

2021 - 2022 FISCAL YEAR Budget

Clackamas Water Environment Services
(A Component Unit of Clackamas County, Oregon)



Clackamas Water Environment Services

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PERFORMANCE CLACKAMAS

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Introduction



Advisory Board Chair Diana Helm and WES Assistant Director Chris Storey assist at a SOLVE cleanup event



Clackamas County Board of County Commissioners;

Members of the Budget Committee for Clackamas Water Environment Services, Citizens and Customers

Budget Message

Fiscal Year 2021-2022

Fiscal Year ("FY") 2021-22 is the fourth year of the fully combined budget for Clackamas Water Environment Services ("WES"), which is a municipal partnership formed through an Oregon Revised Statute ("ORS") 190 agreement (the "Agreement") by Clackamas County Service District No. 1 ("CCSD No. 1"), the Tri-City Service District ("TCSD") and the Surface Water Management Agency of Clackamas County ("SWMACC"). WES provides sanitary sewer and/or surface water management services to some 190,000 Clackamas County residents and directly bills approximately 21,000 residential accounts and approximately 1,000 commercial accounts on a monthly basis. The Board of County Commissioners ("BCC") serves as the governing body, establishing policy and guiding efforts to meet the service demands of the community.

This FY 2021-22 budget proposal is being developed and presented after a very challenging year. The impacts of the pandemic, wildfires, a force main break and an ice storm each challenged WES staff and assets, often requiring extraordinary action to maintain our critical services to protect public health and the environment. WES operations, laboratory, customer service, and permit review employees have continued to serve on site every day. Other WES work groups have worked either in the office or remotely to support the front-line teams. New ways of doing work, the development of resilient systems, and dogged determination have ensured that critical functions and projects continue and regulatory requirements are met. I am very proud of the hard work and dedication of WES staff in serving our customers.

We are also mindful of the impact of this pandemic on our customers. WES budgeted decreased revenues of ~\$2.6 million between reduced rate revenue and system development charge ("SDC") payments in FY 2020-21. As part of that, WES waived late fees, provided for payment plans, and did not certify delinquent accounts for collection. As we emerge from the pandemic, WES has resumed a more normal operational approach. The FY 2021-22 budget estimates revenues will increase by \$1.4 million, of which collection from delinquent accounts represents \$1.1 million.

Last year, WES reduced its targeted rate increases from the original 5% discussed with the BCC and our advisory committee in previous years to ~2.5% as an average across all rate zones. This upcoming fiscal year, mindful of the lingering impact of the many emergencies and high unemployment in Oregon, WES is proposing an average increase of 0.68% across all services and zones. This pause in the plan for funding WES' five-year Capital Improvement Plan ("CIP") is premised on three one-time events. They are (i) the delay of certain capital projects which are anticipated to occur, (ii) the realization of extremely low borrowing costs (0.84% interest on a 15

year revenue bond issued in February 2021) that avoided an estimated \$8 million in interest expenses previously included in the funding plan, and (iii) the shifting fiscal practice of utilizing SDCs to make certain eligible debt payments, reducing the immediate need for cash. These beneficial, one-time revenue saving activities allow WES to deliver to its customers the smallest rate increase for WES in well over a decade, and below the rate of inflation on net.

In addition, WES has discovered some efficiencies and again been able to slightly reduce the operating budget. It was reduced by over \$50,000 from the prior fiscal year in FY 2020-21, and is proposed to again decrease by an additional \$218,000 compared to the current fiscal year budget, or approximately 0.7%, despite increases in labor costs and materials. While that path is unsustainable over the long term given our cost drivers, it is our pleasure to be the best stewards of ratepayer monies possible and pass those savings on to our customers.

Our challenges

WES faces long-term financial and regulatory challenges in addition to the near-term challenge of maintaining critical services during the pandemic. Our continued near-term response to these challenges will determine how well we meet ratepayer expectations for protecting public health and the environment at the most economical cost for years to come. These include:

- creating and maintaining resiliency in operations in support of public health;
- funding appropriate levels of reinvestment in aging infrastructure;
- pre-financing sufficient treatment and conveyance capacity to meet the anticipated demand for new services;
- addressing increased operational requirements from both aging infrastructure and new capacity;
- attracting and retaining professional talent while controlling operating expenses;
- identifying and implementing potential productivity gains;
- complying with an ambitious state and federal water quality agenda in a fiscal environment of shrinking federal and state financial support, and heightened ratepayer concerns about costs; and
- continuing to implement and refine our Performance Clackamas Strategic Plan.

Staff continues to respond to many new and complex public policies on behalf of our customers. These include intensifying public interest in watershed-scale management practices, and managing more intense public and regulatory attention toward clean water issues. Customer surveys confirm continuing rate sensitivity, while also having high expectations for performance. This trend demands that we meet these challenges by finding new ways to engage customers and regulatory agencies while pursuing sustainable, resiliency-supporting efforts. Our Capital group provided an updated CIP outlining necessary projects, scheduled at a sustainable pace. This is matched with a commitment to sound financial management and maintaining rate policies which stabilize rates and capitalize on the economy of scale aspects of WES' business.

The FY 2021-22 budget is designed to continue to balance the delivery of quality services with the pressing need for continued capital investment. In total, WES will support 115 full-time equivalent ("FTE") positions. WES management operates on a "learning" mindset with the idea that we can always do better, and is constantly seeking ways to be more efficient.

Strategic Planning Framework: Performance Clackamas

Performance Clackamas is a strategic framework, plan and process modeled after a system known as Managing For Results (MFR), which has been used successfully in cities and counties throughout the United States. WES staff developed a Strategic Business Plan during FY 2015-16 and began implementation in FY 2016-17. Drawing on the experience of other county departments and working with the MFR Team, WES staff coalesced around our shared goal to deliver measureable, high quality services to our customers so we can live, work and play in a healthy environment and adopted a revised plan in FY 2018-19. The revised plan is reflected in this proposed budget and detailed in the Performance Clackamas section on pages 31-63. You can learn more about the plan on the County's website: <http://www.clackamas.us/performance/>. WES staff hope to update the plan in the upcoming fiscal year, depending on County resources and coordination opportunities.

Rates for Services

The primary lens for ratemaking for WES is the type of service received, not the geographic location of the customer. Our three primary services are wastewater treatment, wastewater conveyance, and surface water management. These primary service rates are then adjusted based on existing conditions that pertain within a particular Rate Zone as required. This year WES staff are proposing the minimum rate adjustment possible consistent with the financial policy adopted by the WES Advisory Committee, which is an inflation-only adjustment based on the Engineering News Record Index. The rate changes proposed for WES' primary service categories are described below:

Wastewater Treatment:

Staff recommends a wastewater treatment rate increase of approximately 1.40% for FY 2021-22 to provide continued funding for asset replacements necessary to maintain aging infrastructure and growth-related construction efforts. The resulting rate increase would be \$0.35, raising the monthly service fee rate from \$24.95 to \$25.30 per Equivalent Dwelling Unit ("EDU").

Wastewater Conveyance:

Staff is recommending a wastewater conveyance rate increase of approximately 1.50% for FY 2021-22 to provide continued funding for asset replacements necessary to maintain aging infrastructure, especially infiltration and inflow removal efforts. The resulting rate increase would be \$0.20, raising the monthly service fee from \$13.30 to \$13.50 per EDU.

Surface Water Management:

Staff is also proposing an adjustment of approximately 1.31% to the surface water rate for FY 2021-22. As we have two different surface water rates in each of Rate Zone 2 and Rate Zone 3 at this time, the specific breakout of the rate proposals is set forth below.

Additional Rate Adjustments:

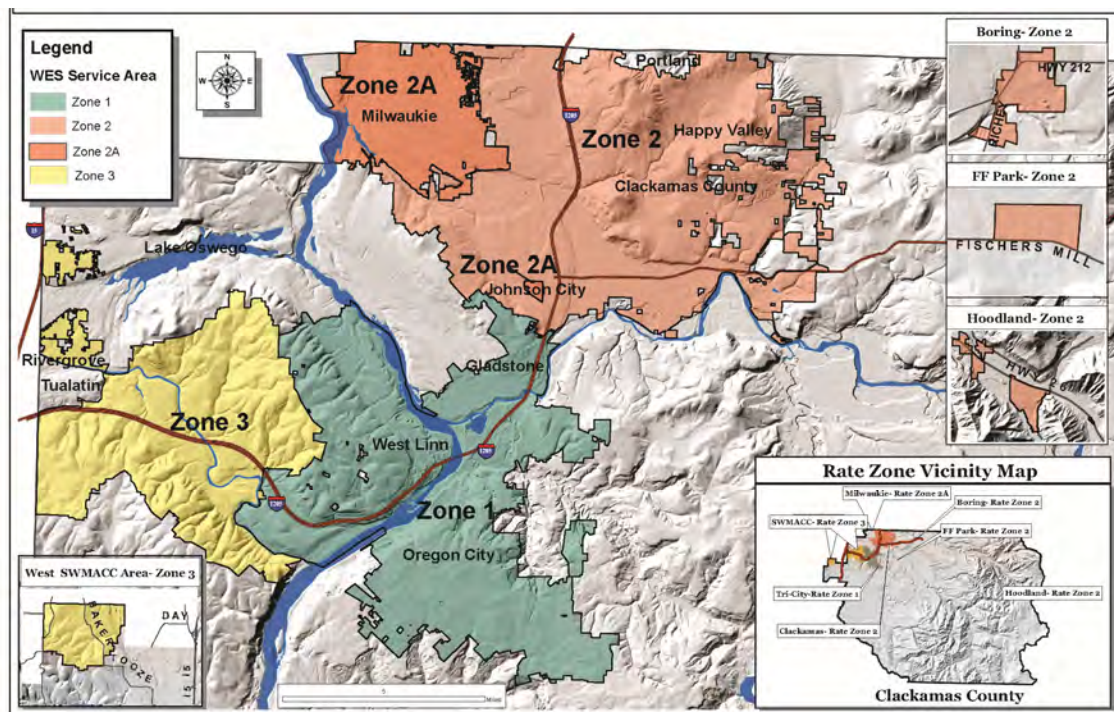
As part of the integration of CCSD No. 1's budget, assets and operations into the WES entity, WES became the issuer of the Legacy Debt. Per the requirements of the Agreement and related board orders, staff is proposing a rate that will ensure that only Rate Zone 2 ratepayers will have to pay for the debt held by CCSD No. 1 prior to the formation of WES. The amounts collected last year were more than sufficient to make those payments, so the amount proposed to be charged in support of this rate element would be decreased in FY 2021-22. For Rate Zone 2's wholesale wastewater only customers, this will offset the entirety of the primary service rate adjustment, resulting in a zero change. For others within Rate Zone 2, it will decrease the proposed rate adjustment by more than two-thirds.

The impact of the reduced collections to pay for the Legacy Debt is a material decrease in the net overall rate change for WES as an entity, resulting in a net increase of ~0.68% rather than 1.5% as may be suggested by the above primary service rate proposals.

Sub-Rates by Rate Zone

The ORS 190 agreement which formed WES established rate zones for each of WES' service areas: TCSD was defined as Rate Zone 1, CCSD No. 1 was defined as Rate Zone 2, and SWMACC was defined as Rate Zone 3. This distinction will be meaningful for several years with respect to ratemaking as part of the agreements between the districts upon the formation of WES. The debt previously issued by CCSD No. 1 and now held by WES ("Legacy Debt") is an example, whereby the debt service for that particular debt is only charged to the rates of those in Rate Zone 2. Once the legacy debt is retired, approximately fifteen years from now, there will be no meaningful distinction between Rate Zones as a whole with respect to the costs of service received.

Map of WES Rate Zones¹

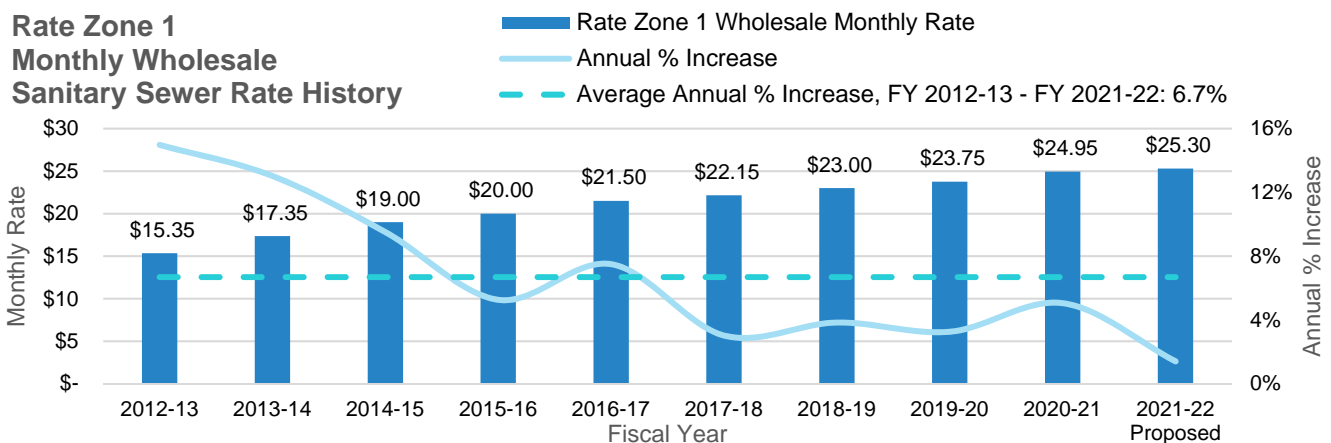


¹ A larger version of the rate zone map is provided in the About the Department section.

Rate Zone 1

Within Rate Zone 1, WES provides wholesale wastewater treatment services for the Cities of Gladstone, Oregon City and West Linn, as well as services to a small retail population outside of these three cities¹. These services are predominantly funded by revenues derived from monthly service charges and fees for development, both of which are collected by the three cities and remitted to WES.

In addition to this rate adjustment, it is proposed that Oregon City be charged an extra \$1.70 for a rate of \$27.00 per EDU per month and that the City of Gladstone be charged an extra \$1.30 for a rate of \$26.60 per EDU per month, each in order to cover the cost of their respective right-of-way fees. The City of West Linn does not charge a right of way fee, and therefore their rates are not adjusted further.



Rate Zone 2

Rate Zone 2 provides retail sanitary sewer service to unincorporated portions of North Clackamas County as well as the cities of Happy Valley, Boring, the communities of the Hoodland corridor, and Fischer's Forest Park near Redland. Wholesale wastewater treatment services are provided to the Cities of Milwaukie and Johnson City. Surface water management services are provided to the unincorporated portions of North Clackamas County and the City of Happy Valley. All of these services are predominantly funded by revenues derived from monthly service charges and fees for development.

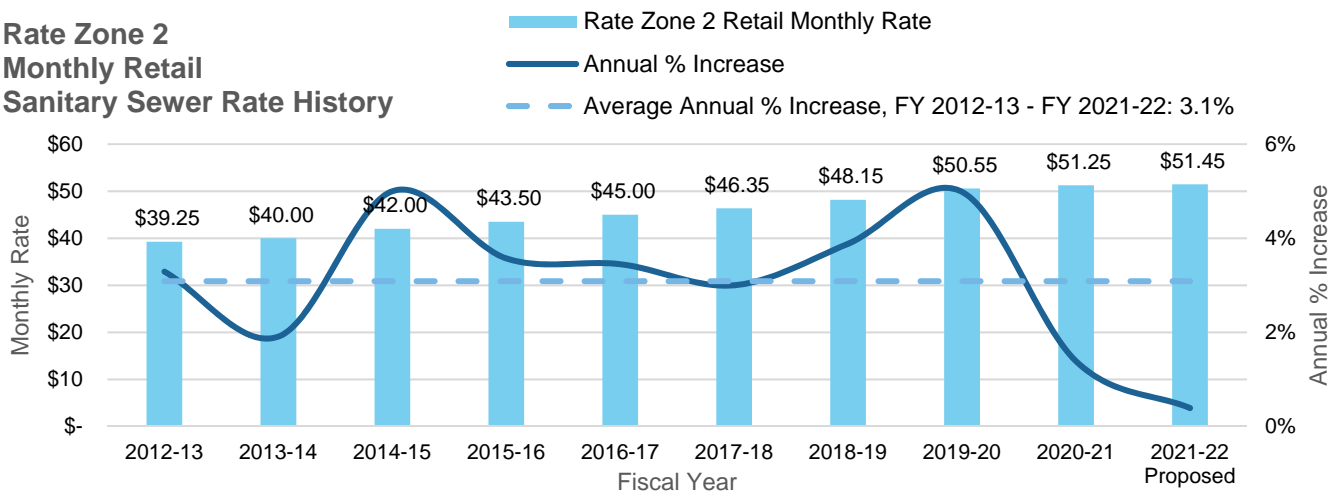
As noted above, Rate Zone 2 currently has an additional rate element designed to generate sufficient revenue to make all necessary payments on the Legacy Debt. WES staff reviewed the revenue generated from that component and found higher than expected collections. Therefore WES is proposing a material decrease in this rate component, which will offset base service increases proposed as noted above.

This will result in a net rate increase of \$0.20, or an approximately 0.39% increase for retail wastewater customers of Rate Zone 2.

The same reduction in the Legacy Debt component results in a net rate increase of \$0.00 for wholesale customers in Rate Zone 2 (City of Milwaukie and Johnson City).

¹ Retail sewer services include combined treatment and conveyance services. Wholesale sewer services include treatment only.

Rate Zone 2 Monthly Retail Sanitary Sewer Rate History



For Rate Zone 2, the surface water rate is proposed to increase \$0.10 from \$7.65 to \$7.75 per Equivalent Service Unit (“ESU”) per month.

In addition to these rate adjustments, it is proposed that the City of Happy Valley continues to be charged an extra \$2.57 per EDU and an additional \$0.39 per ESU on their respective sanitary sewer and surface water monthly service fees for a rate of \$54.02 per EDU per month and a rate of \$8.14 per ESU per month, in order to cover the costs of the city’s right-of-way fee. The Cities of Milwaukie and Johnson City do not charge a right of way fee, and therefore their rates are not adjusted further.

Rate Zone 3

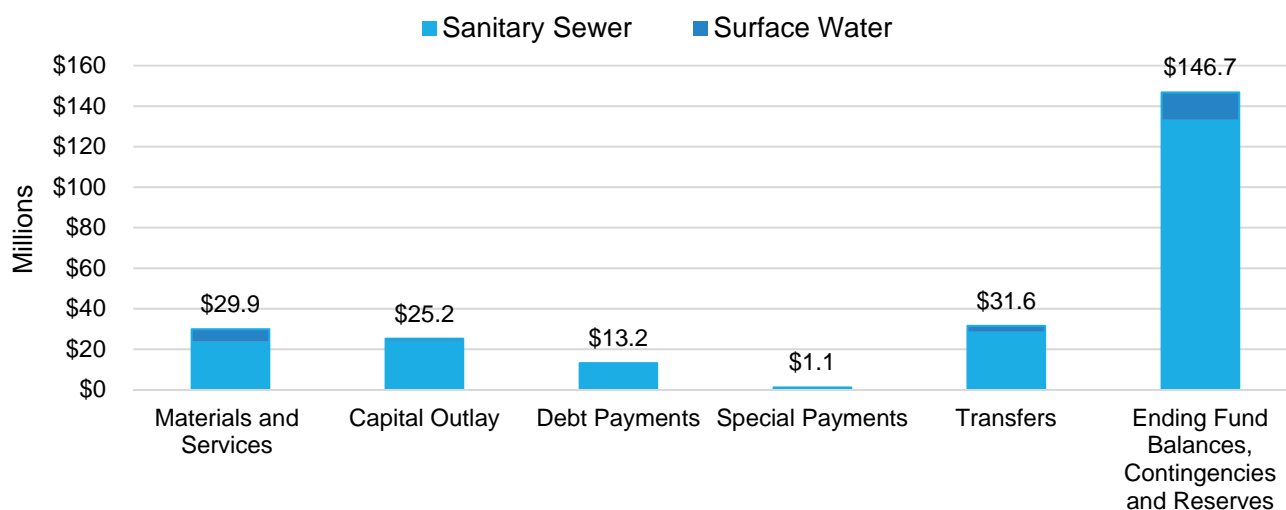
Rate Zone 3 provides surface water management services to those portions of unincorporated Clackamas County draining into the Tualatin River and the City of Rivergrove. WES continues to provide the same level of service to its customers as provided by SWMACC in prior years through maintenance of existing roadside ditches and drywells. WES has also assumed SWMACC’s contracts for stream assessment and analysis. WES will provide a slightly enhanced level of service to its customers through maintenance activities, planting activities, water quality monitoring and focus on permit compliance in FY 2020-21. Staff recommends a rate increase in the monthly service fee of approximately 1.08% for FY 2021-22 resulting in a rate adjustment of \$0.05 from \$4.65 to \$4.70 per ESU per month.

Total Budget

WES’ total proposed FY 2021-22 budget is \$247.7 million, an increase of 1.1% or \$2.7 million from FY 2020-21’s amended budget¹. Increases in debt service, transfers, special payments, and contingencies and ending fund balances are partially offset by reductions in capital outlay and materials and services. The total budget includes materials and services expenditures of \$29.9 million, capital outlay of \$25.2 million, debt payments of approximately \$13.2 million, special payments of \$1.1 million, transfers of approximately \$31.6 million, and ending fund balances, contingencies and reserves of approximately \$146.7 million.

¹ FY 2020-21’s amended budget includes proposed FY 2020-21 supplemental budget changes to recognize the issuance of the Series 2021 Sewer Revenue Obligations in February 2021.

FY 2021-22 Total Proposed Budget



	Materials and Services	Capital Outlay	Debt Payments	Special Payments	Transfers	Ending Fund Balances, Contingencies and Reserves	Total
Sanitary Sewer	\$ 23,675,889	\$ 24,131,000	\$ 13,167,587	\$ 1,106,600	\$ 28,555,537	\$ 133,221,674	\$ 223,858,287
Surface Water	\$ 6,211,141	\$ 1,092,000	\$ -	\$ -	\$ 3,000,000	\$ 13,543,778	\$ 23,846,919
Total FY 2021-22 Proposed Budget	\$ 29,887,030	\$ 25,223,000	\$ 13,167,587	\$ 1,106,600	\$ 31,555,537	\$ 146,765,452	\$ 247,705,206

The major components in the budget from a strategic perspective include a slightly reduced operational budget, a decrease in planned capital expenditures as indicated in our revised CIP, and SDC revenues are anticipated at a lower level. This is in part due to the impact of the pandemic, and in part because prior projections were consistently overestimating the rate of growth, particularly in Rate Zone One.

Further discussion of each of the major budget categories is provided in the Budget Overview section immediately following this Budget Message.

WES Sanitary Sewer Budget

The budget to fund sanitary sewer services and projects discussed above totals \$223.9 million. Of this total, \$23.7 million is allocated to sanitary sewer program operation, \$24.1 million is allocated to capital projects, \$13.2 million to debt service, \$1.1 million to special payments, \$28.6 million to interfund transfers, and \$133.2 million is set aside as contingencies and reserves in anticipation of future capital expenditures. Service charges provide the majority of revenue to support the programs with new development fees and interest income providing the balance.

FY 2021-22 will be a year of completion of major projects and the beginning of others. Significant capital improvements include the completion of the Tri-City WRRF Solids Capacity Expansion project and bringing online the new digester, the completion of refurbishment of major portions of the Kellogg Water Resource Recovery Facility, the Willamette Facilities Master Plan completion, and initiation of the Tri-City Outfall project, design for the Rock Creek Interceptor Project, and several pump station upgrades and rehabilitations.

WES Surface Water Budget

The budget to fund surface water services and projects totals \$23.8 million. This total consists of \$6.2 million for surface water operations, \$1.1 million for capital projects, \$3.0 million for interfund transfers, and \$13.5 million set aside as contingencies and reserves. Service charges provide the majority of revenue to support the programs with new development fees and interest income providing the balance.

Efforts continue to focus on the implementation of the watershed action plans developed for the Rock Creek and Mt. Scott basins, while the services identified in the plans extend to areas outside of the planning basins, including the Clackamas and Tualatin River tributaries. These plans take a watershed management approach that expands core storm system maintenance practices to include stream restoration and resource stewardship efforts that improve watershed health. A storm system master plan is also under development this year, which will identify and prioritize key system improvements to improve water quality and reduce property flooding. Efforts in FY 2021-22 include increased levels of service for catch basin and water quality structure maintenance, storm pond rehabilitation, focused pollution and spill prevention efforts, watershed health education, and forging partnerships with local watershed enhancement groups to leverage investments. WES has had to make significant investments in pond clean up due to the ice storm, and we expect that enhanced level of effort to continue through the next fiscal year. Capital improvements include completion of design and permitting work at WES' Three Creeks site, and several targeted repairs of the storm system where local flooding occurs.

Summary

We are pleased to present you with this unified budget that demonstrates our continued commitment to providing quality services to protect public health and the environment at the most economical cost. Despite the challenge of the pandemic and uncertainty around the future, continued growth in the customer base within our service areas, rising costs of labor and materials, aging infrastructure, and new environmental regulations, we have assembled a budget that allows WES to meet our customers' expectations, supports economic development, and preserves and enhances the environment. While this budget does reflect upward cost pressures, by utilizing the Performance Clackamas strategic approach while holding rate increases at 0.68%, below the prior target of 5% and well within the WES advisory board rate policy parameters, we at Clackamas Water Environment Services believe we are meeting our ratepayers and governing body's expectations. We stand committed to "Excellence in Public Service" and the prudent use of public funds to protect public health and the environment, and look forward to serving our community this coming fiscal year and forward into the future.



Greg Geist
Director

BUDGET OVERVIEW

The following summary data serves to complement the Budget Message and provide a general overview of significant FY 2021-22 budgetary items, highlights and trends for Clackamas Water Environment Services. A more detailed discussion, including summaries for each fund, is provided in the Budget Detail section.

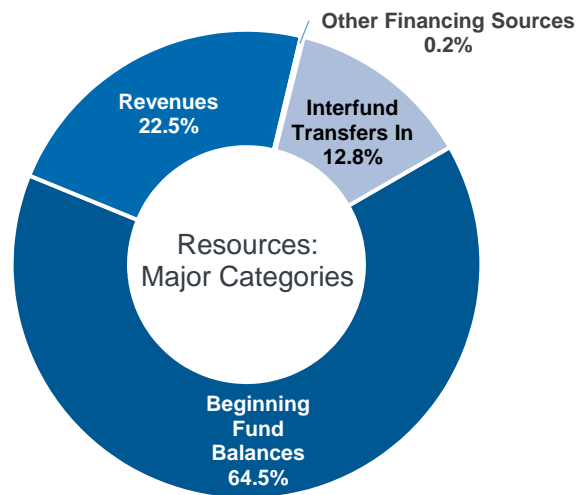
Per Oregon State Budget Law, WES' total budget for FY 2021-22 is balanced overall and in each fund, where resources, which consist of revenues combined with other financing sources, interfund transfers in and beginning fund balances, equal requirements, which consist of planned expenditures, contingencies, interfund transfers out and ending fund balances.

BUDGET SUMMARY

FY 2021-22 Total Resources \$247,705,206

Total resources are budgeted at approximately \$247.7 million. Resources include: budgeted revenues of \$55.8 million, beginning fund balances of \$159.8 million, other financing sources of \$0.5 million, and interfund transfers in of \$31.6 million.

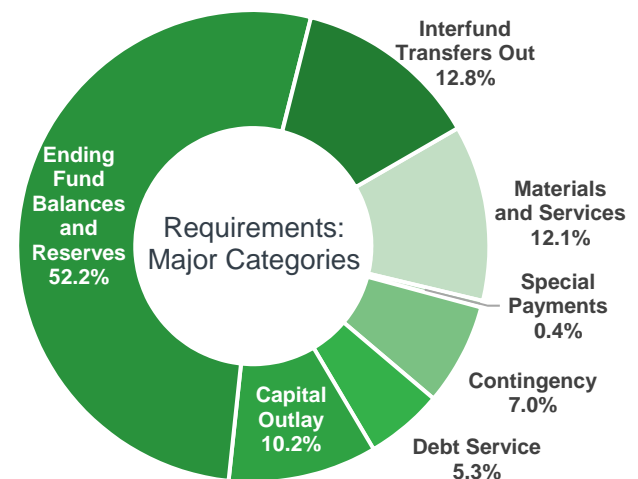
Resource	FY 2021-22 Proposed Budget
Beginning Fund Balances	\$ 159,832,099
Revenues	55,817,570
Other Financing Sources	500,000
Interfund Transfers In	31,555,537
TOTAL	\$ 247,705,206



FY 2021-22 Total Requirements \$247,705,206

Total requirements for FY 2021-22 are budgeted at approximately \$247.7 million. Requirements include: materials and services expenditures of approximately \$29.9 million, special payments of \$1.1 million, capital outlay of \$25.2 million, debt service of approximately \$13.2 million, contingencies of \$17.3 million, ending fund balances and reserves of \$129.4 million, and interfund transfers out of \$31.6 million.

Requirement	FY 2021-22 Proposed Budget
Materials and Services	\$ 29,887,030
Special Payments	1,106,600
Capital Outlay	25,223,000
Debt Service	13,167,587
Contingency	17,319,500
Ending Fund Balance & Reserves	129,445,952
Interfund Transfers Out	31,555,537
TOTAL	\$ 247,705,206



CLACKAMAS WATER ENVIRONMENT SERVICES

BUDGET SUMMARY – ALL FUNDS

	2019-20 ACTUAL ¹	2020-21 AMENDED BUDGET ^{1,2}	2021-22 PROPOSED BUDGET	\$ Change From 2020-21	% Change From 2020-21
RESOURCES					
Beginning Fund Balance	\$ 100,392,976	\$ 102,558,017	\$ 159,832,099	\$ 57,274,082	55.8%
Revenues					
Sales and Services					
Sewer Charges – Retail	24,523,057	24,244,600	25,572,900	1,328,300	5.5%
City Payments for Sewer	13,996,535	14,638,100	14,759,700	121,600	0.8%
Surface Water Charges	5,163,571	5,311,400	5,716,300	404,900	7.6%
System Dev. Charges	10,496,947	6,657,600	6,750,600	93,000	1.4%
Interest Income	1,752,537	1,640,900	1,518,300	(122,600)	-7.5%
All Other Revenues	3,092,052	1,898,020	1,499,770	(398,250)	-21%
Subtotal – Revenues	59,024,699	54,390,620	55,817,570	1,426,950	2.6%
Other Financing Sources					
State Revolving Fund Proceeds	10,789,434	9,100,000	500,000	(8,600,000)	-94.5%
Bond Proceeds	-	48,687,948	-	(48,687,948)	
Interfund Transfers In	24,295,406	30,269,342	31,555,537	1,286,195	4.2%
TOTAL RESOURCES	\$ 194,502,515	\$ 245,005,927	\$ 247,705,206	\$ 2,699,279	1.1%
REQUIREMENTS					
Materials and Services					
WES Labor	\$ 13,300,131	\$ 14,703,748	\$ 15,361,210	\$ 657,462	4.5%
Other County Services	2,658,103	3,154,338	2,746,020	(408,318)	-12.9%
Professional Services	2,294,642	3,637,580	3,645,655	8,075	0.2%
Administrative	3,037,119	3,406,373	2,165,754	(1,240,619)	-36.4%
Supplies	2,121,288	2,068,440	2,482,216	413,776	20.0%
Utilities	1,419,275	1,729,585	1,844,405	114,820	6.6%
Repairs and Maintenance	994,134	1,080,150	1,244,800	164,650	15.2%
Rents & Leases	291,482	324,331	396,970	72,639	22.4%
Subtotal – Materials and Services	26,116,174	30,104,545	29,887,030	(217,515)	-0.7%
Special Payments	-	-	1,106,600	1,106,600	
Capital Outlay	34,601,519	39,989,500	25,223,000	(14,766,500)	-36.9%
Debt Service	6,908,518	7,815,521	13,167,587	5,352,066	68.5%
Contingency	-	15,014,375	17,319,500	2,305,125	15.4%
Ending Fund Balances & Reserves	102,580,898	121,812,644	129,445,952	7,633,308	6.3%
Interfund Transfers Out	24,295,406	30,269,342	31,555,537	1,286,195	4.2%
TOTAL REQUIREMENTS	\$ 194,502,515	\$ 245,005,927	\$ 247,705,206	\$ 2,699,279	1.1%

¹ Certain line items in the FY 2020-21 budget and prior FY actuals have been reclassified to conform to the FY 2021-22 budget presentation.

² All references and comparisons to FY 2020-21 Budget's include proposed FY 2020-21 supplemental budget changes to recognize the issuance of the Series 2021 Sewer Revenue Obligations in February 2021. The specific changes include an increase of \$48,687,948 to Other Financing Sources - Bond Proceeds, an increase of \$8,801,286 to Interfund Transfers In/Out, an increase of \$434,884 to Debt Service and an increase of \$48,687,948 to Ending Fund Balances and Reserves.

TOTAL BUDGET

The total proposed budget for FY 2021-22 is \$247.7 million, which is a 1.1% increase from the FY 2020-21 budget of \$245.0 million. Increases in debt service, contingency, ending fund balance and reserves, special payments, and interfund transfers were partially offset by a decreases in capital outlay and materials and services.

The table below summarizes the total FY 2021-22 budget for WES by service category in relation to the prior year budget.

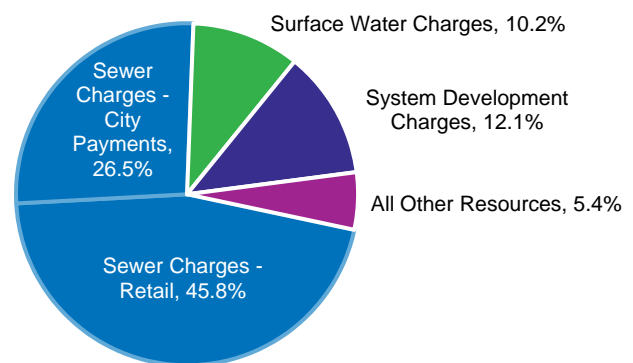
Service Category	FY 2020-21 Amended Budget	FY 2021-22 Proposed Budget	\$ Increase	% Increase
WES Sanitary Sewer	\$ 222,585,548	\$ 223,858,287	\$ 1,272,739	0.6%
WES Surface Water	\$ 22,420,379	\$ 23,846,919	\$ 1,426,540	6.4%

REVENUE HIGHLIGHTS

BUDGETED REVENUES - \$55,817,570

WES' primary revenue sources are sewer charges, surface water charges, and System Development Charges (SDCs) for new sanitary sewer and surface water connections. Together, these three sources account for 94.6% of the approximate \$55.8 million of revenue budgeted for FY 2021-22.

Other revenue sources include non-operating revenue such as interest earnings on investments, special assessment principal and interest collections, intergovernmental revenue, pass-through revenue in the form of city right-of-way fees, and miscellaneous fees and charges.



FY 2021-22 budgeted revenues are projected to increase \$1.4 million or 2.6% from FY 2020-21's budget. Increases in retail sewer charges of \$1.3 million, city payments for sewer charges of \$0.1 million, surface water charges of \$0.4 million, and SDCs of \$0.1 million are partially offset by reductions in budgeted interest income and other miscellaneous revenue sources. The majority of the increase to user charges, \$1.1 million, results from resuming WES' annual certification collection process. This process, which certifies past-due balances to the property for collection through the payment of property taxes to the County Assessor, was temporarily suspended during FY 2020-21 to provide relief to customers financially impacted by the pandemic. The remainder of the increase to budgeted service charges is the result of an inflationary adjustment to monthly rates. The budget for SDCs continues to reflect a population growth projection of approximately 1% rather than the higher projection of 2% used prior to FY 2020-21's budget. The revised growth projection of 1% was developed during last fiscal year's budget process in response to lower observed growth rates in recent years.

Budgeted income from interest is projected to decrease by \$123 thousand due to reduced interest rates. Revenues from other sources are budgeted to decrease due to using conservative estimates for review and permit fee revenue, the early payoff of the Sunnybrook building loan during the current fiscal year, and declining assessment principal and interest collections resulting from payoffs. Revenues are discussed in greater detail in the separate Budget Detail section.

Staff recommends sanitary sewer and surface water monthly rate increases that are inflationary only, ranging from 0.00% to 1.53%. These increases are needed to cover increasing materials and services costs and to provide financing capabilities for asset replacements of aging infrastructure as well as new capital facilities to support growth and development.

OTHER FINANCING SOURCES - \$500,000

The FY 2021-22 budget includes other financing sources of \$0.5 million in the form of capital financing from the State of Oregon Clean Water State Revolving Fund for the Tri-City Solids Handling Improvement (TCSHI) Project. The TCSHI project is anticipated to be completed early in FY 2021-22 and this resource is budgeted to cover the remaining project costs. This funding is discussed in detail in the separate Debt section.

EXPENSE HIGHLIGHTS

BUDGETED EXPENSES - \$69,384,217

Projected expenditures for FY 2021-22 reflect a decrease of 10.9% or approximately \$8.5 million from FY 2020-21's budget. This decrease consists of reductions of \$14.8 million in Capital Outlay and \$0.2 million in Materials and Services which are partially offset by an increase in Special Payments of \$1.1 million and an increase in Debt Service of \$5.3 million.

The FY 2021-22 budget includes \$1.1 million for a new expense category, Special Payments, under which city right-of-way (ROW) fees and good neighbor fund contributions are budgeted. The Special Payments category better matches the nature of these expenses as pass-through payments for which no goods or services are received in return. These expenses were previously budgeted for under Materials and Services.

Within the budget for Materials and Services, the WES Labor budget is projected to increase by 4.5%, or \$657 thousand from FY 2020-21's adopted budget due to 3 new FTE, the inclusion of standby pay for Operations staff, and higher costs related to pensions and salaries. The 3 new FTE are discussed in more detail on page 16.

The remainder of the FY 2021-22 Materials and Services budget reflects a decrease of 5.7% or approximately \$875 thousand. Increases in supplies, utilities, repair and maintenance costs, and other expenses were more than offset by a decrease in Other County Services as well as a significant decrease in Administrative expenses resulting from re-categorizing the budget for city right-of-way payments and good neighbor fund contributions to the Special Payments expense category. Although a number of significant master planning efforts have been completed in the past few years, the FY 2021-22 budget for professional services, which provides for engineering, environmental, legal and other services, is approximately equal to the FY 2020-21 budget and continues to fund high levels of engineering and environmental services as well as provide for additional proactive maintenance of WES' facilities and new program initiatives.

WES' FY 2020-21 Debt Service budget is 68.5% or \$5.4 million higher than FY 2020-21's budget. This increase is due to an additional \$3.3 million of debt service for sewer revenue obligations issued in February 2021 and an additional \$2.1 million of debt service as repayment commences for the SRF loan for the Tri-City Solids Handling project. WES issued the Series 2021 Sewer Revenue Obligations for \$40 million in February 2021 to obtain financing for capital projects and take advantage of historically low interest rates. The new borrowing carries a true interest cost of just 0.84% and represents future savings of over \$8 million in interest costs over the term of the debt. WES continues to benefit from CCSD No. 1's refinancing of the majority of its existing debt in FY 2016-17, which resulted in annual savings of approximately \$625,000 beginning in FY 2017-18.

WES' budget includes approximately \$25.2 million for capital outlay, a decrease of 36.9% or approximately \$14.8 million from the FY 2020-21 budget. This decrease results from several active projects nearing completion during the current fiscal year as anticipated in the Capital Improvement Plan (CIP). Planned capital expenditures for FY 2021-22 include projects related to maintaining existing facilities, addressing inflow and infiltration issues, increasing the efficiency of treatment processes, and increasing system capacity. The largest shares of sanitary sewer capital expenses for FY 2021-22 includes \$4.6 million for the Boring Water Resource Recovery Facility and \$2.25 million for improvements to the aeration basins at the Kellogg Creek Water Resource Recovery Facility. The largest share of surface water capital expenditures for FY 2021-22 is \$0.5 million for the 3-Creeks Water Quality Project.

Expenses for WES for all funds for FY 2017-18 through FY 2019-20 actuals, with the current budget and the proposed budget for FY 2021-22 are shown in the following table:

	FY 2017-18 Actual ¹	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Amended Budget	FY 2020-21 Proposed Budget
Materials and Services: WES Labor	\$ 11,282,628	\$ 12,337,188	\$ 13,300,131	\$ 14,703,748	\$ 15,361,210
Materials and Services: Other	12,086,911	11,998,917	12,816,043	15,400,797	14,525,820
Special Payments	-	-	-	-	1,106,600
Capital Outlay	11,756,946	23,563,301	34,601,519	39,989,500	25,223,000
Debt Service	7,862,924	6,987,624	6,908,518	7,815,521	13,167,587
Total	\$ 42,989,409	\$ 54,887,030	\$ 67,626,211	\$ 77,909,566	\$ 69,384,217

¹ Prior year data for WES' three member districts are combined and shown for comparison with WES' FY 2018-19 Actuals and FY 2019-20 and FY 2020-21 budgets.

BUDGETED EXPENSES - Continued

Expenditure increases for FY 2018-19's actuals and FY 2019-20's actuals as well as FY 2020-21's budget reflect higher spending on capital outlay and an increase in materials and services driven by engineering costs, chemical costs, repairs and maintenance costs, and labor.

CONTINGENCIES

Contingencies are funds set aside to provide for unforeseen circumstances that may arise during the year. The FY 2021-22 budget includes contingencies of approximately \$17.3 million, with \$5.0 million budgeted as contingency for the operating funds and the remaining \$12.3 million budgeted as contingency for the construction and SDC funds. Budgeted operating fund contingencies are equal to 2 months' operating expenses. Budgeted construction and SDC fund contingencies are typically set equal to 25% of each fund's budgeted capital outlay. For FY 2021-22, the budgeted contingencies in the Sanitary Sewer Construction and SDC funds have been increased to 50%. This approach allows for the budget document to more accurately state the likely capital investment to be made in the upcoming year while preserving the option for additional capital project work if time and external factors allow. Amounts budgeted as contingencies may only be accessed through special action of the Board of County Commissioners. These amounts are typically not expended during the year and added to reserves at year-end to become part of the subsequent year's beginning fund balance.

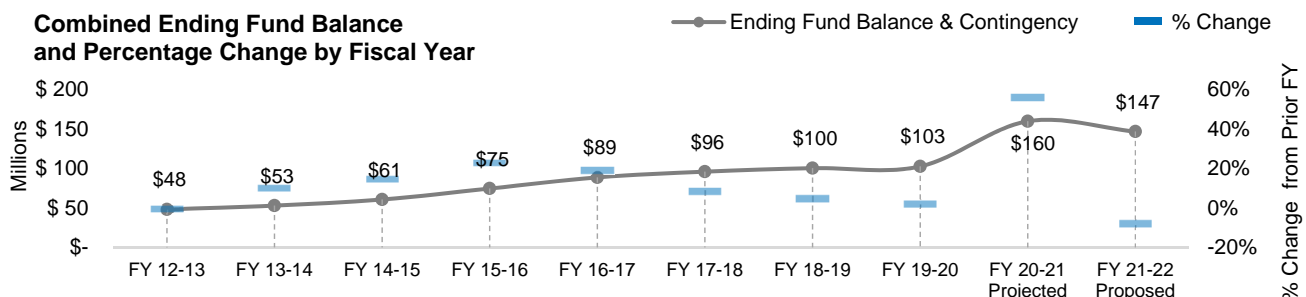
FUND BALANCES

Fund balance is the difference between accumulated resources and the requirements charged against them over the life of a fund. The fund balance at the end of one fiscal year is carried forward to the following year. Per Oregon Budget Law, the resources of each fund, including beginning fund balance, must be equal to the requirements in that fund, including ending fund balance.

Changes in fund balance are useful to understand if expenditures are sustainable without additional revenue. Due to the integration of the districts into the Clackamas Water Environment Services' partnership over the 2017-18 and 2018-19 fiscal years, changes in fund balance may be most meaningful on an aggregate level, inclusive of all districts. The table below shows the aggregate totals for FY 2017-18 through FY 2019-20 actuals, projected FY 2020-21, and the FY 2021-22 proposed budget.

	FY 2017-18 Actual ¹	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Projected	FY 2021-22 Proposed Budget
BEGINNING FUND BALANCES	\$ 88,697,001	\$ 96,035,261	\$ 100,392,976	\$ 102,580,898	\$ 159,832,099
ENDING FUND BALANCES (Includes Contingency) ²	\$ 96,035,261	\$ 100,392,976	\$ 102,580,898	\$ 159,832,099	\$ 146,765,452
INCREASE / (DECREASE)	\$ 7,338,260	\$ 4,357,715	\$ 2,187,922	\$ 57,251,201	\$ (13,066,647)

The overall increases in fund balance and strengthening of reserves from FY 2017-18 to FY 2019-20 result from revenues in excess of expenditures. The growth in fund balance projected for FY 2020-21 results from both the issuance of new debt for capital financing and revenues in excess of expenditures. This build-up in reserves will be used for current and future capital outlay. The decrease of approximately \$13.1 million during FY 2021-22 represents the budgeted use of reserves for capital outlay. More detailed discussions of changes in the fund balances of individual funds are contained in the Budget Detail section.



¹ CCSD No. 1's FY 2017-18 Reserves were contributed to WES on July 1, 2018

² Includes budgeted contingency for FY 2021-22 as this amount is not expected to be expended during the year and will be added to reserves at year-end.

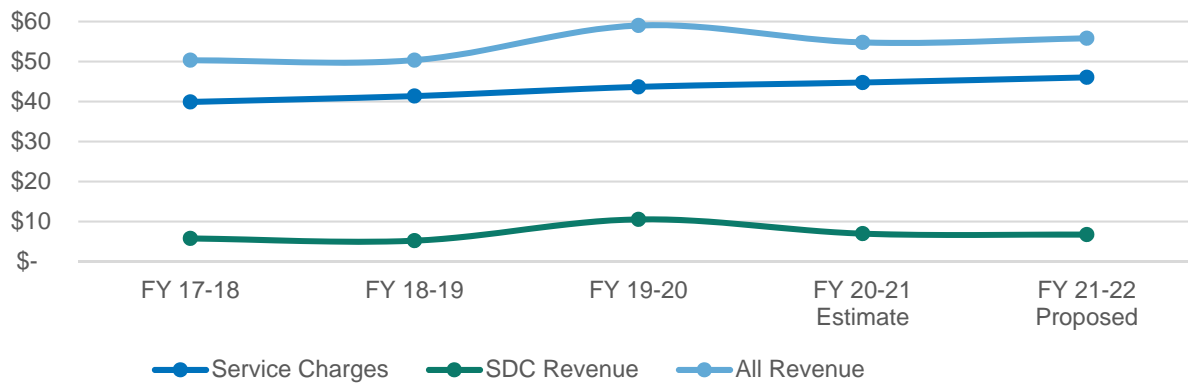
REVENUE TRENDS

Over 90% of WES' revenues are derived from two main sources: monthly charges for sanitary sewer and surface water services, and system development charges (SDCs). The following table shows the total combined revenues for all funds within WES for FY 2017-18 through FY 2019-20 actuals, the current FY 2019-20 budget and estimate, and the proposed budget for FY 2020-21.

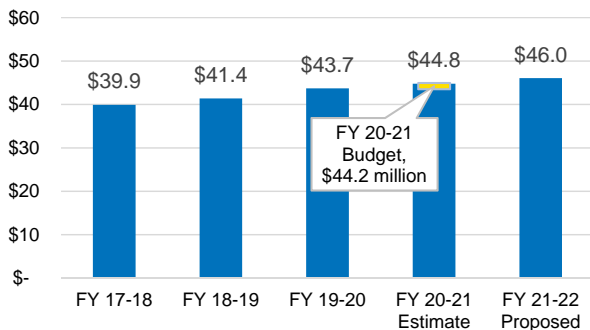
	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Budget	FY 2020-21 Estimate	FY 2021-22 Proposed Budget
Sanitary Sewer Charges	\$ 35,205,991	\$ 36,461,167	\$ 38,519,592	\$ 38,882,700	\$ 39,171,000	\$ 40,332,600
Surface Water Charges	4,699,298	4,910,321	5,163,571	5,311,400	5,591,000	5,716,300
System Development Charges	5,788,384	5,220,707	10,496,947	6,657,600	6,970,395	6,750,600
Other Revenue Items	4,633,996	3,770,499	4,844,589	3,538,920	3,052,155	3,018,070
Total	\$ 50,327,669	\$ 50,362,694	\$ 59,024,699	\$ 54,390,620	\$ 54,784,550	\$ 55,817,570

The charts below illustrate growth trends in all revenues, service charges, and SDC revenue. As shown on the chart, monthly service charge revenue tends to increase predictably. Larger year-to-year fluctuations in total revenue are the result of differences in SDC revenue, which are less predictable as they are driven by growth and development.

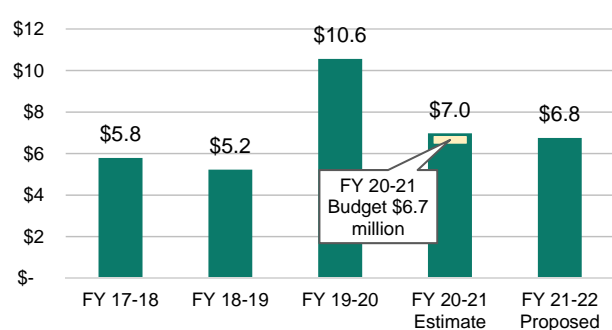
Revenue History and Forecast - Service Charges, SDCs, and Total Revenue
(In Millions)



Combined Sanitary Sewer and Surface Water
Monthly Service Charges (In Millions)



Combined Sanitary Sewer and Surface Water SDC
Revenue (In Millions)



The FY 2021-22 budget for Sanitary Sewer and Surface Water monthly service charge revenues is based upon trend analysis concerning the number of current accounts and a population forecast study completed in 2016 for estimates of new accounts. SDC revenue estimates are based upon population forecasts of growth within the service areas modified for trends in recent development. Proposed increases to both the monthly service charge rates and the SDC rates have been factored in to the revenue estimates.

MONTHLY SERVICE CHARGES

Inflationary rate adjustments between 0.00% and 1.53% are proposed for the FY 2021-22 budget year. The table below summarizes the monthly service charges by service category and service area and presents the percent increase from the prior year's rates.

