



Gregory L. Geist
Director

June 28, 2018

Board of County Commissioners
Clackamas County

Members of the Board:

RESOLUTION ADOPTING AND APPROPRIATING FISCAL YEAR 2018-19 BUDGET AND FUNDS FOR WATER ENVIRONMENT SERVICES

Purpose/Outcomes	Adopt and appropriate Fiscal Year 2018-19 budget and funds for Water Environment Services ("WES").
Dollar Amount and Fiscal Impact	The spending level considered necessary by the Budget Committee for WES to meet operations and maintenance, capital, and debt service requirements and to provide reserves amounts to \$115,864,526.00 for Water Environment Services.
Funding Source	WES funds. No General funds.
Duration	July 1, 2018 through June 30, 2019
Previous Board Action/Review	None
Strategic Plan Alignment	1. WES Customers will continue to benefit from a well-managed utility. 2. Build public trust through good government.
Contact Person	Doug Waugh, Finance Manager dougwau@clackamas.us
Contract No.	N/A

BACKGROUND:

The attached Resolution and exhibit adopts and appropriates funds for the enterprise fund budget for Fiscal Year 2018-19 for Water Environment Services ("WES"), and further adopts and appropriates the debt service fund budget for WES.

The Budget Committee for WES met on June 4, 2018 to consider its budget. The budget for WES was approved as recommended by staff. Spending levels considered necessary by the Budget Committee for WES to meet its operations and maintenance, capital and debt service requirements and to provide reserves amount to \$115,864,526.00.

This resolution to adopt and appropriate Fiscal Year 2018-19 budget and funds has been reviewed and approved by County Counsel.

RECOMMENDATION:

Staff recommends the Board of County Commissioners of Clackamas County, acting as the governing body of Water Environment Services, approve the Resolution adopting and appropriating the budget and funds for Fiscal Year 2018-19 for Water Environment Services.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Greg Geist". The signature is written in a cursive style with a long horizontal stroke at the end.

Greg Geist, Director
Water Environment Services

**BEFORE THE BOARD OF COUNTY COMMISSIONERS
OF CLACKAMAS COUNTY, STATE OF OREGON**

A Resolution Adopting a 2018-19
Fiscal Year Budget and Making
Appropriations for the Period of
July 1, 2018 through June 30, 2019



Resolution No. _____

WHEREAS, the proposed expenditures and resources constituting the budget for Water Environment Services for the period of July 1, 2018 through June 30, 2019, inclusive, has been prepared, published and approved by the Budget Committee, and that the matters discussed at the public hearing were taken into consideration, as required by Oregon statutes; and

WHEREAS, in accordance with ORS 294.920, the notice of this public hearing and a financial summary were published in The Oregonian on June 15th, 2018; and

WHEREAS, ORS 294.456 and ORS 294.910 require municipal corporations to make appropriations when adopting the budget, as shown in Exhibit A.

BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS, ACTING ON BEHALF OF WATER ENVIRONMENT SERVICES, THAT:

The budget is hereby adopted for the Fiscal Year 2018-2019 in the amount of **\$115,864,526.00** and establishes appropriation as shown in the attached Exhibit A, which by this reference is made a part of this resolution.

ADOPTED this 28th day of June, 2018.

CLACKAMAS COUNTY BOARD OF COUNTY
COMMISSIONERS Acting as Governing Body
of Water Environment Services:

Chair

Recording Secretary

**WATER ENVIRONMENT SERVICES
FISCAL YEAR 2018-2019 BUDGET
EXHIBIT A**

SANITARY SEWER OPERATING FUND

Materials and Services	\$ 23,597,518
Special Expenditures	
Transfers	16,873,981
Contingency	3,933,000
TOTAL OPERATING FUND EXPENDITURES	<u>\$ 44,404,499</u>

SANITARY SEWER SYSTEM DEVELOPMENT CHARGE FUND

Capital Outlay	\$ 3,146,500
Special Expenditures	
Contingency	786,625
TOTAL SYSTEM DEVELOPMENT CHARGE FUND EXPENDITURES	<u>\$ 3,933,125</u>

SANITARY SEWER CONSTRUCTION FUND

Capital Outlay	\$ 39,738,500
Special Expenditures	
Contingency	9,934,625
TOTAL CONSTRUCTION FUND EXPENDITURES	<u>\$ 49,673,125</u>

SURFACE WATER OPERATING FUND

Materials and Services	\$ 5,218,049
Special Expenditures	
Transfers	1,000,000
Contingency	870,000
TOTAL OPERATING FUND EXPENDITURES	<u>\$ 7,088,049</u>

