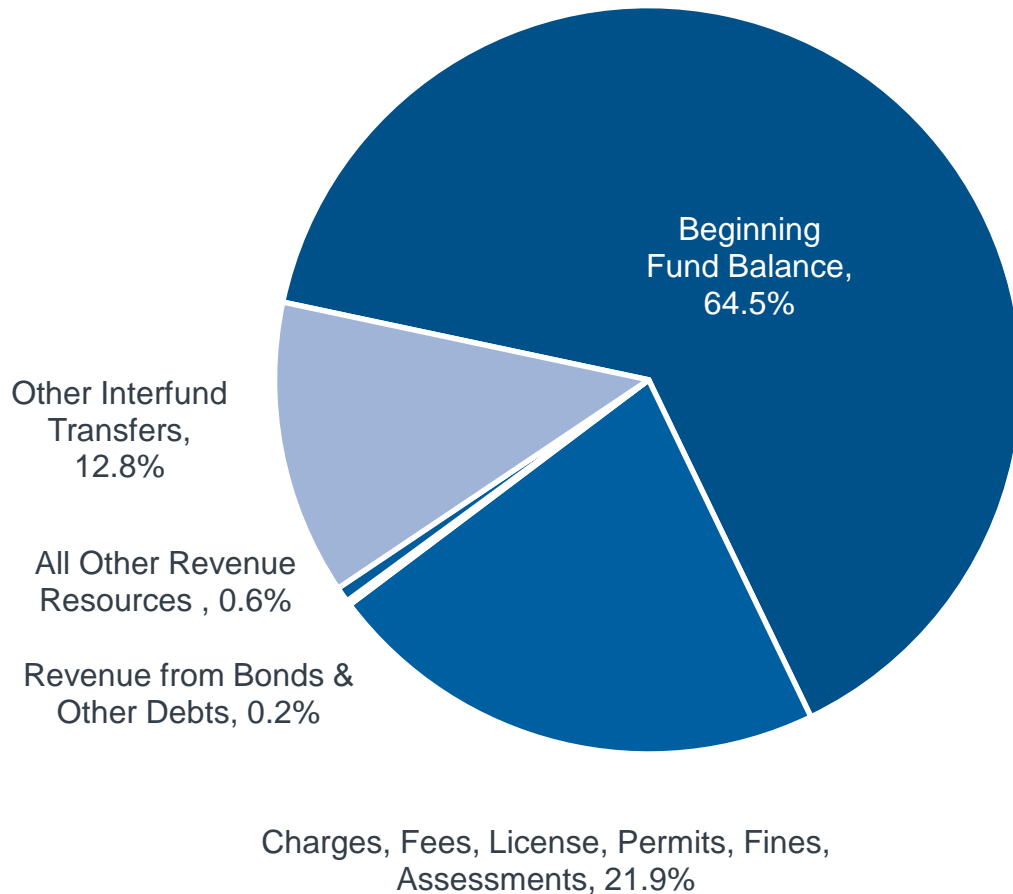


# Issues and Challenges

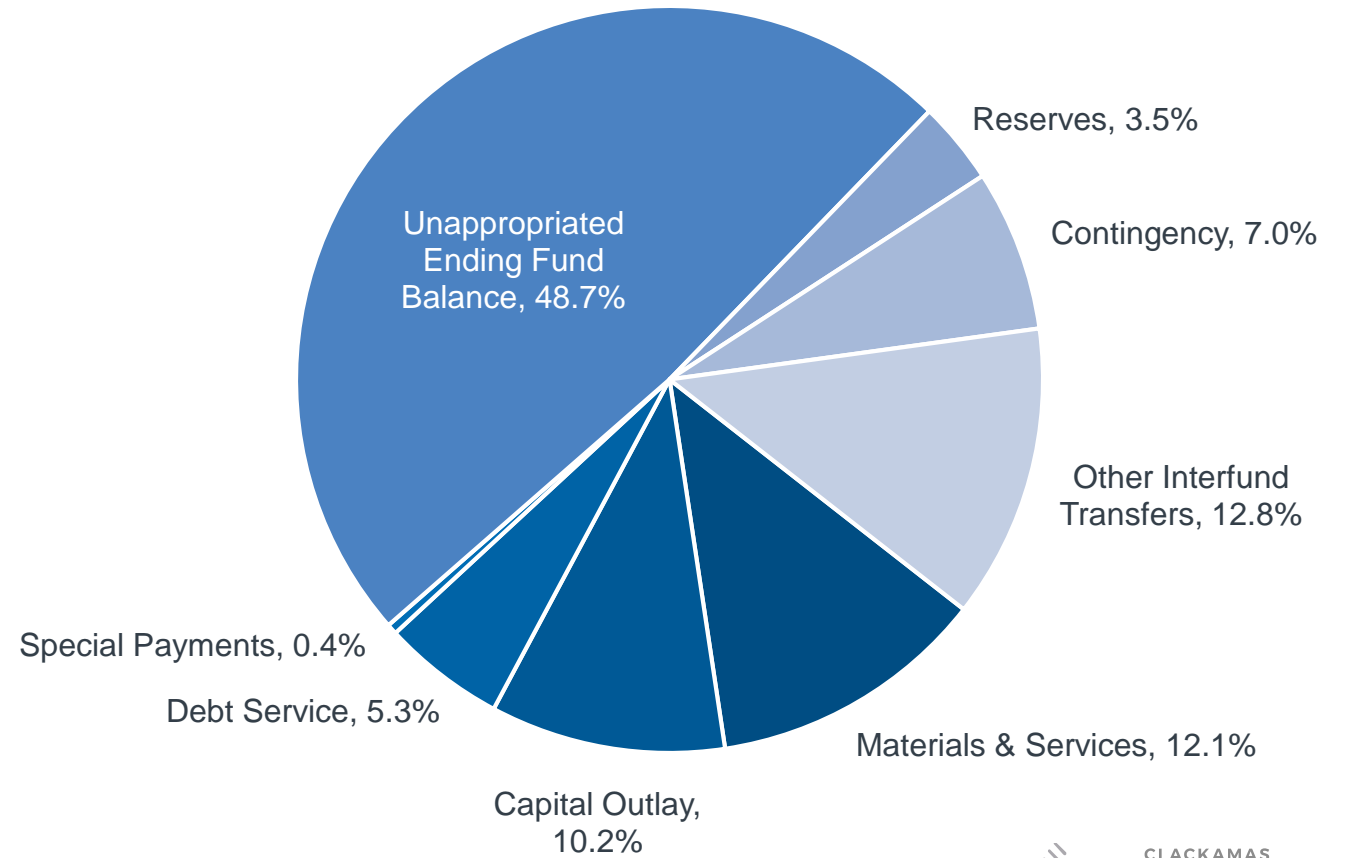
- Aging infrastructure
- Capacity for growth
- Operational requirements
- Regulatory requirements
- Enhancing operational resiliency