	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 ¹	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 (and 2A)				Rate Zone 3

SYSTEM DEVELOPMENT CHARGES

\$6.8 M



Inflationary adjustments of approximately 1.4% - 2.3% are proposed for FY 2021-22 for Sanitary Sewer and Surface Water System Development Charges. These adjustments are based on the calendar year 2020 construction cost index.

The table below summarizes the SDC rates and percent increases from the prior year's rates for the last four fiscal years and the proposed rates for FY 2021-22.

Service Category	FY 2017-18		FY 2018-19		FY 2019-20		FY 2020-21		FY 2021-22 Proposed	
	SDC Rate	% Increase	SDC Rate	% Increase	SDC Rate	% Increase	SDC Rate	% Increase	SDC Rate	% Increase
Sanitary Sewer ²	\$ 7,330	2.7%	\$ 7,615	3.9%	\$ 7,850	3.1%	\$ 8,005	1.97%	\$ 8,120	1.4%
Surface Water	\$ 205	0%	\$ 205	0%	\$ 211	2.9%	\$ 215	1.90%	\$ 220	2.3%

¹ City Right-of-Way Fees in the Monthly Service Charge table are an estimate based on proposed rates.

² FYs 2017-18 and 2018-19 shows the historic Sanitary Sewer SDC fee for Rate Zone 2 retail only. This fee was harmonized in FY 2019-20 resulting in one unified Sanitary Sewer SDC fee for all rate zones.

FULL TIME EQUIVALENT POSITIONS

115 FTE

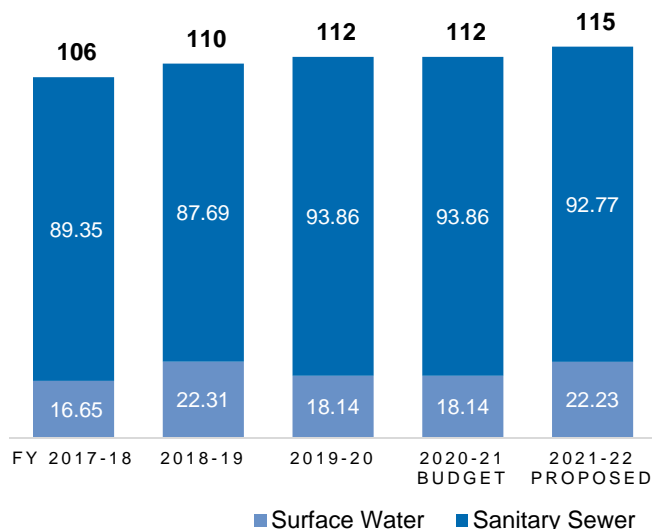


The FY 2021-22 budget proposes 115 FTE, 3 more FTE than the FY 2020-21 budget. The allocation of FTE by service category for the last four fiscal years and the proposed budget is detailed in the chart to the right.

Full time equivalent positions increased by 1 FTE in FY 2017-18, by 4 FTE in FY 2018-19, by 2 FTE in FY 2019-20, and remained steady in FY 2020-21. The new positions added in FYs 2017-18 through 2019-20 were needed to provide maintenance to existing infrastructure, support in constructing new treatment capacity, and for operations of the same.

Three new FTE are proposed for FY 2021-22 to support operations and maintenance at WES' Water Resource Recovery Facilities. The increased labor costs for these positions are almost entirely offset by reduced spending on an intergovernmental agreement with County Facilities. Additional information on the allocation of positions among WES' programs and work divisions is contained in the Performance Clackamas section and in the Appendix.

FTEs by Service Category
FY 2017-18 through FY 2021-22 Proposed



About the Department



The new digester at the Tri-City Water Resource Recovery Facility

ORGANIZATIONAL INFORMATION

WATER ENVIRONMENT SERVICES

Water Environment Services was created in 2016 under Oregon Revised Statute 190 as a governmental partnership between Clackamas County Service District No. 1 (CCSD No.1) and Tri-City Service District (TCSD) in order to provide long-term certainty and stability for customers in both districts. The Surface Water Management Agency of Clackamas County (SWMACC) joined the partnership in June 2017.

The enabling legislation establishes the partnership as an independent municipal corporation authorized to provide specific services within specified boundaries in the county. The legislation also designates the Board of County Commissioners as the governing body.

On July 1, 2017, Water Environment Services began providing wastewater treatment services at the Tri-City Water Resource Recovery Facility, located in Oregon City, Oregon, to the cities of Gladstone, Oregon City and West Linn, and to a small number of retail customers. These services were provided by TCSD in prior years.

On July 1, 2017, Water Environment Services began providing surface water management services to the City of Rivergrove and portions of unincorporated Clackamas County draining into the Tualatin River. These services were formerly provided by SWMACC.

On July 1, 2018, Water Environment Services began providing wastewater collection and treatment services to the unincorporated areas of Clackamas County, the City of Happy Valley, the western edges of Damascus, and communities of Hoodland, Boring, and Fischer's Forest Park. In addition, Water Environment Services provides wastewater treatment services to the Cities of Milwaukie and Johnson City under wholesale contract agreements. These services were formerly provided by CCSD No. 1.

On July 1, 2018, Water Environment Services began providing surface water management services within the City of Happy Valley and unincorporated Clackamas County. These services were provided by CCSD No. 1 in prior years.

Water Environment Services is managed by the County Department of the same name in a coordinated effort within the overall county organization. The Director of Water Environment Services is a member of the County Administrator's staff. Actions of the Board of County Commissioners, essential for WES' operation, pass through the Administrator for scheduling. The partnership also receive services from other county departments such as Finance, Employee Services and Technology Services.

CLACKAMAS COUNTY SERVICE DISTRICT NO. 1

Clackamas County Service District No. 1 (CCSD No. 1) was formed in 1967 to construct and operate a sanitary sewer system within Clackamas County. On July 1, 2018, CCSD No. 1's operations were transferred to the Water Environment Services partnership. CCSD No. 1 continues to exist as the Rate Zone 2 service area within WES.

TRI-CITY SERVICE DISTRICT

The Tri-City Service District (TCSD) was formed in 1980 to carry out a sewage improvement program for the Willamette and Clackamas Rivers. On July 1, 2017, TCSD's operations were transferred to the Water Environment Services partnership. TCSD continues to exist as the Rate Zone 1 service area within WES.

SURFACE WATER MANAGEMENT AGENCY OF CLACKAMAS COUNTY

The Surface Water Management Agency of Clackamas County (SWMACC) was created in 1992 to address the Oregon Department of Environmental Quality (DEQ) regulations applied to the Tualatin River as a result of the topography of the basin and density of development. On July 1, 2017, SWMACC's operations were transferred to the Water Environment Services partnership. SWMACC continues to exist as the Rate Zone 3 service area within WES.

RATE ZONE 1

Rate Zone 1 includes the Cities of Gladstone, Oregon City, and West Linn, and a small number of retail customers.

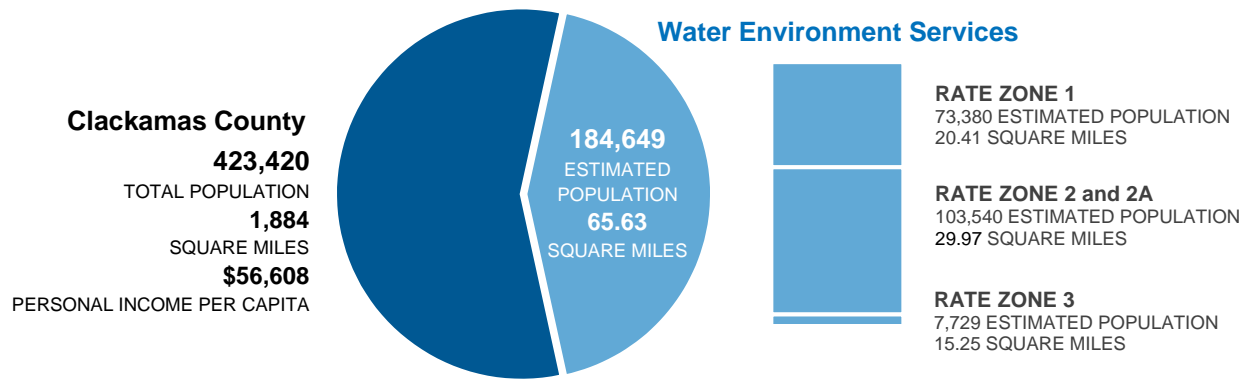
RATE ZONE 2

Rate Zone 2 includes four separate, noncontiguous sewer service areas encompassing the unincorporated areas of Clackamas County, the City of Happy Valley, the western edges of Damascus, and communities of Hoodland, Boring, and Fischer's Forest Park as well as a surface water management service area within the City of Happy Valley and in unincorporated Clackamas County. Rate Zone 2A includes the Cities of Milwaukie and Johnson City as wholesale customers.

RATE ZONE 3

Rate Zone 3 includes the City of Rivergrove and portions of unincorporated Clackamas County draining into the Tualatin River.

Population and Service Area



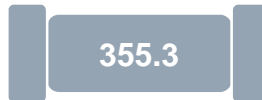
Operating Statistics

4 Water Resource Recovery Facilities



22.949 MILLION GALLONS PER DAY
 TOTAL DRY-WEATHER TREATMENT CAPACITY

21 Pump Stations



MILES OF SANITARY SEWER PIPE

16,188

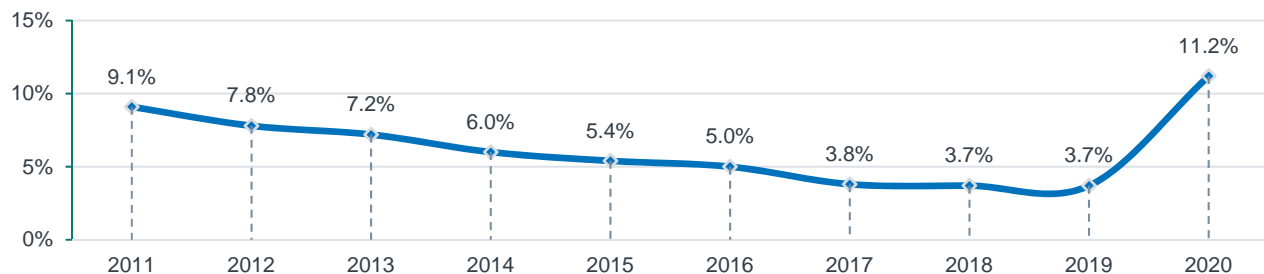
SURFACE WATER CATCH BASINS/
 MANHOLES



Major Employers by Number of Employees

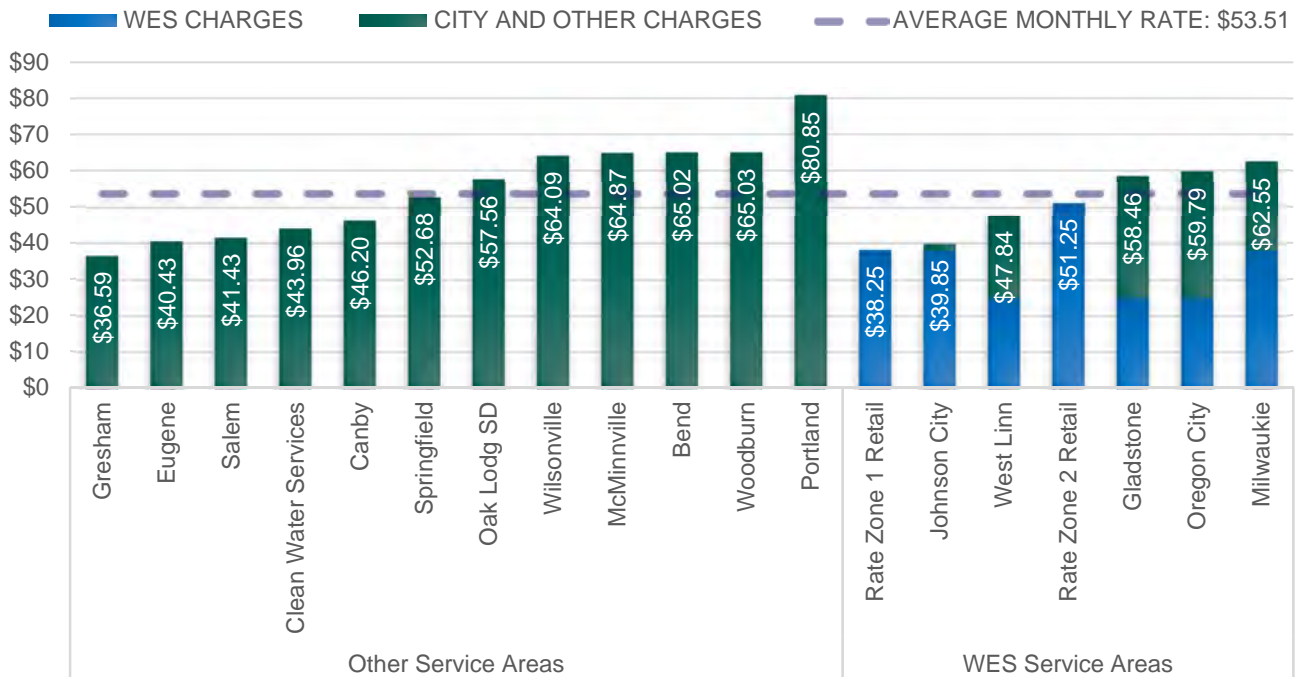


Clackamas County Unemployment Rates by Calendar Year



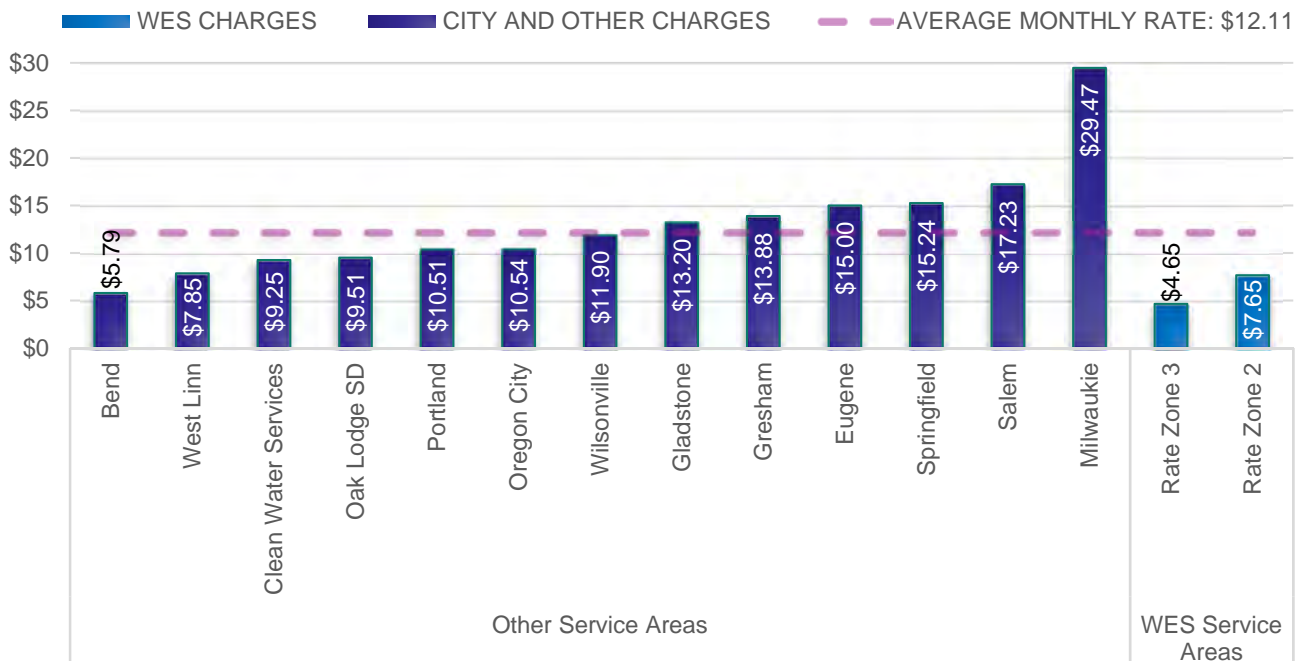
SOURCES: WES Records, Census Bureau, Bureau of Labor and Statistics, State of Oregon Employment Department, Center for Population and Research, Portland Business Journal *Book of Lists 2020*.

Monthly Sanitary Sewer Rate Survey, FY 2020-21




Sanitary sewer rates in the above chart are based on rates for single family dwellings; in those cities where consumption charges apply, totals are calculated based on a monthly consumption of 7 CCF. City and other charges includes ROW fees, where applicable.

Monthly Surface Water Rate Survey, FY 2020-21



City and other charges includes ROW fees, where applicable.

DEPARTMENT MILESTONES



1967	Clackamas County Service District No. 1 (CCSD No. 1) organized to construct and operate a sanitary sewer system.
1971	CCSD No. 1's Fischer's Forest Park Water Resource Recovery Facility begins service to 26 single family residences.
1974	CCSD No. 1's Kellogg Creek Water Resource Recovery Facility completed; service begins to North Clackamas Service Area. Design capacity 10.0 million gallons per day (dry weather flow).
1980	Cities of Oregon City, West Linn, and Gladstone, in conjunction with Clackamas County form Tri-City Service District (TCSD) to provide wastewater transmission and treatment services.
1982	CCSD No. 1's Hoodland Water Recovery Facility begins service to Hoodland, Welches, and the Wemme Recreational Corridor. Design capacity 0.9 million gallons per day.
1984	Clackamas County Water Environment Services Department created to administer County service districts CCSD No. 1 and Tri-City formed within Clackamas County, Oregon under the provisions of ORS Chapter 451.
1986	CCSD No. 1's Boring Water Resource Recovery Facility completed, providing service to 60 commercial and residential connections. Design Capacity 0.020 million gallons per day.
1987	TCSD's Tri-City Water Resource Recovery Facility completed; service begins to the Cities of Oregon City, Gladstone, and West Linn. Design capacity 8.4 million gallons per day (dry weather flow).
1992	Surface Water Management Agency of Clackamas County (SWMACC) formed to improve the water quality of the Tualatin River.
1993	CCSD No. 1 initiates service to North Clackamas Surface Water Service Area.
1996	CCSD No. 1 and TCSD construct the shared Water Quality Lab Facility.
1999	Tri-City facility begins providing growth-related capacity for CCSD No. 1.
2010	Tri-City WRRF expansion completed; increases facility's capacity to 11.9 million gallons per day to support area growth.
2012	CCSD No. 1 and TCSD jointly purchase former Blue Heron property in West Linn, Oregon.
2015	The Department embarks on a strategic planning effort focused on providing positive results for its customers and stakeholders.
2016	The Department implements the Performance Clackamas Strategic Plan. CCSD No. 1 and TCSD form ORS 190 partnership Water Environment Services.
2017	SWMACC joins Water Environment Services partnership. Water Environment Services begins providing service to the Rate Zone 1 and 3 service areas.
2018	Water Environment Services begins providing service to the Rate Zone 2 service area. Carli Creek Treatment Wetland completed; begins treating surface water runoff from Clackamas Industrial Area.
2019	Tri-City WRRF chlorine gas tanks removed for replacement with sodium hypochlorite disinfection system. Initial rebranding effort completed: Clackamas Water Environment Services new brand and logo announced.
2020	Startup of new digester at Tri-City WRRF. Completion of 11 rehab and upgrade projects at Kellogg Creek WRRF. New online customer account management system launched.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

Water Environment Services

Oregon

For the Fiscal Year Beginning

July 1, 2020

Christopher P. Morill

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to Water Environment Services, Oregon, for its Annual Budget for the fiscal year beginning July 1, 2020. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

DEPARTMENT ORGANIZATION

The Department is proposed to contain 115 full time equivalent (FTE) positions for FY 2021-22, 3 more than the FY 2020-21 budget.

From an operational and strategic management perspective, Clackamas Water Environment Services is organized into four lines of business and eleven programs under the Performance Clackamas structure. Each program has a distinct operating budget containing the costs associated with carrying out that program's functions. FTEs are allocated to programs based upon budgeted needs and the program's objectives for the coming fiscal year.

During FY 2017-18, the Department revised its organizational chart and personnel structure to more closely align with the Performance Clackamas structure. From a human resources perspective, the Department is organized into six main divisional workgroups, three of which parallel their corresponding Performance Clackamas Lines of Business (Capital Program, Operations, and Environmental Services) and three divisional workgroups that fall under the Business Services Line of Business (Director, Financial Management, and Administrative Services).

CAPITAL PROGRAM

14 FTE

Staff in this workgroup provide services including: asset management, capital projects and fleet management, capital improvement program administration, technical services, and information technology.

OPERATIONS

55 FTE

Staff in this workgroup provide services including: sanitary sewer treatment, biosolids management and distribution, collection system maintenance, treatment plant maintenance, mechanical and electrical equipment maintenance, and storm system maintenance.

ENVIRONMENTAL SERVICES

20 FTE

Staff in this workgroup provide services including: development review and permitting, riparian restoration and erosion control, laboratory operations, program field monitoring, source control, and water quality monitoring.

DIRECTOR

4 FTE

Staff in this workgroup provides services including: department oversight, district governance, public information and outreach, risk management, strategic planning, regulatory compliance, and policy administration.

FINANCIAL MANAGEMENT

8 FTE

Staff in this workgroup provide services including: financial analysis and reporting, accounting, budgeting, rate projections, and utility billing.

ADMINISTRATIVE SERVICES

14 FTE

Staff in this workgroup provide services including customer service and administration, human resources, records and contract administration, and administrative support.

CLACKAMAS COUNTY IMBEDDED STAFF

WES contracts with other County departments for personnel to provide legal and public communications services. As these specialized positions are employees of the departments that WES contracts with, they are funded in the Other County Services line item in the budget and not included in WES' Personnel Services budget. These positions are listed on the organizational chart on the following page as imbedded staff and identified with a dashed box. Imbedded staff generally operate within the Director workgroup under the direction of Department Management.

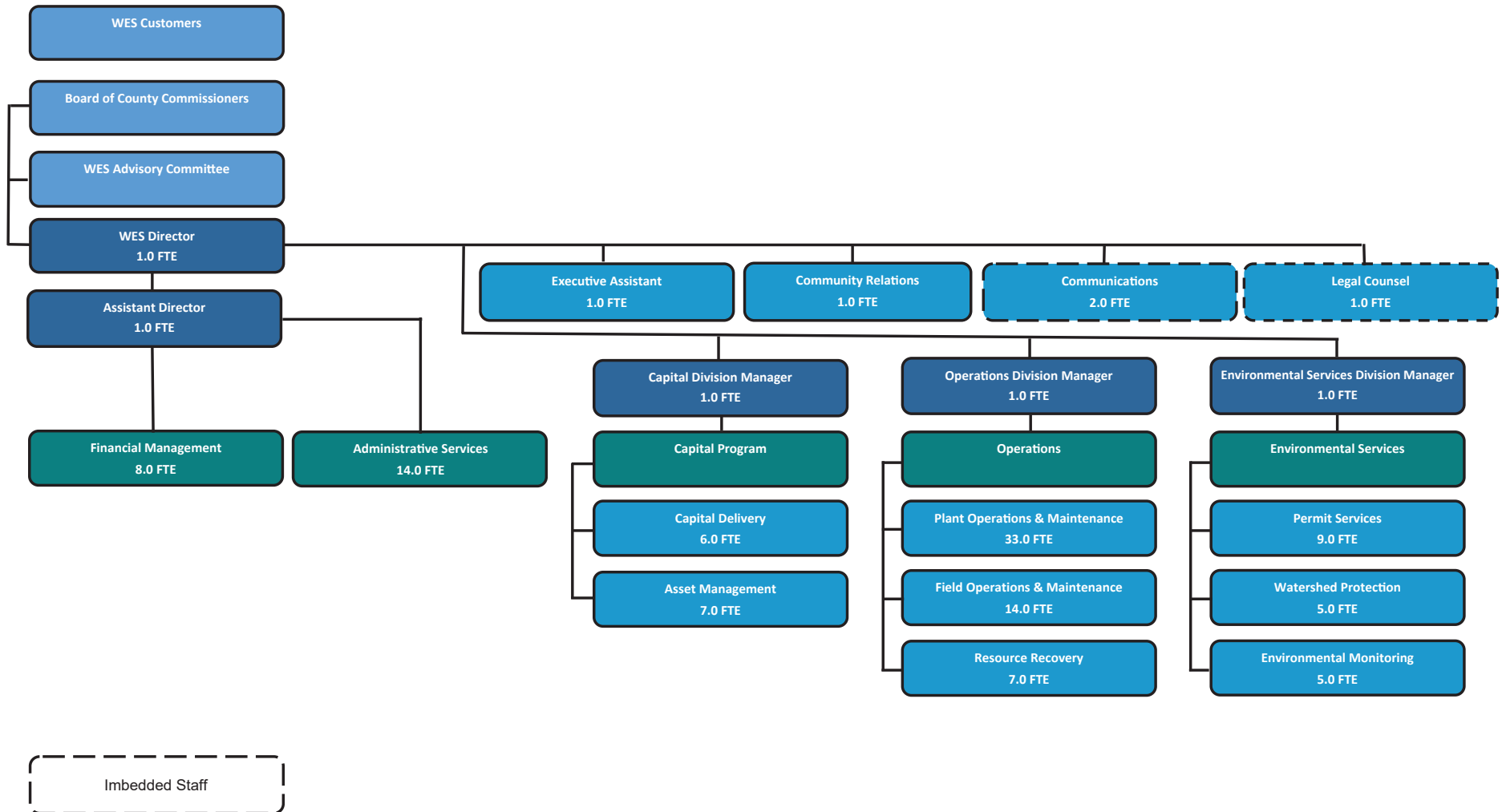
WES ADVISORY COMMITTEE

WES' Advisory Committee is a 21-person committee consisting of customers, stakeholders and city representatives. The Committee's purpose is to provide input and make recommendations on wastewater and surface water issues to WES and the BCC

The organizational chart on the following page illustrates the allocation of staff among the divisional workgroups for the 2021-22 fiscal year.

The Performance Clackamas section of this document contains details on the Department's 11 programs which establish the structure for the operating budget.

CLACKAMAS WATER ENVIRONMENT SERVICES FUNCTIONAL ORGANIZATION CHART, FY 2021-22

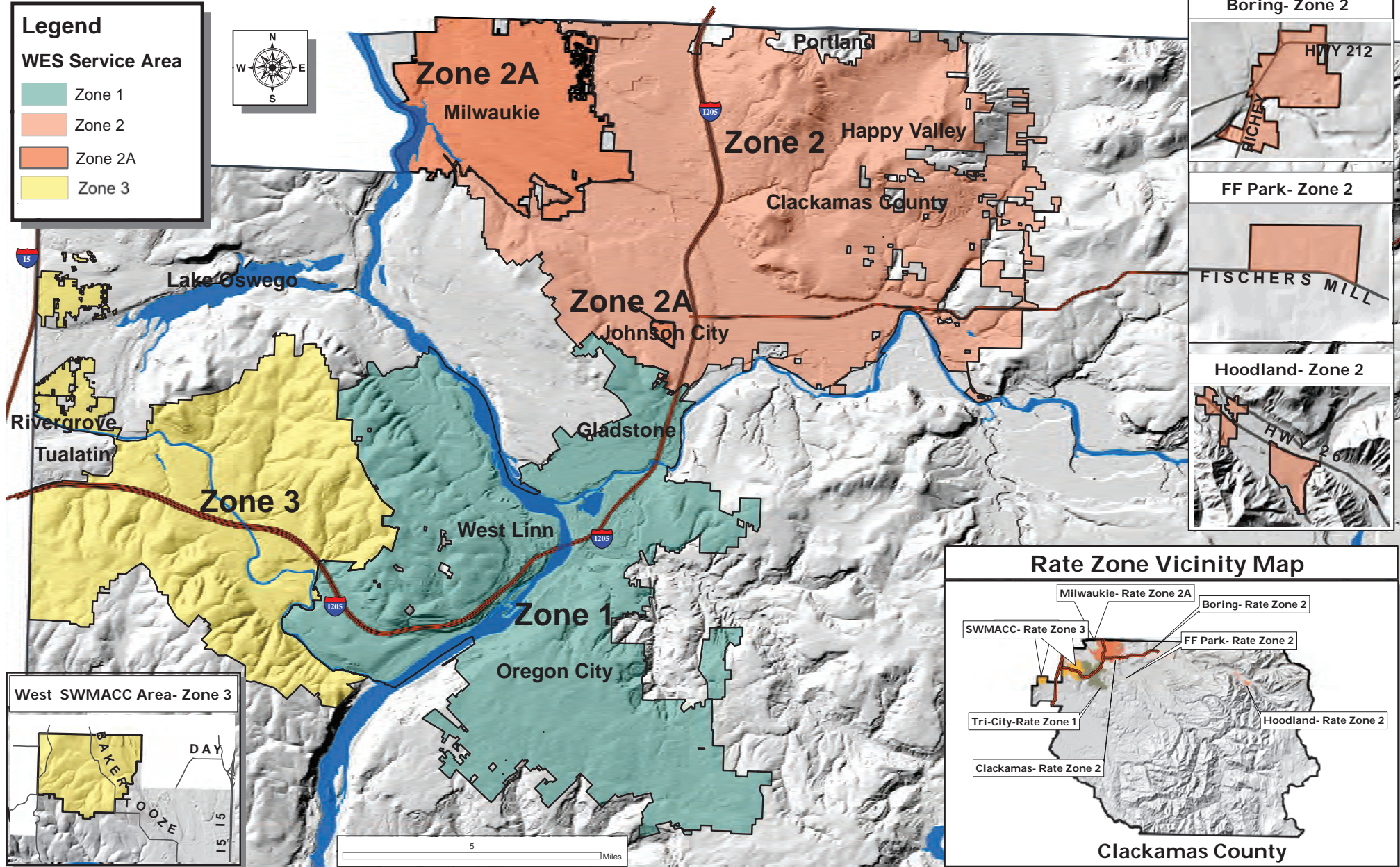
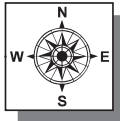


Clackamas Water Environment Services Rate Zones

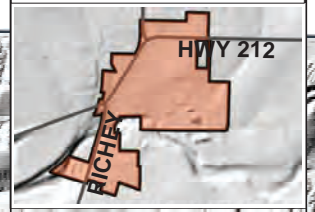
Legend

WES Service Area

- Zone 1
- Zone 2
- Zone 2A
- Zone 3



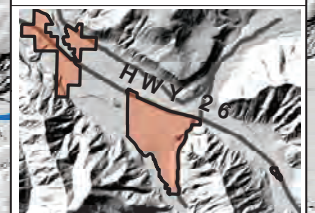
Boring- Zone 2



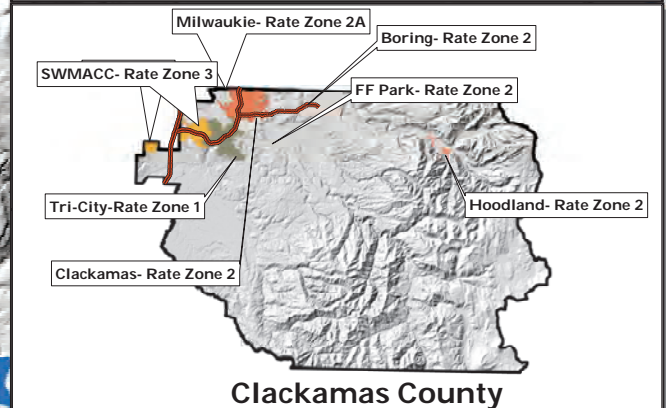
FF Park- Zone 2



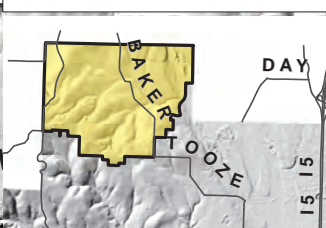
Hoodland- Zone 2



Rate Zone Vicinity Map



West SWMACC Area- Zone 3



Guide to the Budget

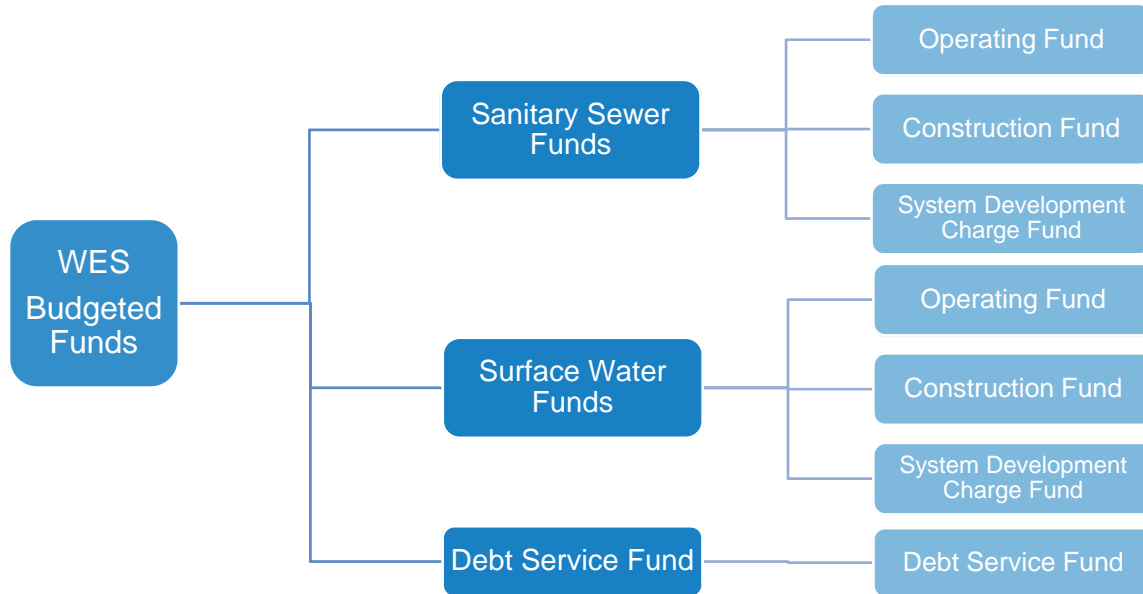


Clackamas Academy of Industrial Sciences (CAIS) students learn about a real-life WES engineering project at the Tri-City Water Resource Recovery Facility

FINANCIAL STRUCTURE

Per Oregon Budget Law requirements, WES' budget is prepared and adopted by individual funds. A fund is a fiscal and accounting entity with self-balancing accounts to record cash and other financial resources, related liabilities, balances and changes, all segregated for specific, regulated activities and objectives. Oregon Administrative Rules require that each fund's budget is balanced, which means that the resources must equal the requirements each fiscal year. The fund accounting structure below outlines the organization of the various funds within WES.

BUDGET FUND STRUCTURE CHART¹



SOURCES AND USES OF FUNDS

An overview of WES' primary sources and uses of funds by fund type is outlined in the table below.

	Operating Funds	Construction Funds	System Development Charge Funds	Debt Service Fund
Sources of Funds	<ul style="list-style-type: none"> • Service charges • Interest • Other income 	<ul style="list-style-type: none"> • Transfers from Operating Funds • Project participation • New debt issuances • Interest 	<ul style="list-style-type: none"> • System Development Charges (SDCs) for new connections • Interest 	<ul style="list-style-type: none"> • Transfers from Operating Funds and SDC Funds • New debt issuances • Interest
Uses of Funds	<ul style="list-style-type: none"> • Materials and Services • Transfers to Construction and Debt Service Funds 	<ul style="list-style-type: none"> • Capital project expenditures 	<ul style="list-style-type: none"> • Capacity-enhancing capital project expenditures • Transfers to the Debt Service Fund for SDC-eligible debt 	<ul style="list-style-type: none"> • Principal and interest on long-term debt

¹ Prior to FY 2021-22, WES maintained two separate funds for debt service: a State Loan Fund and a Revenue Bond Fund. For FY 2021-22 and forward, these funds have been combined into a single Debt Service Fund, as illustrated in the Budget Fund Structure Chart above.

BASIS OF ACCOUNTING / FINANCIAL REPORTING

The audited financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP) as applicable to governmental proprietary fund types (enterprise funds).

BASIS OF BUDGETING

In accordance with budgetary accounting principles, all funds are budgeted on the accrual basis of accounting under which revenues are recognized at the time they are earned and expenses are recognized when they are incurred, regardless of the timing of the related cash flow.

Differences between the budget basis and accounting basis are reconciled at year-end as shown in the Comprehensive Annual Financial Report. In particular, these differences include: depreciation is accrued for GAAP purposes but is not a budgeted expense item as it does not require an expenditure of funds; principal payments on long term debt are expended on a budgetary basis but are applied to the outstanding liability on a GAAP basis, and capital outlay are treated as expenditures on a budgetary basis but are capitalized on a GAAP basis.

BUDGET PROCESS

WES' budget process follows the overall framework for budget development as established by Oregon Budget Law (ORS 294.305 to 294.565 and ORS 294.900 to 294.930):

1. Planning & Preliminary Budget Development

The budget process begins in January of each year and requires program managers to estimate their current fiscal year expenses and project their operating budget requirements for the next fiscal year. During this phase, managers review their programs and craft their budgets to support WES' strategic initiatives and their program's goals.

The capital budget for the upcoming year is prepared based on the Capital Improvement Plan which details capital projects over a rolling five year planning horizon.

Managers submit their operating and capital budgets to Department Finance where they are consolidated on a fund level and assembled into a preliminary budget which is used to update WES' long-range plan and forecast revenue requirements.

2. Review, Proposed Budget Development, and Approval

The preliminary budgets are evaluated and revised as necessary by management. The revised version is then presented to the County Administrator for review. After the County Administrator's review, the proposed budget is published and distributed to the members of the WES Budget Committee and presented at an Advisory Committee Meeting.

A "Notice of Budget Committee Meeting" is published and a meeting is held in which the WES Budget Committee hears the budget message, hears and considers public comments, discusses and revises the budget as needed, and approves the budget.

3. Adoption and Implementation

Once the WES Budget Committee has approved the budget, a budget summary and a notice of public budget hearing is published. This hearing provides another opportunity for public comment from interested citizens and other interested parties. Following the public hearing, the budget is adopted and appropriations are made by the Board of County Commissioners (BCC), which serves as the governing body for WES.

The budget must be adopted by June 30th of each year.

4. Budget Amendment after Adoption

The level of control is the level at which spending cannot exceed budgeted amount without formal governing board authorization. The budget is adopted at the fund level with appropriations made at the principal object level in the categories of Materials and Services, Interfund Transfers, Capital Outlay, Debt Service, Reserve, Special Payments, and Contingency. Management may make transfers of appropriations within these object levels, however, transfers of appropriations among object levels require approval by the BCC.

Unexpected additional resources may be added to the budget through the use of a supplemental budget. The BCC, at a regular Board meeting, may adopt a supplemental budget less than 10% of the fund's original budget. A supplemental budget greater than 10% of the fund's original budget requires a hearing before the public, publication, and approval by the BCC.

STAKEHOLDER INPUT

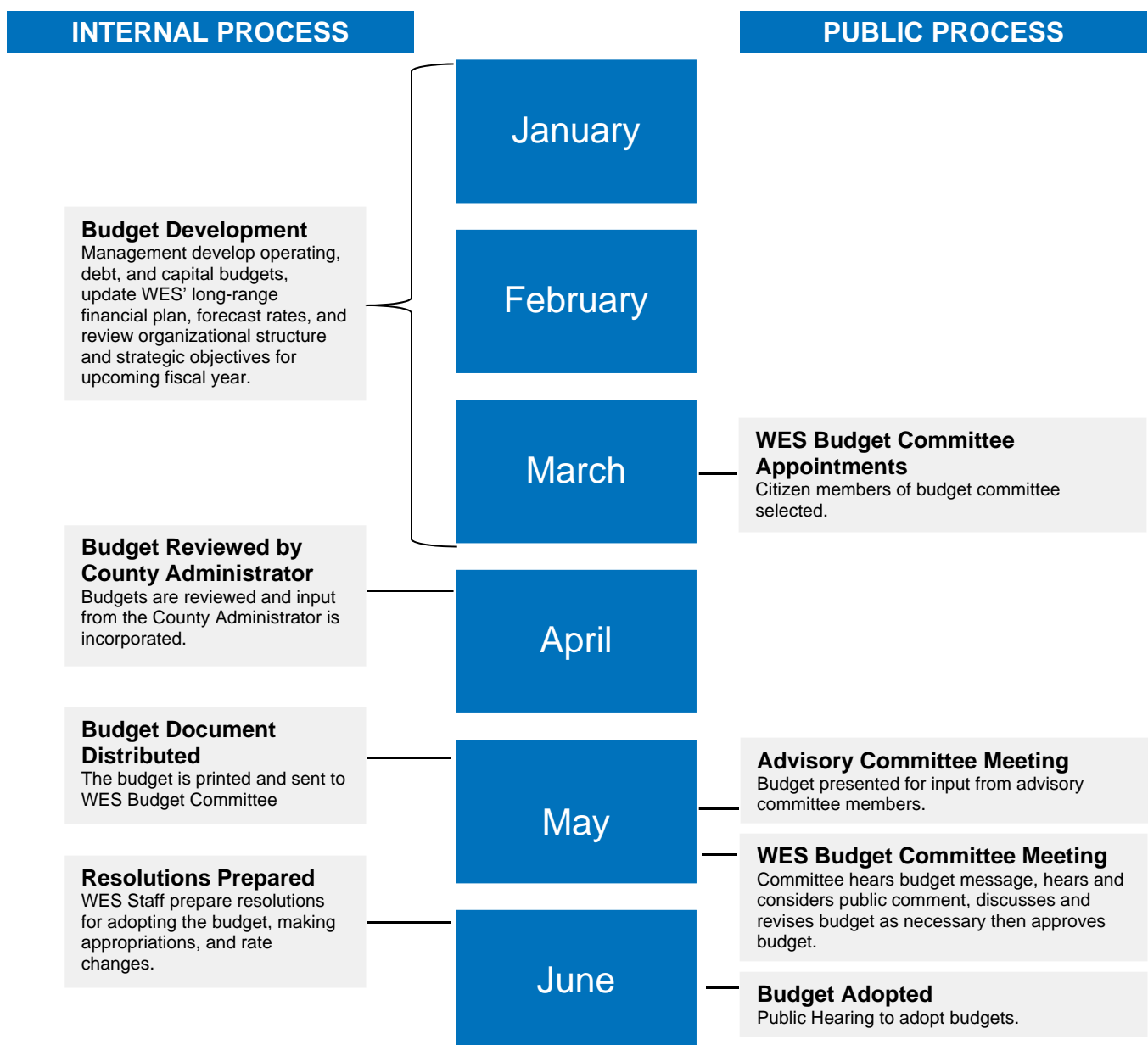
WES Advisory Committee

WES has established the Water Environment Services Advisory Committee (WESAC) which meets regularly at publicly held meetings to provide input and discuss significant affairs of WES, including operations, capital improvements, regulatory compliance, and the development of the annual budget. Members of the advisory committee have experience and/or background in wastewater management, watershed health and restoration, economic development, and surface water. Members must reside or work within the WES service area.

WES Budget Committee

The WES Budget Committee is composed of the BCC and a five-member subcommittee of the WESAC. The role of the WES Budget Committee is to perform duties consistent with County practices and Oregon Budget Law as outlined in the narrative overview of the budget process on the preceding page and the timeline below.

OVERVIEW OF BUDGET DEVELOPMENT: INTERNAL AND PUBLIC PROCESSES



BUDGET CALENDAR

The following calendar reflects the milestones met to develop the FY 2021-22 budget.

Date	Activity
January 1, 2021	Management begins review of Organization Structure and Performance Clackamas Lines of Business and Programs
February 15, 2021	Program Operating Budgets prepared by Managers and submitted to Department Finance; Capital Budget requests submitted to Department Finance
February 17, 2021	Preliminary Budgets reviewed by Department Leadership
March 1, 2021	Management Team review of Consolidated Operating Budgets, budgetary trends, and significant changes
March 18, 2021	WES Budget Committee appointments Long-Range Financial Plan drafted to incorporate preliminary budgets; rates projected
March 24, 2021	Budgets presented to the County Administrator
April 5, 2021	Final Operating Budget review by Department Leadership; all changes submitted to Department Finance
April 8, 2021	Long-Range Financial Plan and rates updated with final budget numbers
April 30, 2021	Budget document completed and submitted to printer
May 7, 2021	Proposed Budgets distributed to WES Budget Committee
May 10, 2021	First notice of Budget Committee meeting published online
May 14, 2021	Second notice of Budget Committee meetings published in The Oregonian
May 20, 2021	WES Advisory Committee Budget Review Meeting
May 24, 2021	WES Budget Committee Meeting
June 2, 2021	Resolutions prepared for adopting the budget, making appropriations, and rate changes
June 4, 2021	Summary of budget as approved by the Budget Committee and Notice of Budget Hearing published
June 16, 2021	Public Hearing Budgets Adopted
July 1, 2021	Begin Fiscal Year 2021-22

FINANCIAL POLICIES

The Clackamas County Board of Commissioners has adopted resolutions which establish policies to provide direction and framework for the County and each component unit's operations. As the Department is considered a component unit of Clackamas County, the Department adheres to the County's policies as applicable to enterprise funds. Financial policies are reviewed periodically to incorporate minor changes to existing policy or major shifts in financial priorities at the discretion of the Board of Commissioners.

The FY 2021-22 Proposed Budget complies with all relevant financial policies.

Budgeting and Financial Planning

The Department will comply with Oregon Administrative Rules 150-294.388(1) and develop a balanced budget within each fund. A balanced budget is achieved when budgeted expenditures plus contingencies and reserves, if required, will be met by an equal amount of budgeted resources.

The Department shall legally adopt its budgets on a fund basis with appropriations made at the principal object level in the categories of Materials and Services, Interfund Transfers, Capital Outlay, Debt Service, Special Payments, Reserve, and Contingency.

The Department shall plan annual budgets for each fiscal year which accurately reflect the service priorities and needs of the citizens as directed by the Board of County Commissioners.

The Department will maintain a budgetary control system to monitor expenditures and revenues on an ongoing basis to ensure adherence to the budget.

The Department shall budget a contingency account in each Operating, System Development Charge, and Capital fund for circumstances which may arise which could not have been reasonably anticipated and which may require a change in the annually adopted plan.

The Department will manage funds with the objective of the Ending Fund Balance exceeding the original Contingency appropriation for the fiscal year.

Debt

The Department will issue debt to finance capital construction and capital acquisitions as recommended by the Director and authorized by the Board of County Commissioners.

The instruments chosen for financing will match the types and useful lives of the assets to be acquired. Financing methods chosen will be issued in compliance with all state, federal and local laws and regulations.

The Department will issue debt in amounts authorized by law, sufficient to provide financing for the project or projects, as well as any required reserves and the costs of issuance.

The Department will maintain their creditworthiness through sound financial, management, and accounting practices. Additionally, as evidence of these practices, WES will strive each year to maintain its GFOA certification of award for Excellence in Financial Reporting.

The Department will consider refunding bonds when it is possible to reduce interest costs significantly, when it is desirable to restructure the debt service schedule, or to eliminate unnecessary or excessively restrictive covenants on existing debt.

The Department will comply with all disclosure requirements for debt issues (e.g. Securities and Exchange Commission Rule 15(c) 2-12, and any other disclosure requirements).

Revenue

The Department will maintain to the greatest extent possible a diversified base of revenue sources, limiting reliance on any single source.

The Department shall establish fees and charges which support the total direct and indirect costs of providing services, with the intent to achieve full cost recovery. Fees and charges will be in compliance with state statutes and County ordinances.

The Department will aggressively pursue collection of delinquent accounts.

Capital Improvement Plan (CIP) and Capital Budget

The Department will prepare a prioritized five-year Capital Improvement Plan addressing large-scale investments. The plan will be updated annually and all changes will be reviewed for approval by the Board of County Commissioners.

Capital Outlay budgets will include all anticipated expenditures for individual items with a useful life of more than one year and cost of more than \$5,000 individually. Purchases that do not fit this description are not considered Capital Outlay items but are supplies or maintenance.

Each year's budget for capital expenditures will be in conformance with the Capital Improvement Plan and in compliance with requirements of Oregon Revised Statutes.

Investments

The Department's cash and investments are invested by the Clackamas County Treasurer on behalf of the Department with the primary objectives of safety, liquidity, and yield.

The Department will monitor the activities of the Clackamas County Treasurer regarding the Department's cash and investments held by the County to ensure that liquidity and working capital needs are met and that investments are in compliance with the County's Investment Policy.