SURFACE WATER SYSTEM DEVELOPMENT CHARGE FUND

Capital Outlay	\$ 500,000
Special Expenditures	
Contingency	125,000
TOTAL SYSTEM DEVELOPMENT CHARGE FUND EXPENDITURES	<u>\$ 625,000</u>

SURFACE WATER CONSTRUCTION FUND

Capital Outlay	\$ 2,480,000
Special Expenditures	
Contingency	620,000
TOTAL CONSTRUCTION FUND EXPENDITURES	<u>\$ 3,100,000</u>

STATE LOAN FUND

Principal and Interest	\$ 113,643
Special Expenditures	
Reserve	53,104
TOTAL DEBT SERVICE FUND EXPENDITURES	<u>\$ 166,747</u>

REVENUE BOND FUND

Principal and Interest	\$ 6,873,981
Special Expenditures	
Reserve	-
TOTAL DEBT SERVICE FUND EXPENDITURES	<u>\$ 6,873,981</u>



Gregory L. Geist
Director

June 28, 2018

Board of County Commissioners
Clackamas County

Members of the Board:

**BOARD ORDER AMENDING AND ADOPTING RATES AND CHARGES FOR
WATER ENVIRONMENT SERVICES**

Purpose/Outcomes	Amend and adopt rates and charges for Water Environment Services.
Dollar Amount and Fiscal Impact	Changes the Equivalent Dwelling Unit (“EDU”) monthly charge for wholesale sanitary sewer service within Water Environment Services (“WES”) Rate Zone One from \$22.15 to \$23.00/EDU, an additional amount of \$1.40 for the City of Oregon City, an additional amount of \$1.15 for the City of Gladstone, for retail sanitary sewer service within Rate Zone One from \$32.00 to \$33.25 per EDU. Changes the retail Equivalent Dwelling Unit (EDU) monthly charge for sanitary sewer service within Rate Zone Two from \$46.35 to \$48.15/EDU and an additional amount of 5% or approximately \$2.41 for ratepayers in the City of Happy Valley. Changes the retail Equivalent Service Unit (ESU) monthly charge for surface water management services within Rate Zone Two from \$6.70 to \$6.95/ESU and an additional amount of 5% or approximately \$0.35 for ratepayers in the City of Happy Valley. Changes the wholesale EDU monthly charge for sanitary sewer service in Rate Zone Two from \$34.75 to \$36.10/EDU. Changes the retail ESU monthly charge for surface water services within Rate Zone Three from \$4.10 to \$4.25/ESU.
Funding Source	WES funds.
Duration	July 1, 2018 through June 30, 2019
Previous Board Action/Review	None
Strategic Plan Alignment	<ol style="list-style-type: none"> 1. WES Customers will continue to benefit from a well-managed utility. 2. Build public trust through good government.
Contact Person	Doug Waugh, Finance Manager dougwau@clackamas.us
Contract No.	N/A

BACKGROUND:

The attached Order changes the Equivalent Dwelling Unit (“EDU”) monthly charge for wholesale sanitary sewer service within Rate Zone One (contiguous with the boundaries of the Tri-City Service District) of Water Environment Services (“WES”) from \$22.15 to \$23.00 per EDU. The City of Oregon City will be charged an additional amount of \$1.40 per EDU to offset the City’s right of way usage fee. The City of Gladstone will be charged an additional amount of \$1.15 per

EDU to offset the City's right of way usage fee. The monthly service charge for retail sanitary sewer service within Rate Zone One will be adjusted from \$32.00 to \$33.25 per EDU.

The retail EDU monthly charge for sanitary sewer service within Rate Zone Two (contiguous with the boundaries of Clackamas County Service District No. 1) will be adjusted from \$46.35 to \$48.15/EDU, and the retail Equivalent Service Unit (ESU) for surface water management services within Rate Zone Two will be adjusted from \$6.70 to \$6.95/ESU. Ratepayers in the City of Happy Valley will be charged an additional amount of 5% or approximately \$2.41 per EDU for sanitary sewer service and approximately \$0.35 per ESU for surface water management service to offset the City's right-of-way usage fee. The wholesale EDU monthly charge for sanitary sewer service in Rate Zone Two changes from \$34.75 to \$36.10/EDU.

The monthly service charge for retail surface water service will be adjusted from \$4.10 to \$4.25 per Equivalent Service Unit within Rate Zone Three (contiguous with the boundaries of the Surface Water Management Agency of Clackamas County).

These changes are effective for service rendered on and after July 1, 2018. The Order further requires WES to amend its published service charge schedule to reflect this change.