# FY 2021-22 Proposed Budget

Resources: \$247,705,206



Requirements: \$247,705,206

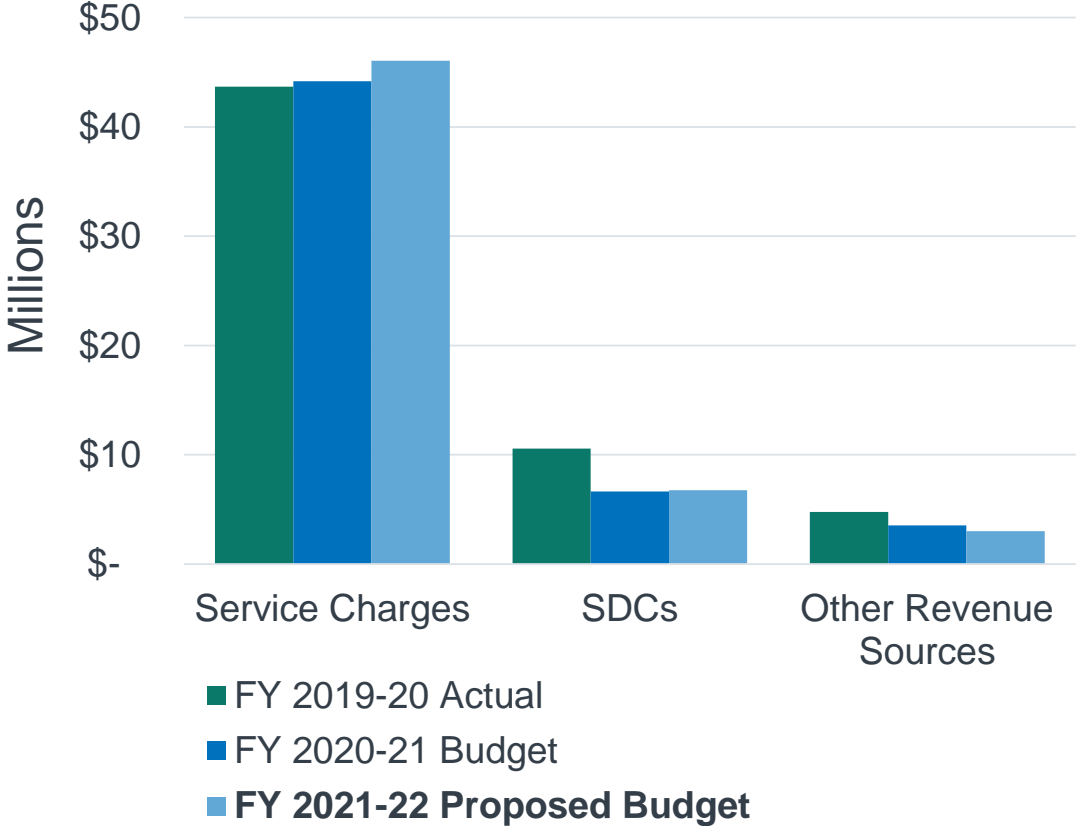


# Summary of Revenue & Expenses

	FY 18-19 Actuals	FY 19-20 Actuals	FY 20-21 Amended Budget	FY 20-21 Projected Year End	FY 21-22 Proposed Budget	Chg from Prior Yr Budget	% Chg from Prior Yr Budget
<b>Beginning Balance</b>	<b>96,035,261</b>	<b>100,392,976</b>	<b>102,558,017</b>	<b>102,580,898</b>	<b>159,832,099</b>	<b>57,274,082</b>	<b>55.8%</b>
Federal, State, Local, All Other Gifts & Donations	-	173,504	-	-	-	-	0%
Charges, Fees, License, Permits, Fines, Assessmen	48,397,470	56,321,039	52,377,200	53,267,230	54,177,550	<b>1,800,350</b>	<b>3.4%</b>
All Other Revenue Resources	1,965,224	2,530,156	2,013,420	1,517,320	1,640,020	<b>(373,400)</b>	<b>0.0%</b>
<b>Operating Revenue</b>	<b>50,362,694</b>	<b>59,024,699</b>	<b>54,390,620</b>	<b>54,784,550</b>	<b>55,817,570</b>	<b>1,426,950</b>	<b>2.6%</b>
Revenue from Bonds & Other Debts	8,882,051	10,789,434	57,787,948	57,287,948	500,000	<b>(57,287,948)</b>	<b>-99.1%</b>
Other Interfund Transfers	17,873,981	24,295,406	30,269,342	30,087,266	31,555,537	<b>1,286,195</b>	<b>4.2%</b>
<b>Total Revenue</b>	<b>173,153,987</b>	<b>194,502,515</b>	<b>245,005,927</b>	<b>244,740,662</b>	<b>247,705,206</b>	<b>2,699,279</b>	<b>1.1%</b>
Materials & Services	24,336,105	26,116,174	30,104,545	28,945,184	29,887,030	<b>(217,515)</b>	<b>-0.7%</b>
Capital Outlay	23,563,301	34,601,519	39,989,500	18,060,592	25,223,000	<b>(14,766,500)</b>	<b>-36.9%</b>
Debt Service	6,987,624	6,908,518	7,815,521	7,815,521	13,167,587	<b>5,352,066</b>	<b>68.5%</b>
Special Payments	-	-	-	-	1,106,600	<b>1,106,600</b>	-
<b>Operating Expenditure</b>	<b>54,887,030</b>	<b>67,626,211</b>	<b>77,909,566</b>	<b>54,821,297</b>	<b>69,384,217</b>	<b>(8,525,349)</b>	<b>-10.9%</b>
Transfers	17,873,981	24,295,406	30,269,342	30,087,266	31,555,537	<b>1,286,195</b>	<b>4.2%</b>
Contingency	-	-	15,014,375	-	17,319,500	<b>2,305,125</b>	<b>15.4%</b>
Reserve for Future Expenditures	53,104	53,104	8,854,390	8,854,390	8,854,930	<b>540</b>	<b>0.0%</b>
Unappropriated Ending Fund Balance	100,339,872	102,527,794	112,958,254	150,977,709	120,591,022	<b>7,632,768</b>	<b>6.8%</b>
<b>Total Expense</b>	<b>173,153,987</b>	<b>194,502,515</b>	<b>245,005,927</b>	<b>244,740,662</b>	<b>247,705,206</b>	<b>2,699,279</b>	<b>1.1%</b>
Full Time Equiv Positions (FTE) Budgeted	110.0	112.0	112.0	112.0	115.0	<b>3.0</b>	<b>2.7%</b>