Performance Clackamas



Students take a tour of the Tri-City Water Resource Recovery Facility

PERFORMANCE CLACKAMAS

Budget by Program

MISSION

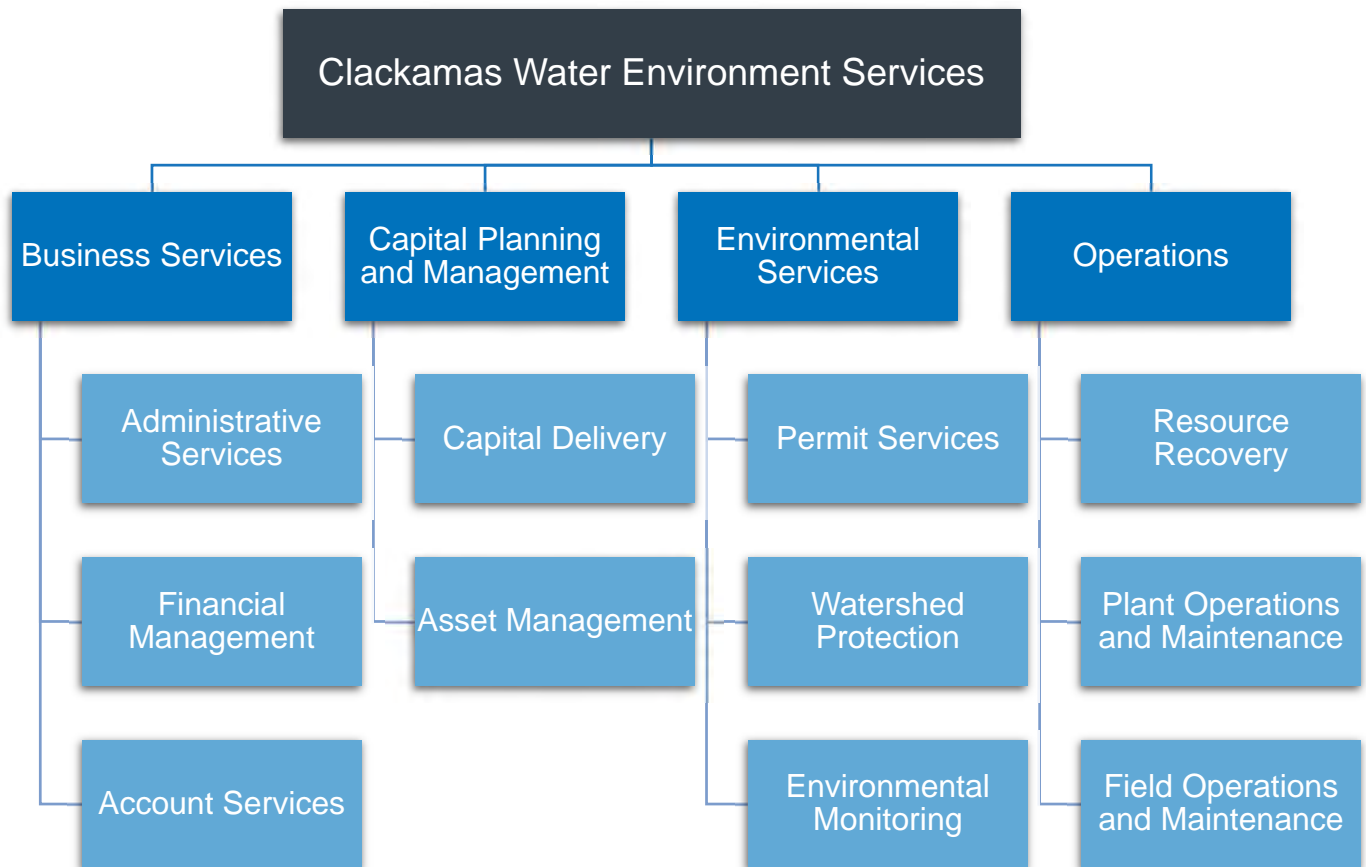
The mission of Clackamas Water Environment Services is to provide resource recovery and watershed protection services to our community so we can live, work, and play in a healthy environment.

VISION

WES is regionally known as a premier wastewater and surface water utility.

WES' Strategic Performance Clackamas Business Plan was developed over the course of the 2015-16 fiscal year and implemented at the start of FY 2016-17. Performance Clackamas is based on a Managing for Results approach which is a comprehensive and integrated management system focused on achieving results for the customer.

Under the Performance Clackamas structure, WES is organized into 4 broad lines of business and 11 more specific programs for sets of services that have a common purpose or result. As detailed on the following pages, each program determines customer-centric performance goals and creates a distinct operating budget containing the costs associated with carrying out that program's functions. FTEs are allocated to programs based upon the program's budgeted needs and objectives for the coming fiscal year.



Strategic Planning Process Overview

In December 2018, WES management completed an update of the strategic plan. WES' current plan, which spans the years 2018 to 2021 utilizes a balanced focus approach. This approach reforms the Performance Clackamas model to align more specifically with the clean water industry by drawing upon the collective guidance of regulators, water sector associations, and other water and wastewater agencies. Through this dual framework approach WES developed a unifying strategic context allowing us to align with Clackamas County as a whole and concurrently other utilities within our sector as we pursue our goal to be known regionally as a premier utility for surface water management and collecting and treating wastewater.

WES will be reviewing and completing an update of the current strategic plan in late 2021.



Strategic Initiatives

WES' current plan focuses on five strategic initiatives as key to the achievement of our mission and realization of our vision:

Enterprise Resiliency

Wastewater and stormwater utilities are facing challenges including workforce turnover and its associated loss of institutional knowledge; aging infrastructure and increasingly capital intensive repairs and replacements during times of uncertainty around federal funding sources; and shifting community growth patterns. WES will focus on Resiliency to proactively address these challenges while increasing our base system reliability and lowering our risk levels across the broad spectrum we operate within.

Infrastructure Strategy and Performance

Our infrastructure is more than just pipes in the ground and treatment facilities, it's a complex system of physical assets operating within growing communities with evolving service needs and priorities. A focus on infrastructure strategy and performance ensures that we'll take all of those factors into account when we develop capital plans that include current asset conditions, system reliability goals, life cycle costs and stakeholder needs so that WES can maintain the system we have for today and build the system we need for tomorrow.

Product Quality

In the Effective Utility Management Primer, Product Quality is described as, "Produces 'fit for purpose' water and other recovered resources (e.g., energy, nutrients, biosolids) that meet or exceed full compliance with regulatory and reliability requirements and consistent with customer, public health, ecological, and economic needs." In practice, this means that WES is committed to fulfilling our core mission to recover the resources from the wastestream and protect the watershed so that we can live, work, and play in a healthy environment.

Employee and Leadership Development

Across the nation, businesses and utilities are facing multiple impacts to our ability to attract and retain our highly skilled workforce including generational turn-over, increasing automation and other technological advances, compensation competitiveness and shifting societal views of public service. These impacts create both opportunities and challenges. In today's competitive employment market, our goal is to become an Employer of Choice through a focus on recruiting, developing and retaining a diverse, highly skilled and resilient workforce.

Operational Optimization

Sustainability is more than a buzz word. It's a way of operating with a focus on continuous improvement, data-driven decision making, and reduction of waste in all its forms. A focus on operational optimization is our commitment to continually seek ways to increase our positive (and reduce our negative) impact; we will work to maximize our effectiveness and reduce our resource demands in order to optimize our operations and expand our sustainability.

WES' Strategic Initiatives and connection to Performance Clackamas Program Goals	Alignment with the County's overall Plan
Enterprise Resiliency Key Initiative: By January, 2021, WES will have completed the TC WRRF Solids Handling Improvements Project to support the expected 20-year growth horizon. Program(s) focused on achieving result: Capital Delivery Key Initiative: WES will utilize a Risk-based Asset Management Plan so that asset refurbishment and replacement decisions for assets will be made based on a risk-to-cost decision matrix. Program(s) focused on achieving result: Asset Management	Build strong infrastructure
Infrastructure Strategy and Performance Key Result: 75% of all WES Maintenance activities will be planned efforts to address performance deficiencies or enhancements. Program(s) focused on achieving result: Plant Operations and Maintenance, Field Operations and Maintenance Key Initiative: By December 31, 2020, Clackamas County will adopt a Master Plan for surface water management that will enhance the quality of surface water. Program(s) focused on achieving result: Watershed Protection	Build strong infrastructure Honor, Utilize, Promote and Invest in our Natural Resources
Product Quality Key Result: Camera inspect, clean and provide preventative maintenance to 16.7% (approximately 54 miles of pipe) of the sanitary collection system each year, such that the entire system is inspected and maintained every six years. Program(s) focused on achieving result: Field Operations and Maintenance Key Result: 50% of inspected businesses comply with stormwater standards upon initial inspection, as evidenced by adequate pollution controls and storm system maintenance. Program(s) focused on achieving result: Watershed Protection	Build strong infrastructure Honor, Utilize, Promote and Invest in our Natural Resources
Employee and Leadership Development Key Initiative: By December 31, 2020, WES will utilize a strategic workforce planning model to address staff recruitment and retention, succession planning, training and development and future needs analysis. Program(s) focused on achieving result: Administrative Services	Build Public Trust through Good Government
Operational Optimization Key Result: WES will beneficially reuse 85% of recovered solids. Program(s) focused on achieving result: Resource Recovery Key Result: WES will consistently achieve a "wastewater treatment effectiveness rate" of 85% in addition to 100% regulatory permit compliance. Program(s) focused on achieving result: Plant Operations and Maintenance Key Result: 500 additional accounts added to paperless billing each year. Program(s) focused on achieving result: Account Services	Honor, Utilize, Promote and Invest in our Natural Resources Build strong infrastructure Build Public Trust through Good Government

Performance Clackamas Structure and Program Descriptions

Business Services Line of Business	Provide administrative, human resources, and budgetary services to department employees, and advisory and budget committee members, so they can provide effective, well managed services and information to members of communities served by WES.
Administrative Services Program	Provide efficient and effective administrative, human resources, and communication services to department employees so they can provide well managed services and information to customers and stakeholders.
Financial Management Program	Provide accurate and timely financial support, budget, audits, analysis, projection, and rate proposal services to WES employees, decision makers, advisory committees and the public so they have the necessary resources to achieve strategic results and provide input on how WES' resources are generated, allocated and used.
Account Services Program	Provide utility billing account management and personalized service to customers so they can pay for the services they receive.
Capital Planning and Management Line of Business	Provide strategy, analysis, projection, and new infrastructure services to WES ratepayers and decision makers so they can make well-informed decisions leading to timely and cost-effective infrastructure.
Capital Delivery Program	Provide wastewater planning, engineering, and construction services to provide WES ratepayers with reliable wastewater treatment and collection and conveyance infrastructure and support anticipated growth.
Asset Management Program	Provide strategies, technology and asset tracking services to WES employees so they can make proactive, data-driven decisions that align with WES' strategic business plan and budget.
Environmental Services Line of Business	Provide monitoring and assessment and pollution prevention services to WES staff, and permitting services to permit applicants, and the broader community so they can access and appropriately use WES' infrastructure and understand their potential impact on water quality.
Permit Services Program	Provide permit consultation, review, and approval services to developers, businesses, and industrial users so they can gain access to WES' systems in a timely fashion and appropriately discharge wastewater and stormwater.
Watershed Protection Program	Provide surface water protection and restoration services to residents of WES' service areas so they can benefit from healthy and clean streams.
Environmental Monitoring Program	Provide sample collection, analysis and reporting services to WES Programs so they can operate the treatment plants and collection systems effectively and comply with regulatory permit requirements.

Operations
Line of Business

Provide collection and conveyance, treatment, and resource recovery services to ratepayers so they can have properly functioning infrastructure that supports healthy waterways and a vibrant economy.

Resource Recovery
Program

Provide coordination and support for resource recovery and conservation services to WES programs, rate payers, and local communities so they can save money and live in sustainable communities.

**Plant Operations
and Maintenance**
Program

Provide treated wastewater effluent, recycled water, and recovered resources to the community so they can experience healthy and sustainable living.

**Field Operations
and Maintenance**
Program

Provide collection and conveyance system maintenance services to homes and businesses within WES' service areas so they can benefit from properly functioning infrastructure that supports water quality and reduces sewage backups and storm related flooding.

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
Business Services					
Administrative Services	9.98	\$ 2,721,066	\$ 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
Capital Planning and Management					
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
Environmental Services					
Permit Services	8.99	1,087,761	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
Operations					
Resource Recovery	7.30	2,154,749	-		2,154,749
Plant Operations and Maintenance	33.23	10,700,716	-		10,700,716
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)
Operating Budget Total					29,887,030
Non-Program / Non-Operating					
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				1,106,600	1,106,600
Contingencies and Ending Fund Balances				137,911,062	137,911,062
Non-Program / Non-Operating Total				217,818,176	217,818,176
TOTAL	115.00	\$ 23,675,889	\$ 6,211,141	\$ 217,818,176	\$ 247,705,206

FY 20/21 Amended Budget	112.00	25,015,516	5,089,029	214,901,382	245,005,927
\$ Increase (Decrease)	3.00	-1,339,627	1,122,112	2,916,794	2,699,279
% Increase (Decrease)	2.7%	-5.4%	22.0%	1.4%	1.1%



Clackamas Water Environment Services

Department Mission

The mission of 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.

Water Environment Services Total Budget Request \$247,705,206

Water Environment Services

Greg Geist - Director
FTE 115

Total Program Operating Budget Request \$29,887,030*

Non-Program Items

Total Non-Operating Budget
Request
\$217,818,716

Business Services

Chris Storey - Assistant
Director
Total Request
\$5,734,913

Capital Planning and Management

Lynne Chicoine - Mgr
Total Request
\$2,409,915

Environmental Services

Ron Wierenga - Mgr
Total Request
\$5,574,583

Operations

Greg Eyerly - Mgr
Total Request
\$16,589,221

Debt Service, Capital Outlay, Transfers, and Reserves

Total Request
\$217,818,716

Administrative Services

Chris Storey - Assistant
Director
FTE 9.98
Total Request
\$3,414,800

Capital Delivery

Lynne Chicoine - Mgr
FTE 9.74
Total Request
\$717,695

Permit Services

Ron Wierenga - Mgr
FTE 8.99
Total Request
\$1,809,644

Resource Recovery

Greg Eyerly - Mgr
FTE 7.30
Total Request
\$2,154,749

Debt Service and Related Reserves

Total Request
\$22,022,517

Financial Management

Chris Storey - Assistant
Director
FTE 5.82
Total Request
\$1,509,826

Asset Management

Lynne Chicoine - Mgr
FTE 7.68
Total Request
\$1,692,220

Watershed Protection

Ron Wierenga - Mgr
FTE 5.50
Total Request
\$2,257,055

Plant Operations and Maintenance

Greg Eyerly - Mgr
FTE 33.23
Total Request
\$10,700,716

Capital Outlay

Total Request
\$25,223,000

Account Services

Chris Storey - Assistant
Director
FTE 4.90
Total Request
\$810,287

Environmental Monitoring

Ron Wierenga - Mgr
FTE 6.01
Total Request
\$1,507,884

Field Operations and Maintenance

Greg Eyerly - Mgr
FTE 15.85
Total Request
\$3,733,756

Transfers

Total Request
\$31,555,537

Special Payments

Total Request
\$1,106,600

Contingencies and Ending Fund Balances

Total Request
\$137,911,062

*Total Request includes Equipment Pool Contra-Expense of (\$421,602)



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Business Services



Line of Business Purpose Statement

The purpose of the Business Services Line of Business is to provide administrative, human resources, and budgetary services to department employees, and advisory and budget committee members, so they can provide effective, well managed services and information to members of communities served by WES.

Water Environment Services

Greg Geist - Director

FTE 115.00

Total Program Operating Budget Request \$29,887,030*

Business Services

Chris Storey - Assistant
Director

Total Request
\$5,734,913

Administrative Services

Chris Storey - Assistant
Director

FTE 9.98
Total Request
\$3,414,800

Financial Management

Chris Storey - Assistant
Director

FTE 5.82
Total Request
\$1,509,826

Account Services

Chris Storey - Assistant
Director

FTE 4.90
Total Request
\$810,287

*Total Request includes Equipment Pool Contra-Expense of (\$421,602)



Business Services Administrative Services

Purpose Statement

The purpose of the Administrative Services program is to provide efficient and effective administrative, human resources, and communication services to department employees so they can provide well managed services and information to customers and stakeholders.

Performance Narrative Statement

HR goals: Annual review count goals were nearly achieved at the end of Q1 but a series of emergencies left us with a slump at the end of Q2. WES has redoubled our efforts and added the timeliness of reviews and totals as a standing check in item at monthly Management Team meetings and given past performance it is likely that WES will achieve 100% in FY 20-21.

Safety goals: Due to COVID, evacuations are not being held at this time. In lieu of this effort we have been working to create annual safety training plans including updating our Workplace Violence Prevention Plan. We anticipate evacuation drills to resume in late 2021.

Customer Service: The transition away from Happy or Not combined with the almost complete lack of foot traffic into our offices has led to a lack of customer surveys being completed. We have now worked closely with technology services and our customer service team to develop an updated online survey. This survey is accessible from our website, in our signature lines, and our customer service staff are actively engaging with customers to complete the survey. We are seeing survey completion rising again and hope to re-establish response rates by the end of FY 2021. Thus far customers completing online surveys are more likely to be unhappy than happy. As our customer service group promotes the survey, we anticipate a more balanced result.

Key Performance Measures

		FY 18-19 Actual	FY 19-20 Actual	FY 20-21 Target	FY 20-21 Actuals as of 12/31/20	FY 21-22 Target
Efficiency	Percent of annual reviews completed (Plan efficiency reads "Number of reviews completed on time / number of employees" this efficiency includes the data for the previously listed output "100 annual reviews completed" while accounting for shifting FTE counts)	49%	99%	100%	68%	100%
Output	# Plant Evacuation Drills (one per plant) per year	3	3	3	0	0
Result	95% of surveyed WES customers are satisfied with the service they receive (This measure is an update of the customer satisfaction measure included in the previous plan)	98%	82%	97%	N/A	95%

Program includes:

Mandated Services	<input type="text" value="Y"/>
Shared Services	<input type="text" value="N"/>
Grant Funding	<input type="text" value="N"/>

Explanation

The Administrative Services program provides services as required by the Public Utility Commission in Oregon Administrative Rules, Chapter 860, Division 37 and organizes and administrates the advisory committees that review and provide policy recommendations to the governing body of the districts, in compliance with Oregon Public Meetings Law (ORS 192.610 to 192.690).



Business Services

Administrative Services

Budget Summary

	FY 18-19 Actual**	FY 19-20 Actual	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
Materials and Services: WES Labor	1,806,655	1,941,299	1,952,718	2,317,034	1,600,457	(352,261)	-18%
Materials and Services: Other	1,610,123	1,340,948	1,812,740	1,703,211	1,814,343	1,603	0%
Operating Expenditure	3,416,778	3,282,247	3,765,458	4,020,245	3,414,800	(350,658)	-9%
							0%
Total Exp - Including Special Categories	3,416,778	3,282,247	3,765,458	4,020,245	3,414,800	(350,658)	-9%
Full Time Equiv Pos (FTE) Budgeted	12.43	12.64	12.01	12.01	9.98	-2.03	-17%
Full Time Equiv Pos (FTE) Filled at Yr End	12.60	12.60	12.01	15.07			
Full Time Equiv Pos (FTE) Vacant at Yr End	-0.17	0.04	0.00	-3.06			

Significant Issues and Changes

This Administrative Services program budget is declining by 9% overall. This is reflective of several factors. The largest is a greater effort to assign and allocate FTE to the programs they are supporting (for example, an Admin Assistant who spends 80% of their time supporting Operations would be assigned 0.8 FTE to Operations instead of being assigned in Admin Services), which ultimately leads to a decrease of ~2 FTE in the program. This is partially offset by an increase in Materials and Services: Other, as this program continues to be the home for major organizational initiatives and WES anticipates continued performance improvement efforts. The regulatory efforts are also part of this program, and we anticipate increased effort in the regulatory arena as we prepare for the scheduled 2022 negotiations and issuance of new NPDES permits for most of our facilities.

** FY 2018-19 figures reflect the combined expenditures and budget for the Office of the Director Program and the Administrative Services Program.



Business Services

Financial Management

Purpose Statement

The purpose of the Financial Management Program is to provide accurate and timely financial support, budget, audits, analysis, projection, and rate proposal services to WES employees, decision makers, advisory committees and the public so they have the necessary resources to achieve strategic results and provide input on how WES' resources are generated, allocated and used.

Performance Narrative Statement

The Financial Management Program provides financial support, analysis, financial projections, budget development and reporting, debt management, and monthly service fee calculations to internal and external stakeholders.

This program's initiative to obtain the GFOA's Certificate of Achievement for Excellence in Financial Reporting for the new entity WES was achieved with WES' first Comprehensive Annual Financial Report ("Annual Financial Report") for the 2017-18 fiscal year (FY), and thereafter in both FY 2018-19. The FY 2019-20 Annual Financial Report was submitted to the GFOA in December 2020 for consideration. This program believes the FY 2019-20 Annual Financial Report continues to meet the requirements for the award and anticipates achieving this initiative again.

WES' AAA credit rating was affirmed by Standard & Poor's in February 2021 as part of a debt issuance undertaken by the utility. This rating, the highest available, reflects strong financial health and management and has resulted in low interest rates on debt for the benefit of ratepayers. WES' debt issued in 2021 realized a true interest cost of 0.84% on a \$40 million issuance.

The result for annual operating expenditures to vary from budgeted operating expenditures by less than 15% was met for FY 2019-20, but the target of 10% was not, with a total variation of 13.4%. In prior years, the largest variances have been in Engineering and Labor. In FY 2019-20, WES has experienced a consistent gap of ~8-10 vacant positions, and a challenge in having sufficient engineering staff to accomplish planned work. The impact of increased costs resulting from pandemic response (overtime, split shifts, focus on resiliency at the expense of efficiency) and impacts from emergency response (wildfires, force main breaks) has put current expenditures within 2.9% of budget. New equipment is coming online in operations as capital projects end, and WES may continue to experience high operating expenses. Staff is watching the trend closely to ensure that expenditures do not exceed budget.

Proposed rate increases for FY 2021-22 are currently at the staff-recommended inflationary adjustment floor established by the WES Advisory Committee, and are within the limits specified by the result for rate increases to fall between a floor determined by an annually-updated inflation index and a ceiling of 10%. This result has been consistently achieved for the last three FY.

The result to distribute quarterly budget to actual reports within three weeks of quarter's close has been accomplished since the 2nd quarter of FY 2018-19. This improvement in performance is due to a revision in our reporting methodology to include estimates for expenses for which data has not yet been received. As estimates can introduce a margin of error into the budget to actual reports, the program has been comparing estimates against actual expenditures to improve the reports' accuracy over time. Estimated expenditures each of the last 2 fiscal quarters have been accurate to approximately 5% of actual expenses. WES staff has instituted a 30-day close of monthly financial information to further improve the accuracy of financial information and the timeliness of reports.

Key Performance Measures

		FY 18-19 Actual	FY 19-20 Actual	FY 20-21 Target	FY 20-21 Actuals as of 12/31/20	FY 21-22 Target
Output	Annual operating expenditures will vary from budgeted operating expenditures by less than 15%	15.5%	13.4%	10%	2.9%	10%
Result	Maintain current bond rating of AAA	AAA	AAA	AAA	AAA	AAA
Result	Rates will not increase more than 10% in any year nor less than the adopted index stating the current rate of inflation.	3.7% - 3.9%	3.3% - 9.5%	≥1.98%, ≤10%	2.5% avg (0.13% - 5.08%)	5%
Result	Quarterly budget to actual reports are distributed within three weeks of quarter's close	75%	100%	100%	50%	100%

Program includes:

Mandated Services

Shared Services

Grant Funding

Explanation

The Financial Management Program provides financial reporting and audit-related services as required by ORS 297.405 to 297.740 and 297.990 and prepares and administers the annual budget in compliance with ORS 294.305 to 294.565 and 294.900 to 294.930.



	FY 18-19 Actual	FY 19-20 Actual	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
Materials and Services: WES Labor	726,990	741,083	765,151	804,267	810,201	45,050	6%
Materials and Services: Other	474,517	520,365	533,509	816,049	699,625	166,116	31%
Operating Expenditure	1,201,507	1,261,448	1,298,660	1,620,316	1,509,826	211,166	16%
Total Exp - Including Special Categories	1,201,507	1,261,448	1,298,660	1,620,316	1,509,826	211,166	16%
Full Time Equiv Pos (FTE) Budgeted	5.39	6.78	5.82	5.82	5.82	0.00	0%
Full Time Equiv Pos (FTE) Filled at Yr End	6.03	5.98	5.82	6.09			
Full Time Equiv Pos (FTE) Vacant at Yr End	-0.64	0.80	0.00	-0.27			

Significant Issues and Changes

The FY 2021-21 budget represents a material increase in expenditures. This is arising primarily from an increase in expenditures for Materials and Services: Other. The Financial Management program is planning on engaging an outside consultant to utilize the 2020 Census data, which will now only be available in September 2021, to undertake a review of population forecasts that have the baseline for capital planning and rate projections, a forecast that is now nearly 5 years old and needs to incorporate the impact of current events to ensure proper organizational planning. Overall the program continues to perform at a high level and making resources and data available to support organizational objectives. It also allows for utilization of temp accounting services to bridge gaps in positions until filled and to resource the material implementation challenges anticipated from the simultaneous changes to the Chart of Accounts, OpenGov, and Peoplesoft.



Business Services

Account Services

Purpose Statement

The purpose of the Account Services program is to provide utility billing account management and personalized service to customers so they can pay for the services they receive.

Performance Narrative Statement

On an annual basis, the Account Services program issues more than 280,000 bills and is responsible for billing and collecting all retail sanitary sewer and surface water monthly service charges, which constitute nearly 70% of WES' budgeted service charge revenue for FY 2021-22. This program is also responsible for assessment and miscellaneous billing, receiving service payments from our partner cities, processing account payments, adjustments and refunds, account openings and closings, and other account management services.

The result to add 500 new accounts to paperless billing each year, which is linked to WES' larger Operational Optimization initiative to minimize resource use, was not achieved for FY 2019-20, and remains a challenge for FY 2020-21 to date based on actuals through March 2021. WES has experienced substantial improvement in customer experience through the implementation of several new systems, including a new online account management system featuring added functionality for the customer with auto-adjust withdrawals to match current amounts due and a smoother customer interface. This new system was launched in July 2020 and has already exceeded prior electronic enrollment by 25% of under the prior system (~5000 under prior, currently at ~7500 registered users and growing). We are seeing the increased functionality contributing to a higher number of customers electing to manage their accounts online and receive paperless bills in FY 2021-22. This metric of paperless billing will be reconsidered in the next iteration of the WES Performance Clackamas plan as it doesn't fully capture the target of shifting customers to the least-cost account management system (online account management, whether paper billed or not).

The result of achieving fewer than 5% of accounts certified annually was achieved for FY 2019-20 but is not an appropriate metric at this time. WES, with BCC approval, chose to deliberately not certify any accounts for collection due to the impact of the pandemic and resulting economic impact of shutdown orders. Staff engaged in specific outreach regarding payment plans and actually improved our delinquency rate through reminder phone calls. The number of delinquent accounts will be higher in FY 2020-21 as a result of the decision to not certify in the prior fiscal year. WES staff anticipates that, after certification this year for continued/consistent delinquent accounts and continued outreach (now a standard account services practice twice a year, in the fall and spring) will result in achieving this metric in the coming 2021-22 fiscal year.

Key Performance Measures

		FY 18-19 Actual	FY 19-20 Actual	FY 20-21 Target	FY 20-21 Actuals as of 12/31/20	FY 21-22 Target
Result	500 additional accounts added to paperless billing each year	389	369	500	224	500
Result	Fewer than 5% of accounts certified annually	5.7%	0.0%	< 5.0%	6.0%	< 5.0%
Output	# callers assisted*	19,100	17,360	19,000	6,906	15,000*
Output	# customer bills issued annually	272,626	278,003	275,000	142,129	291,500

* = The goal of this output is to provide sufficiently clear information that customers do not require additional support. Improvements in online account management is helping WES make strides in providing a better customer experience.

Program includes:

Mandated Services

Shared Services

Grant Funding

Explanation

The Account Services program provides billing services to customers as required by the Public Utilities Commission in Oregon Administrative Rules, Chapter 860, Division 37.



Business Services

Account Services

Budget Summary

	FY 18-19 Actual	FY 19-20 Actual	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
Materials and Services: WES Labor	263,316	306,103	398,376	257,061	539,020	140,644	35%
Materials and Services: Other	195,589	225,462	233,643	296,574	271,267	37,624	16%
Operating Expenditure	458,905	531,565	632,019	553,635	810,287	178,268	28%
Total Exp - Including Special Categories	458,905	531,565	632,019	553,635	810,287	178,268	28%
Full Time Equiv Pos (FTE) Budgeted	4.79	2.83	3.97	3.97	4.90	0.93	23%
Full Time Equiv Pos (FTE) Filled at Yr End	2.68	2.81	3.97	2.28			
Full Time Equiv Pos (FTE) Vacant at Yr End	2.11	0.02	0.00	1.69			

Significant Issues and Changes

The FY 2021-22 budget shows a material increase, primarily due to assigning costs associated with existing FTE and related support efforts to the program to better reflect actual work spent in the program. In addition to the reassignment of the FTE from Admin Services to this program, the increase is primarily driven by an increase in effort related to maintaining and enhancing performance of new online and telephone payment software systems. The program also anticipated continued higher expenses relating to building resiliency and increasing mobility options for staff to work in alternate locations as part of the overall pandemic response.



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Capital Planning and Management



Line of Business Purpose Statement

The purpose of the Capital Planning and Management Line of Business is to provide strategy, analysis, projection, and new infrastructure services to WES ratepayers and decision makers so they can make well-informed decisions leading to timely and cost-effective infrastructure.

Water Environment Services

Greg Geist - Director

FTE 115.00

Total Program Operating Budget Request \$29,887,030*

Capital Planning and Management

Lynne Chicoine - Mgr

Total Request

\$2,409,915

Capital Delivery

Lynne Chicoine - Mgr

FTE 9.74

Total Request

\$717,695

Asset Management

Lynne Chicoine - Mgr

FTE 7.68

Total Request

\$1,692,220

*Total Request includes Equipment Pool Contra-Expense of (\$421,602)

Capital Planning and Management

Capital Delivery



Purpose Statement

The purpose of the Capital Delivery Program is to provide wastewater planning, engineering and construction services to provide WES ratepayers with reliable wastewater treatment and conveyance infrastructure and support anticipated growth.

Performance Narrative Statement

The Capital Delivery program plans all capital expenditures which range from \$5,000 to several tens of millions of dollars. We are a staff of a program manager and four engineers. Our five-year plan includes over \$200M in required project expenditures. We are actively managing 26 major projects representing over \$130M of facilities in design/construction. We have 24 of the 31 scheduled projects for FY 2020-21 underway and two projects underway that were not scheduled. Status of our Performance Clackamas initiatives is as follows:

Initiative: By January 2021, WES will have completed the TC WRRF Solids Handling Improvements Project to support the expected 20-year growth horizon.

The project is under construction and on budget, but the contractor is lagging on schedule. The new digester and dewatering facilities are on line, rehabilitation of existing facilities and the cogeneration facilities are currently scheduled to be complete in Summer 2021.

Initiative: By June 30, 2020, develop a 20-year Capital Improvement Plan that will estimate cost and schedule for all major investments necessary for that time period.

The WES Collection System Master Plan was completed in January 2019 and provided a recommended plan and implementation schedule for improvements required to provide a reliable collection and conveyance system with capacity sufficient for projected growth in the service area. A similar plan for the Hoodland service area was completed in 2017 and a plan for the Boring service area was completed in 2020. In FY 19/20 WES embarked on the Willamette Facilities Plan. This project is scheduled to be complete in Summer 2021 and will provide a recommended plan and implementation schedule for facilities required at the Tri-City and Kellogg WRRFs. Cumulatively, these planning efforts will provide a 20-year CIP for WES.

Key Performance Measures

		FY 18-19 Actual	FY 19-20 Actual	FY 20-21 Target	FY 20-21 Actuals as of 12/31/20	FY 21-22 Target
Output	Annual 5-year CIP	1	1	1	1	1
Result	90% of capital projects started will be completed on time and on budget	91%	93.75%	90%	92%	90%

Program includes:

Mandated Services

Shared Services

Grant Funding

Explanation

The Capital Delivery Program provides services which are mandated by state and federal public procurement laws and the requirements regarding the construction and maintenance of facilities subject to the Clean Water Act and OAR 340, Division 45.

Capital Planning and Management



Capital Delivery

Budget Summary

	FY 18-19 Actual	FY 19-20 Actual	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
Materials and Services: WES Labor	320,659	375,983	520,060	559,856	484,811	(35,249)	-7%
Materials and Services: Other	415,765	994,930	1,144,692	1,011,533	232,884	(911,808)	-80%
Operating Expenditure	736,424	1,370,913	1,664,752	1,571,389	717,695	(947,057)	-57%
Total Exp - Including Special Categories	736,424	1,370,913	1,664,752	1,571,389	717,695	(947,057)	-57%
Full Time Equiv Pos (FTE) Budgeted O&M	1.68	2.58	2.56	2.56	2.60	0.04	2%
Full Time Equiv Pos (FTE) Filled at Yr End	2.19	2.34	2.56	3.37			
Full Time Equiv Pos (FTE) Vacant at Yr End	-0.51	0.24	0.00	-0.81			
Capitalized Labor FTE	4.04	4.75	7.27	4.52	7.14	-0.13	-2%
Total Program FTE	6.23	7.09	9.83	7.89	9.74	-0.09	-1%

Significant Issues and Changes

The Capital Delivery budget shows the following changes:

Materials and Services: WES Labor: Costs shown in these line items are calculated from number of employees, their salaries and the proportion of their time that is not-capitalized (not spent on design and construction projects). The Capital Delivery Team has filled two vacant engineering positions in FY 20/21 and lost a Tech Services Coordinator (TSC). The TSC position will be filled before FY 21/22. We will not be hiring a CECOP intern in FY 21/22. Therefore, we will have more employees in 21/22, but we will have completed a major planning (non-capitalized) project and more of our time will be capitalized.

Materials & Services: Other: This item is the sum of engineering services (planning), miscellaneous materials/services, training and document management software. The reduction in this line item is due to the completion of a significant planning project (Willamette Facilities Plan) in early FY 21/22 and a change in policy to capitalize project-specific document management software.



Capital Planning and Management

Asset Management

Purpose Statement

The purpose of the Asset Management Program is to provide strategies, technology and asset tracking services to WES employees so they can make proactive, data-driven decisions that align with WES' strategic plan and budget.

Performance Narrative Statement

The Asset Management Program tracks WES owned and operated assets including their condition, manages information systems and mapping, provides software licensing, support and training, develops asset renewal and replacement plans, and implements utility management best practices. Our program supports building and maintaining strong infrastructure so we can protect clean water for our community.

During FY 18-19 and FY 19-20, the program completed a significant data migration for improved tracking of spatial assets via the Geographic Information System and invested in improvements to the organization's computerized maintenance management system that tracks asset and work management. Now that the migration is complete and the systems are in place, the priority has shifted to mapping new assets.

The organization completed a strategic plan review during FY 18-19 and added an updated initiative to absorb the discontinued strategic results. The new strategic initiative targeted developing a risk-based asset management plan so that asset renewal replacement decisions for assets are based on a risk-to-cost decision matrix. This advanced previous efforts, and focused on additional asset condition assessments, remaining life estimates, business risk and levels of service.

During FY 20-21, we completed a data collection effort, to build an asset management model that supports the risk-to-cost decision matrix. We acquired missing equipment age and established baseline condition data for all of our major assets at the Tri-City and Kellogg Water Resource Recovery Facilities. We have updated our business exposure risk evaluation metrics that assess the likelihood and consequence of asset failure. The enhancement of our data, coupled with capital budget estimates, supports rigorous data-driven asset management plans. We are currently testing our new model as part of our annual capital improvement process.

During FY 21-22, we will fine tune our new asset management model and begin to construct informational dashboards, that articulate the current state of our assets and future renewal replacement needs. We will be implementing new software for collection system flow monitoring, fleet GPS and data acquisition, and a new system for blending operational continuous monitoring data with regulatory compliance sampling data, for improved process decisions.

Key Performance Measures

		FY 18-19 Actual	FY 19-20 Actual	FY 20-21 Target	FY 20-21 Actuals as of 12/31/20	FY 21-22 Target
Output	# asset inventories completed/expected	20	40	35	25	35
Result	100% of new assets mapped and entered into the maintenance management system within six months of construction acceptance.	42%	52%	100%	60%	100%
Output	# asset renewal/replacement plans provided/expected	3	3	3	3	3
Output	# asset condition assessments completed/expected	725	1,923	750	205	500

Program includes:

Mandated Services

Shared Services

Grant Funding

Explanation

The Asset Management program provides services which are mandated by state and federal public procurement laws and are subject to the requirements of the Clean Water Act and OAR 340, Division 45.



Asset Management

Budget Summary

	FY 18-19 Actual	FY 19-20 Actual	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
Materials and Services: WES Labor	840,816	858,735	997,012	918,898	1,077,499	80,487	8%
Materials and Services: Other	396,782	439,754	592,510	579,766	614,721	22,211	4%
Operating Expenditure	1,237,598	1,298,489	1,589,522	1,498,664	1,692,220	102,698	6%
Total Exp - Including Special Categories	1,237,598	1,298,489	1,589,522	1,498,664	1,692,220	102,698	6%

Full Time Equiv Pos (FTE) Budgeted	8.35	8.28	7.60	7.60	7.68	0.08	1%
Full Time Equiv Pos (FTE) Filled at Yr End	7.27	6.83	7.60	6.57			
Full Time Equiv Pos (FTE) Vacant at Yr End	1.08	1.45	0.00	1.03			

Significant Issues and Changes

During FY 21-22, the Asset Management Program budget is expected to increase by 6%, once we've filled our current FTE vacancy. We have continued creating operational efficiencies with our consolidation of software, hardware and supporting professional services budgets. This work has allowed us to take on new projects while not increasing the overall Materials and Services: Other budget. We are continuing our improvements to optimize the systems and ensure we have the staffing capacity to support them.



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Environmental Services



Line of Business Purpose Statement

The purpose of the Environmental Services Line of Business is to provide monitoring and assessment and pollution prevention services to WES staff, and permitting services to permit applicants, and the broader community so they can access and appropriately use WES' infrastructure and understand their potential impact on water quality.

Water Environment Services

Greg Geist - Director

FTE 115.00

Total Program Operating Budget Request \$29,887,030*

Environmental Services

Ron Wierenga - Mgr

Total Request
\$5,574,583

Permit Services

Ron Wierenga - Mgr

FTE 8.99
Total Request
\$1,809,644

Watershed Protection

Ron Wierenga - Mgr

FTE 5.50
Total Request
\$2,257,055

Environmental Monitoring

Ron Wierenga - Mgr

FTE 6.01
Total Request
\$1,507,884

*Total Request includes Equipment Pool Contra-Expense of (\$421,602)

Environmental Services



Permit Services

Purpose Statement

The purpose of the Permit Services program is to provide permit consultation, review, and approval services to developers, businesses, and industrial users so they can gain access to WES's systems in a timely fashion and appropriately discharge wastewater and stormwater.

Performance Narrative Statement

Strategic results for the Permits program center on 1) efficient and timely permitting for customers seeking to access WES's infrastructure, and 2) compliance with WES's rules for use of the infrastructure. Year-to-date program performance is very good, with all results exceeding the strategic targets. Nearly all plans submitted for review are turned around in 3 weeks or less. And 88% of the projects that were permitted were done so with 3 or fewer submittals, meaning applicants are getting through the process more efficiently. The program's major initiative to update WES's rules and standards is intended to provide greater clarity about WES requirements and application process thus should further reduce the number of overall project submittals.

Over 90% of permitted industrial waste dischargers are in compliance with their WES-issued permits at any given time, indicating a high compliance rate, despite some of the challenges industries were facing due to the COVID-19 pandemic, such as submitting their monitoring reports on time.

Additional program performance highlights include:

- The initiative to update WES's rules and regulations, design standards, and administrative procedures continued this year, although, the project slowed considerably due to the COVID-19 pandemic, as collaboration on document writing was more challenging. Additional policies were also put on the table for incorporation into the rule update which took more time to work through. Currently, the plan is for a public review of draft rules and standards documents in early 2021. Adoption hearings are planned for later in the year with implementation of the new rules and standards is a significant program focus for the upcoming FY.
- The number of erosion control inspections of construction projects continues to increase with a high compliance rate from permittees, as indicated by the absence of violations and penalties issued to permittees by Oregon DEQ.
- Permitting staff were challenged by the COVID-19 pandemic, yet maintained a high rate of output and performance. All of the work of the Permits program was performed with a combination of remote, in-office, and field work. No one part of the program's work can be performed entirely remotely at present. Moving forward, we will look for additional ways to do our work remotely, including taking credit card payments for fees and charges, and accessing records the we currently only have in paper format.

Key Performance Measures

		FY 18-19 Actual	FY 19-20 Actual	FY 20-21 Target	FY 20-21 Actuals as of 12/31/20	FY 21-22 Target
Output	# industry compliance inspections	31	43	45	22	45
Output	# permitted Equivalent Dwelling Units (EDUs)	629	1,052	500	317	500
Result	80% of sanitary and storm plan reviews are completed within three weeks of submittal.	99%	99%	80%	100%	80%
Output	# sanitary and storm plan reviews	473	247	150	159	150
Result	90% of permitted industrial customers are in compliance with wastewater discharge rules.	92.83%	94.25%	90%	91%	90%

Program includes:

Mandated Services

Shared Services

Grant Funding

Explanation

The review of sanitary sewer and stormwater plans and specifications are authorized by District Rules and Regulations, and are required by state law, including ORS 468B, Water Quality, and by rule, including OAR 340 Division 52.

The discharge of industrial wastes to sanitary sewer are authorized by District Rules and Regulations, and are permitted by state law, including ORS 468B, Water Quality, and by rule, including OAR 340 Division 45.

Environmental Services



Permit Services

Budget Summary

	FY 18-19 Actual	FY 19-20 Actual	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
Materials and Services: WES Labor	1,035,528	1,185,214	1,288,661	1,150,306	1,321,332	32,671	3%
Materials and Services: Other	370,577	387,676	321,815	252,385	488,312	166,497	52%
Operating Expenditure	1,406,105	1,572,890	1,610,476	1,402,691	1,809,644	199,168	12%
Total Exp - Including Special Categories	1,406,105	1,572,890	1,610,476	1,402,691	1,809,644	199,168	12%
Full Time Equiv Pos (FTE) Budgeted	8.97	8.61	8.99	8.99	8.99	0.00	0%
Full Time Equiv Pos (FTE) Filled at Yr End	8.21	8.64	8.99	7.69			
Full Time Equiv Pos (FTE) Vacant at Yr End	0.76	-0.03	0.00	1.30			

Significant Issues and Changes

The Permit Services Program proposes a \$1.81M operating budget to support land development and industrial permits for WES' sanitary sewer and surface water systems. These resources allow for permit consultations, reviews, approvals, and inspection services to residential and business property owners, including industrial dischargers. The FY 2021-22 budget represents a 12% increase from the previous FY budget. Overall, discretionary materials and services line items were increased in FY 2021-22 due to the increased need for contracted services for projects, including continuing to support the adoption and likely revisions of WES' new Rules and Standards, and a one-time project to update discharge limits for industrial wastewater permits issued by WES. In addition, WES was directed to assume administration of the county's boundary consultant for annexations in to WESs service districts, adding \$50K to the Permit's program budget. In addition, fixed costs like county allocations, insurance, and rent increased by approximately \$45K over the previous FY. The program currently has two vacancies in Industrial Permits, which will be filled by the start of FY 2021-22. Labor allocations remained the same this FY so total program FTE didn't change, and there was a 3% increase in the program's labor budget.

**Purpose Statement**

The purpose of the Watershed Protection Program is to provide surface water protection and restoration services to residents of WES' service areas so they can benefit from healthy and clean streams.

Performance Narrative Statement

Strategic results for the Watersheds program focus on long-term outcomes realized by the implementation of a broad range of services, including assessments and plans to target water quality improvement activities, watershed health education that informs the public how they can help protect water quality, pollution prevention activities including inspection and enforcement, and on-the-ground restoration.

WES staff inspected 44 businesses to date this FY and the percentage determined as having adequate pollution controls and exhibiting proper maintenance of their storm systems complying is averaging 46% for the first two quarters. Strategic performance is just below the 50% target for businesses being in compliance with WES's rules, however, is trending up from previous years. The number of completed inspections is tracking toward the annual target of 75, despite challenges of doing inspections during the COVID-19 pandemic. There is also a significant amount of follow-up work with businesses, which impacts staff resources to do new inspections. Performance is expected to increase as more inspections are done, the rules and standards are updated to be clearer about expectations, and more watershed health education is done to make business owners aware of their obligations and their impact on water quality.

Another long-term strategic result is that streams in WES's service area meet Oregon water quality criteria. Of the 9 streams routinely monitored by WES 5 of them failed to meet two or more water quality criteria this FY, and as a result 44% meet the quality goal, reflecting the difficulty of this particular challenge to improve water quality after decades of degradation. Only through ongoing, collaborative implementation of pollution prevention measures, along with targeted restoration projects, will this result improve.

WES's Watersheds program staff were heavily involved in the development of the draft Municipal Stormwater Permit, likely to be issued later this year. This will have a significant impact on WES and county surface water management programs, and planning for compliance with the new permits will be a strategic initiative for next FY.

Watershed Health education events are on target to meet annual goal. While the number of acres planted through December 2020 are zero, this program is on-track to meet the target of 15 acres. Several restoration planting projects, supported primarily through RiverHealth grants, will be completed spring of 2021. WES is partnering with the Home Builders Association to engage in education activities at the 2021 Street of Dreams in Happy Valley.

WES initiated a comprehensive storm system master plan this past fiscal year, and completed initial project scoring and prioritization, which will establish a Capital Improvement Plan for upcoming years. Restoration planning of WES's 3 Creeks Natural Area was also initiated, which will entail intensive site analyses and inventory, community engagement this fiscal year and next.

In January 2020, the County updated its strategic plan, in which it reduced the number of strategic results and initiatives to 12 from 28, and as a result removed the initiative for a county water quality management plan. Work on this initiative has been suspended pending the outcome of significant water quality regulations currently in development, including a revised Willamette River TMDL and pending municipal stormwater permits. It's possible, given the capacity of departments to do the work, that this initiative will be revisited next FY.

Key Performance Measures

		FY 18-19 Actual	FY 19-20 Actual	FY 20-21 Target	FY 20-21 Actuals as of 12/31/20	FY 21-22 Target
Result	30% of streams within WES' jurisdiction meet or exceed water quality standards.	22%	11%	30%	44%	30%
Result	50% of inspected businesses comply with stormwater standards upon initial inspection, as evidenced by adequate pollution controls and storm system maintenance.	42%	33%	50%	46%	50%
Output	# commercial/industrial site pollution prevention visits	58	24	75	44	75
Output	Acres of ponds and streamside planted	39.3	33.69	15	0	15

Program includes:

Mandated Services	<input type="text" value="Y"/>
Shared Services	<input type="text" value="N"/>
Grant Funding	<input type="text" value="Y"/>

Explanation

Program activities support compliance with Municipal Stormwater and WPCF UIC permits, and TMDL orders, through Oregon DEQ's statutory authority in ORS468B and by Rule in OAR 340-4 and 340-44, and 340-42, respectively.

Environmental Services

Watershed Protection



Budget Summary

	FY 18-19 Actual	FY 19-20 Actual	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
Materials and Services: WES Labor	710,362	776,011	722,566	874,321	916,151	193,585	27%
Materials and Services: Other	680,421	909,354	1,102,784	1,017,967	1,340,904	238,120	22%
Operating Expenditure	1,390,783	1,685,365	1,825,350	1,892,288	2,257,055	431,705	24%
Total Exp - Including Special Categories	1,390,783	1,685,365	1,825,350	1,892,288	2,257,055	431,705	24%

Full Time Equiv Pos (FTE) Budgeted	4.56	5.10	4.55	4.55	5.50	0.95	21%
Full Time Equiv Pos (FTE) Filled at Yr End	5.43	5.37	4.55	5.40			
Full Time Equiv Pos (FTE) Vacant at Yr End	-0.87	-0.27	0.00	-0.85			

Significant Issues and Changes

The Watershed Protection Program proposes a \$2.257M operating budget to support surface water protection and restoration services in WES' service area. The program is fully staffed with no current vacancies. The labor budget is up about one FTE because of adjusted labor allocations among WES programs, with fewer hours supporting other programs and also reduced staff time for capital projects. The FY 2021-22 budget represents about a 24% increase from the FY 2020-21 budget, more comparable to previous years like the FY 2019-20 budget. Most of this increase is budget for contract services, including several key, one-time initiatives like the third year of the storm system master plan. There is budget for two new planning initiatives on the horizon, one related to water quality management planning for upcoming Total Maximum Daily Load (TMDL) updates, the other a joint project with the Development Agency for infrastructure planning in underserved areas in North Clackamas urban area.

In this upcoming FY, storm system inspection and pollution prevention assistance will continue to be a core focus. Watershed health education will increase so that customers understand their impact on water quality and will know how to help improve it. RiverHealth grants will continue to be provided to grass-roots organizations to do restoration and watershed health education in the community.

Budget was carried over from FY 2020-21 to support a county-level water quality management plan. A potential outcome of the Willamette River Mercury TMDL by Oregon Department of Environmental Quality, and the associated Water Quality Management Plan, is an order by the state for WES and Clackamas County departments to update their implementation plans to improve water quality. The TMDL is now final, so WES and Clackamas County departments will soon know requirements and next steps.

Environmental Services

Environmental Monitoring



Purpose Statement

The purpose of the Environmental Monitoring Program is to provide sample collection, analysis and reporting services to WES Programs so they can operate the treatment plants and collection systems effectively and comply with regulatory permit requirements.

Performance Narrative Statement

WES's sample collection and analyses efforts are internally focused, thus performance is measured by getting data in the hands of people who need it as quickly as possible. Strategic results for this program focus on turn-around time in the laboratory, a common measure of performance for commercial analytical labs, which is having 80% of lab analyses ready to report to customers within 15 days of receiving a sample. This means running the test, entering data, and doing quality control validation of data before reporting it to lab users.

Currently the program's strategic performance is tracking below target, with a 71% average for the first two quarters of the FY. Individual months ranged from as high as 89% and as low as 40% of data ready to report in two weeks. The main reason for this is significant impacts to staffing this year. Two of the 5 lab staff were both on leave for extended periods of time, starting in July and running well into November. There were also intermittent absences due to COVID-19 leave. The lab had to prioritize testing samples within holding times, which is a core function and a regulatory requirement, and also entering data into LIMS, and thus delaying quality control validation. More tests than usual were sent to outside labs, however, even this data needs to be entered and validated by WES lab staff, so is impacted by the same bottleneck. In order to free up more staff time for quality control validation, lab management will establish contracts with private labs in Q3 to send more tests out, likely metals and nutrient analyses, freeing up more time to move data through the process.

Staff continue to focus on improvements to WES's analytical database, Labworks, which is a critical tool for getting data and reports to customers. Improvements to database configuration will allow for much-needed upgrades that will offer data entry, automation, data querying, and reporting efficiencies.

The main output for the lab is the number of tests, which continues to be high and is tracking towards the 30,000 tests a year target, showing a continued high demand for lab services within the organization.