The change in charges for monthly sanitary sewer service and monthly surface water service for WES is pursuant to the Fiscal Year 2018-2019 budget approved by WES' Budget Committee on June 4, 2018, and adopted by the Board on June 28, 2018.

RECOMMENDATION:

Staff recommends the Board of County Commissioners of Clackamas County, acting as the governing body of Water Environment Services, approve the Order amending and adopting rates and charges for Water Environment Services.

Respectfully submitted,



Greg Geist, Director
Water Environment Services

**BEFORE THE BOARD OF COUNTY COMMISSIONERS
OF CLACKAMAS COUNTY, STATE OF OREGON**

In the Matter of an Order Amending
and Adopting Rates and Charges for
Water Environment Services,
Clackamas County, Oregon



Board Order No. _____
Page 1 of 3

This matter came for hearing before the Board of County Commissioners of Clackamas County, Oregon ("Board"), acting as the governing body of Water Environment Services ("WES"), in public hearing on June 28th, 2018.

WHEREAS, WES finds that WES' Rules and Regulations allow for adoption and amendment of rates and charges by order;

WHEREAS, in order to meet the continuing obligations and ensure effective performance of WES, it is necessary for WES to adopt a wholesale sanitary sewer equivalent dwelling unit ("EDU") charge within Rate Zone One of \$23.00 per EDU. The City may set such additional amounts for monthly sanitary sewer user charges which shall be added to WES' wholesale sanitary sewer charge, and the entire amount shall be billed by the City;

WHEREAS, in order to meet the continuing obligations and ensure effective performance of WES, it is necessary for WES to adopt a retail sanitary sewer charge within Rate Zone One of \$33.25 per EDU;

WHEREAS, in order to meet the continuing obligations and ensure effective performance of WES, it is necessary for WES to adopt a retail sanitary sewer equivalent dwelling unit ("EDU") charge within Rate Zone Two of \$48.15 per EDU;

WHEREAS, in order to meet the continuing obligations and ensure effective performance of WES, it is necessary for WES to adopt a retail surface water equivalent dwelling unit ("EDU") charge within Rate Zone Two of \$6.95 per EDU;

WHEREAS, in order to meet the continuing obligations and ensure effective performance of WES, it is necessary for WES to adopt a retail surface water charge within Rate Zone 3 of \$4.25 per ESU;

WHEREAS, in order to meet continuing obligations and ensure equity amongst ratepayers and avoid a budget deficit, it is necessary for WES to adopt a methodology that allows for charges to any municipal customer of WES that levies, charges, taxes or otherwise imposes additional costs on WES relating to the use of public right of way within that municipality in an amount equal to the cost of such levy, charge, tax or other cost plus the maximum statutorily allowed interest rate to be charged for late fees;

WHEREAS, in order to implement such methodology for Fiscal Year 2018-19, WES shall charge the City of Oregon City \$1.40 per EDU served by Oregon City, in addition to the \$23.00 wholesale EDU rate, all effective July 1, 2018, pursuant to WES' approved budget. WES shall charge the City of Gladstone \$1.15 per EDU served by Gladstone, in addition to the \$23.00 wholesale EDU rate, all effective July 1, 2018, pursuant to WES' approved budget. WES shall charge the customers of WES residing within the City of Happy Valley an additional 5% or

**BEFORE THE BOARD OF COUNTY COMMISSIONERS
OF CLACKAMAS COUNTY, STATE OF OREGON**

In the Matter of an Order Amending
and Adopting Rates and Charges for
Water Environment Services,
Clackamas County, Oregon



Board Order No. _____
Page 2 of 3

approximately \$2.41 per EDU for sanitary sewer service and an additional 5% or approximately \$0.35 per ESU for surface water services pursuant to the adopted rate methodology, all effective July 1, 2018, pursuant to WES' approved budget.

The Board, having held a hearing, considered testimony, factual supporting materials and the above findings and rate methodology, and being fully advised, it is hereby ORDERED:

1. WES' published service charge schedule is amended to read that effective July 1, 2018, for all services rendered after said date:
 - a. WES' wholesale sanitary sewer service charge shall be \$23.00 per month for each dwelling unit or equivalent dwelling unit as assigned each class of service, which shall be paid by the City for each user from the date of connection of such user to the sewerage system within Rate Zone One (contiguous with the boundaries of the Tri-City Service District). Payment shall be made to the City in which the property is located for subsequent remittance to WES, except for those areas billed directly to the users by WES. WES shall bill for and directly receive the retail charge of \$33.25 for retail sanitary sewer customers within Rate Zone One. WES shall bill the City of Oregon City an additional \$1.40 per EDU, pursuant to the adopted rate methodology. WES shall bill the City of Gladstone an additional \$1.15 per EDU, pursuant to the adopted rate methodology. WES shall set the sewer service charges for each user based upon WES' service charge schedule.
 - b. WES' retail sanitary sewer service charge shall be \$48.15 per month for each dwelling unit or equivalent dwelling unit within Rate Zone Two (contiguous with the boundaries of Clackamas County Service District No. 1). WES shall charge retail customers of Rate Zone Two residing in the City of Happy Valley an additional 5% or approximately \$2.41 per EDU for sanitary sewer service pursuant to the adopted rate methodology. WES' wholesale sanitary sewer service charge within Rate Zone Two shall be \$36.10 per EDU per month.
 - c. WES' retail surface water service charge shall be \$6.95 per month for each service unit or equivalent service unit within Rate Zone Two (contiguous with the boundaries of Clackamas County Service District No. 1). WES shall charge retail customers of Rate Zone Two residing in the City of Happy Valley an additional 5% or approximately \$0.35 per EDU for surface water service pursuant to the adopted rate methodology.
 - d. WES' retail surface water service charge shall be \$4.25 per month for each service unit or equivalent service unit within Rate Zone Three (contiguous with the boundaries of the Surface Water Management Agency of Clackamas County).

**BEFORE THE BOARD OF COUNTY COMMISSIONERS
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In the Matter of an Order Amending
and Adopting Rates and Charges for
Water Environment Services,
Clackamas County, Oregon



Board Order No. _____
Page 3 of 3

2. WES staff is directed to publish the amended service charge schedule in accordance with this Order.
3. In all other respects, the Rules and Regulations of WES remain in full force and effect.
4. An executed copy hereof shall be kept on file at Water Environment Services.

**NOW THEREFORE, the Clackamas County Board of County Commissioners
resolves as follows:**

1. The Board of Commissioners adopts the 2017 Revision to Performance Clackamas, the Clackamas County Strategic Plan attached as Exhibit A.

DATED this 28th day of June, 2018.

BOARD OF COUNTY COMMISSIONERS

Chair

Recording Secretary



Gregory L. Geist
Director

June 28, 2018

Board of County Commissioners
Clackamas County

Members of the Board:

**BOARD ORDER ESTABLISHING SYSTEM DEVELOPMENT CHARGES FOR
WATER ENVIRONMENT SERVICES FOR FY 2018-19**

Purpose/Outcomes	Ensuring continued collection of system development charges and increasing the revenues received from new development within Water Environment Services ("WES").
Dollar Amount and Fiscal Impact	Projected to collect ~\$180,000 in additional Rate Zone One Sanitary Sewer System Development Charges ("SDC") revenues annually. Projected to collect ~\$142,000 in additional Rate Zone Two Sanitary Sewer System Development Charges ("SDC") revenues annually.
Funding Source	No General Funds involved.
Duration	Permanent.
Previous Board Action/Review	In June 2017, the Board adopted a resolution establishing a system development charge methodology for WES. In June 2017, the Board approved an SDC increase to \$3,125 for Rate Zone 1 and an increase to \$7,330 for Rate Zone Two (then Clackamas County Service District No. 1).
Strategic Plan Alignment	1. WES Customers will continue to benefit from a well-managed utility. 2. Build public trust through good government.
Contact Person	Doug Waugh, Finance Manager dougwau@clackamas.us
Contract No.	N/A

BACKGROUND:

Water Environment Services, an intergovernmental partnership formed under ORS Chapter 190 ("WES"), began providing services within the boundaries of the Tri-City Service District ("TCSD") and the Surface Water Management Agency of Clackamas County ("SWMACC") on July 1, 2017, and is on schedule to begin providing services within the boundaries of Clackamas County Service District No. 1 ("CCSD#1") as of July 1, 2018.

WES' Rules and Regulations allow for an update to the Sanitary Sewer System Development Charge ("SDC") in Rate Zone One (contiguous with the boundaries of TCSD) and the establishment of a Sanitary Sewer SDC in Rate Zone Two (contiguous with the boundaries of CCSD#1).

On April 14, 2015, the former Tri-City Advisory Committee recommended annual increases to Tri-City Service District's Sanitary Sewer SDC to bring it up to \$3,855 over 5 years, with an increase in the SDC to \$3,490 for fiscal year 2018-2019. The proposed adoption for WES includes a fee

of \$3,490 in keeping with the Advisory Committee's recommendation, but implemented through the WES entity rather than TCSD. This charge will only apply within Rate Zone One of WES, which matches the boundaries of TCSD.