# Major Themes: Operating Revenue \$55.8 M

## 3 Year Revenue Trends



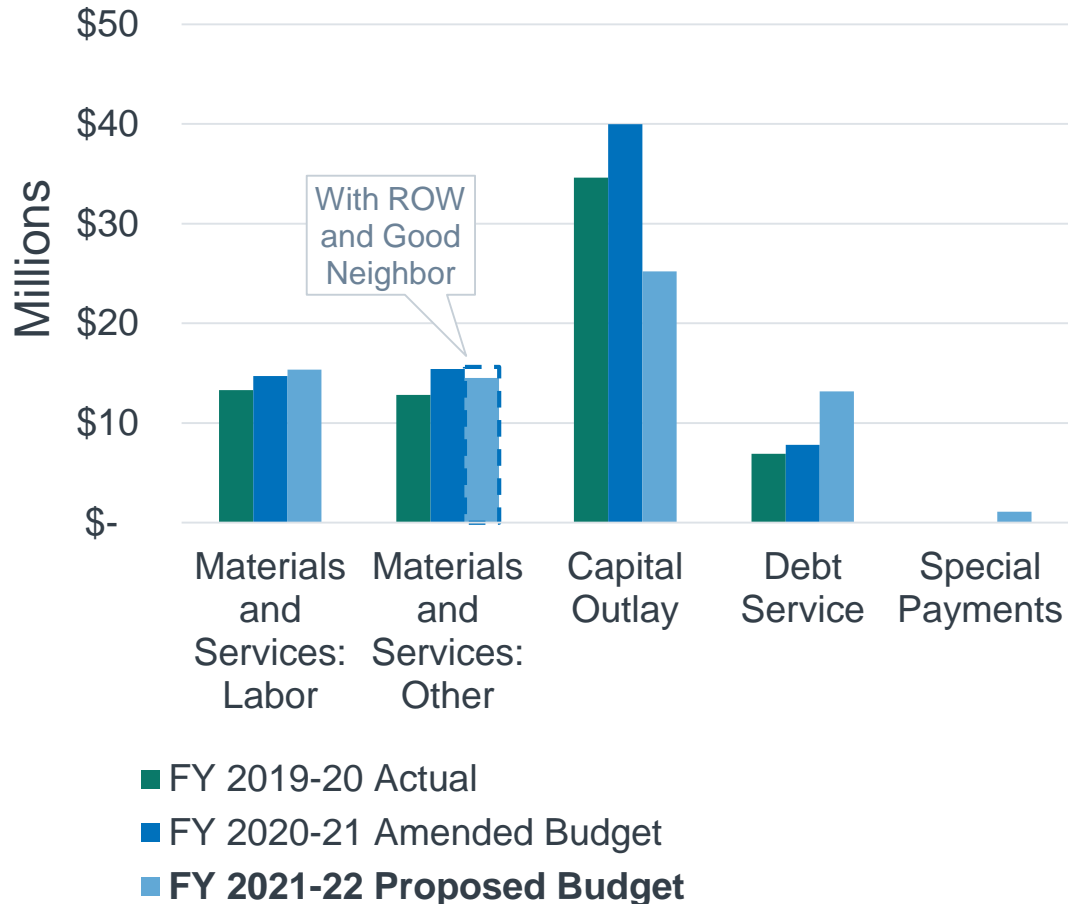
Overall increase of ~\$1.4 M or 2.6% from FY 2020-21 Budget

- \$1.1 M of the increase results from resuming the delinquent account certification process
- Moderate growth and inflationary rate increases
- Inflationary increase in SDC charges



# Major Themes: Expenses \$69.4 M

## 3 Year Expense Trends



- Overall Reduction of ~\$8.5 M or 10.9% from FY 2020-21 Budget
  - Decrease in Capital spending
  - Increase in Debt Service
  - New Special Payments category
  - Operating Budget 0.7% or \$215k decrease from FY 20-21
    - Decrease in Materials and Services
    - Increase in Personnel Services