Additional program performance highlights include:

- The lab played a major role in the Tri-City solids digester and centrifuge start up, analyzing dozens of solids samples a week to inform operations about process performance. This project was the highest priority for the lab, with most of the data turned around in less than 24 hours.
- The lab and Operations staff participated in a six-week national COVID-19 wastewater surveillance study sponsored by the US Department of Health and Human Services and the Centers for Disease Control and Prevention. The data is made available to local and state public health departments for their use in managing the pandemic. Staff collected two composite wastewater samples each week and shipped them to Arizona for testing. Both of WES's wastewater treatment plants, Tri-City and Kellogg Creek, will continue conduct testing in phase 2 of the national program, starting in March 2021.
- The monitoring program continued to support the wastewater flow monitoring initiative led by WES's Engineering team, which provides data critical for inflow/infiltration analysis and planning. The Engineering program expanded the flow monitoring network this year, increasing the amount of support needed by WES's monitoring staff. Additional network expansions are planned later this year. In addition, the monitoring program is expanding the precipitation monitoring network by installing 7 new rain gages throughout WES's service area, which will be done through a contract starting in Q3 of this fiscal year.

Key Performance Measures

		FY 18-19 Actual	FY 19-20 Actual	FY 20-21 Target	FY 20-21 Actuals as of 12/31/20	FY 21-22 Target
Output	# surface water and wastewater samples analyzed	31,659	29,562	30,000	10,768	30,000
Result	80% of analyses are ready to report within 15 days of receiving a sample	74.33%	80.47%	80%	71.33%	80%
Output	Laboratory maintains ORELAP accredited status	Accredited	Accredited	Accredited	Accredited	Accredited

Program includes:

Mandated Services

Shared Services

Grant Funding

Explanation

The Environmental Monitoring Program is mandated by the State of Oregon for sampling and collection services following the water quality permit (ORS 468B.050) issued by the DEQ, the Federal Clean Water Act, the Code of Federal Regulations (40 CFR Part 136 and Part 503) for sampling and collections, EPA Methods, Standard Methods and Industrial pre-treatment (40 CFR Part 403).



Environmental Services

Environmental Monitoring

Budget Summary

	FY 18-19 Actual	FY 19-20 Actual	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
Materials and Services: WES Labor	772,076	787,548	807,203	723,424	824,399	17,196	2%
Materials and Services: Other	430,105	467,558	803,245	537,016	683,485	(119,760)	-15%
Operating Expenditure	1,202,181	1,255,106	1,610,448	1,260,440	1,507,884	(102,564)	-6%
Total Exp - Including Special Categories	1,202,181	1,255,106	1,610,448	1,260,440	1,507,884	(102,564)	-6%
Full Time Equiv Pos (FTE) Budgeted	6.07	5.71	5.86	5.86	6.01	0.15	3%
Full Time Equiv Pos (FTE) Filled at Yr End	6.29	5.99	5.86	5.02			
Full Time Equiv Pos (FTE) Vacant at Yr End	-0.22	-0.28	0.00	0.84			

Significant Issues and Changes

The Environmental Monitoring Program proposes a \$1.508M operating budget to provide sample collection, analysis and reporting services to WES Programs so they can operate the treatment plants and collection systems effectively, and comply with regulatory permit requirements. The FY 2021-22 budget represents a 6% decrease from the previous FY budget. Materials and Services: Other decreased by about 15% reflecting some minor changes in contracted work. Budget was carried over for a macroinvertebrate and geomorphic evaluation of streams in WES's service area, which occurs every three years in an effort to track stream health. This project was delayed last year due to the COVID-19 pandemic. There is also a new contract to update and expand WES's rainfall monitoring network that provides important data for wastewater and storm system planning and operations. A 5-year contract was awarded for this work beginning in early 2021.

A slight increase in staff resources for the program of about 0.15 FTE or 3% reflects proportioning staff time from programs for planned studies. WES's Engineering Program continues to deploy wastewater flow monitoring stations in an effort to evaluate wastewater collection system capacity and opportunities to reduce Inflow and Infiltration (I/I), so program staff have increased the time dedicated to operate the continuous flow-gaging network.



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Line of Business Purpose Statement

The purpose of the Operations Line of Business is to provide collection and conveyance, treatment, and resource recovery services to ratepayers so they can have properly functioning infrastructure that supports healthy waterways and a vibrant economy.

Water Environment Services

Greg Geist - Director

FTE 115.00

Total Program Operating Budget Request \$29,887,030*

Operations

Greg Eyerly - Mgr

Total Request

\$16,589,221

Resource Recovery

Greg Eyerly - Mgr

FTE 7.30

Total Request

\$2,154,749

Plant Operations and Maintenance

Greg Eyerly - Mgr

FTE 33.23

Total Request

\$10,700,716

Field Operations and Maintenance

Greg Eyerly - Mgr

FTE 15.85

Total Request

\$3,733,756

*Total Request includes Equipment Pool Contra-Expense of (\$421,602)

Resource Recovery



Purpose Statement

The purpose of the Resource Recovery Program is to provide coordination and support for resource recovery and conservation services to WES programs, rate payers, and local communities so they can save money and live in sustainable communities.

Performance Narrative Statement

ENERGY: In 2021, the Kellogg refurbishment will be complete and we will begin to enroll in the SEM program for the Kellogg Plant and re-enroll at Tri-City. In addition, with approval from the BCC, WES will be pursuing renewable energy credits and community solar subscriptions that will help offset greenhouse gas emission and energy usage. Tri-City signed a load reduction agreement that will allow Tri-City to review real-time data and reduce the load when asked by PGE to receive incentives. With the start-up of the new engine generator in the 3rd quarter at Tri-City as part of the Solids Handling Upgrades, we hope to hit our energy target of \$145 per million gallons processed.

SOLIDS REUSE: Purchasing used land application equipment has reduced costs and help WES achieve 100% beneficial reuse for most months. However, weather effects and the digester cleaning and startup at TC impaired the ability to meet the 85% target for beneficial reuse in the second quarter.

WATER REUSE: TC Operations continues to use plant effluent for in-plant needs. This reduces potable water costs. We expect to increase this usage with the new W3 process. Recycled water would be able to meet 90% of the organization's potable water consumption if feasible.

Key Performance Measures

		FY 18-19 Actual	FY 19-20 Actual	FY 20-21 Target	FY 20-21 Actuals as of 12/31/20	FY 21-22 Target
Output	Metric tons of solids produced	3,298	2,288	2,158	809	2,000
Efficiencies	Energy cost / volume processed (MG)	\$253	\$196	\$145	\$160	\$145
Output	Gallons of recycled water used	296.16	299.35	450	138.56	300
Demand	Gallons of recycled water needed	325.48	316.30	450	151.71	300
Result	WES will beneficially reuse 85% of recovered solids	54%	93%	85%	95%	85%

Program includes:

Mandated Services

Shared Services

Grant Funding

Explanation

The Resource Recovery Program provides solids disposals which meet all requirements set forth in Oregon Administrative Rules (OAR) Chapter 340, Division 50 and Title 40 Code of Federal Regulations Part 503.



Operations

Resource Recovery

Budget Summary

	FY 18-19 Actual	FY 19-20 Actual	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
Materials and Services: WES Labor	882,908	927,106	1,133,612	642,288	981,675	(151,937)	-13%
Materials and Services: Other	896,303	750,293	1,155,635	731,049	1,173,074	17,439	2%
Operating Expenditure	1,779,211	1,677,399	2,289,247	1,373,337	2,154,749	(134,498)	-6%
Total Exp - Including Special Categories	1,779,211	1,677,399	2,289,247	1,373,337	2,154,749	(134,498)	-6%
Full Time Equiv Pos (FTE) Budgeted	7.52	7.90	8.09	8.09	7.30	-0.79	-10%
Full Time Equiv Pos (FTE) Filled at Yr End	8.68	7.76	8.09	5.42			
Full Time Equiv Pos (FTE) Vacant at Yr End	-1.16	0.14	0.00	2.67			

Significant Issues and Changes

The Resource Recovery program proposes a \$2,154,749 operating budget, this is a 6% decrease from FY 20-21 and the third fiscal year in a row that the budget has decreased. The Resource Recovery program will need to continue to utilize a third party on occasion to conduct hauling of Biosolids to Sherman County to cover driver shortages as we experience a number of retirements in the department. The solids hauling program is under financial evaluation at this time. Performance metrics for Resource Recovery are being closely monitored to improve our overall department efficiency. Due to several positions remaining vacant, this has resulted in a reduction of labor costs for this FY.



Plant Operations and Maintenance

Purpose Statement

The purpose of the Plant Operations and Maintenance program is to provide treated wastewater effluent, recycled water, and recovered resources to the community so they can experience healthy communities.

Performance Narrative

This year was the third year for the key operating metrics of wastewater treatment effectiveness rate and planned maintenance activities. The Boring treatment plant continues to be out of compliance in winter months requiring supplemental hauling to avoid a discharge violations therefore the data is more optimistic than it should be. Wastewater Treatment Effectiveness rate has increased by 1.77% from the previous year. Though this may seem encouraging, the increase in effectiveness rate is mostly due to reducing the violations at Boring by hauling and there was a slight decrease in effectiveness rate at Kellogg and Tri-City treatment plants. The Boring Plant will be decommissioned and repurposed into a large pump station that will discharge into WES Sanitary System. In the future, Wastewater Treatment effectiveness will be further evaluated to see if we will keep or change. In FY 20/21 the Boring Treatment Plant was in compliance, however, we had additional compliance challenges at Kellogg and Tri City.

The percentage of planned maintenance activities year-to-date is 84% up from 75.78% the previous year. The goal of 75% maintenance activities has been increased in the coming year to 78%.

Total plant flows treated only represent one half of the fiscal year to date are largely dependent upon weather. Increased efforts in I&I reduction will take years to see a tangible impact and with increased population, the trend for flow increase may just flatten rather than see a net decrease in flow.

Key Performance Measures

		FY 18-19 Actual	FY 19-20 Actual	FY 20-21 Target	FY 20-21 Actuals as of 12/31/20	FY 21-22 Target
Result	WES will continually achieve a "wastewater treatment effectiveness rate" of 85% in addition to 100% permit compliance. (Treatment effectiveness rate is calculated on a daily basis for all facilities. The number of compliance samples that are outside of internal control limits divided by the total number of compliance samples. Internal control limits are set well within compliance limits to decrease violations through early detection of system failures.)	93.75%	95.52%	100%	98.23%	100%
Result	75% of all WES Maintenance activities will be planned efforts to address performance deficiencies or enhancements.	65.38%	75.78%	75%	84%	78%
Output	Billion gallons of treated wastewater	5.37	5.17	7.00	2.59	7.00

Program includes:

Mandated Services

Shared Services

Grant Funding

Explanation

Wastewater treatment is mandated under the Clean Water Act (CWA 33 U.S.C. §1251et seq 1972.) The Oregon Department of Environment Quality issues a NPDES permit for treatment systems to discharge directly to surface waters.

Plant Operations and Maintenance



Budget Summary

	FY 18-19 Actual	FY 19-20 Actual	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
Materials and Services: WES Labor	3,622,864	3,988,630	4,225,141	4,256,005	4,898,040	672,899	16%
Materials and Services: Other	4,963,017	5,104,483	5,811,318	5,989,587	5,802,676	(8,642)	0%
Operating Expenditure	8,585,881	9,093,113	10,036,459	10,245,592	10,700,716	664,257	7%
Total Exp - Including Special Categories	8,585,881	9,093,113	10,036,459	10,245,592	10,700,716	664,257	7%
Full Time Equiv Pos (FTE) Budgeted	31.22	32.06	30.78	30.78	33.23	2.45	8%
Full Time Equiv Pos (FTE) Filled at Yr End	32.56	33.50	30.78	30.51			
Full Time Equiv Pos (FTE) Vacant at Yr End	-1.34	-1.44	0.00	0.27			

Significant Issues and Changes

The Plant Operations and Maintenance Program proposes a \$10,700,716 operating budget for FY 2021-22 which is an increase of \$664,257 or 7% from FY 2020-21

The increase in WES Labor of 16% or \$673 thousand is due to additional staffing and budgeted Standby pay. This is being done to reduce response time to alarms and unplanned disruptions in plant and pump station operations.

The budget for Materials and Services: Other reflects a minor decrease from FY 2020-21. Increases in chemicals and electrical costs driven by the completion of the Solids Handling project are partially offset by a decrease in interagency coordination and other county services. The decrease in interagency coordination is due to the re-categorization of Good Neighbor fund contributions to the Special Payments category to better reflect the nature of the expense. This program is also budgeting an increase in repair and maintenance supplies and purchased repairs and maintenance related to an effort to achieving Performance Clackamas goals.



Field Operations and Maintenance

Purpose Statement

The purpose of the Field Operations and Maintenance Program is to provide collection and conveyance system maintenance services to homes and businesses within WES' service areas so they can benefit from properly functioning infrastructure that supports water quality and reduces sewage backups and storm related flooding.

Performance Narrative Statement

We recognize that the performance metrics are not being met for a variety of reasons to include, the pandemic, as well as a number of prolonged emergencies and related shifts in priorities that have consumed a large portion of Field Operations' time and resources. We are working through Lucity, our computerized maintenance management system, and a collaborative effort with all divisions within WES to better support Field Operations and shift the direction of the work. We will leverage our Asset Management System to provide predictive maintenance and repairs to prevent larger emergency responses in addition to after action reviews of the events of 2020 to improve resiliency in the future.

Key Performance Measures

		FY 18-19 Actual	FY 19-20 Actual	FY 20-21 Target	FY 20-21 Actuals as of 12/31/20	FY 21-22 Target
Result	Clean 33.3% of all WES-owned or operated catch basins per year, such that the entire system is cleaned every three years.	39.57%	16.20%	33.0%	1.82%	33.0%
Result	Camera inspect, clean and provide preventative maintenance to 16.7% (approximately 54 miles of pipe) of the sanitary collection system each year, such that the entire system is inspected and maintained every six years.	14.18%	12.10%	16.7%	5.72%	16.7%
Result	75% of all WES Maintenance activities will be planned efforts to address performance deficiencies or enhancements.	65.38%	75.78%	75.0%	11.50%	75.0%

Program includes:

Mandated Services

Shared Services

Grant Funding

Explanation

Utility Locates: The Attorney General's Model Rules of Procedure under the Administrative Procedures Act, which became effective January 1, 2012, are by this reference adopted as rules of administrative procedure of the Board of Directors for the Oregon Utility Notification Center and are controlling except as otherwise required by statute or rule. (Stat. Auth.: ORS 757.552, Stat. Implemented: ORS 183.341, 757.552, Hist.: OUNC 2-2013, f. & cert. ef. 11-14-13)

Field Operations and Maintenance



Budget Summary

	FY 18-19 Actual	FY 19-20 Actual	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
Materials and Services: WES Labor	1,354,768	1,411,176	1,893,248	1,625,068	1,907,624	14,376	1%
Materials and Services: Other	1,953,525	2,063,507	2,312,624	2,272,648	1,826,132	(486,492)	-21%
Operating Expenditure	3,308,293	3,474,683	4,205,872	3,897,716	3,733,756	(472,116)	-11%
Total Exp - Including Special Categories	3,308,293	3,474,683	4,205,872	3,897,716	3,733,756	(472,116)	-11%

Full Time Equiv Pos (FTE) Budgeted	12.65	13.39	14.50	14.50	15.85	1.35	9%
Full Time Equiv Pos (FTE) Filled at Yr End	12.92	12.33	14.50	13.04			
Full Time Equiv Pos (FTE) Vacant at Yr End	-0.27	1.06	0.00	1.46			

Significant Issues and Changes

The Field Operations and Maintenance Program proposes a \$3,733,756 operating budget for FY 2021-22 which is a decrease of \$472,116 or 11% from FY 2020-21.

The 21% or \$486 thousand decrease in Materials & Services: Other is primarily caused by the re-categorization of city right-of-way fees previously budgeted under Interagency Coordination to the Special Payments budget category. City right-of-way fees are collected by WES on behalf of the cities who then receive 100% of the revenue. The re-categorization to the Special Payments category better reflects the nature of the expense since goods and services are not received in return. While Materials and Services reflects an overall decrease, FY 2021-22's budget does include increased funding for purchased repairs and maintenance for flagging and traffic control. This is being added to better meet our performance metrics and goals.

The FY 2021-22 WES Labor budget reflects an increase in comparison to FY 2020-21 projects due to the inclusion of Standby pay. This is being done to reduce response time to alarms and unplanned disruptions in plant and pump station operations.



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Budget Detail



WES field operators using video to inspect the pipes

INTRODUCTION

In November of 2016, the Board of County Commissioners for Clackamas County, Oregon (BCC) unanimously adopted an ORS 190 agreement (the “Agreement”) creating Water Environment Services (WES), a separate legal entity in the form of a municipal partnership, on behalf of and including Clackamas County Service District No. 1 (CCSD No. 1) and Tri-City Service District (TCSD). The Surface Water Management Agency of Clackamas County (SWMACC) joined the WES 190 partnership in June of 2017. The three service districts continue to exist, and their boundaries continue to change and define the scope of WES. Pursuant to the Agreement, the direction of the BCC is that the management, operations, regulatory affairs, and financial affairs (excepting previously existing debt) of the partner districts be integrated to achieve financial, governance, and operational efficiency benefits for the stakeholders of each member district.

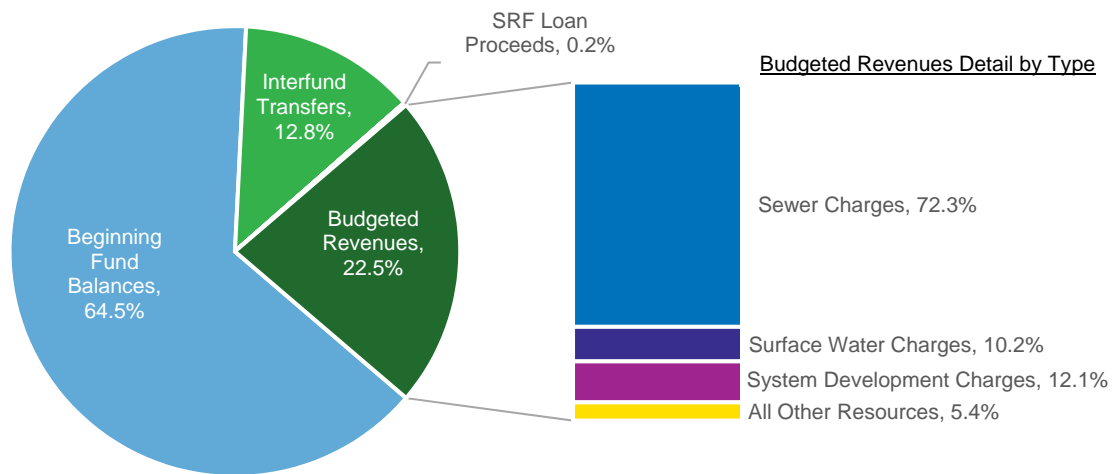
On July 1, 2017, TCSD’s and SWMACC’s operations were fully transferred to WES. This transfer was actuated through the contribution of TCSD’s and SWMACC’s end of FY 2016-17 reserves to the WES partnership. The full and complete integration of CCSD No. 1’s operations into WES took place on July 1, 2018 via the contribution of CCSD No. 1’s end of FY 2017-18 reserves to WES.

Clackamas Water Environment Services
FY 2021-22 BUDGET - CONSOLIDATED FINANCIAL SCHEDULE - ALL FUNDS

SERVICE CATEGORY	Sanitary Sewer			Surface Water			Debt Service	TOTAL
FUND DESCRIPTION	Operating Fund	System Development Charge Fund	Construction Fund	Operating Fund	System Development Charged Fund	Construction Fund	Debt Service Fund	PROPOSED BUDGET
RESOURCES								
Beginning Fund Balance	\$ 7,986,018	\$ 45,383,561	\$ 81,771,998	\$ 6,582,369	\$ 2,453,629	\$ 5,677,421	\$ 9,977,103	\$ 159,832,099
Sales and Services								
Retail Sewer Charges	25,572,900							25,572,900
City Payments	14,759,700							14,759,700
Surface Water Charges				5,716,300				5,716,300
System Development Charges	255,000	6,375,600			120,000			6,750,600
Charges for Services - All Other	915,300							915,300
Interest Income	75,900	431,100	776,800	62,500	23,300	53,900	94,800	1,518,300
Permits	46,650							46,650
Special Assessment Collections	10,000						205,000	215,000
Penalties	51,100							51,100
Miscellaneous Income	114,220			157,500				271,720
Subtotal - Revenues	41,800,770	6,806,700	776,800	5,936,300	143,300	53,900	299,800	55,817,570
Other Financing Sources								
Revenue from Bonds & Other Debts			500,000					500,000
Interfund Transfers In			15,500,000			3,000,000	13,055,537	31,555,537
TOTAL RESOURCES	\$ 49,786,788	\$ 52,190,261	\$ 98,548,798	\$ 12,518,669	\$ 2,596,929	\$ 8,731,321	\$ 23,332,440	\$ 247,705,206
REQUIREMENTS								
Materials and Services								
WES Labor	\$ 12,193,273			\$ 3,167,937				\$ 15,361,210
Professional Services	2,546,797			1,098,858				3,645,655
Other County Services	1,940,905			805,115				2,746,020
Supplies	2,410,648			71,568				2,482,216
Administrative	1,588,176			577,578				2,165,754
Utilities	1,837,355			7,050				1,844,405
Repair & Maintenance	853,800			391,000				1,244,800
Rents & Leases	304,935			92,035				396,970
Subtotal - Materials and Services	23,675,889			6,211,141				29,887,030
Special Payments	1,106,600							1,106,600
Capital Outlay		1,254,000	22,877,000			1,092,000		25,223,000
Debt Service							13,167,587	13,167,587
Interfund Transfers Out	19,860,656	8,694,881		3,000,000				31,555,537
Contingency	3,946,000	627,000	11,438,500	1,035,000		273,000		17,319,500
Unappropriated Ending Fund Balance and Reserves	1,197,643	41,614,380	64,233,298	2,272,528	2,596,929	7,366,321	10,164,853	129,445,952
TOTAL REQUIREMENTS	\$ 49,786,788	\$ 52,190,261	\$ 98,548,798	\$ 12,518,669	\$ 2,596,929	\$ 8,731,321	\$ 23,332,440	\$ 247,705,206
CHANGES IN FUND BALANCE								
Net Increase (Decrease) in Fund Balance	(6,788,375)	(3,769,181)	(17,538,700)	(4,309,841)	143,300	1,688,900	187,750	(30,386,147)
% Change	-85%	-8%	-21%	-65%	6%	30%	2%	-19%

RESOURCES

WES SANITARY SEWER AND SURFACE WATER FUNDS RESOURCES, PROPOSED FY 2021-22

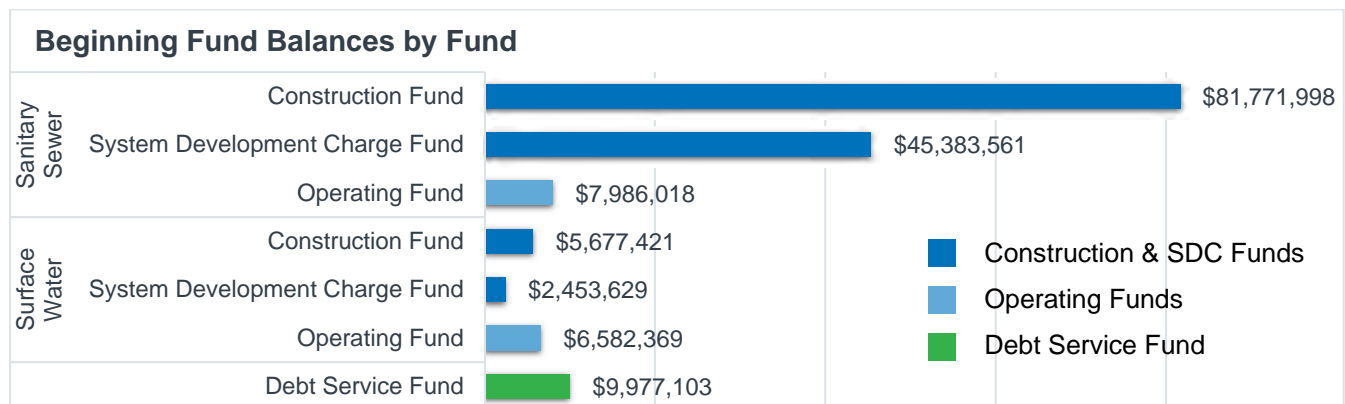


TOTAL RESOURCES - \$247,705,206

Total resources are proposed to be \$247,705,206. WES' FY 2021-22 resources are derived from four main sources: beginning fund balances, budgeted revenues, interfund transfers, and a State Revolving Fund (SRF) contribution.

BEGINNING FUND BALANCES – 64.5% of Resources

Beginning fund balances represent amounts carried forward from prior fiscal years. WES' beginning fund balances consists of the combined beginning fund balances from all funds within WES: Sanitary Sewer and Surface Water Operating Funds, Sanitary Sewer and Surface Water Construction Funds, Sanitary Sewer and Surface Water System Development Charge (SDC) Funds, and the Debt Service Fund.



Of the approximately \$159.8 million total in WES' beginning fund balances, \$127.1 million is in the Sanitary Sewer Construction and SDC funds and \$8.1 million is in the Surface Water Construction and SDC Funds. The beginning fund balances in these funds will be used to fund current and future year capital outlay. The beginning balance in the Debt Service Fund totals approximately \$10.0 million; this resource will be used to pay current and future year principal and interest on long term debt. The remaining \$14.6 million is in the Sanitary Sewer and Surface Water Operating Funds where these resources ensure adequate cash flow for operations until current year revenues are received. In support of WES' substantial anticipated capital investments, the organization has built reserves over time in order to avoid large rate spikes in the future. The balances described here reflect that strategy.

BUDGETED REVENUES – 22.5% of Total Resources

WES' budgeted revenues for FY 2021-22 are projected at \$55.8 million, an increase of 2.6% or \$1.4 million from the 2020-21 FY budget primarily due to increased sewer and surface water charge revenue. Budgeted sewer and surface water charge revenue for FY 2020-21 was reduced due to the temporary suspension of WES' certification collection process in support of customers impacted by COVID-19. FY 2021-22's budget includes increases stemming from the resumption of the certification process and collection of past-due account balances as well as modest increases to the monthly user rates for most customers. Total revenues are comprised of Sanitary Sewer revenues of \$49.7 million and Surface Water revenues of \$6.1 million. WES receives 94.6% of its revenues from three primary sources: sewer charges, surface water charges, and system development charges (SDCs). Revenues for the FY 2021-22 budget reflect estimates based upon historic trend analysis, recent development activity, and a population forecast study completed in 2016. WES anticipates updating the population forecast study in the upcoming fiscal year.

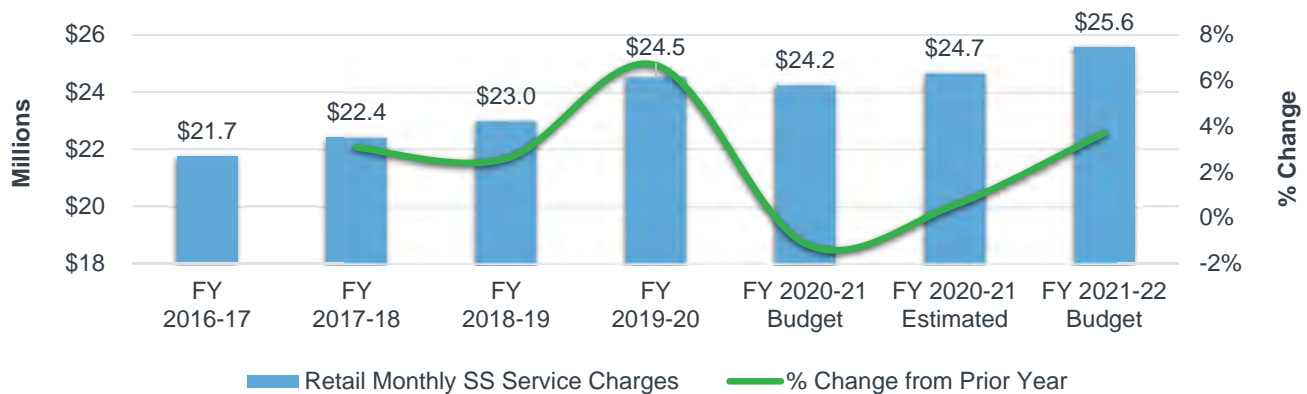
SEWER CHARGES – 72.3% of Budgeted Revenues

FY 2021-22's budget includes sewer charge revenue of \$40.3 million, comprised of retail¹ monthly service charges of \$25.6 million and wholesale monthly service charges of \$14.7 million.

SANITARY SEWER RETAIL MONTHLY SERVICE CHARGES

WES provides retail sanitary sewer service to the Rate Zone 2 service area and to a small number of customers in the Rate Zone 1 service area. For FY 2021-22, Sanitary Sewer Monthly Service charges represent 45.8% or \$25.6 million of projected operating revenue, an increase of \$1.3 million or 5.5% from WES' FY 2020-21 budget and an increase of \$0.9 million or 3.7% from FY 2020-21's estimated revenue. The increase in revenues is driven by the resumption of collection practices that were suspended in FY 2020-21 in support of customers financially impacted by COVID-19. During FY 2020-21's budget process, WES requested and the BCC agreed to suspend the certification process for calendar year 2020 which resulted in the delayed collection of approximately \$1.1 million of retail service charge revenues. In July 2021 WES anticipates certifying those past-due account balances to the County Assessor for collection with property taxes over the course of the 2021-22 fiscal year.

Retail Sanitary Sewer Service Charge Revenue



The monthly Rate Zone 2 retail service fee of \$51.25 per Equivalent Dwelling Unit (EDU) per month for FY 2020-21 is proposed to increase 0.39% to \$51.45 per EDU per month in FY 2021-22. The monthly Rate Zone 1 retail rate of \$38.25 per EDU per month is proposed to increase to \$38.80. The monthly rate for customers in Happy Valley is proposed to be approximately \$54.02 per EDU per month in order to cover the City's 5% Right-of-Way fee. Retail growth in the district for FY 2021-22 is projected at 550 EDUs, the same number that were projected for FY 2020-21. This growth estimate is based on an analysis of recent development activity, historic trends, and on a population forecast by EcoNorthwest completed in FY 2015-16. WES anticipates updating the population forecast study in the upcoming fiscal year.

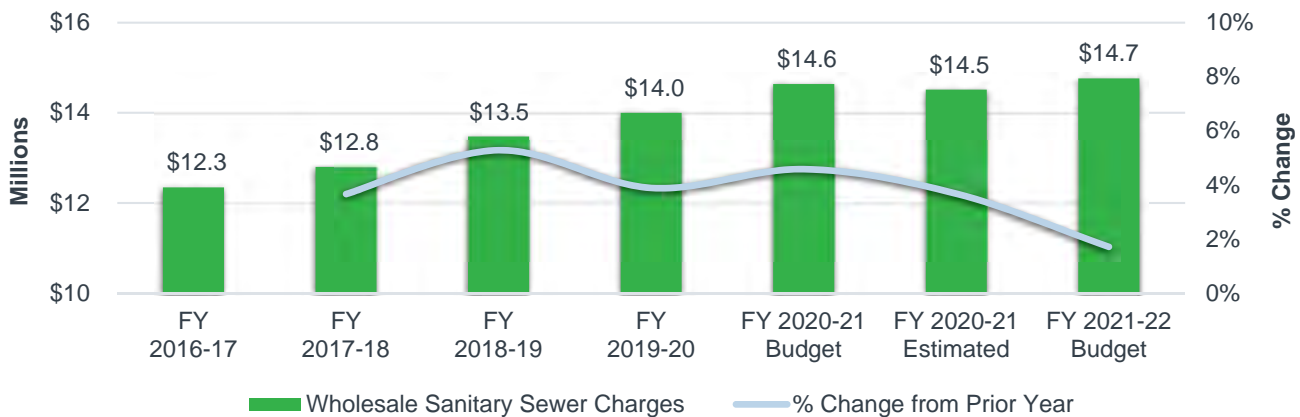
¹ Retail sewer services include combined treatment and collection services. Wholesale sewer services include treatment services only.

CITY PAYMENTS FOR WHOLESALE SANITARY SEWER SERVICE

Wholesale sanitary sewer revenues are budgeted at approximately \$14.7 million for FY 2021-22 based on providing service to both Rate Zone 1 and Rate Zone 2 service areas.

WES provides wholesale sanitary sewer service in Rate Zone 1 consisting of transmission, treatment, and disposal to the Cities of Gladstone, Oregon City, and West Linn. Each of the Cities provide their own collection systems. Approximately \$9.4 million is expected from wholesale service charges to these cities in FY 2021-22, \$0.1 million more than the amount budgeted in FY 2020-21. This increase is the result of moderate growth in the number of customers in the member cities and an adjustment to the monthly wholesale service fee. The proposed rate adjustment for FY 2021-22 is approximately 1.4%, to a fee of \$25.30 per EDU per month from the current rate of \$24.95 per EDU per month.

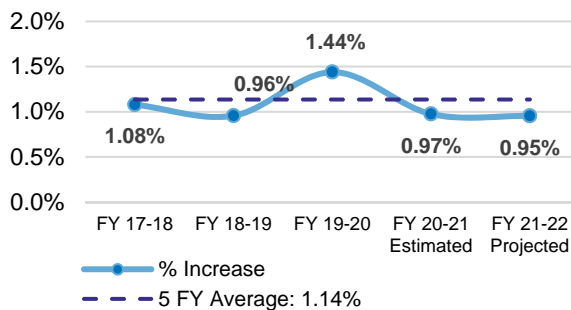
Wholesale Sanitary Sewer Service Charge Revenue



WES provides wholesale sanitary sewer service in Rate Zone 2 to the City of Milwaukie according to a 25 year wholesale service agreement that was codified in FY 2012-13 and to the City of Johnson City per a long-term wholesale agreement established in FY 2010-11. WES' budget has been prepared reflecting the general rate terms outlined in the agreements.

The wholesale service rate in Rate Zone 2, consisting of the WES-wide wholesale rate and a legacy debt component, is proposed to remain at \$37.95 for FY 2021-22 as a decrease in the legacy debt component due to growth in the district entirely offsets the \$0.35 increase in the wholesale rate component. The FY 2021-22 budget reflects wholesale revenues of approximately \$5.2 million from the City of Milwaukie based on an estimate of about 11,500 EDUs. FY 2021-22 budgeted revenues from the City of Johnson City are estimated to be around \$127 thousand.

% Increase in Sewer EDUs by FY



The funds from sanitary sewer service charges provide for the annual operating program, which includes operations, maintenance, and capital maintenance efforts. The approximate 1.4% rate increase in the wholesale component discussed above is needed to pay for the increased costs of operating WES' treatment facilities and to meet long-term capital financing needs as well as debt coverage requirements.

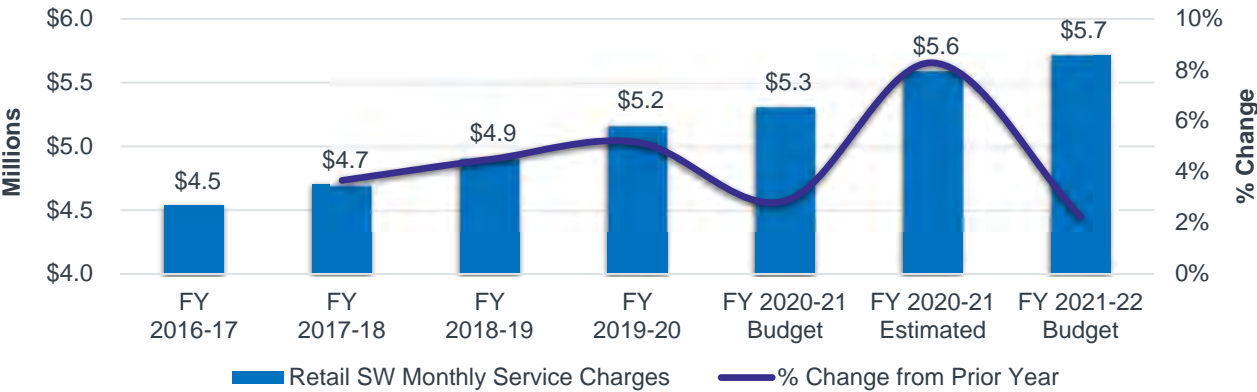
For FY 2019-20, the budget included a projection of 495 new EDUs for Rate Zone 1 based on a population forecast by EcoNorthwest completed in FY 2015-16 which predicted a 2% average annual growth rate in the area. This growth rate had not manifested for several years. Therefore, during last year's budget process, this projection was reduced to 235 EDUs, a decrease of approximately 53%. For FY 2021-22, growth in the

member cities of the Rate Zone 1 service area is again projected to be 235 EDUs. This estimate is based on an analysis of construction trends for the past five fiscal years that have revealed actual growth in the service area to be closer to 1%.

SURFACE WATER CHARGES – 10.2% of Budgeted Revenues

WES provides surface water services to the North Clackamas Service Area of Rate Zone 2 and the Rate Zone 3 service area. Surface Water Monthly Service Charges are expected to produce revenues of \$5.7 million, an increase of approximately \$0.4 million or 7.6% over the FY 2020-21 budget and an increase of approximately \$0.13 million or 2.2% over the FY 2020-21 estimate.

Surface Water Monthly Service Charge Revenue



The chart above illustrates the revenue trend for surface water monthly service charges for FY's 2016-17 – 2019-20 actuals, and the estimated revenues for FY 2020-21 relative to the proposed budget.

FY 2021-22's budget is based on providing service to 55,437 Equivalent Service Units (ESUs) in Rate Zone 2 and 3,735 ESUs in Rate Zone 3. Rate increases in the two service areas reflect inflationary adjustments of 1.3% and 1.1%, respectively. The monthly rate in Rate Zone 2 for FY 2021-22 is proposed at \$7.75 per ESU from the FY 2020-21 rate of \$7.65 per ESU and the monthly rate in the Rate Zone 3 service area is proposed at \$4.70 per ESU from \$4.65. The monthly rate for customers within the City of Happy Valley in Rate Zone 2 is proposed to be approximately \$8.14 per ESU per month in order to cover the City's 5% Right-of-Way fee. Business and institutional customers will continue to be charged multiples of the impervious area typical for a single-family home.

Approximately \$0.3 million of the total \$5.7 million in surface water monthly service charges budgeted for FY 2021-22 is expected from surface water maintenance contracts; no change is anticipated to the current rate of \$3.00 per month per ESU for this service.

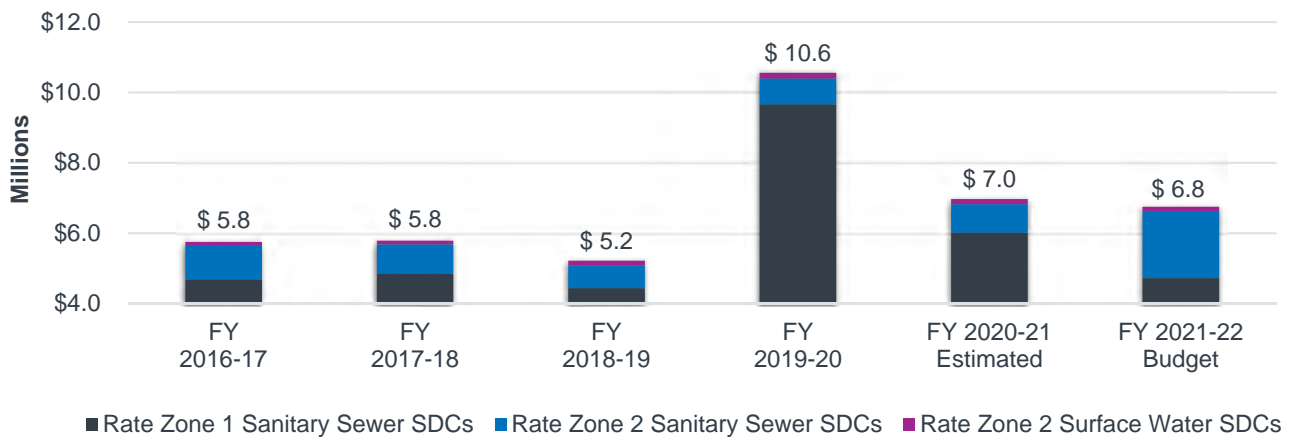
SYSTEM DEVELOPMENT CHARGES – 12.1% of Budgeted Revenues

System Development Charges are one-time charges assessed when customers connect to the system. SDC revenues for new sanitary sewer connections are expected to generate around \$6.7 million for FY 2021-22 and SDC revenues for new surface water connections are expected to generate \$120 thousand. As SDCs result from growth within the service areas, projected SDC revenue is tied closely to population growth projections. There are 785 new connections predicted for FY 2021-22 based on service area population forecasts and Department staff's analysis of recent development trends. The Rate Zone 2 service area is expected to add 550 connections in FY 2021-22 with the majority of growth occurring in the City of Happy Valley. Within Rate Zone 1, a total of 235 connections are anticipated, with the majority of growth expected to occur in Oregon City which is predicted to add approximately 200 connections this upcoming year.

FY 2021-22's budgeted SDC revenue is based on a harmonized wholesale Sanitary Sewer SDC fee of \$8,120 which will apply to all customer classes in Rate Zones 1 and 2. This fee represents an increase of 1.44% from FY 2020-21's SDC fee of \$8,005. The proposed retail surface water connection fee for FY 2021-22 is \$220, which is an increase of 2.33% above the current \$215 retail SDC fee. Surface Water SDCs apply to Rate Zone 2 only.

SYSTEM DEVELOPMENT CHARGES – continued

System Development Charge Revenue by Rate Zone and Service Type

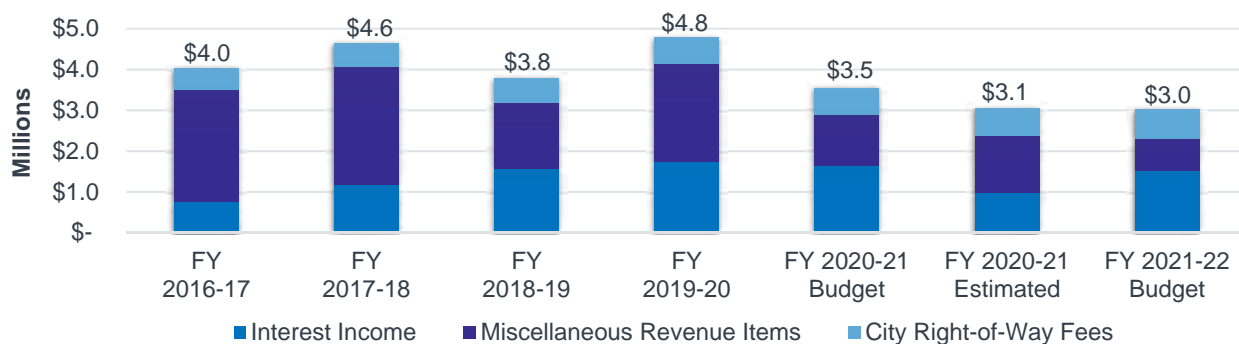


OTHER REVENUE SOURCES – 5.4% of Budgeted Revenues

Other sources of revenue include interest income of approximately \$1.5 million, \$0.7 million of city right-of-way fees, assessment principal and interest collections of \$0.2 million, and approximately \$0.6 million in a variety of other small miscellaneous revenue categories, including permit fees and penalties for past-due accounts. Although interest rates have declined over the past year, FY 2021-22's budgeted interest income reflects an increase from FY 2020-21's projected interest income due to increased fund balances. The \$0.7 million of city right-of-way fees represent pass-through revenue that is collected by WES and then remitted to the relevant cities. These collected fees are offset in their entirety by a portion of the Special Payments expense item in the Sanitary Sewer Operating Fund budget.

Overall, the budget for other revenue sources totals \$3.0 million which is approximately \$0.5 million or 14.7% lower than the prior year. The change from FY 2020-21 is due to reduced assessment interest and principal collections as lien balances continue to decline due to payoffs, a decrease in miscellaneous income due to the payoff of the Sunnybrook Building loan by the County during FY 2020-21, and conservatively budgeting other minor revenue items such as permit and review fees.

Other Revenue Sources



FY 2020-21's budget for Other Revenue Sources reflected a decrease from prior years due to temporary billing modifications to WES' penalty and certification processes made to support customers in response to COVID-19. As the certification process will be resumed in FY 2021-22, the budget includes approximately \$60 thousand in certification fees within the miscellaneous income line item. The FY 2021-22 budget anticipates the other temporary billing modification made, which waived the accrual of penalties on past-due balances for the duration of the pandemic, will be phased out mid-fiscal year and includes a small amount of penalty revenue as a result.

STATE REVOLVING FUND CONTRIBUTION – 0.2% of Total Resources

WES' FY 2021-22 resources include a contribution of \$0.5 million from the State of Oregon Clean Water State Revolving Fund to be used for funding the Tri-City Solids Handling Improvement Project. This resource is discussed in greater detail in the separate Debt section and on the Debt Service Fund and Sanitary Sewer Construction Fund pages within this section.

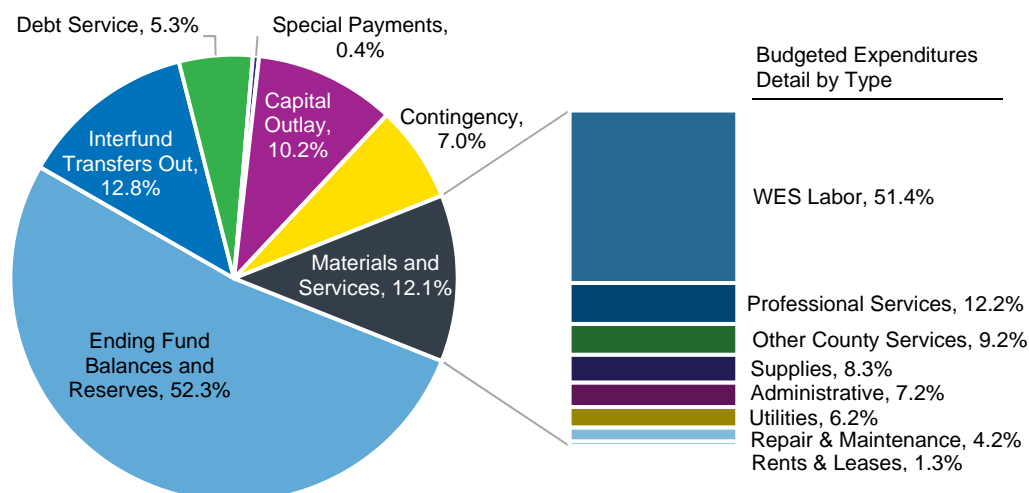
INTERFUND TRANSFERS – 12.8% of Total Resources

Interfund transfers are made to share resources between funds. For FY 2021-22, interfund transfers total approximately \$31.6 million. This resource includes transfers into the Sanitary Sewer and Surface Water Construction Funds of \$15.5 million and \$3 million respectively as reserves for current and future capital expenditures and transfers into the Debt Service Fund of approximately \$13.1 million for payment of FY 2021-22 debt principal and interest.

REQUIREMENTS

Total requirements for WES for FY 2021-22 are proposed to be \$247,705,206. WES' requirements consist of materials and services, capital outlay, debt service, special payments, interfund transfers, contingency, and unappropriated ending fund balances and reserves.

WES SANITARY SEWER AND SURFACE WATER FUNDS REQUIREMENTS, PROPOSED FY 2021-22



TOTAL REQUIREMENTS - \$247,705,206

MATERIALS AND SERVICES –12.1% of Requirements

Materials and Services expenditures consist of current year operating costs incurred to provide service to meet customer needs and maintain WES' treatment and collection systems. For FY 2021-22, these are proposed at approximately \$29.9 million, a decrease of 0.7% from the 2020-21 FY budget. Of this total, Sanitary Sewer materials and services account for \$23.7 million and Surface Water materials and services account for \$6.2 million.

WES LABOR – 51.4% of Materials and Services

WES Labor consists of charges for the personnel of Clackamas County Department of Water Environment Services (the "Department"), who serve the partnership. Personnel expenses include employee-related benefits such as health care and pension contributions. WES expects to spend approximately \$15.4 million on labor in FY 2021-22 which is \$657 thousand or 4.5% more than the FY 2020-21 budget. This majority of the increase is due to the addition of three new staff that will be doing plant maintenance work, for a total of 115 FTE, as well as labor costs related to budgeting standby time in both the Plant Operations and Maintenance program and the Field Operations and Maintenance program. The additional costs for the three new FTE are offset in their entirety by a reduction in Other County Services related to the discontinuation of an IGA for plant maintenance work provided by the County's facilities department in prior fiscal years.

Without factoring in the new FTE or budgeted standby time, increases in pension, salary, and health costs averaged 1.48% for next FY. Pension costs reflect an increase of 3%, salary costs, including cost of living adjustments and applicable step increases reflect an increase of 1.41%, while health care costs declined slightly due to changes in selected plans. Of the 115 FTE budgeted for FY 2021-22, approximately 93 FTE are allocated to providing services related to sanitary sewer operations and 22 FTE are allocated to providing services related to surface water operations.

PROFESSIONAL SERVICES – 12.2% of Materials and Services

Professional services include the costs of outside services for engineering, audit and financial experts, consulting, environmental, and legal services, among others. Budgeted professional services expenditures for FY 2021-22 are proposed at approximately \$3.6 million. Of this total, sanitary sewer professional services account for \$2.5 million, a decrease of approximately \$0.3 million or 10.1% from FY 2020-21's budget. The overall decrease is driven by reduced spending of \$0.8 million for engineering services due to the completion of master planning efforts during the current fiscal year. Partially offsetting the decrease in engineering services are increases in legal services related to bubble permit support, audit and financial services related to separately budgeting the broker fee for WES' insurance from the cost of insurance, and consulting services for an updated population forecast study for the district.

The FY 2021-22 professional services budget for surface water is \$1.1 million, an increase of approximately \$0.3 million or 36.4% from WES' FY 2020-21 budget. The increase results from additional engineering spending for new planning initiatives including water quality management planning for upcoming total maximum daily load updates and a joint project with the Clackamas County Development Agency for infrastructure planning in the North Clackamas Revitalization Area which WES serves. In addition to the new initiatives, the surface water engineering budget continues to contain resources to support the ongoing update to WES' Rules and Standards and development of the storm system master plan.