On May 24, 2018, staff presented to Water Environment Service's Advisory Committee the fiscal year 2018-19 budget which included an increase in the Sanitary Sewer SDC in Rate Zone Two of 3.9%, from \$7,330 to \$7,615. The committee voted to recommend approval of the budget which included the increase. The wholesale portion of the SDC in Rate Zone Two will be concurrently increased by the same percentage, increasing it from \$6,295 to \$6,540.

RECOMMENDATION:

Staff respectfully recommends that the Board of County Commissioners, acting as the governing body of Water Environment Services, adopts the resolution increasing the sanitary sewer system development charge in Rate Zone One to \$3,490, and establishing a sanitary sewer system development charge of \$7,615 for WES' Rate Zone Two, with a wholesale portion of the SDC in Rate Zone Two of \$6,540.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Greg Geist".

Greg Geist, Director
Water Environment Services

**BEFORE THE BOARD OF COUNTY COMMISSIONERS
OF CLACKAMAS COUNTY, STATE OF OREGON**

The Matter of an Order Establishing
System Development Charges for
Water Environment Services for Fiscal
Year 2018-2019



Board Order No. _____
Page 1 of 2

This matter coming before the Board of County Commissioners of Clackamas County, Oregon, acting as the governing body of Water Environment Services (the "Board"), an intergovernmental entity created pursuant to Oregon Revised Statutes Chapter 190 ("WES"), in the Board's regular business meeting on June 28, 2018.

WHEREAS, WES began providing services within the boundaries of the Tri-City Service District ("TCSD") and the Surface Water Management Agency of Clackamas County ("SWMACC") as of July 1, 2017, and shall begin providing services within the boundaries of Clackamas County Service District No. 1 ("CCSD#1") as of July 1, 2018; and

WHEREAS, on June 29, 2017, the Board established the System Development Charge ("SDC"), methodology, including an updated Capital Improvement Plan ("CIP"), to be used by Water Environment Services;

WHEREAS, WES' Rules and Regulations allow for the update of a Sanitary Sewer SDC by order within Rate Zone One, pursuant to Chapter 2, Section 9.1.2, and the establishment of an SDC within Rate Zone Two, pursuant to Chapter 4, Section 4.1.3.

WHEREAS, on April 14, 2015, the former Tri-City Advisory Committee recommended the Board adopt an increase in the SDC within Rate Zone One to \$3,490 for fiscal year 2018-2019; and

WHEREAS, on May 24, 2018, the Water Environment Services Advisory Committee recommended approval of the fiscal year 2018-19 budget for WES which included an increase in the SDC within Rate Zone Two of 3.9% to \$7,615 for fiscal year 2018-2019; and

WHEREAS, in order to meet the continuing obligations and ensure effective performance of WES, it is necessary to adopt an increased SDC within Rate Zone One of \$3,490, and also to establish an SDC within Rate Zone Two of \$7,615 and establish a wholesale portion of the Rate Zone Two SDC of \$6,540.

NOW THEREFORE, the Clackamas County Board of County Commissioners resolves as follows:

1. Effective July 1, 2018, the WES system development charge within Rate Zone One (contiguous with the boundaries of the Tri-City Service District) for sanitary sewer service shall be Three Thousand Four Hundred Ninety Dollars (\$3,490.00) per equivalent dwelling unit as defined and applied by the WES SDC ordinance and the previously-adopted methodology; and
2. Effective July 1, 2018, the WES system development charge within Rate Zone Two (contiguous with the boundaries of Clackamas County Service District No. 1) for sanitary sewer service shall be Seven Thousand Six Hundred Fifteen Dollars (\$7,615.00) and the

**BEFORE THE BOARD OF COUNTY COMMISSIONERS
OF CLACKAMAS COUNTY, STATE OF OREGON**

The Matter of an Order Establishing
System Development Charges for
Water Environment Services for Fiscal
Year 2018-2019



Board Order No. _____
Page 2 of 2

wholesale portion of the SDC shall be Six Thousand Five Hundred Forty Dollars (\$6,540.00) per equivalent dwelling unit as defined and applied by the WES SDC ordinance and the previously-adopted methodology; and

3. WES staff is directed to publish these updated SDC charges where appropriate, in accordance with this order; and
4. An executed copy hereof shall be kept on file at WES.

DATED this 28th day of June, 2018.

BOARD OF COUNTY COMMISSIONERS

Chair

Recording Secretary