# FY 2021-22 Capital Budget: \$25.2 M

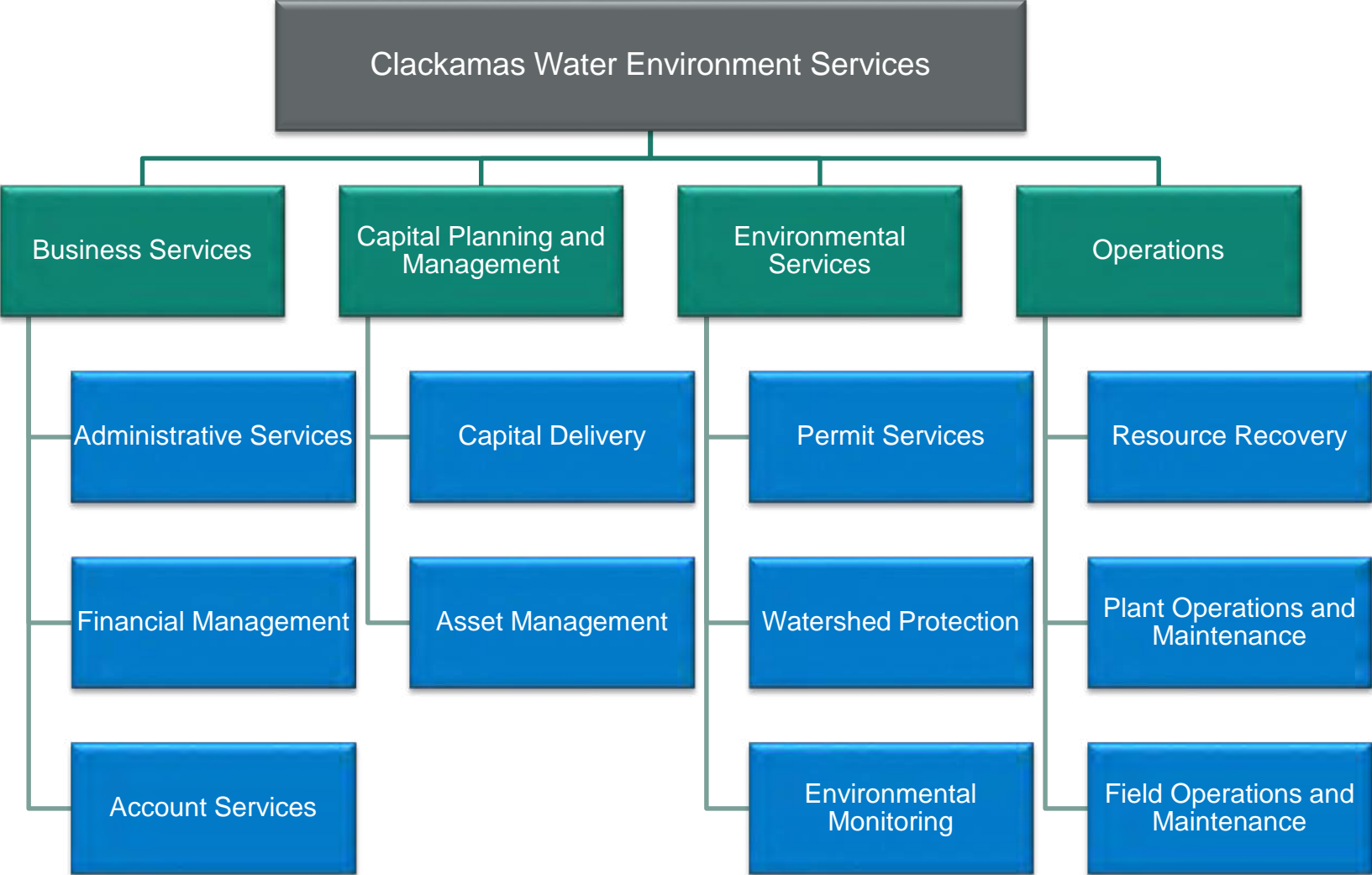
- Budget reflects continuing need for reinvestment in aging infrastructure and capital investment to meet projected growth

## FY 2021-22 Capital Budgets

- Sanitary Sewer \$24.1 M
- Surface Water \$1.1 M

Category	Project Examples	FY 2021-22 Budget	Total Project Cost
Sanitary Sewer	Boring Pump Station & Force Main	\$4.6 M	\$6.0 M
	Kellogg Creek Aeration Basin Improvements	\$2.25 M	\$3.85 M
	Tri-City Outfall Project	\$1.5 M	\$25.5 M
	Multiple Pump Station Upgrades	\$2.0 M	\$8.5 M
	Clackamas Interceptor	\$1.0 M	\$16.3 M
Surface Water	3-Creeks Water Quality Project	\$0.5 M	\$4.4 M