OTHER COUNTY SERVICES – 9.2% of Materials and Services

Other County Services primarily consist of budgeted expenses for services provided by other Clackamas County departments that are allocated to WES, including: technology services, building maintenance, procurement services, payroll, legal, communications, employee and human resources services, and others. The budget for this category also covers the costs of intergovernmental agreements (IGAs) between WES and other County departments as well as County personnel who perform work for the department on behalf of WES, including imbedded legal and communications personnel. The FY 2021-22 budget is \$2.7 million, with \$1.9 million directed towards the sanitary sewer budget and \$0.8 million directed towards the surface water budget. The budget for FY 2021-22 is a reduction of \$0.4 million or 12.9% from FY 2020-21's budget. This reduction is the result of discontinuing an IGA with facilities for maintenance of WES' treatment plants and no longer budgeting for imbedded risk personnel. The maintenance work for the treatment plants will be done by new FTEs as proposed in this budget. The risk position is under discussion with County Risk. This is also the third and likely last year that County allocated costs are being held steady; this expenses category is anticipated to increase in the FY 2022-23 budget.

SUPPLIES – 8.3% of Materials and Services

Supplies include chemicals, fuel, small tools and minor equipment, and utility plant supplies for repairs and maintenance of WES' treatment and collection system infrastructure. The budget for FY 2021-22 is approximately \$2.5 million, an increase of \$0.4 million or 20% from FY 2020-21 due to additional spending for chemicals and utility plant supplies. Budgeted chemical costs are approximately \$1.4 million, an increase of \$0.25 million from FY 2020-21. This increase is driven by additional chemicals related to the completion and start-up of new equipment constructed as part of the Tri-City Solids Handling Improvement project as well as an anticipated inflationary adjustment of 5%. Utility plant supplies are budgeted at approximately \$0.7 million, an increase of \$0.1 million for planned maintenance efforts for the coming fiscal year. The majority of the supplies budget, \$2.4 million is allocated to the support of sanitary sewer services, while the remaining \$0.1 million is allocated to the support of surface water services. WES is observing a generally higher level of inflationary cost pressure on essential supplies, chemicals and fuel, and estimates that this category of expense will continue to increase on a similar path for the next few years.

UTILITIES – 6.2% of Materials and Services

The FY 2021-22 budget for utilities is \$1.8 million, an increase of 6.6% or approximately \$0.1 million from the FY 2020-21 budget. This increase is due to projecting a 5% increase in electricity, natural gas, and water costs, as well as additional utility costs for new equipment. The majority of utility costs are incurred for sanitary sewer operations at WES' 4 water resource recovery facilities and 21 pump stations with only a minor amount budgeted under surface water operations for a portion of the utility costs for WES' water quality lab at the Tri-City Water Resource Recovery Facility. A supermajority of these expenses is the purchasing of electricity from Portland General Electric. The co-gen facility upgrade at the Tri-City Plant will come online during FY 2021-22, and should aid in offsetting these costs in the future.

ADMINISTRATIVE – 7.2% of Materials and Services

The administrative expense category includes the costs of insurance, telephone and internet services, advertising and marketing services, banking and merchant service fees, permit fees, office supplies and postage, and uniforms and clothing, among other similar costs. For FY 2021-22, the budget for administrative expenses is approximately \$2.2 million, a decrease of \$1.2 million or 36.4% from FY 2020-21. This decrease is primarily due to the re-categorization of right-of-way fees and good neighbor fund contributions to the Special Payments budget category, which better reflects the nature of those expenses and aid in transparently reporting expenditures. Other changes in the budget for this category include a decrease in property insurance costs due to the segregation of the insurance broker fee from the cost of insurance, the procurement of a new insurance broker at a rate nearly 50% cheaper than the current service provider, an increase in telephone and internet costs due to the provision of additional laptops, cell phones, tablets, and other technology which enabled WES staff to work remotely after the onset of the pandemic and continue to provide operational resiliency, and a decrease in training and development in anticipation of continued restrictions on travel and the trend for larger training events to be held remotely. Of the total \$2.2 million budgeted for this category for FY 2021-22, the sanitary sewer budget is approximately \$1.6 million and the surface water budget is approximately \$0.6 million.

REPAIR AND MAINTENANCE – 4.2% of Materials and Services

The budget for repair and maintenance costs reflects an increase of approximately \$0.2 million, or 15.2%, to \$1.2 million for FY 2021-22. The increase is due to additional costs for the maintenance and repair of various equipment that support WES' Plant Operations and Resource Recovery Programs within the sanitary sewer budget as well as additional funds to support the maintenance and planting of restoration sites within the surface water budget.

RENTS AND LEASES – 1.3% of Materials and Services

FY 2021-22's budget for rents and leases is approximately \$0.4 million, an increase of approximately \$0.1 million or 22.4 % from FY 2020-21. This expense category accounts for equipment rental as well as WES' rent of a portion of the Development Services Building (DSB). The increase in the budget for next fiscal year is due to rental costs for shower and office trailers at the Tri-City WRRF for Field Operations in order to meet social distancing and other safety requirements. These trailers are anticipated to remain for up to two years while renovation of the Tri-City Admin building is designed to allow for housing of the current number of staff reporting to work there.

CAPITAL OUTLAY – 10.2% of Requirements

Capital expenditures provide for land acquisition, facility modification and expansion, system improvements, and significant equipment for treatment facilities, collection systems, and maintenance operations. The FY 2021-22 budget includes approximately \$25.2 million for capital expenditures, a decrease of 36.9% from FY 2020-21. Of this total, approximately \$24.1 million will be used for sanitary sewer capital projects and approximately \$1.1 million will be used for surface water capital projects.

Additional information on WES' capital outlay, including detailed descriptions of major projects and projected expenditures under the currently-adopted 5-year FY 2020-21 to FY 2024-25 CIP may be found in the Capital section of this budget document.

DEBT SERVICE – 5.3% of Requirements

Budgeted debt service consists of FY 2021-22 principal and interest payments for outstanding debt. FY 2021-22's debt service increases 68.5% from FY 2020-21's debt service due to debt service for the new issuance of the Series 2021 sewer revenue obligations and beginning to make repayments on the SRF loan that funded the Tri-City Solids Handling project. Further details regarding WES' debt service are provided in the fund summary for the Debt Service Fund within this section and in the separate Debt Service section.

INTERFUND TRANSFERS – 12.8% of Requirements

The Interfund Transfers requirement matches the Interfund Transfers resource in terms of absolute dollars. The FY 2021-22 budget is approximately \$31.6 million and consists of a transfer out of the Sanitary Sewer Operating Fund into the Sanitary Sewer Construction Fund of \$15.5 million, a transfer out of the Surface Water Operating Fund into the Surface Water Construction fund of \$3.0 million, a transfer out of the Sanitary Sewer Operating Fund into the Debt Service Fund of approximately \$4.4 million, and a transfer out of the Sanitary Sewer SDC Fund into the Debt Service Fund of \$8.7 million.

CONTINGENCY – 7.0% of Requirements

Contingencies represent funds set aside to provide for unforeseen circumstances which may occur during the year such as increases in costs or reductions in revenue. The FY 2021-22 budget includes contingencies of \$17.3 million with \$5.0 million in the Operating funds and \$12.3 million in the Construction and SDC funds. Contingencies in the operating funds are set based on 2 months' of the fund's budgeted operating expenses. Budgeted construction and SDC contingencies are typically set at 25% of budgeted capital outlay. Budgeted sanitary sewer construction and SDC fund contingencies have been increased to 50% of the fund's budgeted capital outlay from 25% for next FY. This budget approach allows for the budget document to more accurately state the likely capital investment to be made in the upcoming year while preserving the option for additional work if time and external factors allow. The contingency in the surface water construction fund remains at 25%. Contingencies are only accessible through a budget transfer to another expenditure category which must be approved by the Board. These amounts are not typically expended during the year and are added to reserves at year end.

ENDING FUND BALANCES AND RESERVES - 52.3% of Requirements

RESERVES

Reserves are budgeted at \$8.8 million for FY 2021-22, up from \$53 thousand in FY 2020-21. The increase is due to the \$8.8 million premium received for the issuance of the Series 2021 sewer revenue obligations; this reserve will be used to make future debt service payments on the Series 2021 debt in order to realize the 0.84% effective true interest rate. The remaining \$53 thousand is budgeted as a reserve requirement for WES' SRF R06224 loan. Further detail is provided in the separate Debt Section of the budget document as well as under the Debt Service Fund detail within this section.

ENDING FUND BALANCES

Ending fund balances represent amounts which are carried over to the next fiscal year. Approximately \$120.6 million is projected as ending fund balances for FY 2021-22, a decrease of approximately \$30.4 million from the projected beginning fund balances due to planned expenditures of capital reserves. The total includes approximately \$1.2 million in the Sanitary Sewer Operating Fund, approximately \$2.3 million in the Surface Water Operating Fund, approximately \$105.8 million in the Sanitary Sewer SDC and Construction funds, approximately \$10.0 million in the Surface Water SDC and Construction funds, and \$1.3 million in the Debt Service Fund. The ending fund balances in the Construction and SDC funds will be used in future years for capital outlay and, in the case of the SDC funds, debt repayment; the balance in the Debt Service Fund acts as a reserve for future year debt service; and ending fund balances in the operating funds represent operating cash flow reserves for future years.

The sanitary sewer funds consolidate all revenues and expenditures that are proposed for each of the separate sanitary sewer service areas within WES.

SANITARY SEWER OPERATING FUND 631

Clackamas Water Environment Services' Sanitary Sewer Operating Fund accounts for all operating and maintenance expenses for day-to-day sanitary sewer operations.

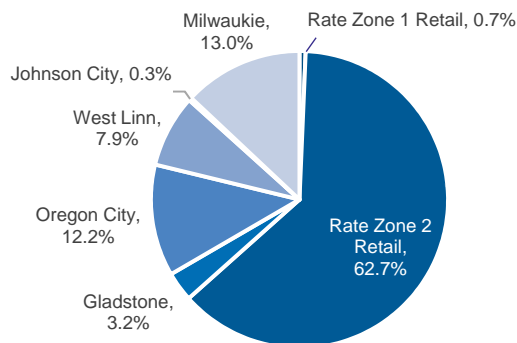
FY 2021-22 resources in the Sanitary Sewer Operating Fund are approximately \$49.8 million. Primary resources include sewer charges of \$40.3 million, other minor charges, fees and miscellaneous revenues of approximately \$1.5 million, and beginning fund balance carried over from the prior year of approximately \$8.0 million.

WES has established rate zones within its boundaries to reflect the different levels of service provided at the retail and wholesale levels and to differentiate between components of rates that only apply to certain service areas. The primary difference between WES' two sanitary sewer rate zones is the inclusion of a legacy debt service component in the rate for customers in Rate Zone 2 for debt incurred by CCSD No. 1 prior to WES' formation.

Sewer Charges

Budgeted sewer charges are \$40.3 million for FY 2021-22, comprised of retail sewer charges of approximately \$25.6 million and wholesale sewer charges of approximately \$14.8 million. The chart and table below detail budgeted sewer charge revenue by service type and service area.

Sewer Charges by Service Type and Service Area



Service Type and Service Area	FY 2021-22 Budget
Retail Sewer Charges	
Rate Zone 1	\$ 271,400
Rate Zone 2	25,301,500
Wholesale Sewer Charges	
Rate Zone 1 Gladstone	1,296,700
Rate Zone 1 Oregon City	4,905,100
Rate Zone 1 West Linn	3,184,200
Rate Zone 2 Johnson City	126,600
Rate Zone 2 Milwaukie	5,247,100
TOTAL SEWER CHARGES	\$ 40,332,600

Retail Sewer Charges

WES provides sanitary sewer service to a small number of retail customers within Rate Zone 1 and to four separate retail sanitary sewer service areas in Rate Zone 2: North Clackamas Service Area (NCSA), Hoodland, Fischer's Forest Park, and Boring. The Hoodland, Fischer's Forest Park, and Boring service areas have not traditionally generated service charge revenue sufficient to cover the costs of serving these areas. As a result, any deficiencies have been covered by funds from the North Clackamas Service Area (NCSA). These deficiencies are negligible due to the small size of these service areas.

The Rate Zone 1 retail rate for FY 2021-22 is proposed to increase approximately 1.44% from \$38.25 per EDU per month to \$38.80 per EDU per month. The proposed budget includes a Rate Zone 2 retail rate increase of approximately 0.39% from \$51.25 per EDU per month to \$51.45 per EDU per month. The difference in the Rate Zone 1 and Rate Zone 2 rates is the inclusion of the legacy debt service component in Rate Zone 2's rate, as discussed above.

SANITARY SEWER FUND DETAIL

A summary of WES' FY 2021-22 retail sanitary sewer rates and their rate components is as follows:

	WES Retail Rate Components			WES Retail Total	City Right-of-Way Fee Surcharge*	Estimated Monthly Total	Projected FY 2021-22 EDUs
	Wastewater Treatment	Local Collection	Legacy Debt Service Component				
Rate Zone 1	\$ 25.30	\$ 13.50	\$ -	\$ 38.80	\$ -	\$ 38.80	540
Rate Zone 2	\$ 25.30	\$ 13.50	\$ 12.65	\$ 51.45	\$ 2.57	\$ 54.02	41,337

**Right-of-Way Fee Surcharge applies only to Rate Zone 2 ratepayers within the City of Happy Valley.*

Wholesale Sewer Charges

WES provides wholesale service to the Cities of Gladstone, Oregon City, and West Linn in Rate Zone 1 and to the Cities of Milwaukie and Johnson City in Rate Zone 2.

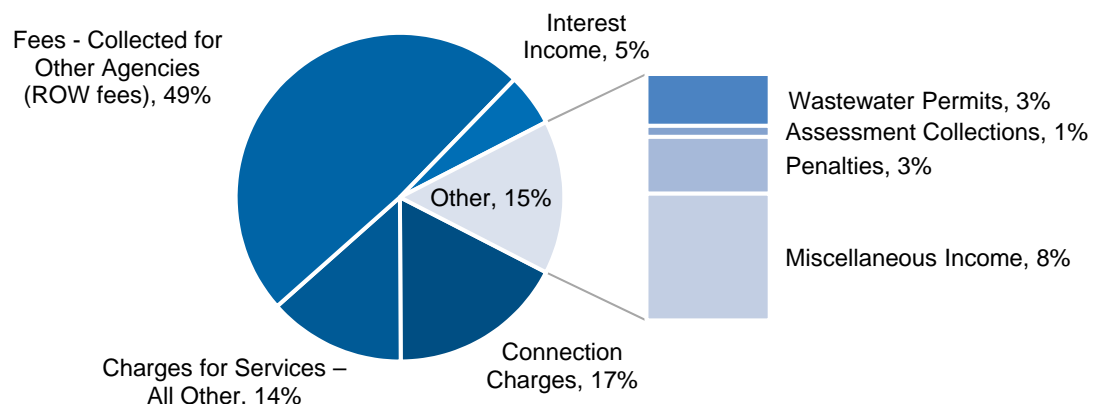
The proposed budget includes a wholesale monthly service charge rate increase of approximately 1.4% from \$24.95 per EDU per month to \$25.30 per EDU per month. The following table combines WES' wholesale rate with the legacy debt service component for Rate Zone 2, applicable city right-of-way fees, and the rate charged by individual cities for their local operating expenses, to arrive at the proposed total user rates for FY 2021-22 that will be charged for a single family unit in each city:

	WES Wholesale Rate Components			WES Wholesale Subtotal	City Retail Monthly Rate ¹	Estimated Monthly Total	Projected FY 2021-22 EDUs
	Wastewater Treatment	Legacy Debt Service Component	City Right-of-Way Fee Surcharge				
Rate Zone 1							
Gladstone	\$ 25.30	\$ -	\$ 1.30	\$ 26.60	\$ 32.26	\$ 58.86	4,272
Oregon City	\$ 25.30	\$ -	\$ 1.70	\$ 27.00	\$ 33.19	\$ 60.19	16,069
West Linn	\$ 25.30	\$ -	\$ -	\$ 25.30	\$ 22.89	\$ 48.19	10,488
Rate Zone 2							
Milwaukie	\$ 25.30	\$ 12.65	\$ -	\$ 37.95	\$ 24.60	\$ 62.55	11,522
Johnson City	\$ 25.30	\$ 12.65	\$ -	\$ 37.95	\$ 1.90	\$ 39.85	278

¹ City Retail Monthly Rates for Gladstone, Milwaukie, and Oregon City reflect FY 2020-21 rates; these are subject to change.

Other Revenue Items

Other revenues of approximately \$1.5 million for FY 2021-22 include interest income, city right-of-way (ROW) fees, and other miscellaneous charges such as septage processing fees, permit fees, plan review fees, and lien search fees. Proportions of budgeted other revenues are detailed in the chart below:

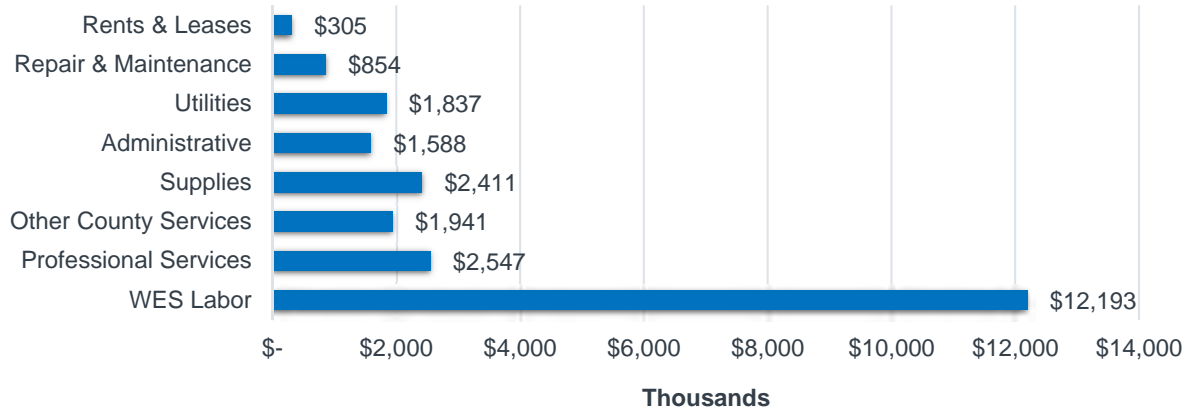


SANITARY SEWER FUND DETAIL

The Sanitary Sewer Operating Fund's budgeted requirements are approximately \$49.8 million and include current year materials and services, special payments, transfers, contingency, and ending fund balance.

Budgeted materials and services for FY 2021-22 total approximately \$23.7 million and include all expenses related to WES' sanitary sewer operations including the costs of: labor, utilities, supplies such as chemicals, professional services, administrative costs such as insurance and telephone expenses, repairs and maintenance, and rents and leases.

SANITARY SEWER OPERATING FUND MATERIALS AND SERVICES



Special payments of \$1.1 million have been budgeted for FY 2021-22 to provide for the pass-through payments to remit city right-of-way fees to the cities of Gladstone, Happy Valley, and Oregon City and to provide for good neighbor fund contributions. In prior years, special payments in this fund were \$0 as these costs were budgeted under the account line Interagency Coordination within the Materials and Services budget. For FY 2021-22 and forward, these costs will be budgeted as Special Payments to better align the nature of the cost as a pass-through payment for which no goods or services are received in return.

Budgeted transfers for FY 2021-22 include \$15.5 million to the Sanitary Sewer Construction Fund and approximately \$4.4 million to the Debt Service Fund.

The budgeted contingency, based on 2 months' of budgeted operating expenditures, is approximately \$4.4 million and represents funds set aside for unforeseen circumstances which may arise during the year. Contingencies are typically not expended and added to reserves at year end.

Ending fund balance is budgeted at approximately \$1.2 million, a reduction from anticipated FY 2021-22 beginning fund balance of 85% or approximately \$6.8 million. This reduction is the result of transferring all funds not needed to meet operating requirements, debt service requirements, and reserve requirements to the Sanitary Sewer Construction Fund.

SANITARY SEWER OPERATING FUND DETAIL

	2018-19 ACTUAL	2019-20 ACTUAL	2020-21 AMENDED BUDGET	2020-21 ESTIMATE	PROPOSED 2021-22 BUDGET
RESOURCES					
Beginning Fund Balance	\$ 10,040,524	\$ 10,801,749	\$ 7,978,040	\$ 9,463,711	\$ 7,986,018
Revenues					
Sales and Services					
Retail Sewer Charges	22,988,601	24,523,057	24,244,600	24,659,900	25,572,900
City Payments	13,472,565	13,996,535	14,638,100	14,511,100	14,759,700
System Development Charges	332,183	512,042	255,000	291,740	255,000
Charges for Services – All Other	740,181	912,497	887,000	836,185	915,300
Interest Income	250,852	270,456	127,600	89,900	75,900
Permits	66,900	46,500	45,000	46,650	46,650
Special Assessment Collections	34,751	24,364	10,000	22,000	10,000
Penalties	129,452	85,383	52,500	1,000	51,100
Intergovernmental – Operating Grants		173,504			
Miscellaneous Income	244,311	384,445	372,520	542,720	114,220
Subtotal - Revenues	37,730,840	40,040,916	40,132,200	40,368,575	41,800,770
TOTAL RESOURCES	\$ 48,300,320	\$ 51,730,532	\$ 48,610,360	\$ 50,464,906	\$ 49,786,788
REQUIREMENTS					
Materials and Services					
WES Labor	\$ 10,425,539	\$ 11,095,092	\$ 12,229,243	\$ 11,676,853	\$ 12,193,273
Professional Services	1,078,569	1,706,905	2,831,846	2,298,996	2,546,797
Other County Services	2,177,055	2,159,881	2,401,060	2,344,063	1,940,905
Supplies	2,114,140	2,036,424	2,001,240	2,106,915	2,410,648
Administrative	1,928,960	2,539,118	2,796,159	3,041,889	1,588,176
Utilities	1,578,294	1,413,831	1,722,355	1,757,950	1,837,355
Repair & Maintenance	1,003,534	674,060	757,600	698,250	853,800
Rents & Leases	318,499	246,104	276,013	285,916	304,935
Subtotal - Materials and Services	20,624,590	21,871,415	25,015,516	24,210,832	23,675,889
Special Payments					1,106,600
Interfund Transfers Out -					
To Debt Service Fund	10,000,000	14,500,000	11,000,000	11,000,000	15,500,000
To Sanitary Sewer Construction Fund	6,873,981	5,895,406	7,268,056	7,268,056	4,360,656
Contingency			4,169,000		3,946,000
Unappropriated Ending Fund Balance	10,801,749	9,463,711	1,157,788	7,986,018	1,197,643
TOTAL REQUIREMENTS	\$ 48,300,320	\$ 51,730,532	\$ 48,610,360	\$ 50,464,906	\$ 49,786,788

SANITARY SEWER SYSTEM DEVELOPMENT CHARGE FUND 632

The Sanitary Sewer System Development Charge (SDC) Fund accounts for capital expenditures that are related to growth or capacity increases.

FY 2021-22 budgeted resources total approximately \$52.2 million and include system development charges (SDCs) of \$6.4 million, interest income of approximately \$0.4 million, and beginning fund balance of \$45.4 million.

The primary resources in this fund are SDC revenues for new connections to the system. The largest portion of SDC revenue in FY 2021-22, \$4.4 million, is expected from retail connections within Rate Zone 2. Wholesale SDC revenues of approximately \$1.9 million are anticipated in Rate Zone 1 with \$1.6 million from the City of Oregon City; \$200 thousand from the City of West Linn, and approximately \$80 thousand from the City of Gladstone. These revenues are based on an SDC fee of \$8,120 per EDU with reflects an inflationary adjustment of 1.44% from the \$8,005 fee per EDU effective during FY 2020-21. The SDC fees for Rate Zones 1 and 2 were harmonized in FY 2019-20 as recommended by the Water Environment Services Advisory Committee.

ORS 223 restricts the use of SDC revenues to expenditure for capacity-increasing capital improvements including the repayment of associated indebtedness. Budgeted capital outlay for FY 2021-22 in this fund is approximately \$1.2 million with \$1.0 million directed at a project to extend the Rock Creek Interceptor. Descriptions of all major projects are provided in detail in the separate Capital section. The FY 2021-22 budget includes a transfer to the Debt Service Fund of approximately \$8.7 million. This transfer reflects WES' financial strategy to use SDC funds to repay debt to the extent eligible. This strategy, which was presented to and recommended by the WES Advisory Committee in February 2021, reduces pressure for rate increases. The budgeted transfer amount represents the SDC-eligible portions of FY 2021-22 debt service payments for the Series 2016 and 2021 sewer revenue obligations and the SRF Loan used to fund the Tri-City Solids Handling Improvement Project.

Contingency is budgeted at approximately \$0.6 million based on 50% of budgeted capital outlay. Contingencies are typically not expended and added to reserves at year end. Ending fund balance is budgeted at approximately \$41.6 million. The \$3.8 million decrease in ending fund balance over the projected FY 2021-22 beginning fund balance is reflective of higher anticipated expenditures than revenues. The \$41.6 million ending fund balance will act as a reserve for future capacity-related capital expenditures as well as fund eligible debt service in future fiscal years.

	2018-19 ACTUAL	2019-20 ACTUAL	2020-21 AMENDED BUDGET	2020-21 ESTIMATE	PROPOSED 2021-22 BUDGET
RESOURCES					
Beginning Fund Balance	\$ 25,993,261	\$ 31,055,016	\$ 36,086,891	\$ 39,629,130	\$ 45,383,561
System Development Charges	4,747,981	9,883,273	6,284,300	6,532,080	6,375,600
Interest Income	455,759	652,450	577,400	376,500	431,100
TOTAL RESOURCES	\$ 31,197,001	\$ 41,590,739	\$ 42,948,591	\$ 46,537,710	\$ 52,190,261
REQUIREMENTS					
Capital Outlay	\$ 141,985	\$ 1,961,609	\$ 8,723,500	\$ 1,154,149	\$ 1,254,000
Interfund Transfers Out – To Debt Service Fund					8,694,881
Contingency			2,180,875		627,000
Unappropriated Ending Fund Balance	31,055,016	39,629,130	32,044,216	45,383,561	41,614,380
TOTAL REQUIREMENTS	\$ 31,197,001	\$ 41,590,739	\$ 42,948,591	\$ 46,537,710	\$ 52,190,261

SANITARY SEWER CONSTRUCTION FUND 639

The Sanitary Sewer Construction Fund accounts for non-SDC capital expenditures. The primary resources are transfers from the Sanitary Sewer Operating Fund, proceeds from the issuance of debt for capital project financing, and interest earnings.

Total resources for FY 2021-22 are \$98.5 million and include a transfer from the Sanitary Sewer Operating Fund of \$15.5 million, interest income of approximately \$0.8 million, capital project financing from the State Revolving Fund (SRF) of \$0.5 million, and beginning fund balance of approximately \$81.7 million.

The budgeted resources of \$0.5 million from the State of Oregon Clean Water State Revolving Fund reflects funding for FY 2021-22's capital outlay for the Tri-City Solids Handling Improvement Project. Financing obtained through the Clean Water SRF is project-specific and treated as a loan with repayment occurring over time after the project is complete. The Solids Handling Project is estimated to be completed in July 2021 and SRF loan repayment is anticipated to begin in FY 2021-22; the FY 2021-22 budget includes principal and interest payments for this loan which are further discussed in the Debt section.

FY 2021-22 requirements include capital outlay of approximately \$22.9 million. Major projects include the Tri-City Wet Weather Outfall, Kellogg Creek WRRF Aeration Basin Improvements Project, and upgrades to multiple pump stations. Descriptions of all major projects are provided in detail in the separate Capital section.

The FY 2021-22 budget includes a contingency of approximately \$11.4 million based on 50% of budgeted capital outlay to provide for unforeseen capital expenses. Contingencies are typically not expended and added to reserves at year end. The projected ending fund balance is approximately \$64.2 million and will provide funding for capital expenditures in future years. The decrease of \$17.5 million from the projected FY 2021-22 beginning fund balance reflects the budgeted use of resources for capital outlay expenditures.

	2018-19 ACTUAL	2019-20 ACTUAL	2020-21 AMENDED BUDGET ¹	2020-21 ESTIMATE	PROPOSED 2021-22 BUDGET
RESOURCES					
Beginning Fund Balance	\$ 45,713,146	\$ 43,848,962	\$ 43,746,421	\$ 38,079,979	\$ 81,771,998
Interfund Transfers In – From Sewer Operating Fund	10,000,000	14,500,000	11,000,000	11,000,000	15,500,000
Interest Income	643,401	549,450	699,900	361,800	776,800
Miscellaneous Income	86,455	315,668			
Revenue from Bonds & Other Debts					
SRF Loan Proceeds	8,882,051	10,789,434	9,100,000	8,600,000	500,000
Series 2021 Revenue Obligation Proceeds			48,687,948	48,687,948	
TOTAL RESOURCES	\$ 65,325,053	\$ 70,003,514	\$ 113,234,269	\$ 106,729,727	\$ 98,548,798
REQUIREMENTS					
Capital Outlay	\$ 21,476,091	\$ 31,923,535	\$ 29,124,500	\$ 16,156,443	\$ 22,877,000
Interfund Transfers Out- To Debt Service Fund			8,801,286	8,801,286	
Contingency			7,281,125		11,435,500
Unappropriated Ending Fund Balance	43,848,962	38,079,979	68,027,358	81,771,998	64,233,298
TOTAL REQUIREMENTS	\$ 65,325,053	\$ 70,003,514	\$ 113,234,269	\$ 106,729,727	\$ 98,548,798

¹ FY 2020-21 Budget includes proposed supplemental budget changes to recognize the issuance of Series 2021 debt in February 2021. The specific changes include an increase to Revenue from Bonds & Other Debts of \$48,687,948, an increase to Interfund Transfers Out of \$8,801,286, and an increase to Unappropriated Ending Fund Balance of \$39,886,662. These changes will be considered by the BCC at a hearing on June 10, 2021.

Surface water management services provided to the community include the construction and maintenance of infrastructure necessary to improve water quality and/or provide adequate conveyance of stormwater runoff; development plan review; public education related to water quality and stormwater issues; restoration and enhancement of riparian areas and stream channels; and watershed planning.

In recent years, environmental regulations have tightened the standards for water quality and flow control in WES' streams and waterways. These new standards require WES to increase its efforts to improve water quality through its on-going maintenance, plan review and public education activities. As part of this effort, WES is also looking for opportunities to construct regional stormwater treatment facilities that can serve multiple developments more cost-effectively. As a program element of WES, surface water management activities have their own accounting cost centers, budget, and dedicated funding sources.

SURFACE WATER OPERATING FUND 641

WES' Surface Water Operating Fund provides for all surface water operating and maintenance activities and a source of financing for future capital improvements.

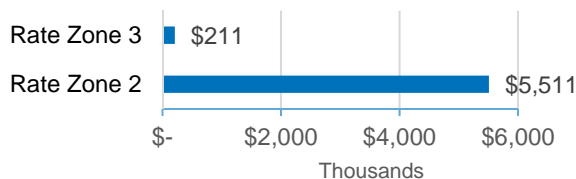
FY 2021-22 resources in the Surface Water Operating Fund are approximately \$12.5 million. These resources consist of beginning fund balance of \$6.6 million, monthly service charges of approximately \$5.7 million, miscellaneous income of approximately \$157 thousand, and interest earnings of approximately \$62 thousand.

WES has established surface water rate zones to reflect the different levels of service provided to the two distinct surface water service areas within its boundaries.

Surface Water Charges

Budgeted service charge revenues for FY 2021-22 amount to approximately \$5.7 million, including \$5.5 million from Rate Zone 2 and \$211 thousand from Rate Zone 3. The chart and table below detail budgeted sewer charge revenue by service type and service area.

Surface Water Charges by Service Area



Service Type and Service Area	FY 2021-22 Budget
Retail Surface Water Charges	
Rate Zone 2	\$ 5,510,600
Rate Zone 3	210,700
TOTAL SURFACE WATER CHARGES	\$ 5,721,300

Rate Zone 2

Within Rate Zone 2, \$5.1 million is expected in monthly user fees charged to residents and businesses and approximately \$0.4 million is anticipated from surface water maintenance contracts. Surface water maintenance contract revenues are derived from an on-site facilities maintenance program. A charge of \$3.00 per month for On-Site Maintenance (OSM) is assessed for the annual maintenance and inspection of water quality and quantity facilities. This fee is charged to properties in new subdivisions and to existing subdivisions that contract with WES to provide this maintenance. The revenues generated by the OSM fee are used to pay for personnel and materials necessary to provide this service.

The proposed budget includes a Rate Zone 2 retail monthly service charge rate increase of approximately 1.3% from \$7.65 per ESU per month to \$7.75 per ESU per month. The monthly rate for customers in the City of Happy Valley is proposed to be approximately \$8.14 per ESU per month in order to cover the City's 5% Right-of-Way fee.

Rate Zone 3, SWMACC Service Area

Within Rate Zone 3, approximately \$211 thousand is budgeted for monthly user fees from residents and businesses within the service area boundaries. The base fee of \$4.65 per month per single-family dwelling currently being charged is proposed to increase approximately 1.1% to \$4.70 for FY 2021-22. Business and institutional customers continue to be charged multiples of the impervious area typical for a single-family dwelling. The projected revenue from monthly user fees is based on providing service to 3,735 accounts.

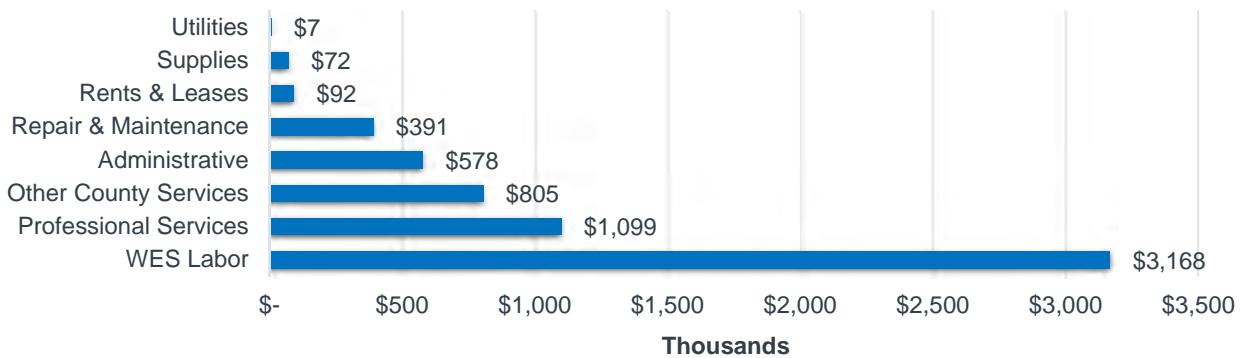
SURFACE WATER FUND DETAIL

A summary of WES' surface water rates is as follows:

	WES Retail Total	City Right-of-Way Fee Surcharge*	Estimated Monthly Total	Projected FY 2021-22 EDUs
Rate Zone 2	\$ 7.75	\$ 0.39	\$ 8.14	55,437
Rate Zone 3	\$ 4.70	\$ -	\$ 4.70	3,735
<i>*Right-of-Way Fee Surcharge applies only to Rate Zone 2 ratepayers within the City of Happy Valley.</i>				

Requirements for the Surface Water Operating Fund total approximately \$12.5 million and include current year expenditures, contingency, and a transfer to the Surface Water Construction Fund of \$3.0 million.

SURFACE WATER OPERATING FUND BUDGETED EXPENDITURES



Expenditures for FY 2021-22 are budgeted at approximately \$6.2 million and include all expenses related to WES' surface water operations including the costs of: labor, professional services, supplies, administrative costs, rents & leases, and repairs and maintenance.

The budgeted contingency is approximately \$1.0 million, based on 2 months' of budgeted operating expenditures, and represents funds set aside for unforeseen circumstances which may arise during the year. Contingencies are typically not expended and added to reserves at year end. The ending fund balance of \$2.3 million will act as a reserve for operating and capital expenditures in future years. The decrease in reserves of 65% from the beginning fund balance is a result of the budgeted transfer of \$3.0 million to the Surface Water Construction Fund and increased professional services spending related to key one-time initiatives.

SURFACE WATER OPERATING FUND DETAIL

	2018-19 ACTUAL	2019-20 ACTUAL	2020-21 AMENDED BUDGET	2020-21 ESTIMATE	PROPOSED 2021-22 BUDGET
RESOURCES					
Beginning Fund Balance	\$ 9,302,907	\$ 9,869,474	\$ 7,932,702	\$ 8,498,021	\$ 6,582,369
Revenues					
Sales and Services					
Retail Surface Water Charges	4,910,322	5,163,571	5,311,400	5,591,000	5,716,300
Charges for Services – All Other	163,244	479,841	211,000	122,000	125,000
Interest Income	160,304	189,966	126,900	80,700	62,500
Permits	38,770	37,794	51,500	25,000	25,000
Miscellaneous Income	5,442	2,134			7,500
Subtotal - Revenues	5,278,083	5,873,306	5,700,800	5,818,700	5,936,300
TOTAL RESOURCES	\$ 14,580,989	\$ 15,742,780	\$ 13,633,502	\$ 14,316,721	\$ 12,518,669
REQUIREMENTS					
Materials and Services					
WES Labor	\$ 1,911,649	\$ 2,205,039	\$ 2,474,505	\$ 2,451,675	\$ 3,167,937
Professional Services	349,200	587,738	805,734	643,917	1,098,858
Other County Services	494,256	498,221	753,278	683,625	805,115
Supplies	42,978	84,864	67,200	63,200	71,568
Administrative	531,961	498,001	610,214	510,095	577,578
Utilities	6,848	5,444	7,230	6,550	7,050
Repair & Maintenance	332,163	320,074	322,550	322,500	391,000
Rents & Leases	42,460	45,378	48,318	52,790	92,035
Subtotal - Materials and Services	3,711,515	4,244,759	5,089,029	4,734,352	6,211,141
Interfund Transfers Out – To Surface Water Construction Fund	1,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Contingency			848,000		1,035,000
Unappropriated Ending Fund Balance	9,869,474	8,498,021	4,696,473	6,582,369	2,272,528
TOTAL REQUIREMENTS	\$ 14,580,989	\$ 15,742,780	\$ 13,633,502	\$ 14,316,721	\$ 12,518,669

SURFACE WATER SYSTEM DEVELOPMENT CHARGE FUND 642

The Surface Water System Development Charge (SDC) Fund accounts for surface water capital expenditures that are related to growth or capacity increases. Currently, all surface water capital projects are in Rate Zone 2 and are consequently funded exclusively with Rate Zone 2 SDC revenues.

The FY 2021-22 budget includes resources of approximately \$2.6 million consisting of system development charges, interest income, and beginning fund balance.

The primary revenue source is SDC charges for new connections to the system; these charges are budgeted at \$120 thousand for FY 2021-22. The current surface water SDC of \$215 per ESU is proposed to increase by an inflationary index of approximately 2.3% to \$220 per ESU for FY 2021-22.

Requirements total approximately \$2.6 million and are comprised solely of ending fund balance for FY 2021-22. Expenditures of SDC funds are restricted to capacity-improving capital outlay by Oregon Revised Statutes and there are currently no planned surface water capacity-improving projects thus budgeted capital outlay for FY 2021-22 is \$0. A storm system master planning effort is underway and the capital improvement plan component will include capacity projects eligible for SDC funding in future years.

From a reserve perspective, the ending fund balance is an increase of \$143 thousand from the projected beginning fund balance. This increase is due to budgeted revenues exceeding budgeted expenditures.

	2018-19 ACTUAL	2019-20 ACTUAL	2020-21 AMENDED BUDGET	2020-21 ESTIMATE	PROPOSED 2021-22 BUDGET
RESOURCES					
Beginning Fund Balance	\$ 1,912,064	\$ 2,084,546	\$ 2,281,946	\$ 2,285,354	\$ 2,453,629
System Development Charges	140,543	161,094	118,300	146,575	120,000
Interest Income	31,939	39,714	36,500	21,700	23,300
TOTAL RESOURCES	\$ 2,084,546	\$ 2,285,354	\$ 2,436,746	\$ 2,453,629	\$ 2,596,929
REQUIREMENTS					
Capital Outlay	\$ -	\$ -	\$ -	\$ -	\$ -
Contingency					
Unappropriated Ending Fund Balance	\$ 2,084,546	\$ 2,285,354	\$ 2,436,746	\$ 2,453,629	\$ 2,596,929
TOTAL REQUIREMENTS	\$ 2,084,546	\$ 2,285,354	\$ 2,436,746	\$ 2,453,629	\$ 2,596,929

SURFACE WATER CONSTRUCTION FUND 649

WES' Surface Water Construction Fund accounts for non-SDC surface water capital expenditures. The primary resources are transfers from the Surface Water Operating Fund, interest earnings and capital project participation. Currently, all surface water capital projects are in Rate Zone 2 and are consequently funded exclusively with Rate Zone 2 revenues.

Budgeted resources for FY 2021-22 total approximately \$8.7 million and include interest income on fund balance of approximately \$54 thousand, a transfer from the Surface Water Operating Fund of \$3.0 million, and beginning fund balance of approximately \$5.7 million.

Requirements for FY 2021-22 include contingency of approximately \$270 thousand, based on 25% of budgeted capital outlay, for unforeseen capital expenditures, ending fund balance of approximately \$7.4 million, and capital outlay of \$1.1 million, \$0.5 million of which is for the 3-Creeks Water Quality Project. Detailed descriptions of all major capital projects and their funding sources may be found in the separate Capital section.

The increase in fund balance of approximately \$1.7 million or 30% is due to the transfer from the Surface Water Operating Fund exceeding current year capital outlay.

	2018-19 ACTUAL	2019-20 ACTUAL	2020-21 AMENDED BUDGET	2020-21 ESTIMATE	PROPOSED 2021-22 BUDGET
RESOURCES					
Beginning Fund Balance	\$ 1,991,876	\$ 1,077,631	\$ 3,297,331	\$ 3,395,121	\$ 5,677,421
Interfund Transfers In – From Surface Water Operating Fund	1,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Interest Income	17,446	17,955	52,800	32,300	53,900
Miscellaneous Income	13,534	15,910	-	-	-
TOTAL RESOURCES	\$ 3,022,856	\$ 4,111,496	\$ 6,350,131	\$ 6,427,421	\$ 8,731,321
REQUIREMENTS					
Capital Outlay	\$ 1,945,225	\$ 716,375	\$ 2,141,500	\$ 750,000	\$ 1,092,000
Contingency	-	-	535,375	-	273,000
Unappropriated Ending Fund Balance	1,077,631	3,395,121	3,673,256	5,677,421	7,366,321
TOTAL REQUIREMENTS	\$ 3,022,856	\$ 4,111,496	\$ 6,350,131	\$ 6,427,421	\$ 8,731,321

Beginning in FY 2021-22, WES' two debt service funds, State Loan Fund 635 and Revenue Bond Fund 636, will be combined into a single fund, Debt Service Fund 635. The FY 2021-22 Budget column of Debt Service Fund 635 reflects this consolidation. To enhance the comparability of the FY 2021-22 budget to the FY 2020-21 budget, estimate, and prior year actuals, the resources and requirements for WES' two separate debt service funds have been combined in the schedule on the following page. The schedules for the separate funds are presented for reference in the Appendix. Historical data for the separate funds may also be found on the Local Budget (LB) forms for each of the funds in the State Budget Forms section.

DEBT SERVICE FUND 635

The Debt Service Fund accounts for the repayment of principal and interest on WES' revenue obligations and Department of Environmental Quality (DEQ) loans. The DEQ loans financed the NCRA assessment district in Rate Zone 2 and are financing the Tri-City Solids Handling Project. The primary resources include monthly charges transferred from the Sanitary Sewer Operating Fund, system development charges transferred from the Sanitary Sewer SDC Fund, and the interest and principal payments associated with the NCRA loans received from beneficiaries in that assessment district.

The proposed budget for FY 2021-22 includes resources of approximately \$23.3 million, consisting of beginning fund balance of approximately \$10.0 million, a transfer in from the Sanitary Sewer Operating Fund of \$4.3 million, a transfer in from the Sanitary Sewer SDC Fund of \$8.7 million, assessment principal and interest payments of \$0.2 million, and interest income of approximately \$0.1 million. The FY 2021-22 transfer from the Sanitary Sewer SDC fund reflects WES' newly adopted financial strategy to use restricted SDC cash to make debt service payments to the extent eligible under applicable state statutes. This strategy, which was presented to and received support from the WES Advisory Committee in March 2021, reduces pressure for rate increases. The amount transferred represents the SDC-eligible portions of the budgeted debt service for the Series 2016 and 2021 revenue obligations and SRF Loan 95030.

Requirements include debt service payments of approximately \$13.2 million, reserves of approximately \$8.8 million, and ending fund balance of \$1.3 million.

FY 2021-22 debt service in this fund consists of \$10.4 million for revenue obligation debt service and \$2.7 million for state loan debt service. Of the \$2.7 million related to state loan repayments, \$2.6 million is for SRF Loan 95030. SRF Loan 95030 represents contributions received from the State Revolving Fund for capital financing of the Tri-City Solids Handling Improvement Project. These contributions are essentially a loan that accrues interest during construction and becomes payable upon completion of the project. Prior year budgets included pre-payments for the accrued interest on this loan and as the project is estimated to be complete in early FY 2021-22, FY 2021-22's budget includes the first two principal and interest payments expected to be due.

The remaining \$10.4 million of debt service for FY 2021-22 includes approximately \$6.8 million for the Series 2016 revenue obligations and \$3.6 million for the Series 2021 revenue obligations. The Series 2016 revenue obligations, issued in August 2016, were used to refinance portions of the 2009 and 2010 revenue bonds and all of state revolving fund loan R22403. The Series 2021 revenue obligations, issued in February 2021, are being used to finance capital projects. The debt service for Series 2016 and 2021 is paid from sanitary sewer user charges and sanitary sewer SDC charges via transfers in from other funds. As the Series 2016 debt was originally incurred by CCSD No. 1, only ratepayers within Rate Zone 2 are responsible for this debt in FY 2021-22. WES' borrowings are covered in further detail in the separate Debt section.

Ending fund balance and reserves for FY 2021-22 are budgeted at \$10.1 million, an increase of \$0.1 million or 2% from the beginning fund balance. The increase in reserves is due to transfers in and budgeted revenues exceeding debt service. The reserve of \$8.8 million for the Series 2021 revenue obligations will be used to make Series 2021 debt service payments in the coming years thereby reducing future fiscal year transfers from the Sanitary Sewer Operating Fund.

DEBT SERVICE FUND 635 – CONTINUED

	2018-19 ACTUAL	2019-20 ACTUAL	2020-21 AMENDED BUDGET ¹	2020-21 ESTIMATE	PROPOSED 2021-22 BUDGET
RESOURCES					
Beginning Fund Balance	\$ 1,081,483	\$ 1,655,598	\$ 1,234,686	\$ 1,229,582	\$ 9,977,103
Assessment Collections	665,771	554,550	268,500	482,000	205,000
Interfund Transfers In					
From Sewer Operating Fund	6,873,981	5,895,406	7,268,056	7,268,056	4,360,656
From Sewer Construction Fund			8,801,286	8,801,286	
From Sewer SDC Fund					8,694,881
Interest Income	21,987	32,546	19,800	11,700	94,800
TOTAL RESOURCES	\$ 8,643,222	\$ 8,138,100	\$ 17,592,328	\$ 17,792,624	\$ 23,332,440
REQUIREMENTS					
Debt Service	6,987,624	6,908,518	7,380,637	7,815,521	13,167,587
Reserves	53,104	53,104	8,854,390	8,854,390	8,854,930
Unappropriated Ending Fund Balance	1,602,494	1,176,478	1,357,301	1,122,713	1,309,923
TOTAL REQUIREMENTS	\$ 8,643,222	\$ 8,138,100	\$ 17,592,328	\$ 17,792,624	\$ 23,332,440

¹ FY 2020-21 Budget includes proposed supplemental budget changes to recognize the issuance of Series 2021 debt in February 2021. The specific changes include an increase to Interfund Transfers In of \$8,801,286, an increase to Debt Service of \$434,884, an increase to Reserve for Future Expenditures of \$8,801,286 and a decrease to Unappropriated Ending Fund Balance of \$434,884. These changes will be considered by the BCC at a hearing on June 10, 2021.



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State Budget Forms

Water Environment Services



RESOURCES

FORM LB-20

**SANITARY SEWER
OPERATING FUND
FUND**

**WATER ENVIRONMENT SERVICES
(NAME OF MUNICIPAL CORPORATION)**

	HISTORICAL DATA			RESOURCE DESCRIPTION	BUDGET FOR NEXT YEAR 2021-2022			
	ACTUAL		ADOPTED BUDGET THIS YEAR 2020-2021		PROPOSED BY BUDGET OFFICER	APPROVED BY BUDGET COMMITTEE	ADOPTED BY GOVERNING BODY	
	SECOND PRECEDING YEAR 2018-2019	FIRST PRECEDING YEAR 2019-2020						
1				BEGINNING FUND BALANCE:				1
2	4,800,976	10,801,749	7,978,040	1. *AVAILABLE CASH ON HAND (CASH BASIS), OR	7,986,018			2
3				2. *NET WORKING CAPITAL (ACCRUAL BASIS)				3
4	250,852	270,456	127,600	3. PREVIOUSLY LEVIED TAXES ESTIMATED TO BE RECVD				4
5				4. INTEREST	75,900			5
6	22,988,601	24,523,057	24,244,600	5. OTHER RESOURCES				6
7	13,472,565	13,996,535	14,638,100	6. MONTHLY SERVICE CHARGE REVENUE - RETAIL	25,572,900			7
8	588,177	627,696	647,000	7. OPERATION PAYMENTS-CITIES	14,759,700			8
9	5,220	5,220	5,220	8. CITY RIGHT-OF-WAY FEES	716,800			9
10	587,447	969,413	460,500	9. RENTAL INCOME	2,220			10
11	33,793	59,462	5,000	10. MISCELLANEOUS INCOME	408,250			11
12	298,390	452,580	250,000	11. SYSTEM DEVELOPMENT CHARGE REVENUE	5,000			12
13				12. SPECIAL CONNECTION CHARGE REVENUE	250,000			13
14				13. FEES				14
15	34,751	24,364	10,000	14. PRINCIPAL NON-BONDED INSTALLMENT				15
16				15. INTEREST NON-BONDED INSTALLMENT	10,000			16
17				16. STATE GRANT (DEQ)				17
18				17. FEDERAL GRANT (EPA)				18
19				18. STATE LOAN				19
20				19. REVENUE BONDS PROCEEDS				20
21			244,300	20. INSURANCE PROCEEDS				21
22				21. INTERGOVERNMENTAL REVENUE				22
23				22. TRANSFER FROM OTHER FUNDS				23
24	5,239,548			23. CONTRIBUTION FROM TCSD				24
25				24. CONTRIBUTION FROM CCSD NO. 1				25
26				25.				26
27				26.				27
28				27.				28
29	48,300,320	51,730,532	48,610,360	28. FROM OTHER ENTITIES				29
30				29. TOTAL RESOURCES, EXCEPT TAXES TO BE LEVIED	49,786,788	0	0	30
31				30. TAXES NECESSARY TO BALANCE BUDGET				31
32	48,300,320	51,730,532	48,610,360	31. TAXES COLLECTED IN YEAR LEVIED				
				32. TOTAL RESOURCES	49,786,788	0	0	32

EXPENDITURE SUMMARY

FORM LB-30

BY FUND, ORGANIZATIONAL UNIT OR PROGRAM

SANITARY SEWER

OPERATING FUND

NAME OF ORGANIZATIONAL UNIT-FUND

WATER ENVIRONMENT SERVICES

(NAME OF MUNICIPAL CORPORATION)

	HISTORICAL DATA		ADOPTED BUDGET THIS YEAR 2020-2021	EXPENDITURE DESCRIPTION	BUDGET FOR NEXT YEAR 2021-2022			
	ACTUAL				PROPOSED BY BUDGET OFFICER	APPROVED BY BUDGET COMMITTEE	ADOPTED BY GOVERNING BODY	
	SECOND PRECEDING YEAR 2018-2019	FIRST PRECEDING YEAR 2019-2020						
				PERSONNEL SERVICES				
1				1.				1
2				2.				2
3				3.				3
4				4.				4
5				5.				5
6				6.				6
7	0	0	0	7. TOTAL PERSONNEL SERVICES	0	0	0	7
				MATERIALS AND SERVICES				
1	20,624,590	21,871,415	25,015,516	1.	23,675,889			1
2				2.				2
3				3.				3
4				4.				4
5				5.				5
6				6.				6
7	20,624,590	21,871,415	25,015,516	7. TOTAL MATERIALS AND SERVICES	23,675,889	0	0	7
				CAPITAL OUTLAY				
1				1.				1
2				2.				2
3				3.				3
4	0	0	0	4. TOTAL CAPITAL OUTLAY	0	0	0	4
				SPECIAL PAYMENTS				
1			0	1.	1,106,600			1
2				2.				2
3				3.				3
4	0	0	0	4. TOTAL SPECIAL PAYMENTS	1,106,600	0	0	4
				TRANSFERRED TO OTHER FUNDS				
1				1. RESERVE FOR CAPITAL IMPROVEMENT				1
2	10,000,000	14,500,000	11,000,000	2. TO CONSTRUCTION FUND	15,500,000			2
3	6,873,981	5,895,406	6,768,056	3. TO DEBT FUNDS	4,360,656			3
			500,000	4. STATE LOAN FUND				
4	-	-	4,169,000	5. GENERAL OPERATING CONTINGENCY	3,946,000			4
5	16,873,981	20,395,406	22,437,056	6. TOTAL TRANSFERS & CONTINGENCY	23,806,656	0	0	5
	37,498,571	42,266,821	47,452,572	TOTAL EXPENDITURES	48,589,145	0	0	
	10,801,749	9,463,711	1,157,788	UNAPPROPRIATED ENDING FUND BALANCE	1,197,643			
	48,300,320	51,730,532	48,610,360	TOTAL	49,786,788	0	0	

DETAILED EXPENDITURES

FORM LB-31

228000

**SANITARY SEWER
OPERATING FUND**
NAME OF ORGANIZATIONAL UNIT-FUND

WATER ENVIRONMENT SERVICES
(NAME OF MUNICIPAL CORPORATION)

	HISTORICAL DATA			EXPENDITURE DESCRIPTION	NO OF EMPS	R A N G E	BUDGET FOR NEXT YEAR 2021-2022			
	ACTUAL		ADOPTED BUDGET THIS YEAR 2020-2021				PROPOSED BY BUDGET OFFICER	APPROVED BY BUDGET COMMITTEE	ADOPTED BY GOVERNING BODY	
	SECOND PRECEDING YEAR 2018-2019	FIRST PRECEDING YEAR 2019-2020								
1				1. MATERIALS AND SERVICES:						1
2				2. SERVICES:						2
3	10,453,320	11,151,468	12,292,243	3. WES SERVICES			12,251,273			3
4	2,380,818	2,373,781	2,624,350	4. OTHER COUNTY SERVICES			2,162,455			4
5	1,022,804	1,756,104	2,280,866	5. PROFESSIONAL SERVICES			1,775,699			5
6	260,721	272,155	387,800	6. MISCELLANEOUS SERVICES			406,800			6
7	14,117,663	15,553,508	17,585,259	7. TOTAL SERVICES			16,596,227	0	0	7
8				8.						8
9	2,189,691	2,114,166	2,206,065	9. SUPPLIES			2,630,262			9
10	549,332	488,706	862,180	10. SLUDGE DISPOSAL & SEWAGE TREATMENT			980,000			10
11	1,578,294	1,413,830	1,722,355	11. UTILITIES			1,837,355			11
12	2,112,492	2,190,429	2,513,058	12. MISCELLANEOUS EXPENSE			1,521,111			12
13	77,118	110,776	126,599	13. ALLOCATED OVERHEAD			110,934			13
14				14. REPLACEMENT						14
15				15.						15
16				16.						16
17				17.						17
18				18.						18
19				19.						19
20				20.						20
21				21.						21
22				22.						22
23				23.						23
24				24.						24
25				25.						25
26				26.						26
27				27.						27
28				28.						28
29				29.						29
30				30.						30
31	20,624,590	21,871,415	25,015,516	31. TOTAL EXPENDITURES			23,675,889	0	0	31
32				32. UNAPPROPRIATED ENDING FUND BALANCE						32
	20,624,590	21,871,415	25,015,516	TOTAL	0		23,675,889	0	0	

DETAILED EXPENDITURES

FORM LB-31

**SANITARY SEWER
OPERATING FUND**

NAME OF ORGANIZATIONAL UNIT-FUND

WATER ENVIRONMENT SERVICES

(NAME OF MUNICIPAL CORPORATION)

	HISTORICAL DATA			EXPENDITURE DESCRIPTION	NO OF EMPS	R A N G E	BUDGET FOR NEXT YEAR 2021-2022			
	ACTUAL		ADOPTED BUDGET THIS YEAR 2020-2021				PROPOSED BY BUDGET OFFICER	APPROVED BY BUDGET COMMITTEE	ADOPTED BY GOVERNING BODY	
	SECOND PRECEDING YEAR 2018-2019	FIRST PRECEDING YEAR 2019-2020								
1				1. LAND						1
2				2.						2
3				3. BUILDING AND BLDG IMPROVEMENTS						3
4				4.						4
5				5. TREATMENT PLANT						5
6				6.						6
7				7. PUMP STATIONS						7
8				8.						8
9				9. FORCE MAINS						9
10				10.						10
11				11. TRUNKS & INTERCEPTORS						11
12				12.						12
13				13. EQUIPMENT CAPITAL						13
14				14.						14
15				15. MASTER PLANS/STUDIES						15
16				16.						16
17				17. ADMINISTRATION						17
18				18.						18
19				19. REMOVAL & REPLACEMENT						19
20				20.						20
21				21.						21
22				22.						22
23				23.						23
24				24.						24
25				25.						25
26				26.						26
27				27.						27
28				28.						28
29				29.						29
30				30.						30
31	0	0	0	31. TOTAL EXPENDITURES			0	0	0	31
32				32. UNAPPROPRIATED ENDING FUND BALANCE						32
	0	0	0	TOTAL	0		0	0	0	

RESOURCES

FORM LB-20

**SANITARY SEWER
SYSTEM DEVELOPMENT CHARGE FUND**

WATER ENVIRONMENT SERVICES
(NAME OF MUNICIPAL CORPORATION)

	HISTORICAL DATA			RESOURCE DESCRIPTION	BUDGET FOR NEXT YEAR 2021-2022			
	ACTUAL		ADOPTED BUDGET THIS YEAR 2020-2021		PROPOSED BY BUDGET OFFICER	APPROVED BY BUDGET COMMITTEE	ADOPTED BY GOVERNING BODY	
	SECOND PRECEDING YEAR 2018-2019	FIRST PRECEDING YEAR 2019-2020						
1				BEGINNING FUND BALANCE:				1
2	3,075,395	31,055,016	36,086,891	1. *AVAILABLE CASH ON HAND (CASH BASIS), OR	45,383,561			2
3				2. *NET WORKING CAPITAL (ACCRUAL BASIS)				3
4	455,759	652,450	577,400	3. PREVIOUSLY LEVIED TAXES ESTIMATED TO BE RECVD				4
5				4. INTEREST	431,100			5
6				5. OTHER RESOURCES				6
7				6. MONTHLY SERVICE CHARGE REVENUE				7
8				7. OPERATION PAYMENTS-CITIES				8
9				8. BANCROFT BOND SALE PROCEEDS				9
10				9. RENTAL INCOME				10
11	4,747,981	9,883,273	6,284,300	10. MISCELLANEOUS INCOME				11
12				11. SYSTEM DEVELOPMENT CHARGE REVENUE	6,375,600			12
13				12. SPECIAL CONNECTION CHARGE REVENUE				13
14				13. CAPITAL OUTLAY PAYMENTS CITIES				14
15				14. PRINCIPAL NON-BONDED INSTALLMENT				15
16				15. INTEREST NON-BONDED INSTALLMENT				16
17				16. STATE GRANT (DEQ)				17
18				17. FEDERAL GRANT (EPA)				18
19				18. STATE LOAN				19
20				19. REVENUE BONDS PROCEEDS				20
21				20. INSURANCE PROCEEDS				21
22	22,917,866			21. INTERGOVERNMENTAL REVENUE				22
23				22. CONTRIBUTION FROM CCSD NO. 1				23
24				22. CONTRIBUTION FROM TCSD				24
25				24.				25
26				25.				26
27				26.				27
28				27.				28
29	31,197,001	41,590,739	42,948,591	28. FROM OTHER ENTITIES				29
30				29. TOTAL RESOURCES, EXCEPT TAXES TO BE LEVIED	52,190,261	0	0	30
31				30. TAXES NECESSARY TO BALANCE BUDGET				31
32	31,197,001	41,590,739	42,948,591	31. TAXES COLLECTED IN YEAR LEVIED				32
				32. TOTAL RESOURCES	52,190,261	0	0	

EXPENDITURE SUMMARY

FORM LB-30

BY FUND, ORGANIZATIONAL UNIT OR PROGRAM

**SANITARY SEWER
SYSTEM DEVELOPMENT CHARGE FUND**
NAME OF ORGANIZATIONAL UNIT-FUND

WATER ENVIRONMENT SERVICES
(NAME OF MUNICIPAL CORPORATION)

	HISTORICAL DATA		ADOPTED BUDGET THIS YEAR 2020-2021	EXPENDITURE DESCRIPTION	BUDGET FOR NEXT YEAR 2021-2022			
	ACTUAL				PROPOSED BY BUDGET OFFICER	APPROVED BY BUDGET COMMITTEE	ADOPTED BY GOVERNING BODY	
	SECOND PRECEDING YEAR 2018-2019	FIRST PRECEDING YEAR 2019-2020						
				PERSONNEL SERVICES				
1				1.				1
2				2.				2
3				3.				3
4				4.				4
5				5.				5
6				6.				6
7	0	0	0	7. TOTAL PERSONNEL SERVICES	0	0	0	7
				MATERIALS AND SERVICES				
1				1.				1
2				2.				2
3				3.				3
4				4.				4
5				5.				5
6				6.				6
7	0	0	0	7. TOTAL MATERIALS AND SERVICES	0	0	0	7
				CAPITAL OUTLAY				
1	141,985	1,961,609	8,723,500	1.	1,254,000			1
2				2.				2
3				3.				3
4	141,985	1,961,609	8,723,500	4. TOTAL CAPITAL OUTLAY	1,254,000	0	0	4
				SPECIAL PAYMENTS				
1			0	1.				1
2				2.				2
3				3.				3
4	0	0	0	4. TOTAL SPECIAL PAYMENTS	0	0	0	4
				TRANSFERRED TO OTHER FUNDS				
1				1. RESERVE FOR CAPITAL IMPROVEMENT				1
2				2. TO CONSTRUCTION FUND				2
3				3. TO DEBT FUNDS	8,694,881			3
4			2,180,875	4. GENERAL OPERATING CONTINGENCY	627,000			4
5	0	0	2,180,875	5. TOTAL TRANSFERS & CONTINGENCY	9,321,881	0	0	5
	141,985	1,961,609	10,904,375	TOTAL EXPENDITURES	10,575,881	0	0	
	31,055,016	39,629,130	32,044,216	UNAPPROPRIATED ENDING FUND BALANCE	41,614,380			
	31,197,001	41,590,739	42,948,591	TOTAL	52,190,261	0	0	

DETAILED EXPENDITURES

FORM LB-31

**SANITARY SEWER
SYSTEM DEVELOPMENT CHARGE FUND**

NAME OF ORGANIZATIONAL UNIT-FUND

WATER ENVIRONMENT SERVICES

(NAME OF MUNICIPAL CORPORATION)

	HISTORICAL DATA			EXPENDITURE DESCRIPTION	NO OF EMPS	R A N G E	BUDGET FOR NEXT YEAR 2021-2022			
	ACTUAL		ADOPTED BUDGET THIS YEAR 2020-2021				PROPOSED BY BUDGET OFFICER	APPROVED BY BUDGET COMMITTEE	ADOPTED BY GOVERNING BODY	
	SECOND PRECEDING YEAR 2018-2019	FIRST PRECEDING YEAR 2019-2020								
1				1. MATERIALS AND SERVICES:						1
2				2. SERVICES:						2
3				3. WES SERVICES						3
4				4. OTHER COUNTY SERVICES						4
5				5. PROFESSIONAL SERVICES						5
6				6. MISCELLANEOUS SERVICES						6
7	0	0	0	7. TOTAL SERVICES			0	0	0	7
8										8
9				9. SUPPLIES						9
10				10. SLUDGE DISPOSAL						10
11				11. UTILITIES						11
12				12. MISCELLANEOUS EXPENSE						12
13				13. ALLOCATED OVERHEAD						13
14				14. REPLACEMENT						14
15				15.						15
16				16.						16
17				17.						17
18				18.						18
19				19.						19
20				20.						20
21				21.						21
22				22.						22
23				23.						23
24				24.						24
25				25.						25
26				26.						26
27				27.						27
28				28.						28
29				29.						29
30				30.						30
31	0	0	0	31. TOTAL EXPENDITURES			0	0	0	31
32				32. UNAPPROPRIATED ENDING FUND BALANCE						32
	0	0	0	TOTAL			0	0	0	

DETAILED EXPENDITURES

FORM LB-31

**SANITARY SEWER
SYSTEM DEVELOPMENT CHARGE FUND**

NAME OF ORGANIZATIONAL UNIT-FUND

WATER ENVIRONMENT SERVICES

(NAME OF MUNICIPAL CORPORATION)

	HISTORICAL DATA			EXPENDITURE DESCRIPTION	NO OF EMPS	R A N G E	BUDGET FOR NEXT YEAR 2021-2022			
	ACTUAL		ADOPTED BUDGET THIS YEAR 2020-2021				PROPOSED BY BUDGET OFFICER	APPROVED BY BUDGET COMMITTEE	ADOPTED BY GOVERNING BODY	
	SECOND PRECEDING YEAR 2018-2019	FIRST PRECEDING YEAR 2019-2020								
1				1. LAND						1
2				2.						2
3				3. BUILDING AND BLDG IMPROVEMENTS						3
4				4.						4
5	10,693	194,055	1,187,500	5. TREATMENT PLANT						5
6				6.						6
7			72,000	7. PUMP STATIONS			240,000			7
8				8.						8
9	122,342	1,696,186		9. FORCE MAINS						9
10				10.						10
11	8,950	71,368	6,964,000	11. TRUNKS & INTERCEPTORS			1,014,000			11
12				12.						12
13				13. EQUIPMENT CAPITAL						13
14				14.						14
15				15. MASTER PLANS/STUDIES						15
16				16.						16
17				17. ADMINISTRATION						17
18				18.						18
19			500,000	19. RENEWAL & REPLACEMENT						19
20				20.						20
21				21.						21
22				22.						22
23				23.						23
24				24.						24
25				25.						25
26				26.						26
27				27.						27
28				28.						28
29				29.						29
30				30.						30
31	141,985	1,961,609	8,723,500	31. TOTAL EXPENDITURES			1,254,000	0	0	31
32				32. UNAPPROPRIATED ENDING FUND BALANCE						32
	141,985	1,961,609	8,723,500	TOTAL			1,254,000	0	0	

RESOURCES

FORM LB-20

**SANITARY SEWER
CONSTRUCTION FUND**

WATER ENVIRONMENT SERVICES
(NAME OF MUNICIPAL CORPORATION)

	HISTORICAL DATA			RESOURCE DESCRIPTION	BUDGET FOR NEXT YEAR 2021-2022			
	ACTUAL		ADOPTED BUDGET THIS YEAR 2021-2022		PROPOSED BY BUDGET OFFICER	APPROVED BY BUDGET COMMITTEE	ADOPTED BY GOVERNING BODY	
	SECOND PRECEDING YEAR 2018-2019	FIRST PRECEDING YEAR 2019-2020						
				BEGINNING FUND BALANCE:				
1				1. *AVAILABLE CASH ON HAND (CASH BASIS), OR				1
2	8,744,548	43,848,962	43,746,421	2. *NET WORKING CAPITAL (ACCRUAL BASIS)	81,771,998			2
3				3. PREVIOUSLY LEVIED TAXES ESTIMATED TO BE RECVD				3
4	643,401	549,450	699,900	4. INTEREST	776,800			4
5				5. OTHER RESOURCES				5
6				6. MONTHLY SERVICE CHARGE REVENUE				6
7				7. OPERATION PAYMENTS-CITIES				7
8				8. BANCROFT BOND SALE PROCEEDS				8
9				9. RENTAL INCOME				9
10	86,455	315,668		10. MISCELLANEOUS INCOME				10
11				11. SYSTEM DEVELOPMENT CHARGE REVENUE				11
12				12. SPECIAL CONNECTION CHARGE REVENUE				12
13				13. CAPITAL OUTLAY PAYMENTS CITIES				13
14				14. PRINCIPAL NON-BONDED INSTALLMENT				14
15				15. INTEREST NON-BONDED INSTALLMENT				15
16				16. STATE GRANT (DEQ)				16
17				17. FEDERAL GRANT (EPA)				17
18	8,882,051	10,789,434	9,100,000	18. SRF STATE LOAN PROJECT CONTRIBUTION	500,000			18
19				19. REVENUE BONDS PROCEEDS				19
20				20. INSURANCE PROCEEDS				20
21				21. INTERGOVERNMENTAL REVENUE				21
22	10,000,000	14,500,000	11,000,000	22. TRANSFERS FROM GENERAL FUND	15,500,000			22
23				23. CONTRIBUTION FROM TCSD				23
24	36,968,598	0		24. CONTRIBUTION FROM CCSD NO. 1				24
25				25.				25
26				26.				26
27				27.				27
28				28. FROM OTHER ENTITIES				28
29	65,325,053	70,003,514	64,546,321	29. TOTAL RESOURCES, EXCEPT TAXES TO BE LEVIED	98,548,798	0	0	29
30				30. TAXES NECESSARY TO BALANCE BUDGET				30
31				31. TAXES COLLECTED IN YEAR LEVIED				31
32	65,325,053	70,003,514	64,546,321	32. TOTAL RESOURCES	98,548,798	0	0	32

EXPENDITURE SUMMARY

FORM LB-30

BY FUND, ORGANIZATIONAL UNIT OR PROGRAM

SANITARY SEWER

CONSTRUCTION FUND

NAME OF ORGANIZATIONAL UNIT-FUND

WATER ENVIRONMENT SERVICES

(NAME OF MUNICIPAL CORPORATION)

	HISTORICAL DATA		ADOPTED BUDGET THIS YEAR 2021-2022	EXPENDITURE DESCRIPTION	BUDGET FOR NEXT YEAR 2021-2022			
	ACTUAL				PROPOSED BY BUDGET OFFICER	APPROVED BY BUDGET COMMITTEE	ADOPTED BY GOVERNING BODY	
	SECOND PRECEDING YEAR 2018-2019	FIRST PRECEDING YEAR 2019-2020						
				PERSONNEL SERVICES				
1				1.				1
2				2.				2
3				3.				3
4				4.				4
5				5.				5
6				6.				6
7	0	0	0	7. TOTAL PERSONNEL SERVICES	0	0	0	7
				MATERIALS AND SERVICES				
1				1.				1
2				2.				2
3				3.				3
4				4.				4
5				5.				5
6				6.				6
7	0	0	0	7. TOTAL MATERIALS AND SERVICES	0	0	0	7
				CAPITAL OUTLAY				
1	21,476,091	31,923,535	29,124,500	1.	22,877,000			1
2				2.				2
3				3.				3
4	21,476,091	31,923,535	29,124,500	4. TOTAL CAPITAL OUTLAY	22,877,000	0	0	4
				SPECIAL PAYMENTS				
1			0	1.				1
2				2.				2
3				3.				3
4	0	0	0	4. TOTAL SPECIAL PAYMENTS	0	0	0	4
				TRANSFERRED TO OTHER FUNDS				
1	0	0		1. RESERVE FOR CAPITAL IMPROVEMENT				1
2				2. TO DEBT SERVICE FUNDS				2
3				3. TO OTHER FUNDS				3
4	-	-	7,281,125	4. GENERAL OPERATING CONTINGENCY	11,438,500			4
5	0	0	7,281,125	5. TOTAL TRANSFERS & CONTINGENCY	11,438,500	0	0	5
	21,476,091	31,923,535	36,405,625	TOTAL EXPENDITURES	34,315,500	0	0	
	43,848,962	38,079,979	28,140,696	UNAPPROPRIATED ENDING FUND BALANCE	64,233,298			
	65,325,053	70,003,514	64,546,321	TOTAL	98,548,798	0	0	

DETAILED EXPENDITURES

FORM LB-31

**SANITARY SEWER
CONSTRUCTION FUND**

NAME OF ORGANIZATIONAL UNIT-FUND

WATER ENVIRONMENT SERVICES

(NAME OF MUNICIPAL CORPORATION)

	HISTORICAL DATA			EXPENDITURE DESCRIPTION	NO OF EMPS	R A N G E	BUDGET FOR NEXT YEAR 2021-2022			
	ACTUAL		ADOPTED BUDGET THIS YEAR 2021-2022				PROPOSED BY BUDGET OFFICER	APPROVED BY BUDGET COMMITTEE	ADOPTED BY GOVERNING BODY	
	SECOND PRECEDING YEAR 2018-2019	FIRST PRECEDING YEAR 2019-2020								
1				1. MATERIALS AND SERVICES:						1
2				2. SERVICES:						2
3				3. WES SERVICES						3
4				4. OTHER COUNTY SERVICES						4
5				5. PROFESSIONAL SERVICES						5
6				6. MISCELLANEOUS SERVICES						6
7	0	0	0	7. TOTAL SERVICES			0	0	0	7
8										8
9				9. SUPPLIES						9
10				10. SLUDGE DISPOSAL						10
11				11. UTILITIES						11
12				12. MISCELLANEOUS EXPENSE						12
13				13. ALLOCATED OVERHEAD						13
14				14. REPLACEMENT						14
15				15.						15
16				16.						16
17				17.						17
18				18.						18
19				19.						19
20				20.						20
21				21.						21
22				22.						22
23				23.						23
24				24.						24
25				25.						25
26				26.						26
27				27.						27
28				28.						28
29				29.						29
30				30.						30
31	0	0	0	31. TOTAL EXPENDITURES			0	0	0	31
32				32. UNAPPROPRIATED ENDING FUND BALANCE						32
	0	0	0	TOTAL			0	0	0	

DETAILED EXPENDITURES

FORM LB-31

**SANITARY SEWER
CONSTRUCTION FUND**

NAME OF ORGANIZATIONAL UNIT-FUND

WATER ENVIRONMENT SERVICES

(NAME OF MUNICIPAL CORPORATION)

	HISTORICAL DATA			EXPENDITURE DESCRIPTION	NO OF EMPS	R A N G E	BUDGET FOR NEXT YEAR 2021-2022			
	ACTUAL		ADOPTED BUDGET THIS YEAR 2021-2022				PROPOSED BY BUDGET OFFICER	APPROVED BY BUDGET COMMITTEE	ADOPTED BY GOVERNING BODY	
	SECOND PRECEDING YEAR 2018-2019	FIRST PRECEDING YEAR 2019-2020								
1				1. LAND						1
2				2.						2
3				3. BUILDING AND BLDG IMPROVEMENTS						3
4				4.						4
5	20,343,995	28,844,214	17,862,500	5. TREATMENT PLANT			14,150,000			5
6				6.						6
7	96,640	96,889	200,000	7. PUMP STATIONS			200,000			7
8				8.						8
9				9. FORCE MAINS						9
10				10.						10
11	596,779	2,342,645	9,294,000	11. TRUNKS & INTERCEPTORS			6,496,000			11
12				12.						12
13	215,959	348,652	845,000	13. EQUIPMENT CAPITAL			1,026,000			13
14				14.						14
15				15. MASTER PLANS/STUDIES						15
16				16.						16
17	66,628	16,647	23,000	17. WATER QUALITY LAB			105,000			17
18				18.						18
19	156,090	208,190	800,000	19. RENEWAL & REPLACEMENT			800,000			19
20				20.						20
21		66,298	100,000	21. DEVELOPMENT REVIEW			100,000			21
22				22.						22
23				23.						23
24				24.						24
25				25.						25
26				26.						26
27				27.						27
28				28.						28
29				29.						29
30				30.						30
31	21,476,091	31,923,535	29,124,500	31. TOTAL EXPENDITURES			22,877,000	0	0	31
32				32. UNAPPROPRIATED ENDING FUND BALANCE						32
	21,476,091	31,923,535	29,124,500	TOTAL	0		22,877,000	0	0	

RESOURCES

FORM LB-20

**SURFACE WATER
OPERATING FUND**

WATER ENVIRONMENT SERVICES

(NAME OF MUNICIPAL CORPORATION)

	HISTORICAL DATA			RESOURCE DESCRIPTION	BUDGET FOR NEXT YEAR 2021-2022			
	ACTUAL		ADOPTED BUDGET THIS YEAR 2020-2021		PROPOSED BY BUDGET OFFICER	APPROVED BY BUDGET COMMITTEE	ADOPTED BY GOVERNING BODY	
	SECOND PRECEDING YEAR 2018-2019	FIRST PRECEDING YEAR 2019-2020						
1				BEGINNING FUND BALANCE:				1
2	627,567	9,869,474	7,932,702	1. *AVAILABLE CASH ON HAND (CASH BASIS), OR	6,582,369			2
3				2. *NET WORKING CAPITAL (ACCRUAL BASIS)				3
4	160,304	189,966	126,900	3. PREVIOUSLY LEVIED TAXES ESTIMATED TO BE RECVD				4
5				4. INTEREST	62,500			5
6	4,910,322	5,163,571	5,311,400	5. OTHER RESOURCES				6
7				6. SERVICE CHARGES	5,716,300			7
8				7. PERMITS				8
9	207,456	519,769	262,500	8. GRANT REVENUE				9
10	8,675,340	0		9. MISCELLANEOUS INCOME	157,500			10
11				10. CONTRIBUTION FROM CCSD NO. 1				11
12				11. CONTRIBUTION FROM SWMACC				12
13				12.				13
14				13.				14
15				14.				15
16				15.				16
17				16.				17
18				17.				18
19				18.				19
20				19.				20
21				20.				21
22				21.				22
23				22.				23
24				23.				24
25				24.				25
26				25.				26
27				26.				27
28				27.				28
29	14,580,989	15,742,780	13,633,502	28.				29
30				29. TOTAL RESOURCES, EXCEPT TAXES TO BE LEVIED	12,518,669	0	0	30
31				30. TAXES NECESSARY TO BALANCE BUDGET				31
32	14,580,989	15,742,780	13,633,502	31. TAXES COLLECTED IN YEAR LEVIED				32
				32. TOTAL RESOURCES	12,518,669	0	0	

EXPENDITURE SUMMARY

FORM LB-30

BY FUND, ORGANIZATIONAL UNIT OR PROGRAM

SURFACE WATER

OPERATING FUND

NAME OF ORGANIZATIONAL UNIT-FUND

WATER ENVIRONMENT SERVICES

(NAME OF MUNICIPAL CORPORATION)

	HISTORICAL DATA		ADOPTED BUDGET THIS YEAR 2020-2021	EXPENDITURE DESCRIPTION	BUDGET FOR NEXT YEAR 2021-2022			
	ACTUAL				PROPOSED BY BUDGET OFFICER	APPROVED BY BUDGET COMMITTEE	ADOPTED BY GOVERNING BODY	
	SECOND PRECEDING YEAR 2018-2019	FIRST PRECEDING YEAR 2019-2020						
				PERSONNEL SERVICES				
1				1.				1
2				2.				2
3				3.				3
4				4.				4
5				5.				5
6				6.				6
7	0	0	0	7. TOTAL PERSONNEL SERVICES	0	0	0	7
				MATERIALS AND SERVICES				
1	3,711,515	4,244,759	5,089,029	1.	6,211,141			1
2				2.				2
3				3.				3
4				4.				4
5				5.				5
6				6.				6
7	3,711,515	4,244,759	5,089,029	7. TOTAL MATERIALS AND SERVICES	6,211,141	0	0	7
				CAPITAL OUTLAY				
1				1.				1
2				2.				2
3				3.				3
4	0	0	0	4. TOTAL CAPITAL OUTLAY	0	0	0	4
				SPECIAL PAYMENTS				
1			0	1.				1
2				2.				2
3				3.				3
4	0	0	0	4. TOTAL SPECIAL PAYMENTS	0	0	0	4
				TRANSFERRED TO OTHER FUNDS				
1	1,000,000	3,000,000	3,000,000	1. RESERVE FOR CAPITAL IMPROVEMENT	3,000,000			1
2				2.				2
3				3.				3
4	-	-	848,000	4. GENERAL OPERATING CONTINGENCY	1,035,000			4
5	1,000,000	3,000,000	3,848,000	5. TOTAL TRANSFERS & CONTINGENCY	4,035,000	0	0	5
	4,711,515	7,244,759	8,937,029	TOTAL EXPENDITURES	10,246,141	0	0	
	9,869,474	8,498,021	4,696,473	UNAPPROPRIATED ENDING FUND BALANCE	2,272,528			
	14,580,989	15,742,780	13,633,502	TOTAL	12,518,669	0	0	

DETAILED EXPENDITURES

FORM LB-31

**SURFACE WATER
OPERATING FUND**

NAME OF ORGANIZATIONAL UNIT-FUND

WATER ENVIRONMENT SERVICES

(NAME OF MUNICIPAL CORPORATION)

	HISTORICAL DATA			EXPENDITURE DESCRIPTION	NO OF EMPS	R A N G E	BUDGET FOR NEXT YEAR 2021-2022			
	ACTUAL		ADOPTED BUDGET THIS YEAR 2020-2021				PROPOSED BY BUDGET OFFICER	APPROVED BY BUDGET COMMITTEE	ADOPTED BY GOVERNING BODY	
	SECOND PRECEDING YEAR 2018-2019	FIRST PRECEDING YEAR 2019-2020								
1				1. MATERIALS AND SERVICES:						1
2				2. SERVICES:						2
3	1,915,593	2,213,933	2,474,505	3. WES SERVICES			3,167,937			3
4	501,442	505,914	768,278	4. OTHER COUNTY SERVICES			820,115			4
5	443,817	687,084	896,444	5. PROFESSIONAL SERVICES			1,180,621			5
6	53,469	36,835	58,000	6. MISCELLANEOUS SERVICES			67,100			6
7	2,914,321	3,443,766	4,197,227	7. TOTAL SERVICES			5,235,773	0	0	7
8				8.						8
9	76,720	125,968	119,675	9. SUPPLIES			100,555			9
10	0	0		10. SLUDGE DISPOSAL						10
11	6,848	5,444	7,230	11. UTILITIES			7,050			11
12	556,671	534,798	602,665	12. MISCELLANEOUS EXPENSE			682,977			12
13	156,955	134,783	162,232	13. ALLOCATED OVERHEAD			184,786			13
14				14.						14
15				15.						15
16				16.						16
17				17.						17
18				18.						18
19				19.						19
20				20.						20
21				21.						21
22				22.						22
23				23.						23
24				24.						24
25				25.						25
26				26.						26
27				27.						27
28				28.						28
29				29.						29
30				30.						30
31	3,711,515	4,244,759	5,089,029	31. TOTAL EXPENDITURES			6,211,141	0	0	31
32				32. UNAPPROPRIATED ENDING FUND BALANCE						32
	3,711,515	4,244,759	5,089,029	TOTAL			6,211,141	0	0	

RESOURCES

FORM LB-20

**SURFACE WATER
SYSTEM DEVELOPMENT CHARGE FUND**

WATER ENVIRONMENT SERVICES

(NAME OF MUNICIPAL CORPORATION)

	HISTORICAL DATA			RESOURCE DESCRIPTION	BUDGET FOR NEXT YEAR 2021-2022			
	ACTUAL		ADOPTED BUDGET THIS YEAR 2020-2021		PROPOSED BY BUDGET OFFICER	APPROVED BY BUDGET COMMITTEE	ADOPTED BY GOVERNING BODY	
	SECOND PRECEDING YEAR 2018-2019	FIRST PRECEDING YEAR 2019-2020						
				BEGINNING FUND BALANCE:				
1				1. *AVAILABLE CASH ON HAND (CASH BASIS), OR				1
2	0	0	2,281,946	2. *NET WORKING CAPITAL (ACCRUAL BASIS)	2,453,629			2
3				3. PREVIOUSLY LEVIED TAXES ESTIMATED TO BE RECVD				3
4	31,939	39,714	36,500	4. INTEREST	23,300			4
5				5. OTHER RESOURCES				5
6				6. MONTHLY SERVICE CHARGE REVENUE				6
7				7. OPERATION PAYMENTS-CITIES				7
8				8. BANCROFT BOND SALE PROCEEDS				8
9				9. RENTAL INCOME				9
10				10. MISCELLANEOUS INCOME				10
11	140,543	161,094	118,300	11. CONNECTION CHARGE REVENUE	120,000			11
12				12. SPECIAL CONNECTION CHARGE REVENUE				12
13				13. CAPITAL OUTLAY PAYMENTS CITIES				13
14				14. PRINCIPAL NON-BONDED INSTALLMENT				14
15				15. INTEREST NON-BONDED INSTALLMENT				15
16				16. STATE GRANT (DEQ)				16
17				17. FEDERAL GRANT (EPA)				17
18				18. STATE LOAN				18
19				19. BONDS PROCEEDS				19
20				20. INSURANCE PROCEEDS				20
21				21. INTERIM FINANCING				21
22	1,912,064	2,084,546		22. CONTRIBUTION FROM CCSD NO. 1				22
23				23.				23
24				24.				24
25				25.				25
26				26.				26
27				27.				27
28				28. FROM OTHER ENTITIES				28
29	2,084,546	2,285,354	2,436,746	29. TOTAL RESOURCES, EXCEPT TAXES TO BE LEVIED	2,596,929	0	0	29
30				30. TAXES NECESSARY TO BALANCE BUDGET				30
31				31. TAXES COLLECTED IN YEAR LEVIED				31
32	2,084,546	2,285,354	2,436,746	32. TOTAL RESOURCES	2,596,929	0	0	32

EXPENDITURE SUMMARY

FORM LB-30

BY FUND, ORGANIZATIONAL UNIT OR PROGRAM

SURFACE WATER
SYSTEM DEVELOPMENT CHARGE FUND
NAME OF ORGANIZATIONAL UNIT-FUND

WATER ENVIRONMENT SERVICES
(NAME OF MUNICIPAL CORPORATION)

	HISTORICAL DATA		ADOPTED BUDGET THIS YEAR 2020-2021	EXPENDITURE DESCRIPTION	BUDGET FOR NEXT YEAR 2021-2022			
	ACTUAL				PROPOSED BY BUDGET OFFICER	APPROVED BY BUDGET COMMITTEE	ADOPTED BY GOVERNING BODY	
	SECOND PRECEDING YEAR 2018-2019	FIRST PRECEDING YEAR 2019-2020						
				PERSONNEL SERVICES				
1				1.				1
2				2.				2
3				3.				3
4				4.				4
5				5.				5
6				6.				6
7	0	0	0	7. TOTAL PERSONNEL SERVICES	0	0	0	7
				MATERIALS AND SERVICES				
1				1.				1
2				2.				2
3				3.				3
4				4.				4
5				5.				5
6				6.				6
7	0	0	0	7. TOTAL MATERIALS AND SERVICES	0	0	0	7
				CAPITAL OUTLAY				
1				1.				1
2				2.				2
3				3.				3
4				4.				4
5				5.				5
6				6.				6
7	0	0	0	7. TOTAL CAPITAL OUTLAY	0	0	0	7
				SPECIAL PAYMENTS				
1				1.				1
2				2.				2
3				3.				3
4	0	0	0	4. TOTAL SPECIAL PAYMENTS	0	0	0	4
				TRANSFERRED TO OTHER FUNDS				
1				1. RESERVE FOR CAPITAL IMPROVEMENT				1
2				2. TO DEBT SERVICE FUNDS				2
3				3. TO OTHER FUNDS				3
4				4. GENERAL OPERATING CONTINGENCY				4
5	0	0	0	5. TOTAL TRANSFERS & CONTINGENCY	0	0	0	5
	0	0	0	TOTAL EXPENDITURES	0	0	0	
	2,084,546	2,285,354	2,436,746	UNAPPROPRIATED ENDING FUND BALANCE	2,596,929			
	2,084,546	2,285,354	2,436,746	TOTAL	2,596,929	0	0	

FORM LB-31

DETAILED EXPENDITURES
SURFACE WATER
SYSTEM DEVELOPMENT CHARGE FUND
NAME OF ORGANIZATIONAL UNIT-FUND

WATER ENVIRONMENT SERVICES
(NAME OF MUNICIPAL CORPORATION)

	HISTORICAL DATA			EXPENDITURE DESCRIPTION	NO OF EMPS	R A N G E	BUDGET FOR NEXT YEAR 2021-2022			
	ACTUAL		ADOPTED BUDGET THIS YEAR 2020-2021				PROPOSED BY BUDGET OFFICER	APPROVED BY BUDGET COMMITTEE	ADOPTED BY GOVERNING BODY	
	SECOND PRECEDING YEAR 2018-2019	FIRST PRECEDING YEAR 2019-2020								
1				1. MATERIALS AND SERVICES:						1
2				2. SERVICES:						2
3				3. WES SERVICES						3
4				4. OTHER COUNTY SERVICES						4
5				5. PROFESSIONAL SERVICES						5
6				6. MISCELLANEOUS SERVICES						6
7	0	0	0	7. TOTAL SERVICES			0	0	0	7
8										8
9				9. SUPPLIES						9
10				10. SLUDGE DISPOSAL						10
11				11. UTILITIES						11
12				12. MISCELLANEOUS EXPENSE						12
13				13. ALLOCATED OVERHEAD						13
14				14. REPLACEMENT						14
15				15.						15
16				16.						16
17				17.						17
18				18.						18
19				19.						19
20				20.						20
21				21.						21
22				22.						22
23				23.						23
24				24.						24
25				25.						25
26				26.						26
27				27.						27
28				28.						28
29				29.						29
30				30.						30
31	0	0	0	31. TOTAL EXPENDITURES			0	0	0	31
32				32. UNAPPROPRIATED ENDING FUND BALANCE						32
	0	0	0	TOTAL	0		0	0	0	

FORM LB-31

DETAILED EXPENDITURES
SURFACE WATER
SYSTEM DEVELOPMENT CHARGE FUND
NAME OF ORGANIZATIONAL UNIT-FUND

WATER ENVIRONMENT SERVICES
(NAME OF MUNICIPAL CORPORATION)

	HISTORICAL DATA			EXPENDITURE DESCRIPTION	NO OF EMPS	R A N G E	BUDGET FOR NEXT YEAR 2021-2022			
	ACTUAL		ADOPTED BUDGET THIS YEAR 2020-2021				PROPOSED BY BUDGET OFFICER	APPROVED BY BUDGET COMMITTEE	ADOPTED BY GOVERNING BODY	
	SECOND PRECEDING YEAR 2018-2019	FIRST PRECEDING YEAR 2019-2020								
1				1. LAND						1
2				2.						2
3				3. BUILDINGS						3
4				4.						4
5				5. TREATMENT PLANT						5
6				6.						6
7				7. PUMP STATIONS						7
8				8.						8
9				9. FORCE MAINS						9
10				10.						10
11				11. TRUNKS & INTERCEPTORS						11
12				12.						12
13				13. EQUIPMENT CAPITAL						13
14				14.						14
15				15. MASTER PLANS/STUDIES						15
16				16.						16
17				17. ADMINISTRATION						17
18				18.						18
19				19. REMOVAL & REPLACEMENT						19
20				20.						20
21				21.						21
22				22.						22
23				23.						23
24				24.						24
25				25.						25
26				26.						26
27				27.						27
28				28.						28
29				29.						29
30				30.						30
31	0	0	0	31. TOTAL EXPENDITURES			0	0	0	31
32				32. UNAPPROPRIATED ENDING FUND BALANCE						32
	0	0	0	TOTAL	0		0	0	0	

RESOURCES

FORM LB-20

**SURFACE WATER
CONSTRUCTION FUND**

WATER ENVIRONMENT SERVICES
(NAME OF MUNICIPAL CORPORATION)

	HISTORICAL DATA			RESOURCE DESCRIPTION	BUDGET FOR NEXT YEAR 2021-2022			
	ACTUAL		ADOPTED BUDGET THIS YEAR 2020-2021		PROPOSED BY BUDGET OFFICER	APPROVED BY BUDGET COMMITTEE	ADOPTED BY GOVERNING BODY	
	SECOND PRECEDING YEAR 2018-2019	FIRST PRECEDING YEAR 2019-2020						
				BEGINNING FUND BALANCE:				
1				1. *AVAILABLE CASH ON HAND (CASH BASIS), OR				1
2	0	0	3,297,331	2. *NET WORKING CAPITAL (ACCRUAL BASIS)	5,677,421			2
3				3. PREVIOUSLY LEVIED TAXES ESTIMATED TO BE RECVD				3
4	17,446	17,955	52,800	4. INTEREST	53,900			4
5				5. OTHER RESOURCES				5
6				6. MONTHLY SERVICE CHARGE REVENUE				6
7				7. OPERATION PAYMENTS-CITIES				7
8				8. BANCROFT BOND SALE PROCEEDS				8
9				9. RENTAL INCOME				9
10	13,534	15,910		10. MISCELLANEOUS INCOME				10
11				11. SEWER CONNECTION CHARGE REVENUE				11
12				12. SPECIAL CONNECTION CHARGE REVENUE				12
13				13. CAPITAL OUTLAY PAYMENTS CITIES				13
14				14. PRINCIPAL NON-BONDED INSTALLMENT				14
15				15. INTEREST NON-BONDED INSTALLMENT				15
16				16. STATE GRANTS				16
17				17. FEDERAL GRANTS				17
18				18. STATE LOAN				18
19				19. BOND PROCEEDS				19
20				20. INSURANCE PROCEEDS				20
21				21. INTERIM FINANCING				21
22	1,000,000	3,000,000	3,000,000	22. TRANSFER FROM GENERAL FUND	3,000,000			22
23	1,991,876	1,077,631		23. CONTRIBUTION FROM CCSD NO. 1				23
24				24.				24
25				25.				25
26				26.				26
27				27.				27
28				28. FROM OTHER ENTITIES				28
29	3,022,856	4,111,496	6,350,131	29. TOTAL RESOURCES, EXCEPT TAXES TO BE LEVIED	8,731,321	0	0	29
30				30. TAXES NECESSARY TO BALANCE BUDGET				30
31				31. TAXES COLLECTED IN YEAR LEVIED				31
32	3,022,856	4,111,496	6,350,131	32. TOTAL RESOURCES	8,731,321	0	0	32

EXPENDITURE SUMMARY

FORM LB-30

BY FUND, ORGANIZATIONAL UNIT OR PROGRAM

SURFACE WATER**CONSTRUCTION FUND**

NAME OF ORGANIZATIONAL UNIT-FUND

WATER ENVIRONMENT SERVICES

(NAME OF MUNICIPAL CORPORATION)

	HISTORICAL DATA		ADOPTED BUDGET THIS YEAR 2020-2021*	EXPENDITURE DESCRIPTION	BUDGET FOR NEXT YEAR 2021-2022			
	ACTUAL				PROPOSED BY BUDGET OFFICER	APPROVED BY BUDGET COMMITTEE	ADOPTED BY GOVERNING BODY	
	SECOND PRECEDING YEAR 2018-2019	FIRST PRECEDING YEAR 2019-2020						
				PERSONNEL SERVICES				
1				1.				1
2				2.				2
3				3.				3
4				4.				4
5				5.				5
				6.				6
7	0	0	0	7. TOTAL PERSONNEL SERVICES	0	0	0	7
				MATERIALS AND SERVICES				
1				1.				1
2				2.				2
3				3.				3
4				4.				4
5				5.				5
6				6.				6
7	0	0	0	7. TOTAL MATERIALS AND SERVICES	0	0	0	7
				CAPITAL OUTLAY				
1	1,945,225	716,375	2,141,500	1.	1,092,000			1
2				2.				2
3				3.				3
4	1,945,225	716,375	2,141,500	4. TOTAL CAPITAL OUTLAY	1,092,000	0	0	4
				SPECIAL PAYMENTS				
1				1.				1
2				2.				2
3				3.				3
4	0	0	0	4. TOTAL SPECIAL PAYMENTS	0	0	0	4
				TRANSFERRED TO OTHER FUNDS				
1				1. RESERVE FOR CAPITAL IMPROVEMENT				1
2				2. TO DEBT SERVICE FUNDS				2
3				3. TO OTHER FUNDS				3
4			535,375	4. GENERAL OPERATING CONTINGENCY	273,000			4
5	0	0	535,375	5. TOTAL TRANSFERS & CONTINGENCY	273,000	0	0	5
	1,945,225	716,375	2,676,875	TOTAL EXPENDITURES	1,365,000	0	0	
	1,077,631	3,395,121	3,673,256	UNAPPROPRIATED ENDING FUND BALANCE	7,366,321			
	3,022,856	4,111,496	6,350,131	TOTAL	8,731,321	0	0	

FORM LB-31

DETAILED EXPENDITURES
SURFACE WATER
CONSTRUCTION FUND
NAME OF ORGANIZATIONAL UNIT-FUND

WATER ENVIRONMENT SERVICES
(NAME OF MUNICIPAL CORPORATION)

	HISTORICAL DATA			EXPENDITURE DESCRIPTION	NO OF EMPS	R A N G E	BUDGET FOR NEXT YEAR 2021-2022			
	ACTUAL		ADOPTED BUDGET THIS YEAR 2020-2021*				PROPOSED BY BUDGET OFFICER	APPROVED BY BUDGET COMMITTEE	ADOPTED BY GOVERNING BODY	
	SECOND PRECEDING YEAR 2018-2019	FIRST PRECEDING YEAR 2019-2020								
1				1. MATERIALS AND SERVICES:						1
2				2. SERVICES:						2
3				3. WES SERVICES						3
4				4. OTHER COUNTY SERVICES						4
5				5. PROFESSIONAL SERVICES						5
6				6. MISCELLANEOUS SERVICES						6
7	0	0	0	7. TOTAL SERVICES			0	0	0	7
8										8
9				9. SUPPLIES						9
10				10. SLUDGE DISPOSAL						10
11				11. UTILITIES						11
12				12. MISCELLANEOUS EXPENSE						12
13				13. ALLOCATED OVERHEAD						13
14				14. REPLACEMENT						14
15				15.						15
16				16.						16
17				17.						17
18				18.						18
19				19.						19
20				20.						20
21				21.						21
22				22.						22
23				23.						23
24				24.						24
25				25.						25
26				26.						26
27				27.						27
28				28.						28
29				29.						29
30				30.						30
31	0	0	0	31. TOTAL EXPENDITURES			0	0	0	31
32				32. UNAPPROPRIATED ENDING FUND BALANCE						32
	0	0	0	TOTAL	0		0	0	0	

FORM LB-31

DETAILED EXPENDITURES
SURFACE WATER
CONSTRUCTION FUND
NAME OF ORGANIZATIONAL UNIT-FUND

WATER ENVIRONMENT SERVICES
(NAME OF MUNICIPAL CORPORATION)