# Performance Clackamas Organizational Structure



# Program Profiles: 2021-22 Summary

FY 2021-22 BUDGET	Line of Business	Program	Total Funds (\$ millions)	% County General Funds	% Restricted Funds	Mandate: Fed/State/Cty /IGA/None	% Program Operated by County	Metrics: % Target Meet/Exceed or Improve
MATERIALS AND SERVICES	Business Services	Account Services	\$0.8	0%		S	75%	50%
		Administrative Services	\$3.4	0%		S	79%	0%
		Financial Management	\$1.5	0%		S	72%	100%
	Capital Planning and Management	Asset Management	\$1.7	0%		F, S	72%	100%
		Capital Delivery	\$0.7	0%		F, S	77%	100%
	Environmental Services	Environmental Monitoring	\$1.5	0%		F, S, I	61%	100%
		Permit Services	\$1.8	0%		F, S, I	84%	67%
		Watershed Protection	\$2.3	0%		F, S, I	46%	0%
	Operations	Field Operations and Maintenance	\$3.7	0%		F, S, I	72%	33%
		Plant Operations and Maintenance	\$10.7	0%		F, S, I	54%	100%
		Resource Recovery	\$2.2	0%		F, S	70%	100%
	CAPITAL	Capital Planning and Management	Capital Delivery	\$25.2	0%	4%	F, S	N/A

# Performance Clackamas

## Results Measures (Examples)

Line of Business/Program	Results Measure	FY 19-20 Actual	FY 20-21 Target	FY 20-21 Projected Performance	FY 21-22 Target
Operations / Resource Recovery	WES will beneficially reuse 85% of recovered solids	93%	85%	95%	85%
Operations / Plant Operations and Maintenance	WES will continually achieve a “wastewater treatment effectiveness rate” of 85% in addition to 100% permit compliance	95.52%	100%	98.23%	100%
Environmental Services / Watershed Protection	30% of streams within WES’ jurisdiction meet or exceed water quality standards	11%	30%	44%	30%

# Department Summary by Fund



## Water Environment Services Department

### Budget Summary by Program and Fund

Line of Business	FY 2021-22	FY 2021-22	FY 2021-22	FY 2021-22	FY 2021-22
Program	FTE	WES Sanitary Sewer Operating Fund 631	WES Surface Water Operating Fund 641	Non-Program / Non-Operating	Total Proposed Budget
<b>Business Services</b>					
Administrative Services	9.98	\$ 2,721,068	\$ 693,734	\$ -	\$ 3,414,800
Financial Management	5.82	1,301,883	207,943		1,509,826
Account Services	4.90	681,564	128,723		810,287
Business Services Total	20.70	4,704,513	1,030,400	-	5,734,913
<b>Capital Planning and Management</b>					
Capital Delivery	9.74	717,695	-		717,695
Asset Management	7.68	1,420,394	271,826		1,692,220
Capital Planning and Management Total	17.42	2,138,089	271,826	-	2,409,915
<b>Environmental Services</b>					
Permit Services	8.99	1,087,781	721,883		1,809,644
Watershed Protection	5.50	-	2,257,055		2,257,055
Environmental Monitoring	6.01	1,036,778	471,106		1,507,884
Environmental Services Total	20.50	2,124,539	3,450,044	-	5,574,583
<b>Operations</b>					
Resource Recovery	7.30	2,154,749	-		2,154,749
Plant Operations and Maintenance	33.23	10,700,718	-		10,700,718
Field Operations and Maintenance	15.85	2,274,885	1,458,871		3,733,756
Operations Total	56.38	15,130,350	1,458,871	-	16,589,221
Equipment Pool Contra-Expense		(421,602)			(421,602)
<b>Operating Budget Total</b>					<b>29,887,030</b>
<b>Non-Program / Non-Operating</b>					
Debt Service and Related Reserves				22,021,977	22,021,977
Capital Outlay				25,223,000	25,223,000
Transfers				31,555,537	31,555,537
Special Payments				1,108,600	1,108,600
Contingencies and Ending Fund Balances				137,911,062	137,911,062
<b>Non-Program / Non-Operating Total</b>				<b>217,818,176</b>	<b>217,818,176</b>
<b>TOTAL</b>	<b>115.00</b>	<b>\$ 23,675,889</b>	<b>\$ 6,211,141</b>	<b>\$ 217,818,176</b>	<b>\$ 247,705,206</b>
<b>FY 20/21 Amended Budget</b>	112.00	25,015,516	5,089,029	214,901,382	245,005,927
<b>\$ Increase (Decrease)</b>	3.00	-1,339,627	1,122,112	2,916,794	2,699,279
<b>% Increase (Decrease)</b>	2.7%	-5.4%	22.0%	1.4%	1.1%