	HISTORICAL DATA			EXPENDITURE DESCRIPTION	NO OF EMPS	R A N G E	BUDGET FOR NEXT YEAR 2021-2022			
	ACTUAL		ADOPTED BUDGET THIS YEAR 2020-2021*				PROPOSED BY BUDGET OFFICER	APPROVED BY BUDGET COMMITTEE	ADOPTED BY GOVERNING BODY	
	SECOND PRECEDING YEAR 2018-2019	FIRST PRECEDING YEAR 2019-2020								
1	1,115,542	169,256	741,500	1. WATER QUALITY FACILITIES			692,000			1
2				2.						2
3	36,561	1,715		3. WATERSHED RESTORATION						3
4				4.						4
5	650,259	545,404	1,300,000	5. DRAINAGE IMPROVEMENTS			300,000			5
6				6.						6
7	142,863	0	100,000	7. DETENTION PONDS			100,000			7
8				8.						8
9				9. EQUIPMENT CAPITAL						9
10				10.						10
11				11. MASTER PLANS/STUDIES						11
12				12.						12
13				13. ADMINISTRATION						13
14				14.						14
15				15. REMOVAL & REPLACEMENT						15
16				16.						16
17				17.						17
18				18.						18
19				19.						19
20				20.						20
21				21.						21
22				22.						22
23				23.						23
24				24.						24
25				25.						25
26				26.						26
27				27.						27
28				28.						28
29				29.						29
30				30.						30
31	1,945,225	716,375	2,141,500	31. TOTAL EXPENDITURES			1,092,000	0	0	31
32				32. UNAPPROPRIATED ENDING FUND BALANCE						32
	1,945,225	716,375	2,141,500	TOTAL	0		1,092,000	0	0	

FORM LB-35

BONDED DEBT
RESOURCES AND REQUIREMENTS

BONDED DEBT PAYMENTS ARE FOR:
STATE LOAN

DEBT SERVICE - STATE LOAN
FUND

WATER ENVIRONMENT SERVICES
(NAME OF MUNICIPAL CORPORATION)

	HISTORICAL DATA			DESCRIPTION OF RESOURCES AND REQUIREMENTS	BUDGET FOR NEXT YEAR 2021-2022				
	ACTUAL		ADOPTED BUDGET THIS YEAR 2020-2021		PROPOSED BY BUDGET OFFICER	APPROVED BY BUDGET COMMITTEE	ADOPTED BY GOVERNING BODY		
	SECOND PRECEDING 2018-2019	FIRST PRECEDING 2019-2020							
	RESOURCES								
				BEGINNING FUND BALANCE:					
1				1. CASH ON HAND*(CASH BASIS), OR				1	
2	548	1,279,591	841,979	2. WORKING CAPITAL(ACCRUAL BASIS)	9,977,103			2	
3	500,658	431,762	133,500	3. PRINCIPAL COLLECTIONS	100,000			3	
4	147,578	106,947	120,000	4. INTEREST COLLECTIONS	105,000			4	
5	17,265	26,934	13,500	5. EARNINGS FROM TEMPORARY INVESTMENTS	94,800			5	
6			500,000	6. TRANSFERRED FROM OTHER FUNDS	13,055,537			6	
7	727,185	-		7. CONTRIBUTIONS FROM TCSD AND CCSD NO. 1				7	
8	1,393,234	1,845,234	1,608,979	8. TOTAL RESOURCES, EXCEPT TAXES TO BE LEVIED	23,332,440	0		8	
9				9. TAXES NECESSARY TO BALANCE				9	
10				10. TAXES COLLECTED IN YEAR LEVIED				10	
	1,393,234	1,845,234	1,608,979	TOTAL RESOURCES	23,332,440	0		0	
				REQUIREMENTS					
				BOND PRINCIPAL PAYMENTS					
				ISSUE DATE	BUDGETED PAYMENT DATE				
1	106,208	106,208	106,208	1. STATE LOAN R06224	09/01/20, 03/01/21	106,208		1	
2				1. STATE LOAN R95030		1,547,214		2	
				2. 2016		4,125,000			
3				3. 2021		2,065,000		3	
4	106,208	106,208	106,208	4. TOTAL PRINCIPAL	7,843,422	0		0 4	
				BOND INTEREST PAYMENTS					
				ISSUE DATE	BUDGETED PAYMENT DATE				
1	7,435	6,904	6,373	1. STATE LOAN R06224	09/01/20, 03/01/21	5,842		1	
2	0	0	500,000	1. STATE LOAN R95030	12/01/20, 06/01/21	1,068,566		2	
				2. 2016		2,635,757			
3				3. 2021		1,614,000		3	
4	7,435	6,904	506,373	4. TOTAL INTEREST	5,324,165	0		0 4	
				SPECIAL PAYMENTS					
1				1.				1	
2	0	0	0	2. TOTAL SPECIAL PAYMENTS	0	0		0 2	
				TRANSFERRED TO OTHER FUNDS					
1			200,000	1. TO REVENUE BOND FUND				1	
2	0	0	200,000	2. TOTAL TRANSFERS	0	0		0 2	
				UNAPPROPRIATED BALANCE FOR FOLLOWING BY YEAR					
				ISSUE DATE	PAYMENT DATE				
1	53,104	53,104	53,104	1. RESERVE REQUIREMENT	R06224	53,104		1	
2			0	2. RESERVE REQUIREMENT	R95030	0		2	
3			0	3. RESERVE REQUIREMENT	2021	8,801,826		3	
4				4.				4	
5	1,226,487	1,679,018	743,294	5. TOTAL UAPPROPRIATED ENDING FUND BALANCE	1,309,923	0		0 5	
	1,340,130	1,845,234	1,608,979	TOTAL REQUIREMENTS	23,332,440	0		0	

BONDED DEBT
RESOURCES AND REQUIREMENTS

BONDED DEBT PAYMENTS ARE FOR:
REVENUE BONDS

FORM LB-35

DEBT SERVICE - REVENUE BONDS
FUND

WATER ENVIRONMENT SERVICES
(NAME OF MUNICIPAL CORPORATION)

	HISTORICAL DATA			DESCRIPTION OF RESOURCES AND REQUIREMENTS	BUDGET FOR NEXT YEAR 2021-2022				
	ACTUAL		ADOPTED BUDGET THIS YEAR 2020-2021		PROPOSED BY BUDGET OFFICER	APPROVED BY BUDGET COMMITTEE	ADOPTED BY GOVERNING BODY		
	SECOND PRECEDING 2018-2019	FIRST PRECEDING 2019-2020							
	RESOURCES								
				BEGINNING FUND BALANCE:					
1				1. CASH ON HAND*(CASH BASIS), OR					1
2	0	0	392,707	2. WORKING CAPITAL(ACCRUAL BASIS)					2
3				3. PREVIOUSLY LEVIED TAXES ESTIMATED TO BE RECVD					3
4	4,722	5,612	6,300	4. EARNINGS FROM TEMPORARY INVESTMENTS					4
5	6,873,981	6,795,406	6,968,056	5. TRANSFERRED FROM OTHER FUNDS					5
6	353,750	376,007		6. CONTRIBUTION FROM CCSD NO. 1					6
7				7. PRINCIPAL COLLECTIONS					7
8	17,535	15,841	15,000	8. INTEREST COLLECTIONS					8
9	7,249,988	7,192,866	7,382,063	9. TOTAL RESOURCES, EXCEPT TAXES TO BE LEVIED		0	0	0	9
10				10. TAXES NECESSARY TO BALANCE					10
11				11. TAXES COLLECTED IN YEAR LEVIED					11
	7,249,988	7,192,866	7,382,063	TOTAL RESOURCES		0	0	0	
	REQUIREMENTS								
	BOND PRINCIPAL PAYMENTS								
				ISSUE DATE	BUDGETED PAYMENT DATE				
1			0	1. 2002A 06/04/02					1
2	1,210,000	0	0	2. 2009A 03/04/09					2
3	1,415,000	1,470,000	0	3. 2009B 11/24/09					3
4	805,000	820,000	840,000	4. 2010 12/22/10	12/1/2020				4
5	285,000	1,495,000	3,095,000	5. 2016 08/30/16	12/1/2020				5
6	3,715,000	3,785,000	3,935,000	6. TOTAL PRINCIPAL		0	0	0	6
	BOND INTEREST PAYMENTS								
				ISSUE DATE	BUDGETED PAYMENT DATE				
1			0	1. 2002A 06/04/02					1
2	18,150	0	0	2. 2009A 03/04/09					2
3	87,100	29,400	0	3. 2009B 11/24/09					3
4	82,500	50,000	16,800	4. 2010 12/22/10	12/1/2020, 6/1/2021				4
5	2,971,231	2,931,006	2,816,256	5. 2016 08/30/16	12/1/2020, 6/1/2021				5
6	3,158,981	3,010,406	2,833,056	6. TOTAL INTEREST		0	0	0	6
	SPECIAL PAYMENTS								
1			0	1.					1
2	0	0	0	2. TOTAL SPECIAL PAYMENTS		0	0	0	2
	UNAPPROPRIATED BALANCE FOR FOLLOWING BY YEAR								
1			0	1.					1
2			0	2.					2
3			0	3.					3
4			0	4.					4
5			0	5.					5
6	376,007	397,460	614,007	6. UNAPPROPRIATED ENDING FUND BALANCE					6
	7,249,988	7,192,866	7,382,063	TOTAL REQUIREMENTS		0	0	0	



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Debt



Artist rendering shows what the solids handling project at the Tri-City Water Resource Recovery Facility will look like when completed in 2021

DEBT SERVICE REQUIREMENTS

Clackamas Water Environment Services' debt policy allows for the issuance of debt to finance capital construction and capital acquisitions.

All long-term debt issued prior to WES' formation was originally incurred by WES' member district CCSD No. 1. Consequently, in order to ensure financial equity among ratepayers, only those ratepayers within Rate Zone 2 (the CCSD No. 1 service area) are responsible for the debt issued before July 1, 2018. The mechanism to ensure this equity is the inclusion of a legacy debt service component based on annual debt service requirements in WES' rate structure. As one of the benefits of WES' formation is savings through shared capital investment, debt issued after the formation of WES is the responsibility of all ratepayers served.

As of June 30, 2021, WES' long term indebtedness consists of the following:

				June 30, 2021	FY 2021-22 Debt Service	
Issue Date	Date of Maturity	Amount Issued	Interest Rate	Principal Outstanding	Principal	Interest
Revenue Bonds						
2016 Ref.	08/30/2016	12/01/2035	\$ 83,250,000	2.20%	\$ 77,080,000	\$ 4,125,000 \$ 2,635,757
2021	02/24/2021	06/01/2035	40,000,000	0.84%	40,000,000	2,065,000 1,614,000
Revenue Bonds Subtotal				117,080,000	6,190,000	4,249,757
State Loans						
R06224	10/26/2009	09/01/2032	4,142,142	0%	1,221,407	106,208 5,842
R95030 ¹	01/09/2019	-	-	2.14%	36,500,000	1,547,214 1,068,566
State Loans Subtotal				37,721,407	1,653,422	1,074,408
Total Outstanding Debt				\$ 154,801,407	\$ 7,843,422	\$ 5,324,165

¹ R95030 amounts included in the table above are **estimates only**, based on anticipated disbursements.

In August 2016, Revenue Bond 2016, totaling \$83,250,000 with an interest rate of 2.2%, was used to refinance portions of revenue bonds 2009A, 2009B, 2010 and all of revolving fund loan R22403 with an average coupon rate of 4.27%. The annual savings in debt service are approximately \$625,000. Further, WES was able to free up approximately \$7.6 million in reserves that was used to finance needed capital projects. The final payments for Revenue Bonds 2009A and 2009B were made in December 2018 and December 2019, respectively. The final payment for Revenue Bond 2010 was made in December 2020.

In November 2018, WES entered into a Loan Agreement with the State of Oregon Department of Environmental Quality (DEQ) for a Clean Water State Revolving Fund (SRF) Loan in the amount of \$37 million at 2.14% interest for a 20 year term. The loan is being used to finance the Tri-City Solids Handling Improvement Project with disbursements of loan proceeds made by the DEQ following submission of eligible invoices by WES. In the table above, the June 30, 2021 Principal Outstanding amount for this loan is an estimate based on expected disbursements received through the end of FY 2020-21 of \$36,500,000. WES has budgeted to receive an additional \$0.5 million of loan proceeds during FY 2021-22 and has budgeted for the first two principal and interest payments in anticipation that the project will be complete early in the fiscal year. In terms of impact to ratepayers, 36% of the debt service for this loan is assigned to Rate Zone 1 and 64% to Rate Zone 2. The percentage allocations between rate zones were included in the ORS 190 formation agreement for WES. As loan disbursements are dependent on actual project costs and scheduling, the exact amount and timing of this borrowing is uncertain; the future debt service repayment schedule on page 116 assumes the full \$37 million is borrowed, that the first two payments are due during FY 2021-22, and that prepayments were made for accrued interest on disbursements received during the project's duration.

DEBT SERVICE REQUIREMENTS - Continued

In February 2021, WES took advantage of historically low interest rates to issue Series 2021 Sewer Revenue Obligations in the amount of \$40,000,000 with a true interest cost of 0.84% and a 15 year term. The timing of this borrowing enabled WES to lock in interest savings of over \$8 million over the term of the debt and increased funds available to be expended on capital projects. The total proceeds received were \$48,687,948, including a premium of \$8,801,286 and after deductions of a portion of the issuance costs. The premium of \$8,801,286 has been budgeted as a reserve in the Debt Service Fund for FY 2021-22 and will be used in future years to make the related debt payments, allowing WES to realize the 0.84% rate and reducing future FY transfers from the Sewer Operating Fund.

WES does not anticipate issuing any new debt in FY 2021-22.

DEBT LIMITS

Oregon Revised Statutes 451.545 provides a limitation on general obligation debt of 13% of the aggregate real market value of all property by law assessable for state and county purposes within WES' boundaries. WES' total real market value as of July 1, 2020 is \$29,848,509,231 which calculates to a legal debt limit of approximately \$3.880 billion. WES has no outstanding general obligation debt so there is currently no debt subject to this limit.

CREDIT RATING

WES holds Standard & Poor's highest issuer credit rating, AAA, which recognizes excellent financial health and management. This rating was originally received in May 2018 and affirmed in February 2021.

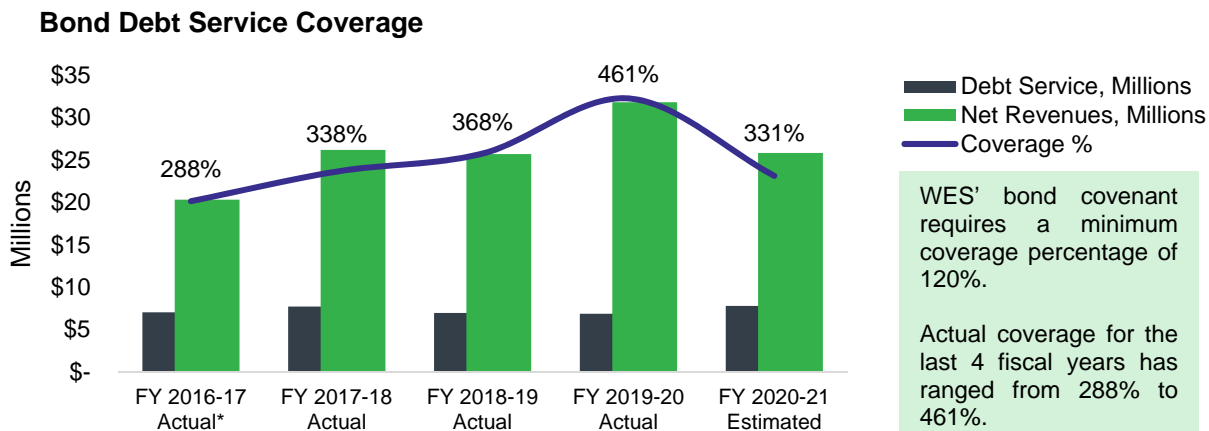
IMPACT OF DEBT ON USER CHARGES

Rate Zone 2 sanitary sewer rates include a legacy debt service component for the debt incurred before WES was formed. This component is calculated for each budget year based on the total legacy debt service for the coming fiscal year and the projected number of EDUs in Rate Zone 2. For FY 2021-22, the legacy debt service component of Rate Zone 2's rate is \$12.65 per month based on approximately \$6.8 million in legacy debt principal and interest payments.

User charge impacts of debt service related to the SRF loan for the Solids Handling project will be calculated after the project is complete in FY 2021-22 and the final amount of the borrowing is known.

COVERAGE REQUIREMENTS

WES' bond covenant requires that the entity establishes and maintains fees, rates, and charges at levels sufficient so that total net revenues each year during which bonds are outstanding will equal at least 120% of the amount of principal and interest on outstanding bonds due in that fiscal year. The chart below shows WES' bond coverage for the last five fiscal years using CCSD No. 1's historic bond coverage for fiscal year 2016-17 and WES' combined bond coverage for fiscal years 2017-18 through 2020-21.



Source: WES Financial Records

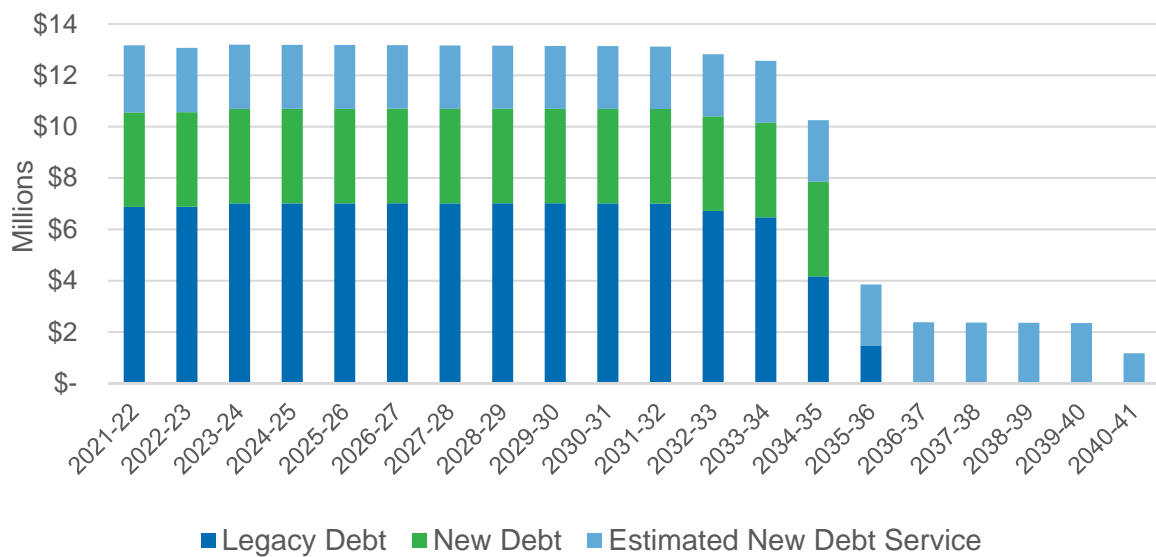
*FY 2016-17 Actuals coverage shown for CCSD No. 1

FUTURE DEBT SERVICE REPAYMENT SCHEDULE

The following table and chart summarize WES' debt service obligations due each year to maturity:

Fiscal Year	Total Annual Legacy Debt Service (Rate Zone 2 Only)	Debt Service for debt issued after WES Formation (All Ratepayers)	Estimated Debt Service for SRF Borrowing	Total Estimated Annual Debt Service
2022	\$ 6,872,807	\$ 3,679,000	\$ 2,615,780	\$ 13,167,587
2023	6,880,525	3,680,750	2,508,044	13,069,319
2024	7,013,744	3,682,250	2,500,141	13,196,135
2025	7,011,962	3,683,250	2,492,069	13,187,281
2026	7,012,806	3,683,500	2,483,823	13,180,129
2027	7,015,525	3,682,750	2,475,399	13,173,674
2028	7,013,844	3,680,750	2,466,794	13,161,388
2029	7,015,038	3,682,250	2,458,004	13,155,292
2030	7,014,882	3,681,750	2,449,025	13,145,657
2031	7,012,726	3,684,000	2,439,853	13,136,579
2032-2036	25,822,499	14,731,100	12,054,623	52,608,222
2037-2041	-	-	10,628,474	10,628,474
Totals	\$ 95,686,358	\$ 51,551,350	\$ 47,572,029	\$ 194,809,737

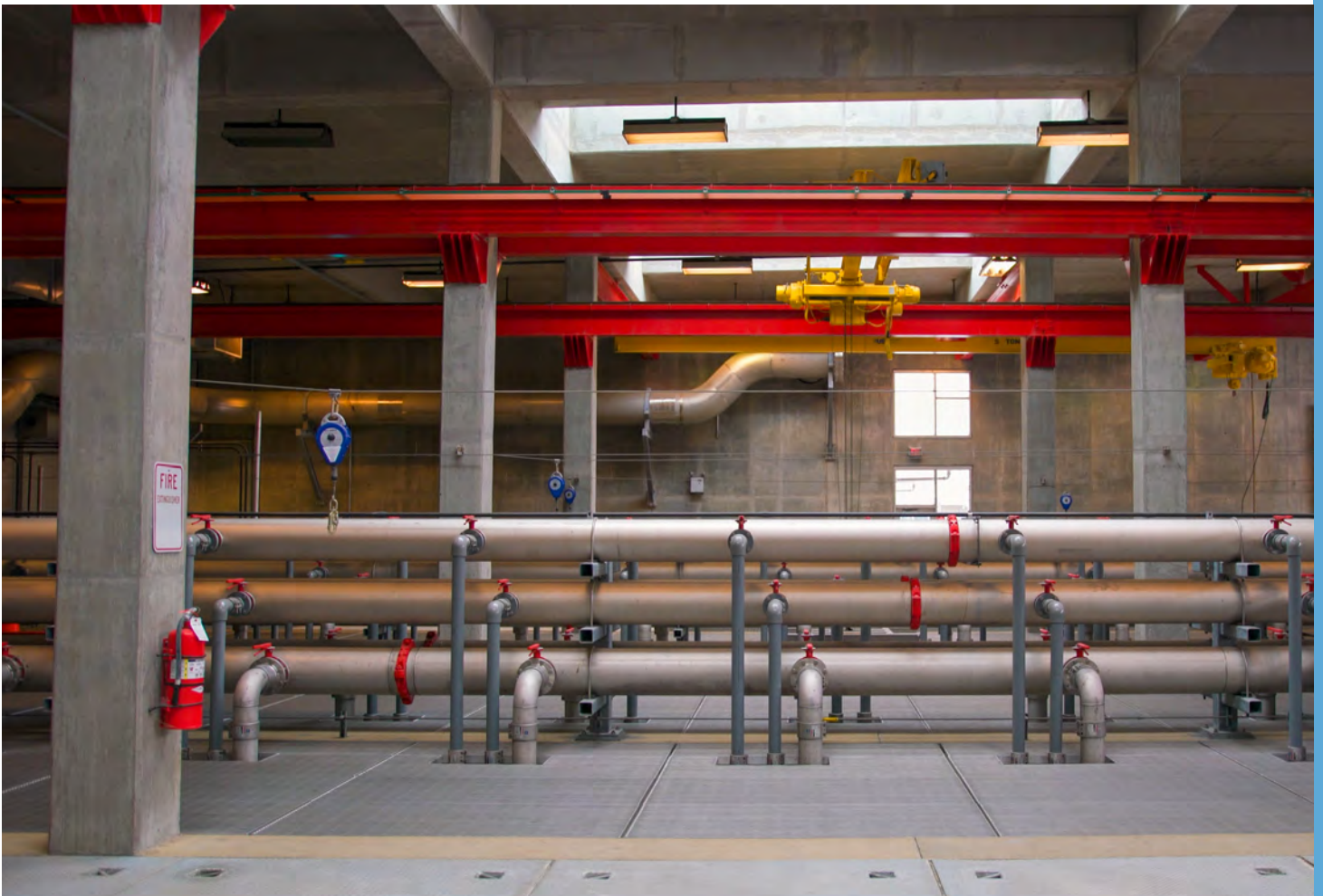
Existing and Estimated Debt Service by Fiscal Year, FY 2021-22 through FY 2040-41





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Capital



Inside the Tri-City Water Resource Recovery Facility in Oregon City

At the time of budget publication, the FY 2021-22 – 2025-26 Capital Improvement Plan (CIP) and related long term financial strategy is under development. The figures in this section for FYs 2022-23 – 2024-25 reflect WES’ most recently adopted 5 Year CIP for FYs 2021-22 – 2024-25. For FY 2025-26, the CIP projections in this section reflect the extended sanitary sewer CIP developed for use in WES’ long-range plan. This creates something of a disconnect between the current fiscal year proposal for capital projects, which is based on the best information available that was developed as part of the FY 2021-22 – 2025-26 CIP, and subsequent years which will be updated only after the revised CIP is adopted. Given the material nature of the subject, WES wanted to ensure sufficient engagement with the WES Advisory Committee before locking certain elements in, and therefore WES anticipates changes to the capital plan for FYs 2022-23 – 2025-26 and adopting related financing strategies based on ongoing conversations with the Advisory Committee anticipated to occur in the fall of 2021.

The Department’s overall budget for FY 2021-22 is comprised of the Operating Budget and the Capital Budget. The FY 2021-22 Capital Budget is based upon the Department’s Proposed Capital Improvement Plan (CIP). The CIP is an annually-updated, prioritized, rolling five-year plan which projects capital expenditures with the goal of maintaining existing facilities, ensuring efficient, cost-effective operations and providing new infrastructure to continue to protect human health and Clackamas County’s water environment for ratepayers today and into the future.

The 5 Year CIP is a result of input from a cross section of Department staff. The wastewater engineering, asset management, operations and maintenance group met several times mid-year to itemize ongoing and anticipated projects, then prioritized the projects according to the following criteria:

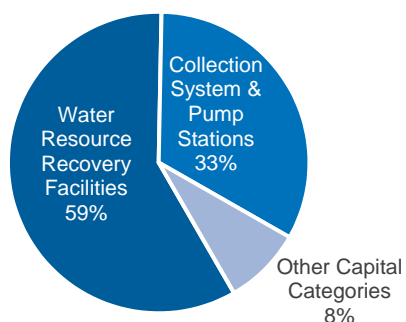
- Health and Safety
- Synergies with other projects
- Optimization
- Regulatory Compliance
- Capacity
- Reliability/Risk Reduction

Projects which received the highest scores when ranked against these criteria were funded and will be carried forward in subsequent years of the CIP until completion.

To be considered for the CIP, projects must result in the acquisition of an asset with a total cost of \$5,000 or more and an estimated useful life exceeding one year. Capital project costs include the costs of design, construction (or purchase), WES engineering, administrative and legal costs, and financing. Costs must be directly related to, and primarily benefit, a single capital project to be considered project costs.

SANITARY SEWER FY 2021-22 CAPITAL BUDGET

FY 2021-22 Sanitary Sewer Capital Budget
by Major Function



The FY 2021-22 Sanitary Sewer Capital Budget is approximately \$24.1 million. Sanitary sewer projects are categorized according to their location and/or function: Tri-City Water Resource Recovery Facility (WRRF), Kellogg Creek WRRF, Hoodland WRRF, Boring WRRF, Fischer Forest Park WRRF, Collection System, Fleet, Asset Management, Pump Stations, Water Quality Lab and Development Review.

The table below summarizes the different categories of sanitary sewer projects and their corresponding project costs for FY 2021-22 by funding source.

For additional capital project and CIP information, please refer to WES’ FY 2020-21 to FY 2024-25 CIP, available at: <https://www.clackamas.us/wes/capprojects.html>

Project Category	FY 2021-22 Sanitary Sewer Capital Budget		
	Sanitary Sewer Construction Fund	Sanitary Sewer SDC Fund	Total Proposed FY 2021-22 Budget
Tri-City WRRF	\$ 3,700,000	\$ -	\$ 3,700,000
Kellogg Creek WRRF	5,050,000	-	5,050,000
Hoodland WRRF	-	-	-
Boring WRRF	4,600,000	-	4,600,000
Fischer's Forest Park	800,000	-	800,000
Collection System	6,496,000	1,254,000	7,750,000
Fleet	1,026,000	-	1,026,000
Asset Management	800,000	-	800,000
Pump Stations	200,000	-	200,000
Water Quality Lab	105,000	-	105,000
Development Review	100,000	-	100,000
Total	\$ 22,877,000	\$ 1,254,000	\$ 24,131,000

FY 2021-22's capital budget anticipates SDC-eligible project expenses of approximately \$4.3 million, however the majority of those SDC-eligible projects were included in the Series 2021 Sewer Revenue Obligations and will initially be funded from the Sanitary Sewer Construction Fund with the proceeds of that debt. The SDC-eligible portion of the debt service for those projects will then be transferred from the SDC fund.

IMPACT ON ANNUAL OPERATING BUDGET

The table below summarizes the estimated annual operating budget impact of projects in WES' sanitary sewer CIP by capital category.

Annual Operating Budget Impact	Sanitary Sewer Project Category		
	Tri-City WRRF	Kellogg Creek WRRF	All other Sanitary Sewer Project Categories
Materials	N/A	\$ 14,300	\$ 70,750
Energy (Savings)	\$ 431,000	\$ 262,000	\$ 416,200
Labor	\$ (69,000)	\$ 434,000	\$ 141,000

When complete, the projects in WES' current Sanitary Sewer CIP will result in significant energy savings at the Tri-City and Kellogg facilities. At Tri-City WRRF, as part of the Solids Handling Improvement Project, we are replacing a 250 kW cogeneration engine at the end of its useful life with a lean-burn 600kW engine. The engine will provide nearly half the power required at the Tri-City facility, offsetting small demands of new equipment, and providing heat for the process and area buildings. At Kellogg Creek WRRF, improvements to the aeration system will deliver increased performance from the new blowers installed as part of the Kellogg Improvements Project and installing a new cogeneration system and a dewatering process will save labor and trucking costs. The new equipment at both facilities will result in a nominal increase in operating and maintenance labor.

For additional capital project and CIP information, please refer to WES' FY 2020-21 to FY 2024-25 CIP, available at: <https://www.clackamas.us/wes/capprojects.html>

FY 2021-22 PROJECT SUMMARIES

Of the \$24.1 million in the FY 2021-22 Sanitary Sewer Capital Budget, \$21.3 million is expected to be spent on the following projects:

Boring Pump Station and Force Main

The facility is not able to meet its NPDES permit for a significant portion of the year. It cannot meet its ammonia limit for four months in the cold weather months requiring hauling of influent flow to avoid discharge. It cannot meet temperature limits in the summer months during which time on-site irrigation is performed. A Facilities Plan has been prepared for the facility, and recommendations are the facility be converted to a pump station to convey flow to another facility for treatment. The cost in FY 2020-21 is for design of the pump station and force main and decommissioning of the treatment facility. The project is scheduled to be complete in FY22/23 with a total project cost of \$6.0M

Sanitary Sewer Project Category: Boring WRRF

Funding Sources	Amount
Sanitary Sewer Construction	\$ 4,600,000
Sanitary Sewer SDC	\$ -
2021-22 Budget	\$ 4,600,000

Kellogg Aeration Basin Improvements

This project will replace aging instrumentation and valving in the aeration system to allow reliable control of the recently installed blowers. The project will also replace and automate gates to allow the basins to be used in step feed and contact stabilization modes to improve performance in wet weather. The FY 21-22 budget is for a portion of the project. The project is scheduled to be completed in FY 22/23.

Sanitary Sewer Project Category: KC WRRF

Funding Sources	Amount
Sanitary Sewer Construction	\$ 2,250,000
Sanitary Sewer SDC	\$ -
2021-22 Budget	\$ 2,250,000

Multiple Pump Station Upgrades

Several pump stations are in need of rehabilitation. The type of upgrades include, but are not limited to pumps and electrical, HVAC and structural components. The pump stations include Bolton, River Road, Sieben Lane, South Welches, Golf Course Terrace, Gladstone, Clackamas, 82nd Drive, and Timberline Rim. The project will be constructed in phases. Estimated total project cost is \$8.5M.

Sanitary Sewer Project Category: Collection System

Funding Sources	Amount
Sanitary Sewer Construction	\$ 2,000,000
Sanitary Sewer SDC	\$ -
2021-22 Budget	\$ 2,000,000

Tri-City WRRF Wet Weather Outfall

Projected flows to the Tri-City WRRF were developed as part of the Collection System Master Plan (CSMP) and are expected to be approximately 176-MGD under build-out conditions. The capacity of the existing TC WRRF outfall is approximately 75 MGD and is expected to be exceeded as flows increase as projected in the CSMP. The capacity of the new outfall will be higher and sufficient except for peak wet weather in future years. Note that projected flows and sizing of the outfall assume I/I reduction per the CSMP. The project is estimated to be complete in FY 24. Total project cost is \$25.5M.

Sanitary Sewer Project Category: Tri-City WRRF

Funding Sources	Amount
Sanitary Sewer Construction	\$ 1,500,000
Sanitary Sewer SDC	\$ -
2021-22 Budget	\$ 1,500,000

For additional capital project and CIP information, please refer to WES' FY 2020-21 to FY 2024-25 CIP, available at: <https://www.clackamas.us/wes/capprojects.html>

Kellogg Creek WRRF IPS Pumps 2 and 4

The Kellogg WRRF Improvements Project replaced Pumps 1 and 3. Engineering and most construction for replacement of Pumps 2 and 4 is scheduled for FY 2021-22. The project will be completed in FY 2022-23 with a total project cost of \$1.5M and will complete the refurbishment of the IPS.

Sanitary Sewer Project Category: KC WRRF

Funding Sources	Amount
Sanitary Sewer Construction	\$ 1,300,000
Sanitary Sewer SDC	\$ -
2021-22 Budget	\$ 1,300,000

Extend Rock Creek Interceptor

A preliminary routing analysis was completed in 2007 for the extension of the Rock Creek Interceptor. It is anticipated that the interceptor will be extended to the north and east. Design of the extension is slated for FY 2021-22 with construction to be complete in FY 2024-25. Total project cost is \$9M.

Sanitary Sewer Project Category: Collection System

Funding Sources	Amount
Sanitary Sewer Construction	\$ -
Sanitary Sewer SDC	\$ 1,000,000
2021-22 Budget	\$ 1,000,000

I/I Reduction Program

Inflow and Infiltration (I/I) is clean groundwater and/or rainwater that enters the sewer system through direct connections such as roof drains or area drains or defects such as leaking joints or manholes. When the amount of I/I becomes excessive it can cause capacity deficiencies in the sewer system and possible overflows. This project will involve activities to identify areas of high I/I and their sources and include design and construction of sewer rehabilitation projects, to abate the I/I. WES is budgeting \$1M annually for I/I reduction.

Sanitary Sewer Project Category: Collection System

Funding Sources	Amount
Sanitary Sewer Construction	\$ 1,000,000
Sanitary Sewer SDC	\$ -
2021-22 Budget	\$ 1,000,000

Intertie 2 Pump Station and 30 IN Force Main

The Intertie Pump Station diverts flow in excess of Kellogg WRRF capacity to the Tri-City WRRF. The pump station is at capacity and was constructed so that pump(s) can be added to add capacity. The 30 IN forcemain from the pump station to Tri-City WRRF was partially constructed in past years. This project will complete construction of the forcemain. The pump station is scheduled for a second expansion between 2025 and 2030. Cost for the initial expansion is \$10.5M.

Sanitary Sewer Project Category: Tri-City WRRF

Funding Sources	Amount
Sanitary Sewer Construction	\$ 760,000
Sanitary Sewer SDC	\$ 240,000
2021-22 Budget	\$ 1,000,000

Clackamas Interceptor Capacity Improvements

The Clackamas Interceptor has been shown in past studies to be in poor condition in some areas and lack capacity to serve the current service area. In addition, there is growing interest in development in upstream areas, so additional capacity will need to be added. Based on the work done in the Collection System Master Plan, design will be completed for the entire interceptor and construction will occur in phases over the next several years to best match capacity needs and funding resources. Cost for the program is anticipated to be \$16.3M over the 5 year CIP with future phases scheduled for FYs 29-31.

Sanitary Sewer Project Category: Collection System

Funding Sources	Amount
Sanitary Sewer Construction	\$ 1,000,000
Sanitary Sewer SDC	\$ -
2021-22 Budget	\$ 1,000,000

For additional capital project and CIP information, please refer to WES' FY 2020-21 to FY 2024-25 CIP, available at: <https://www.clackamas.us/wes/capprojects.html>

Fischer Forest Park Renovation Project

Fischer's Forest Park is a septic system serving 26 residential customers near Redland. The system was built in 1970 and the system requires renovation. This project will address condition issues identified in 2019 including; rehabilitating the collection system, conveyance lines, manholes and pump station entry points, and replacing gravity conveyance lines and septic tanks. The project will also address deficiencies in the existing drain fields and update the effluent distribution system. When completed, the system will be more resilient, more efficient, and should be capable of providing effective sewer treatment for the foreseeable future.

Sanitary Sewer Project Category: FFP WRRF

Funding Sources	Amount
Sanitary Sewer Construction	\$ 800,000
Sanitary Sewer SDC	\$ -
2021-22 Budget	\$ 800,000

Tri-City WRRF Liquids Expansion

The results of the Collection System Master Plan show that peak wet weather flow to the TC WRRF exceeds its hydraulic capacity. The Willamette Facilities Plan (WFP) is underway. The WFP is a planning effort for the TC and KC WRRFs and will define facilities that will be required to provide peak wet and dry weather capacity for the near and long term. This project, yet to be defined, will address the wet weather expansion required to be completed within the next five years. The costs are placeholders and will be better defined upon completion of the Willamette Facilities Plan in 2021. Note that projected flows and project sizing assumes I/I reduction per the CSMP. Construction of this estimated total \$64M expansion will continue beyond 2025.

Sanitary Sewer Project Category: Tri-City WRRF

Funding Sources	Amount
Sanitary Sewer Construction	\$ 700,000
Sanitary Sewer SDC	\$ -
2021-22 Budget	\$ 700,000

Kellogg Creek WRRF Secondary Mechanisms and Weirs

This project will rehab the secondary clarifiers and level the weirs. There are two clarifiers. One can be off line during dry weather. The tanks will be rehabbed one per year over two years, spanning several FYs. Even weirs will improve treatment performance by providing even flow split between clarifiers. This is particularly important during high flow events. Total cost is estimated at \$1.6M

Sanitary Sewer Project Category: KC WRRF

Funding Sources	Amount
Sanitary Sewer Construction	\$ 500,000
Sanitary Sewer SDC	\$ -
2021-22 Budget	\$ 500,000

Tri-City WRRF Solids Handling Improvement Project

WES has identified the need to expand and refurbish the solids handling processes at the Tri-City Water Resource Recovery Facility. Project costs include construction and engineering services during construction. The expansion and refurbishments to be considered include new sludge stabilization and dewatering facilities, electrical distribution upgrades, digester feed tank, digested sludge storage, cake storage and loadout facility, centrate storage, biogas utilization and upgrades to existing facilities. The new cogeneration system will provide approximately half of the power required at the facility and provide heat for the process and space heat for several buildings. Construction is expected to be completed in summer 2021.

Sanitary Sewer Project Category: Tri-City WRRF

Funding Sources	Amount
Sanitary Sewer Construction	\$ 500,000
Sanitary Sewer SDC	\$ -
2021-22 Budget	\$ 500,000

For additional capital project and CIP information, please refer to WES' FY 2020-21 to FY 2024-25 CIP, available at: <https://www.clackamas.us/wes/capprojects.html>

Tri-City WRRF Recoat PCs and Mechanical

This project provides a rehabilitation of the mechanical equipment associated with the Primary Clarifiers and the application of a protective coating to the concrete tanks. The concrete surface of the primary clarifiers are exposed to continuous wear from grit and hydrogen sulfide. The coating will help maintain the integrity of the structure and the mechanical rehab will provide an upgrade to equipment that is original to the plant. There are six primary clarifiers, two of which can be off-line at a time. The plan is to work on two tanks/year. Total project cost is estimated at \$1.8M.

Pipe and Manhole Rehabilitation and Replacement

Sanitary sewer pipe and manholes are subject to degraded condition through exposure to chemicals, organic growths, and soil movement. This degradation leads to defects in pipe which can result in surface water and groundwater infiltration into the collection system, straining treatment capacities and increasing risk of pipe failure. This project will repair and/or replace damaged and aging pipelines utilizing methods including pipe-lining, pipe bursting and replacement. This project will also rehabilitate aging manholes which have degraded condition through normal exposure to chemical and biological components and soil movement. Rehabilitation efforts to reduce risk will range from cleaning and spray lining to complete manhole replacement depending upon the degree of wear. This is an annual budget item.

Asset Management – Renewal & Replacement

These funds are reserved for small projects related to operational assets which are capital in nature, including small pump replacements, minor system and process updates, and small machinery. The intent is to replace or upgrade high risk assets efficiently thereby maintaining effective treatment plant operations. This is an annual budget item.

Fleet

This project pool funds the replacement of aging equipment and fleet used in administrative functions, plant operations, field operations and maintenance, and biosolids distribution and application. Several of these purchases are carryovers from the prior budget due to manufacturing delays attributed to the COVID-19 pandemic. Fiscal year 2021-2022 includes the purchase of a new vehicle for environmental sampling and compliance inspections, two administrative vehicles, three maintenance trucks, a pipeline condition assessment truck and two electric utility carts for operations. We continue to work toward a greener fleet to achieve the county's climate action goals.

Sanitary Sewer Project Category: TC WRRF

Funding Sources	Amount
Sanitary Sewer Construction	\$ 300,000
Sanitary Sewer SDC	\$ -
2021-22 Budget	\$ 300,000

Sanitary Sewer Project Category: Collection System

Funding Sources	Amount
Sanitary Sewer Construction	\$ 1,000,000
Sanitary Sewer SDC	\$ -
2021-22 Budget	\$ 1,000,000

Sanitary Sewer Project Category: Asset Management

Funding Sources	Amount
Sanitary Sewer Construction	\$ 800,000
Sanitary Sewer SDC	\$ -
2021-22 Budget	\$ 800,000

Sanitary Sewer Project Category: Fleet

Funding Sources	Amount
Sanitary Sewer Construction	\$ 1,026,000
Sanitary Sewer SDC	\$ -
2021-22 Budget	\$ 1,026,000

For additional capital project and CIP information, please refer to WES' FY 2020-21 to FY 2024-25 CIP, available at: <https://www.clackamas.us/wes/capprojects.html>

SURFACE WATER FY 2021-22 CAPITAL BUDGET

WES' goals for surface water capital projects include:

- Protect and enhance streams and wetlands through planning and constructing modifications to the stormwater infrastructure.
- Minimize the degradation of receiving waters from impacts attributable to stormwater runoff in existing developed areas.
- Maximize public benefits of public land by providing multiple uses, including recreation, and by leveraging funding from multiple sources.
- Provide stormwater facilities for future development and redevelopment.

The following table summarizes the different categories of surface water projects and their corresponding project costs for FY 2021-22 by funding source.

Project Category	FY 2021-22 Surface Water Capital Budget		
	Surface Water Construction Fund	Surface Water SDC Fund	Total Proposed FY 2021-22 Budget
3-Creeks Water Quality Project	\$ 500,000	\$ -	\$ 500,000
90th Ave Water Quality Retrofit	150,000	-	150,000
Carli Creek Enhancement and Water Quality Project	42,000	-	42,000
Detention Pond Repair / Rehab	100,000	-	100,000
Small Projects (Drainage System Modifications)	300,000	-	300,000
Total	\$ 1,092,000	\$ -	\$ 1,092,000

FY 2021-22 PROJECT SUMMARIES

The FY 2021-22 Surface Water Capital Budget includes the following projects:

3-Creeks Water Quality Project

WES owns the 3-Creeks Natural Area where Mt. Scott, Phillips and Deer (Dean) Creeks come together on 89 acres in Northern Clackamas County. WES is planning a project to enhance floodplain processes and the existing natural floodplain area, construct wetlands and floodplain terraces to increase flood storage, improve fish and wildlife habitat, restore wetlands, and restore natural floodplain function. The project will improve the creek's water quality by allowing sediments in high water to settle onto the floodplain, and by restoring floodplain processes such as filtration and infiltration. FY 2021-22 work includes preliminary design, permitting, community involvement, and starting final design.

Funding Sources	Amount
Surface Water Construction	\$ 500,000
Surface Water SDC	\$ -
2021-22 Budget	\$ 500,000

Operating Budget Impact

Annual Cost	Type of Impact
-	No significant impact

90th Ave Water Quality Retrofit

WES has partnered with DTD for the completion of a water quality retrofit project as part of the SE 90th Ave road reconstruction project. The project will add water quality treatment to an area that currently has no treatment.

Funding Sources	Amount
Surface Water Construction	\$ 150,000
Surface Water SDC	\$ -
2021-22 Budget	\$ 150,000

Operating Budget Impact

Annual Cost	Type of Impact
\$ 2,500	Ongoing maintenance

For additional capital project and CIP information, please refer to WES' 2020-21 -2024-25 CIP, available at: <https://www.clackamas.us/wes/capprojects.html>

Carli Creek Water Quality Project

WES constructed the Carli Creek regional water quality facility to remove pollutants in runoff from developed industrial lands in the Clackamas Industrial Area. The project redirected urban runoff through a newly constructed treatment wetland to reduce negative impacts of high storm flows and pollutants in the creek and restored nearly 1,700 linear feet of critical salmon and steelhead rearing habitat. The project was constructed between summer 2017 and 2019. Ongoing work includes monitoring and establishment, both to meet permit requirements and to ensure the facility is functioning as intended. Tasks may include irrigation, weed management, interplanting, removing/managing sediment, managing water flow, vegetation monitoring and statistical analyses, photo-point monitoring, stream surveys, and writing/submitting reports as per permit protocols.

Funding Sources		Amount
Surface Water Construction	\$	42,000
Surface Water SDC	\$	-
2021-22 Budget		\$ 42,000

Operating Budget Impact

Annual Cost	Type of Impact
\$ 5,000	Initial ongoing maintenance for 5-7 years after establishment (capital expense); impact decreases after year 7 to approx. \$5,000 a year

Detention Pond Repair / Rehab

WES is planning to remove silt and vegetation from 4-6 detention ponds to return the ponds to their original design. Since the original installation, the ponds have become overgrown with vegetation. The pond bottoms are filled with vegetation and silt making them ineffective for stormwater treatment.

Funding Sources		Amount
Surface Water Construction	\$	100,000
Surface Water SDC	\$	-
2021-22 Budget		\$ 100,000

Operating Budget Impact

Annual Cost	Type of Impact
-	No significant impact

Small Projects (Drainage System Modifications)

Small Projects include small drainage and retrofit projects that restore or enhance the functional capacity of the storm system. Projects may include work to improve drainage issues when flooding is caused by WES owned stormwater infrastructure, installing small low impact development facilities such as rain gardens as retrofits, and repairs to infrastructure such as previously-installed restoration projects.

Funding Sources		Amount
Surface Water Construction	\$	300,000
Surface Water SDC	\$	-
2021-22 Budget		\$ 300,000

Operating Budget Impact

Annual Cost	Type of Impact
-	No significant impact

SANITARY SEWER CAPITAL PROJECT LIST

At the time of budget publication, the FY 2021-22 – 2025-26 CIP and related long term financial strategy is under development. The figures in this section for FYs 2022-23 - 2024-25 reflect WES' most recently adopted 5 Year CIP for FYs 2021-22 – 2024-25. For FY 2025-26, the CIP projections in this section reflect the extended sanitary sewer CIP developed for use in WES' long-range plan. This creates something of a disconnect between the current fiscal year proposal for capital projects, which is based on the best information available that was developed as part of the FY 2021-22 - 2025-26 CIP, and subsequent years which will be updated only after the revised CIP is adopted. Given the material nature of the subject, WES wanted to ensure sufficient engagement with the WES Advisory Committee before locking certain elements in, and therefore WES anticipates changes to the capital plan for FYs 2022-23 – 2025-26 and adopting related financing strategies based on ongoing conversations with the Advisory Committee anticipated to occur in the fall of 2021.

LOCATION/ FUNCTION PROJECT DESCRIPTION	FY 2020-21	FY 2020-21	BUDGETED FY 2021-22	BASED ON FY 2021/22 - 2024/25 CIP			PROJECTED FY 2025-26
	Budget	Estimate	Budget	FY 2022-23 Projected	FY 2023-24 Projected	FY 2024-25 Projected	Projected
Tri-City Water Resource Recovery Facility							
Wet Weather Outfall	\$ 1,000,000	\$ 350,000	\$ 1,500,000	\$ 8,750,000	\$ 8,750,000	\$ -	\$ -
Liquids Expansion			700,000	4,000,000	5,000,000	30,000,000	30,000,000
Solids Handling Improvement Project	9,100,000	8,600,000	500,000				
Influent Pump Station Variable Frequency Drives (IPS VFDs)	1,000,000	800	500,000				
Recoat PCs and mechanical			300,000	400,000	400,000	400,000	
IPS Discharge Piping Repair	600,000	40,000	100,000				
SCADA Software			100,000				
Hypchlorite Disinfection System		60,000					
Admin Building Remodel	500,000	50,000		500,000			
Process Software (Data Management)	100,000	100,000					
Mitigation Landscape (TCSHI and 82nd Av Bridge)	250,000	300,000					
Landfill Mitigation	500,000					4,500,000	
MBR Cassette Replacement					630,000		
TOTAL	13,050,000	9,500,800	3,700,000	13,650,000	14,780,000	34,900,000	30,000,000
Kellogg Creek Water Resource Recovery Facility							
Aeration Basin Improvements		100,000	2,250,000				
IPS Pumps 2 and 4	500,000	100,000	1,300,000				
Secondary Mechanisms and Weirs	800,000	200,000	500,000				
Primary Clarifier Floor	800,000		400,000				
Admin Lab and Lunch Room	500,000	50,000	400,000				
Peak Flow TSS Management			200,000				
Kellogg Improvements	2,000,000	3,671,367					
UV Replacement				600,000	3,000,000		
Dewatering and Digester Complex Improvements				3,500,000	3,000,000		
Headworks/Grit Loading Improvements				1,000,000			
W3 Project	200,000	97,725					
TOTAL	4,800,000	4,219,092	5,050,000	5,100,000	6,000,000	-	-

SANITARY SEWER CAPITAL PROJECT LIST

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LOCATION/ FUNCTION PROJECT DESCRIPTION	FY 2020-21	FY 2020-21	BUDGETED FY 2021-22	BASED ON FY 2021/22 - 2024/25 CIP			PROJECTED FY 2025-26
	Budget	Estimate	Budget	FY 2022-23 Projected	FY 2023-24 Projected	FY 2024-25 Projected	Projected
Hoodland Water Resource Recovery Facility Hoodland Secondary Treatment Upgrade				2,750,000			
TOTAL	-	-	-	2,750,000	-	-	-
Boring Water Resource Recovery Facility Upgrades	1,000,000	100,000	4,600,000				
TOTAL	1,000,000	100,000	4,600,000	-	-	-	-
Fischer Forest Park (FFP) Renovation Project	200,000	85,000	800,000				
TOTAL	200,000	85,000	800,000	-	-	-	-
Collection System							
Multi PS Upgrades	3,000,000	100,000	2,000,000	2,000,000			
Clackamas Interceptor Capacity Improvements	9,400,000	50,000	1,000,000	11,800,000	6,400,000		
Extend Rock Creek Interceptor	1,000,000	10,000	1,000,000	3,500,000			
I/I Reduction Program	1,000,000	500,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Pipe Rehabilitation and Replacement	1,000,000	250,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
IT3 Pump Station and 30 IN FM	300,000	40,000	1,000,000				
Bolton FM Evaluation and Replacement		200,000	500,000				
Sieben Lane Pump Station Alternatives	200,000	700	200,000				
Flow Monitoring (SCADA Master Plan Recommendations and Meter Upgrades)	50,000	150,000	50,000	50,000	50,000	50,000	50,000
82nd Dr. Bridge - N. Approach		250,000					
Emergency Generator for River St	250,000	175,000					
Hoodland Pump Stations Property Acquisition	100,000	200,000					
Timberline Rim and Sandy River Lane PS w Forcemain				760,000			
LAST ROAD - CL8.1-1 to CL8.1-3 - Pipe Relay - 1650' +/-	30,000	10,000		1,600,000	3,200,000	3,200,000	
Linwood Pump Station (Lents)							
Willamette Interceptor - Oregon City/West Linn Bridge Capacity Upgrade	500,000	95,000		4,300,000	5,000,000	5,000,000	6,000,000
TOTAL	16,830,000	2,030,700	7,750,000	26,010,000	16,650,000	10,250,000	8,050,000
Fleet							
Light Duty Fleet	345,000	345,000	326,000	250,000	205,000	360,000	
Heavy Equipment	500,000	350,000	700,000	930,000	1,020,000	965,000	

SANITARY SEWER CAPITAL PROJECT LIST

At the time of budget publication, the FY 2021-22 – 2025-26 CIP and related long term financial strategy is under development. The figures in this section for FYs 2022-23 - 2024-25 reflect WES' most recently adopted 5 Year CIP for FYs 2021-22 – 2024-25. For FY 2025-26, the CIP projections in this section reflect the extended sanitary sewer CIP developed for use in WES' long-range plan. This creates something of a disconnect between the current fiscal year proposal for capital projects, which is based on the best information available that was developed as part of the FY 2021-22 - 2025-26 CIP, and subsequent years which will be updated only after the revised CIP is adopted. Given the material nature of the subject, WES wanted to ensure sufficient engagement with the WES Advisory Committee before locking certain elements in, and therefore WES anticipates changes to the capital plan for FYs 2022-23 – 2025-26 and adopting related financing strategies based on ongoing conversations with the Advisory Committee anticipated to occur in the fall of 2021.