# Proposed Rate Increases

Inflationary rate adjustments averaging 0.68% across all services and zones, due to several one-time impacts:

- Delays in initiation of certain capital projects
- Realization of low borrowing costs on new issuance of debt (0.84% true interest cost)
- New strategy to repay debt with SDC funds to the extent eligible



# Sanitary Sewer Rate Components

- **Wastewater Treatment** – Applies to all sewer ratepayers; covers costs of operating and maintaining WES' Water Resource Recovery Facilities and funds new asset construction and replacement for treatment plants and interceptors
- **Local Collection** – Applies to ratepayers in Happy Valley and unincorporated areas such as Oak Grove, Hoodland, Boring, etc.; covers costs of operating and maintaining WES' collection system feeding into the interceptors and funds asset replacements necessary to maintain aging infrastructure, especially inflow and infiltration reduction efforts
- **Legacy Debt Service Fee** – Applies to Rate Zone 2 only, including Johnson City and Milwaukie; covers annual debt service costs associated with debt transferred from CCSD No. 1 when WES was formed



# FY 2021-22 Proposed Rates by Service Area and City

	Rate Components	Gladstone	Oregon City	West Linn	Unincorp RZ1	Unincorp RZ2	Happy Valley	Milwaukie	Johnson City	Rate Zone 3
Sanitary Sewer	Wastewater Treatment	\$ 25.30	\$ 25.30	\$ 25.30	\$ 25.30	\$ 25.30	\$ 25.30	\$ 25.30	\$ 25.30	\$ -
	Local Collection				13.50	13.50	13.50			
	Legacy Debt Svc Fee					12.65	12.65	12.65	12.65	
	Subtotal – Sanitary Sewer	25.30	25.30	25.30	38.80	51.45	51.45	37.95	37.95	-
Surface Water	Surface Water Service					7.75	7.75			4.70
	On-Site Maintenance					3.00	3.00			
	Subtotal – Surface Water	-	-	-	-	10.75	10.75	-	-	4.70
	City Right-of-Way Fees <sup>1</sup>	1.30	1.70	-	-	-	3.11	-	-	-
Est. Total Monthly Bill	FY 2021-22	\$ 26.60	\$ 27.00	\$ 25.30	\$ 38.80	\$ 62.20	\$ 65.31	\$ 37.95	\$ 37.95	\$ 4.70
	% Δ from FY 2020-21	1.53%	1.50%	1.40%	1.44%	0.48%	0.48%	0.00%	0.00%	1.08%
	FY 2020-21	\$ 26.20	\$ 26.60	\$ 24.95	\$ 38.25	\$ 61.90	\$ 65.00	\$ 37.95	\$ 37.95	\$ 4.65
	% Δ from FY 2019-20	5.01%	5.35%	5.05%	5.08%	1.73%	1.74%	0.13%	0.13%	4.49%
	FY 2019-20	\$ 24.95	\$ 25.25	\$ 23.75	\$ 36.40	\$ 60.85	\$ 63.89	\$ 37.90	\$ 37.90	\$ 4.45
		Rate Zone 1				Rate Zone 2				Rate Zone 3

<sup>1</sup> City Right-of-Way Fees in the above table are an estimate based on proposed rates.

# FY 2021-22 Proposed System Development Charges

- Inflationary adjustments are proposed

Service Category	FY 2020-21	FY 2021-22 Proposed	\$ Change	% Change
Sanitary Sewer	\$8,005	\$8,120	\$ 115	1.4%
Surface Water	\$ 215	\$ 220	\$ 5	2.3%



## Next Steps

- Public Hearing and Testimony
- Questions and Discussion
- Motion to Approve and Discussion
- Vote
- Final consideration by WES governing body in June 2021



# Thank You!



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