LOCATION/ FUNCTION PROJECT DESCRIPTION	FY 2020-21 Budget	FY 2020-21 Estimate	BUDGETED FY 2021-22 Budget	BASED ON FY 2021/22 - 2024/25 CIP			PROJECTED FY 2025-26 Projected
				FY 2022-23 Projected	FY 2023-24 Projected	FY 2024-25 Projected	
TOTAL	845,000	695,000	1,026,000	1,180,000	1,225,000	1,325,000	-
Water Quality Laboratory							
Various Lab Projects	23,000	15,000	105,000				
TOTAL	23,000	15,000	105,000	-	-	-	-
Operations & Maintenance Asset Management							
Asset Management - Renewal and Replacement	800,000	500,000	800,000	800,000	800,000	800,000	800,000
TOTAL	800,000	500,000	800,000	800,000	800,000	800,000	800,000
Pump Station Upgrades							
Pump Station Improvements	200,000	180,000	200,000	200,000	200,000	200,000	200,000
TOTAL	200,000	180,000	200,000	200,000	200,000	200,000	200,000
Development Review							
Developer-Installed Assets	100,000		100,000	100,000	100,000	100,000	100,000
TOTAL	100,000	-	100,000	100,000	100,000	100,000	100,000
TOTAL - ALL SANITARY SEWER PROJECTS	\$ 37,848,000	\$ 17,325,592	\$ 24,131,000	\$ 49,790,000	\$ 39,755,000	\$ 47,575,000	\$ 39,150,000

SURFACE WATER CAPITAL PROJECT LIST

At the time of budget publication, the FY 2021-22 – 2025-26 CIP and related long term financial strategy is under development. The figures in this section for FYs 2022-23 - 2024-25 reflect WES' most recently adopted 5 Year CIP for FYs 2021-22 – 2024-25. For FY 2025-26, the CIP projections in this section reflect the extended sanitary sewer CIP developed for use in WES' long range plan. This creates something of a disconnect between the current fiscal year proposal for capital projects, which is based on the best information available that was developed as part of the FY 2021-22 - 2025-26 CIP, and subsequent years which will be updated only after the revised CIP is adopted. Given the material nature of the subject, WES wanted to ensure sufficient engagement with the WES Advisory Committee before locking certain elements in, and therefore WES anticipates changes to the capital plan for FYs 2022-23 – 2025-26 and adopting related financing strategies based on ongoing conversations with the Advisory Committee anticipated to occur in the fall of 2021.

		FY 2020-21	FY 2020-21	BUDGETED	BASED ON FY 2021/22 - 2024/25 CIP			PROJECTED
LOCATION/ FUNCTION	PROJECT DESCRIPTION	Budget	Estimate	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
				Budget	Projected	Projected	Projected	Projected
SURFACE WATER								
	Carli Creek Water Quality Project	\$ 91,500	\$ 50,000	\$ 42,500	\$ 42,000	\$ 42,000	\$ -	\$ -
	3-Creeks Water Quality Project	500,000	400,000	500,000	1,200,000	1,500,000		
	Decant Facility							
	Detention Pond Repair / Rehab	100,000		100,000	100,000	100,000	100,000	
	Mt. Scott Oak Bluff Reach Restoration							
	Small Projects - Drainage System Modifications	100,000	100,000	300,000	250,000	250,000	250,000	
	SE 106th Ave Storm Outfall							
	Red Rose Valley Detention Pipe Repair	1,200,000	200,000					
	90th Ave Water Quality Retrofit	150,000		150,000				
	Storm System Master Plan for CCSD No. 1 / Happy Valley	239,000						
	TOTAL	2,380,500	750,000	1,092,500	1,592,000	1,892,000	350,000	
TOTAL - ALL SURFACE WATER PROJECTS		\$ 2,380,500	\$ 750,000	\$ 1,092,500	\$ 1,592,000	\$ 1,892,000	\$ 350,000	\$ -

Long-Range Financial Plan



Operators look through the new digester view port to verify mixing

INTRODUCTION

WES prepares its annual 10-Year Financial Plan Update (Plan) in concert with the development of capital and operating budgets. The Plan provides a long-range view of the resulting utility rates required for the sanitary sewer and surface water enterprises that are managed by WES. Additionally, the Plan is a summary of projected revenues, expenditures, fund balances, and financial ratios over a rolling 10-year period. These long-term projections are updated annually, subject to change and provide an important snapshot of WES' financial health. The Plan projections are based on key assumptions reflecting WES' policies, priorities, and Performance Clackamas strategic goals and objectives. A key objective of the Plan is to promote WES' strategic goal of financial sustainability by estimating future revenue requirements and financial ratios while providing a view of resulting rates. These key financial indicators inform long-term planning decisions, such as the annual operating and capital budgets, the Capital Improvement Plan (CIP), and capital financing strategies.

PLAN STRATEGIES AND GOALS

As detailed below, WES' Plan incorporates goals and strategies in compliance with WES' financial policies which demonstrate to ratepayers, credit markets, investors, and rating agencies that WES is committed to financial sustainability and prudent stewardship of resources. These goals and strategies ensure WES retains sufficient funds for future infrastructure needs, replacement of aging facilities, bond reserves, and various operating expenses in a manner that mitigates unexpected rate changes.

DEBT SERVICE COVERAGE

WES has a debt service coverage strategy to maintain higher debt service coverage ratios than those required to meet minimum indenture requirements. Financial strategies that impose higher standards than the minimum indenture requirements are essential to ensuring WES maintains access to low-cost capital and retains financial flexibility to manage unanticipated economic impacts. WES adopts budgets, rates and financial plans that generate net revenues such that coverage shall equal a minimum of 150% annual debt service (120% is required).

CAPITAL FINANCING

WES' capital financing strategy is "pay-as-you go" first, and debt financing second. Unlike debt financing, use of revenue minimizes financial costs and does not impose significant debt burdens on future ratepayers. Therefore, using revenue funding for recurring infrastructure repair and replacement projects is a prudent and sustainable approach to funding ongoing capital investments. The appropriate mix of revenue versus debt financing varies based on the capital investment lifecycle of each enterprise.

FUND BALANCE RESERVES

The fund balance reserve strategy requires that each operating fund balance maintains a minimum amount of 90 days of annual operations and maintenance expenses (including programmatic projects, excluding debt service and revenue-funded capital) over the 10-year planning period. WES faces several risks to revenue stability, including weather variability, pipe and mechanical failures, and local economy upsets. To ensure WES can manage these risks and reduce susceptibility to emergency rate increases, WES adopts budgets and establishes rates such that a reserve of undesignated fund balances provides sufficient capacity to bridge shortfalls in cash flow and cover unanticipated expenditures.

RATEPAYER ASSURANCE

The Plan's goal of ratepayer assurance establishes WES' guiding principles for prudent use of ratepayer funds, establishment of rates and charges, and transparency in budgeting and rate-setting processes. Prudent use of ratepayer funds ensures accountability to ratepayers regarding WES' mission statement, asset and personnel management, operating cost containment, and social and environmental stewardship. The ratepayer assurance goal reinforces WES' commitment to developing rates and charges that are affordable, predictable, easy to understand, based on cost of service, and that generate sufficient revenue for full cost recovery.

PLAN STRATEGIES AND GOALS - CONTINUED

CAPITAL IMPROVEMENT PLAN

Capital investments are essential to provide safe and reliable environmental stewardship and protect public health. These investments make the overall utility system more reliable and resilient in the face of earthquakes, sea-level rise, droughts, and other unexpected changes. Capital expenditures are a significant portion of WES' budget. Every year, the CIPs are updated to reflect WES' capital priorities. Capital programs are intended to support capital investments for defined level of service goals in each enterprise.

The Plan incorporates WES' 5-year capital projections as detailed in the Capital Section of this document and an extended sanitary sewer CIP developed for use in long-range planning. At the time of budget publication, the FY 2021-22 – 2025-26 CIP and related long term financial strategy is under development. The capital projection figures in this section for FYs 2022-23 – 2024-25 reflect WES' most recently adopted 5 Year CIP for FYs 2021-22 – 2024-25. For FY 2025-26 through FY 2030-31, the CIP projections in this section reflect the extended sanitary sewer CIP developed for use in WES' long-range plan. This creates a disconnect between the FY 2021-22 capital budget, which is based on the best information available that is being developed as part of the FY 2021-22 – 2025-26 CIP, and subsequent years which will be updated only after the revised CIP is adopted. Given the material nature of the subject, WES wanted to ensure sufficient engagement with stakeholders before locking certain elements in, and therefore anticipates changes to the capital plan and extended capital projections and adopting related financing strategies based on ongoing conversations with the WES Advisory Committee anticipated to occur in the fall of 2021.

FORECASTING ASSUMPTIONS

The 10-Year financial plan projections are based on key assumptions that reflect WES' current policies, goals, and objectives. In general, WES ensures that the Plan conforms to BCC-approved policies and that it incorporates current operating budgets, capital budgets, and CIP updates. Other critical forecasting assumptions can be divided into the revenues side of the plan which are primarily service charges from utility sales, and the expenditures side of the plan which are primarily operations and maintenance expenditures and capital related expenditures which are further subdivided into debt service and revenue funded capital expenses. The outputs of the Plan provide a view of resulting rates and forecasts annual revenues and expenditures of funds over the 10-year planning period.

Specific economic assumptions incorporated in the Plan include inflationary adjustments for operating and maintenance expenditures by major expenditure category (e.g. labor, supplies, utilities, etc.), population growth projections for each service area in accord with the EcoNorthwest forecast and recent development trends, conservative earnings rates for investment income, and inflationary adjustments for the costs of construction.

FORECASTED FINANCIAL PERFORMANCE FOR THE FY 2020-21 10-YEAR FINANCIAL PLAN

The schedules on the following 3 pages contain the 10-year cash flow projections for WES' sanitary sewer and surface water operations, capital replacement and betterment needs, and a 10-year forecast of fund balances for each fund in WES. These cash flow projections help WES evaluate its performance on various financial sustainability metrics, including fund balance reserve levels, debt service coverage, and revenue-funded capital. The schedule also shows the projected long-term debt service coverage attainment that will occur if WES achieves the goals of the Plan.

LONG-RANGE FINANCIAL PLAN

(All figures in \$1,000s)

	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31
SANITARY SEWER OPERATING FUND										
REVENUES										
TOTAL REVENUES	\$ 41,801	\$ 43,559	\$ 44,675	\$ 46,162	\$ 48,853	\$ 50,756	\$ 51,327	\$ 52,239	\$ 54,132	\$ 55,205
EXPENDITURES										
TOTAL OPERATING AND MAINTENANCE EXPENSES	23,676	24,924	26,244	27,643	28,902	30,222	31,604	33,054	34,573	36,167
SPECIAL PAYMENTS	1,107	1,164	1,195	1,236	1,309	1,359	1,375	1,399	1,450	1,480
TRANSFERS										
Construction Fund - Cash Funding of Asset Replacement	15,500	15,255	12,852	11,649	11,440	11,277	10,436	9,459	9,785	9,235
Debt Service Fund	4,361	4,359	4,384	5,634	7,202	7,898	7,912	8,327	8,324	8,323
TOTAL TRANSFERS	19,861	19,614	17,236	17,283	18,642	19,175	18,348	17,786	18,109	17,558
BEGINNING FUND BALANCE	7,986	5,143	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
ENDING FUND BALANCE*	\$ 5,143	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
SANITARY SEWER SDC FUND										
REVENUES										
TOTAL REVENUES	\$ 6,807	\$ 7,334	\$ 7,541	\$ 7,767	\$ 8,013	\$ 8,279	\$ 8,565	\$ 8,859	\$ 9,187	\$ 9,539
EXPENDITURES										
TOTAL CAPITAL OUTLAY EXPENDITURES	1,254	4,958	4,345	3,806	3,346	2,960	3,888	2,259	1,650	1,650
TRANSFERS										
Debt Service Fund	8,695	8,711	8,812	8,805	8,799	8,795	8,786	8,781	8,774	8,766
TOTAL TRANSFERS	8,695	8,711	8,812	8,805	8,799	8,795	8,786	8,781	8,774	8,766
BEGINNING FUND BALANCE	45,384	42,242	35,907	30,291	25,447	21,315	17,839	13,730	11,549	10,312
ENDING FUND BALANCE*	\$ 42,242	\$ 35,907	\$ 30,291	\$ 25,447	\$ 21,315	\$ 17,839	\$ 13,730	\$ 11,549	\$ 10,312	\$ 9,435
SANITARY SEWER CONSTRUCTION FUND										
REVENUES										
TOTAL REVENUES	\$ 777	\$ 757	\$ 468	\$ 247	\$ 119	\$ 116	\$ 114	\$ 106	\$ 96	\$ 145
Other Financing: SRF Loan Proceeds	500	-	-	-	-	-	-	-	-	-
New Borrowings (Net of Financing Costs)	-	-	-	19,069	23,908	10,631	270	6,341	-	-
Transfer from Sanitary Sewer Operating Fund	15,500	15,255	12,852	11,649	11,440	11,277	10,436	9,459	9,785	9,235
EXPENDITURES										
TOTAL CAPITAL OUTLAY EXPENDITURES	22,877	44,892	35,410	43,769	35,804	22,190	11,663	16,891	4,950	4,950
BEGINNING FUND BALANCE	81,772	75,672	46,792	24,702	11,898	11,561	11,395	10,552	9,567	14,498
ENDING FUND BALANCE*	\$ 75,672	\$ 46,792	\$ 24,702	\$ 11,898	\$ 11,561	\$ 11,395	\$ 10,552	\$ 9,567	\$ 14,498	\$ 18,928

*Ending Fund Balances include Contingencies/Reserves

LONG-RANGE FINANCIAL PLAN

(All figures in \$1,000s)

	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31
SURFACE WATER OPERATING FUND										
REVENUES										
TOTAL REVENUES	\$ 5,936	\$ 6,226	\$ 6,558	\$ 6,944	\$ 7,339	\$ 7,744	\$ 8,189	\$ 8,645	\$ 9,145	\$ 9,655
EXPENDITURES										
TOTAL OPERATING AND MAINTENANCE EXPENSES	6,211	6,362	6,597	6,842	7,097	7,361	7,634	7,919	8,214	8,520
TRANSFERS										
Construction Fund - Cash Funding of Asset Replacement	3,000	1,500	132	102	242	383	555	726	931	1,135
TOTAL TRANSFERS	3,000	1,500	132	102	242	383	555	726	931	1,135
BEGINNING FUND BALANCE	6,582	3,307	1,671	1,500	1,500	1,500	1,500	1,500	1,500	1,500
ENDING FUND BALANCE*	\$ 3,307	\$ 1,671	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500
SURFACE WATER SDC FUND										
REVENUES										
TOTAL REVENUES	\$ 143	\$ 145	\$ 151	\$ 159	\$ 165	\$ 172	\$ 179	\$ 188	\$ 194	\$ 203
EXPENDITURES										
TOTAL CAPITAL OUTLAY EXPENDITURES	-	-	-	-	-	-	-	-	-	-
BEGINNING FUND BALANCE	2,454	2,597	2,742	2,893	3,052	3,217	3,389	3,568	3,756	3,950
ENDING FUND BALANCE*	\$ 2,597	\$ 2,742	\$ 2,893	\$ 3,052	\$ 3,217	\$ 3,389	\$ 3,568	\$ 3,756	\$ 3,950	\$ 4,153
SURFACE WATER CONSTRUCTION FUND										
REVENUES										
TOTAL REVENUES	\$ 54	\$ 76	\$ 76	\$ 59	\$ 58	\$ 61	\$ 65	\$ 71	\$ 79	\$ 89
Transfer from Surface Water Operating Fund	3,000	1,500	132	102	242	383	555	726	931	1,135
EXPENDITURES										
TOTAL CAPITAL OUTLAY EXPENDITURES	1,092	1,592	1,892	350	-	-	-	-	-	-
BEGINNING FUND BALANCE	5,677	7,639	7,623	5,939	5,750	6,050	6,494	7,114	7,911	8,921
ENDING FUND BALANCE*	\$ 7,639	\$ 7,623	\$ 5,939	\$ 5,750	\$ 6,050	\$ 6,494	\$ 7,114	\$ 7,911	\$ 8,921	\$ 10,145

*Ending Fund Balances include Contingencies/Reserves

LONG-RANGE FINANCIAL PLAN

(All figures in \$1,000s)

	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31
DEBT SERVICE FUND										
REVENUES										
TOTAL REVENUES	\$ 300	\$ 297	\$ 290	\$ 284	\$ 277	\$ 272	\$ 267	\$ 262	\$ 257	\$ 253
Transfer from Sanitary Sewer Operating Fund	4,361	4,359	4,384	5,634	7,202	7,898	7,912	8,327	8,324	8,323
Transfer from Sanitary Sewer SDC Fund	8,695	8,711	8,812	8,805	8,799	8,795	8,786	8,781	8,774	8,766
DEBT SERVICE										
Existing Debt Service	13,168	13,069	13,196	13,187	13,180	13,174	13,161	13,155	13,146	13,137
Future Debt Service	-	-	-	1,252	2,821	3,519	3,537	3,953	3,953	3,953
TOTAL DEBT SERVICE	13,168	13,069	13,196	14,439	16,001	16,693	16,698	17,108	17,099	17,090
BEGINNING FUND BALANCE	9,977	10,165	10,461	10,751	11,034	11,311	11,583	11,850	12,111	12,368
ENDING FUND BALANCE*	10,165	10,461	10,751	11,034	11,311	11,583	11,850	12,111	12,368	12,621
WES COMBINED ENDING FUND BALANCE	\$ 146,765	\$ 108,196	\$ 79,076	\$ 61,681	\$ 57,954	\$ 55,200	\$ 51,314	\$ 49,394	\$ 54,549	\$ 59,782
TEST OF COVERAGE REQUIREMENTS										
Total Gross Revenues	\$ 55,818	\$ 58,394	\$ 59,759	\$ 61,622	\$ 64,824	\$ 67,400	\$ 68,706	\$ 70,370	\$ 73,090	\$ 75,089
Operating Expenses	29,887	31,286	32,841	34,485	35,999	37,583	39,238	40,973	42,787	44,687
Net revenues available for debt service	\$ 25,931	\$ 27,108	\$ 26,918	\$ 27,137	\$ 28,825	\$ 29,817	\$ 29,468	\$ 29,397	\$ 30,303	\$ 30,402
Debt Service	13,168	13,069	13,196	14,439	16,001	16,693	16,698	17,108	17,099	17,090
Projected Debt Coverage Recognized	197%	207%	204%	188%	180%	179%	176%	172%	177%	178%
Debt Coverage Required	120%	120%	120%	120%	120%	120%	120%	120%	120%	120%

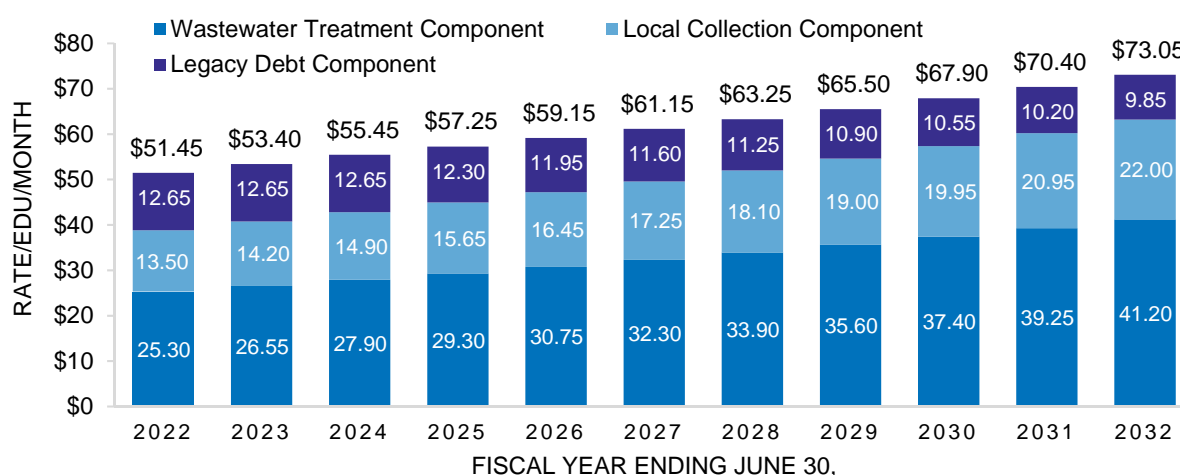
*Ending Fund Balances include Contingencies/Reserves

FORECASTED MONTHLY RATES UNDER THE 10-YEAR PLAN

WES makes rates and collects fees for sanitary sewer and surface water services that are at least sufficient to pay the expenses of maintenance and operation of the WES system and will meet the principal, interest and coverage requirements and other bond covenants of all obligations issued by WES. As of FY 2021-22, the WES Board has established rates for each of the 3 rate zones of WES. The WES Board has full power and authority to levy different rates between and within the rate zones. Rate Zone 1 and 2 customers generally each pay a wholesale charge for wastewater treatment service. Rate Zone 2 customers also pay sufficient amounts to meet the legacy debt service charge, retail sanitary sewer service, and surface water services. As levels of service change, the WES Board may add or subtract charges within the Rate Zones.

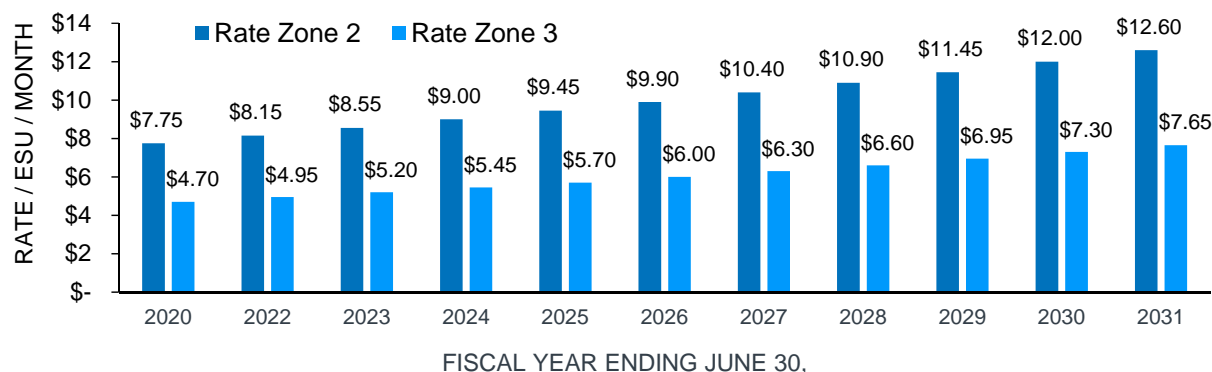
FORECASTED SANITARY SEWER MONTHLY CHARGES

The chart below shows the projected wholesale wastewater treatment, retail wastewater collection, and Rate Zone 2 legacy debt service recovery rates over the ten-year forecast horizon. All monthly rates shown are expressed in dollars per Equivalent Dwelling Unit per month.



FORECASTED SURFACE WATER MONTHLY CHARGES

WES provides surface water services to the Rate Zone 2 and 3 service areas. The chart below shows the surface water service charge rates for each service area over the ten-year forecast horizon. The forecasted rates were prepared with WES' current surface water capital and operating projections. During FY 2021-22, WES will continue work on a comprehensive storm system master plan which will provide a surface water Capital Improvement Plan for upcoming years. The resulting surface water CIP may have a material impact on projected rates. All monthly rates shown are expressed in dollars per Equivalent Service Unit per month.



Appendix



Funded through WES' RiverHealth Stewardship Program, a new stormwater infiltration facility was created at ClackaCraft Drift Boats

Clackamas Water Environment Services Department Position Summary Schedules

FTEs By Performance Clackamas Program	FY 2015-16 Actual ⁽¹⁾	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Budget	FY 2021-22 Proposed
Account Services ⁽³⁾	-	4.40	4.17	2.68	2.81	3.97	4.90
Administrative Services ⁽³⁾	-	13.64	11.35	12.60	12.60	12.01	9.98
Asset Management ⁽³⁾	-	8.03	7.04	7.27	6.83	7.60	7.68
Capital Delivery ⁽²⁾	-	4.69	6.39	5.98	7.09	9.83	9.74
Environmental Monitoring	-	9.33	6.64	6.29	5.99	5.86	6.01
Field Operations and Maintenance ^(3,4)	-	20.96	13.24	12.92	12.33	14.50	15.85
Financial Management ⁽³⁾	-	6.56	5.93	6.03	5.98	5.82	5.82
Permit Services ⁽³⁾	-	6.69	10.05	8.21	8.64	8.99	8.99
Plant Operations and Maintenance ^(3,4)	-	15.64	28.81	32.56	33.50	30.78	33.23
Resource Recovery	-	9.82	8.29	8.68	7.76	8.09	7.30
Watershed Protection	-	6.24	4.09	5.43	5.37	4.55	5.50
Vacancies - All Programs	-	0.00	0.00	1.35	3.10	0.00	0.00
Totals		106.00	106.00	110.00	112.00	112.00	115.00

FTEs by Performance Clackamas Program are calculated by dividing the total hours charged to the program by hours per FTE.

(1) FY 2015-16 Program Position Data is not available as the Program Budget structure was implemented beginning in FY 2016-17

(2) Includes capitalized labor

(3) Name change due to refinement of Performance Clackamas program structure during FYs 2017-18 and 2018-19

(4) Large shifts in FTEs between the Plant Operations and Maintenance Program and the Field Operations and Maintenance Program from FY 2016-17 to FY 2017-18 are due to changes in the Performance Clackamas program structure

FTEs By Work Division*	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Budget	FY 2021-22 Proposed
Director	3.00	2.00	3.00	5.00	3.00	4.00	4.00
Financial Management and Administrative Services	16.00	16.00	17.00	19.00	21.00	22.00	22.00
Capital Program	13.00	15.00	16.00	14.00	16.00	14.00	14.00
Operations	50.00	49.00	49.00	52.00	52.00	52.00	55.00
Environmental Services	21.00	24.00	21.00	20.00	20.00	20.00	20.00
Soils	4.00	0.00	0.00	0.00	0.00	0.00	0.00
Totals	107.00	106.00	106.00	110.00	112.00	112.00	115.00

FTEs By Entity*	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Budget	FY 2021-22 Proposed
CCSD No. 1	80.90	82.62	78.28	0.00	0.00	0.00	0.00
TCSD	25.70	22.93	0.00	0.00	0.00	0.00	0.00
SWMACC	0.40	0.45	0.00	0.00	0.00	0.00	0.00
WES	0.00	0.00	27.72	110.00	112.00	112.00	115.00
Totals	107.00	106.00	106.00	110.00	112.00	112.00	115.00

*FTEs by Work Division and Entity are based on the Functional Organization Chart and include vacancies/unfilled positions.

DEBT SERVICE FUND SCHEDULES

As of July 1, 2021, WES' two separate debt service funds, State Loan Fund 635 and Revenue Bond Fund 636, will be combined into a single fund and renamed Debt Service Fund 635. To enhance comparability, the Debt Service Fund 635 schedule in the Budget Detail section on page 88 presented the combined resources and requirements for the separate funds (net of interfund transfers between the funds). The schedules on the following pages present historical data for the separate funds for reference and present the consolidation of Fund 636 into fund 635 for FY 2021-22 and the elimination of Fund 636 to articulate to the state-required Local Budget (LB) forms in the State Budget Forms section.

STATE LOAN FUND 635

In FY 2020-21 and prior years, State Loan Fund 635 accounted for the repayment of principal and interest on WES' Department of Environmental Quality (DEQ) loans. The DEQ loans financed the NCRA assessment district in Rate Zone 2 and are financing the Tri-City Solids Handling Project. The primary resources included monthly charges transferred from the Sanitary Sewer Operating Fund and the interest and principal payments associated with the NCRA loans received from beneficiaries in that assessment district.

	2018-19 ACTUAL	2019-20 ACTUAL	2020-21 ¹ AMENDED BUDGET	2020-21 ESTIMATE	2021-22 PROPOSED BUDGET
RESOURCES					
BEGINNING FUND BALANCE	\$ 727,733 ¹	\$ 1,279,591	\$ 841,979	\$ 832,122	\$ 9,977,103
TRANSFER FROM SEWER OPERATING FUND	0	0	500,000	500,000	4,360,656
TRANSFER FROM SEWER SDC FUND	0	0	0	0	8,694,851
TRANSFER FROM SEWER CONSTRUCTION FUND	0	0	8,801,286	8,801,286	0
ASSESSMENT PRINCIPAL	500,658	431,762	133,500	364,500	100,000
ASSESSMENT INTEREST	147,578	106,947	120,000	101,800	105,000
INTEREST INCOME	17,265	26,934	13,500	7,900	94,800
TOTAL RESOURCES	1,393,234	1,845,234	10,410,265	10,607,608	23,332,440
REQUIREMENTS					
TRANSFER TO REV BOND FUND	0	900,000	200,000	17,924	0
PRINCIPAL PAYMENTS					
R06624	106,208	106,208	106,208	106,208	106,208
R95030	0	0	0	0	1,547,214
2016	0	0	0	0	4,125,000
2021	0	0	0	0	2,065,000
TOTAL PRINCIPAL	106,208	106,208	106,208	106,208	7,843,422
INTEREST PAYMENTS					
R06624	7,435	6,904	6,373	6,373	5,842
R95030	0	0	500,000	500,000	1,068,566
2016	0	0	0	0	2,635,757
2021	0	0	0	0	1,614,000
TOTAL INTEREST	7,435	6,904	506,373	506,373	5,324,165
RESERVES					
R06624	53,104	53,104	53,104	53,104	53,104
2021	0	0	8,801,286	8,801,286	8,801,286
TOTAL RESERVES	53,104	53,104	8,854,390	8,854,390	8,854,390
ENDING FUND BALANCE	1,226,487	779,018	743,294	1,122,713	1,310,463
TOTAL REQUIREMENTS	\$ 1,393,234	\$ 1,845,234	\$ 10,410,265	\$ 10,607,608	\$ 23,332,440

¹ FY 2020-21 Budget includes proposed supplemental budget changes to recognize the issuance of Series 2021 debt in February 2021. The specific changes include an increase to Interfund Transfers In of \$8,801,286 and an increase to Reserve for Future Expenditures of \$8,801,286. These changes will be considered by the BCC at a hearing on June 10, 2021.

REVENUE BOND FUND 636

In FY 2020-21 and prior years, Revenue Bond Fund 636 accounted for redemption of revenue bonds and interest thereon. The primary resources were Rate Zone 2 sewer and surface water monthly user fees transferred from other funds.

Beginning in FY 2021-22, the resources and requirements related to WES' revenue bonds will be budgeted under Debt Service Fund 635. The schedule below reflects this consolidation into Fund 635 and the elimination of Fund 636.

	2018-19 <u>ACTUAL</u>	2019-20 <u>ACTUAL</u>	2020-21 ¹ <u>AMENDED BUDGET</u>	2020-21 <u>ESTIMATE</u>	2021-22 <u>PROPOSED BUDGET</u>
RESOURCES					
BEGINNING FUND BALANCE	\$ 353,750 ¹	\$ 376,007	\$ 392,707	\$ 397,460	\$ 0
TRANSFER FROM SEWER OPERATING FUND	6,873,981	5,895,406	6,768,056	6,768,056	0
TRANSFER FROM STATE LOAN FUND	0	900,000	200,000	17,924	0
INTEREST COLLECTIONS	17,535	15,841	15,000	15,700	0
INTEREST INCOME	4,722	5,612	6,300	3,800	0
TOTAL RESOURCES	7,249,988	7,192,886	7,382,063	7,202,940	0
REQUIREMENTS					
PRINCIPAL PAYMENTS					
2009A	1,210,000	0	0	0	0
2009B	1,415,000	1,470,000	0	0	0
2010	805,000	820,000	840,000	840,000	0
2016	285,000	1,495,000	3,095,000	3,095,000	0
2021	0	0	0	0	0
TOTAL PRINCIPAL	3,715,000	3,785,000	3,935,000	3,935,000	0
INTEREST PAYMENTS					
2009A	18,150	0	0	0	0
2009B	87,100	29,400	0	0	0
2010	82,500	50,000	16,800	16,800	0
2016	2,971,231	2,931,006	2,816,256	2,816,256	0
2021	0	0	434,884	434,884	0
TOTAL INTEREST	3,158,981	3,010,406	3,267,940	3,267,940	0
ENDING FUND BALANCE	376,007	397,460	179,123	0	0
TOTAL REQUIREMENTS	\$ 7,249,988	\$ 7,192,886	\$ 7,382,063	\$ 7,202,940	\$ 0

¹ FY 2020-21 Budget includes proposed supplemental budget changes to recognize the issuance of Series 2021 debt in February 2021. The specific changes include an increase to Debt Service of \$434,884 and a decrease to Ending Fund Balance of \$434,884. These changes will be considered by the BCC at a hearing on June 10, 2021.

LINE ITEM DESCRIPTIONS

RESOURCES

Resources are estimated beginning funds on hand plus transfers in from other funds and anticipated revenues. Following are descriptions for the various resources listed in WES' fund summaries:

Beginning Fund Balance

Represents amounts of unexpended funds carried forward from the previous fiscal year.

Revenues

Funds received by WES for payment of services provided, and from other sources such as grants, interest income, and rental income.

Retail Sewer Charges – Includes revenue from monthly customer service charges for retail sanitary sewer services, consisting of treatment, collection, and legacy debt service (Rate Zone 2 only).

City Payments - Includes payments by cities having agreements for wholesale sanitary sewer treatment services. For Rate Zone 2A service area: includes payments from the Cities of Milwaukie, Johnson City, and a portion of Gladstone. For Rate Zone 1 service area: includes payments from the Cities of Oregon City, Gladstone, and West Linn.

Surface Water Charges – Includes revenue from monthly customer service for surface water management services in Rate Zones 2 and 3.

System Development Charges - Represent revenues derived from fees for new connections to the sanitary sewer or surface water system. These fees are based upon the amount of capital improvements currently planned for each service area to provide sufficient infrastructure for future growth.

Charges for Services – All Other – Includes right-of-way fees charged by some cities for services provided within their streets as well as review fees and miscellaneous fees.

Interest Income - Includes interest earned on investments of reserves as well as cash on hand resulting from operations.

Permits – Includes fees for wastewater, septage, and surface water/environmental permits.

Special Assessment Collections - Includes principal and interest payments for assessment districts originally funded by CCSD No. 1 reserves.

Penalties – Includes charges for late fees on delinquent account balances.

Intergovernmental Revenue - Includes anticipated grant funding and miscellaneous revenues from other governmental entities.

Miscellaneous Income - Includes income for services rendered to other entities for reimbursable expenses and other minor revenues.

Transfers

Amounts moved from one fund to another. They are shown as expenditures in the originating fund and revenues in the receiving fund (ORS 294.450).

REQUIREMENTS

Requirements are the total of all budgeted outlays within a fund, including: operating expenditures, transfers to other funds, special payments, capital outlay, debt service, contingencies, and ending fund balance. Following are descriptions for the various requirements listed in WES' fund summaries:

Materials and Services - Amounts expended for day-to-day operations. A major operating expenditure category that includes WES labor, contractual expenditures, consumable materials, supplies, operating costs, and other services.

WES Labor – Includes all budgeted positions of the Department. Department employees are employees of the County who are paid for by WES from this expense line item.

Other County Services – Includes expenditures for services provided by Clackamas County such as: investment services, community service work crews, facilities maintenance, postage and mailing services, and charges for County legal, risk, and communications.

LINE ITEM DESCRIPTIONS

Materials and Services - Continued

Professional Services – Includes all professional services: engineering services, audit and financial services, legal services, and consulting services, as well as utility plant services.

Supplies – Includes chemicals, utility plant supplies for building maintenance, plumbing, electrical, and mechanical supplies; also includes vehicle materials and supplies such as fuel as well as safety supplies, small tools and minor equipment, and computer hardware and software.

Administrative – Includes advertising and marketing expenses, banking and merchant service fees, permit fees, property, vehicle, and liability insurance costs, office supplies, postage and shipping, printing and copies, and telephone and internet service costs. Also includes uniforms for operational staff at the entities' treatment facilities and uniform laundry services.

Utilities - Includes electric, water, and natural gas expenses for several pump stations and the water resource recovery facilities as well as purchased water expenses used in maintenance services.

Repairs and Maintenance – Includes all costs necessary for the maintenance and repair of vehicles, equipment, structures, and property of WES contracted with outside service providers. Also includes computer and software maintenance costs and watershed restoration/rehabilitation costs.

Rents & Leases - Includes the rental of facilities for Department staff and various meetings, office equipment, heavy equipment, vehicles and other machinery and tools necessary for maintenance and repair.

Transfers

Amounts moved from one fund to another. They are shown as expenditures in the originating fund and revenues in the receiving fund (ORS 294.450).

Debt Service Fund Transfer – Includes funds from the sanitary sewer operating and SDC funds for revenue obligations and funds sufficient to pay the annual debt service on the State Revolving Fund loan for WES.

Construction Fund Transfer – Transfers from WES' operating funds to the construction funds to pay for current year capital outlay and add to reserves for future year capital outlay.

Special Payments

A budget expenditure category for distributions, pass-through payments, grants made to other organizations and other one-time or unusual expenditures where goods or services are not received in return. Includes right-of-way (ROW) fees and good neighbor fund contributions.

Capital Outlay

Expenditures that result in acquisition of or addition to fixed assets. Includes all capital projects and capital equipment. Examples include: plant modification and/or expansion projects, collection system improvements, land acquisition, and the purchase of significant equipment for treatment facilities, collection systems, and maintenance operations.

Debt Service

Payment of principal and interest on borrowed funds.

Contingency

Provides funds for operating, emergency and replacement events; intended to ensure the fiscal and physical integrity of WES by accommodating non-routine fluctuations in revenues and expenses.

Reserves

Amounts set aside for specific future expenditure and not intended to be expended during the fiscal year.

Ending Fund Balance

The difference between the resources (beginning fund balance, interest and revenues) and requirements (operations and maintenance expenditures, capital outlay, debt service, transfers, special payments, contingencies and reserves), which is carried forward as beginning fund balance to the next fiscal year.

ACRONYMS & INITIALISMS

BCC - Clackamas County Board of County Commissioners

BSA - Boring Service Area

CAFR – Comprehensive Annual Financial Report

CAS - Conventional Activated Sludge

CCSD No. 1 - Clackamas County Service District No. 1

CFR - Code of Federal Regulations

CIA - Clackamas Industrial Development Area

CIP - Capital Improvement Plan

COLA - Cost Of Living Adjustment

CSMP - Collection System Master Plan

DEQ - Department of Environmental Quality

DTD - Department of Transportation and Development

EDU - Equivalent Dwelling Unit

ENR - Engineering News Record

EPA - Environmental Protection Agency

ERP - Enterprise Resource Planning

ESU - Equivalent Service Unit

FEMA - Federal Emergency Management Agency

FFPSA - Fischer's Forest Park Service Area

FTE - Full-Time Equivalent (Employee)

FY - Fiscal Year

GAAP - Generally Accepted Accounting Principles

GASB - Government Accounting Standards Board

GFOA - Government Finance Officers Association

HSA - Hoodland Service Area

HVAC - Heating, Ventilation and Air Conditioning

I/I - Inflow and Infiltration

IGA - Intergovernmental Agreement

IPT - Industrial Pretreatment

KCWRRF - Kellogg Creek Water Resource Recovery Facility

LWD - Large Woody Debris

MBR - Membrane Bioreactor

MGD - Million Gallons per Day

MFR - Managing For Results

NACWA - National Association of Clean Water Agencies

NCRA - North Clackamas Revitalization Area

NCSA - North Clackamas Service Area

NCSWSA - North Clackamas Surface Water Service Area

NPDES - National Pollutant Discharge Elimination System

O&M - Operating and Maintenance

OAR - Oregon Administrative Rules

ODFW – Oregon Department of Fish and Wildlife

ORS - Oregon Revised Statutes

OSM – On-Site Maintenance

RAS - Return Activated Sludge

ROW - Right-Of-Way

SCADA - Supervisory Control And Data Acquisition

SDC - System Development Charge

SEM – Strategic Energy Management

SRF - State Revolving Fund

SWMACC - Surface Water Management Agency of Clackamas County

TCSD - Tri-City Service District

TCWRRF - Tri-City Water Resource Recovery Facility

TMDL - Total Maximum Daily Load

UIC – Underground Injection Control

WES - Water Environment Services (Department or Partnership, depending on context)

WFP – Willamette Facilities Plan

WPCF – Water Pollution Control Facilities

WRRF - Water Resource Recovery Facility

Adopted Budget - Financial plan adopted by the governing body, forming the basis for appropriations.

Appropriation - Authorization for spending a specific amount of money for a specific purpose during a specific period of time. It is based on the adopted budget, including supplemental budgets, if any. It is presented in a resolution or ordinance adopted by the governing body (ORS 294.311(3)).

Approved Budget - The financial plan agreed upon by the Budget Committee.

Asset Management - A systematic process of utilizing, maintaining, upgrading, replacing and disposing of existing assets.

Beginning Fund Balance - Amounts of unexpended funds carried forward from the previous fiscal year.

Bonds - A written contract for payment of a sum of money at a future date, with interest paid at an agreed rate on a set schedule.

BOD - Biochemical oxygen demand (BOD) is a measure of the concentration of wastes in wastewater. Pounds of BOD is the measure of the loading (or total amount of the wastes) to the treatment plants.

Budget - The local government's financial plan for one fiscal year.

Budget Calendar - The schedule of key dates followed in the preparation and adoption of the budget.

Budget Committee - Fiscal planning board of a local government, consisting of the governing body plus an equal number of legal voters appointed from the district (ORS 294.336).

Budget Message - Written explanation of the budget and the local government's financial priorities. It is prepared and presented by the executive officer or chairperson of the governing body (ORS 294.391).

Budget Officer - Person appointed by governing body to assemble budget material and information and to oversee preparation of the proposed budget (ORS 294.331).

Capital Expenditures - Expenditures to acquire an asset or repairs or upgrades to an existing asset which increase the asset's capacity, efficiency, or useful life and which meet the criteria for capitalization: 1) the total cost is \$5,000 or more, and 2) the estimated useful life is in excess of one year. Expenditures which do not meet the capitalization criteria are included as operating expenditures.

Capital Improvement Plan - A plan for capital expenditures to provide long-lasting physical improvements, the cost of which is to be incurred over a fixed period of several years.

Capital Outlays - Expenditures that result in acquisition of or addition to fixed assets.

Capital Project Fund - A fund used to account for the receipt and disbursement of money used to finance the building or acquisition of capital facilities.

Clean Water Act - Federal laws require cleanup of our waterways through the Clean Water Act of 1972. The major goal of this act is to restore and maintain the chemical, physical, and biological integrity of the nation's water. Administered by the Environmental Protection Agency.

Collection System - The pipes, pumping stations, and other infrastructure associated with the collection and transportation of wastewater and stormwater.

Compliance - Alignment with guidelines, regulations and legislation set by outside parties such as EPA, DEQ and industry organizations.

Contingency - A budgetary requirement category which provides funds for emergencies and unforeseen circumstances. Amounts budgeted as contingencies may only be expended through special action of the governing body.

Comprehensive Plan - A combined capital improvement plan for all of the districts managed by WES.

Conveyance Systems - The systems of pipes and pump stations that transport wastewater to treatment plants for treatment and resource recovery, and surface water to the river. The districts managed by WES are made up of separate wastewater and stormwater systems.

Debt Service - Payment of principal and interest on borrowed funds.

Debt Service Coverage - Debt service coverage measures annual net revenues as a percentage of annual debt service. For example, a debt service ratio of 100% means that an issuer generates exactly enough in net revenues to pay its debt service obligations, with no excess funds left over.

Debt Service Fund - A fund established to account for accumulation of resources and payment of general long-term debt principal and interest.

Depreciation - An accounting procedure that spreads the cost of purchasing an asset over the asset's useful life.

Effluent - Wastewater or other liquid, partially or completely treated or in its natural state, flowing from a treatment plant.

Ending Fund Balance - The difference between the resources (beginning fund balance, interest and revenues) and requirements (operations and maintenance expense, capital outlay, debt service, transfers, contingencies and reserves), which is carried forward as beginning fund balance to the next fiscal year.

Enterprise Fund - A fund used to account for a business activity for which a customer pays a fee or charge for a service or product.

Equivalent Dwelling Unit (EDU) - A unit of measurement of sewer usage that is assumed to be equivalent to the usage of an average single family home. EDU's are used to establish user charges for service and connection costs (i.e. System Development Charges).

Equivalent Service Unit (ESU) - A configuration of development resulting in impervious surfaces (i.e. concrete, asphalt, etc.) on a parcel that contributes runoff to the stormwater system. One ESU is equal to 2,500 square feet of impervious surface area.

Expenditure - The incurring of a liability or the payment of cash for the acquisition of a good or service.

Fiscal Year - A 12-month period to which the annual operating budget applies. July 1st through June 30th for WES.

Full-time Equivalent (FTE) - The ratio of time spent in any position to that of a full-time position. An employee working full-time for one year is 1.0 FTE; an employee working equivalent to 6 months is 0.5 FTE.

Fund - A fiscal and accounting entity with self-balancing accounts to record cash and other financial resources, related liabilities, balances and changes, all segregated for specific, regulated activities and objectives.

Generally Accepted Accounting Principles (GAAP) - Uniform minimum standards and guidelines for financial accounting and reporting. These standards govern the form and content of WES' financial statements.

GIS - Geographic Information System. A computer-based tool which allows for the storage, analysis, management and presentation of spatial and/or geographically linked data.

Infrastructure - The large-scale public systems, services, and facilities of a region that are necessary for economic and community activity, including power, water, and sewer services, public transportation, telecommunications, roads and schools.

Interfund Transfers - Amounts moved from one fund to another. They are shown as expenditures in the originating fund and revenues in the receiving fund (ORS 294.450).

Line Item - The category in a budget, chart of accounts or financial statement which represents an account used to record transactions for a particular type of income, expense, asset or liability.

Million Gallons per Day (MGD) - The term used to represent million gallons per day of wastewater discharged to WES' water resource recovery facilities.

Mission Statement - An explanation of the Department's purpose expressed in terms of the service it provides to its customers and the benefit to be provided for those customers.

National Pollutant Discharge Elimination System (NPDES) - A regulatory requirement of the Clean Water Act. The purpose is to control the amount of pollutants discharged into the receiving water and thereby ensure that the surface water's designated water quality and designated use are not degraded.

Operating Fund - A fund used to account for the day-to-day operations of WES.

Organizational Unit - Any administrative subdivision of the local government, especially one charged with carrying on one or more specific functions (such as department, office or division).

Oregon Revised Statute (ORS) 190 - Oregon State Statute for intergovernmental cooperation.

Partner Communities - Within the boundaries of the three service districts managed by Water Environment Services are cities, hamlets, neighborhoods, and other subsets of our region. These communities are our partners in wastewater resource recovery and watershed protection. We work together to create and maintain a healthy environment to live, work and play within.

Performance Measures - Objective methods (quantitative and/or qualitative) for evaluating the Department's progress toward its stated goals.

Personnel Services - Includes salaries and wages, overtime, part-time pay and fringe benefits for Water Environment Services' Department Staff. As the staff of the Department are Clackamas County employees which serve WES, the personnel services expenditures of the Department are included in Clackamas County's budget. The personnel service expenses incurred by WES are classified under the WES Labor line in the operating budget.

Preventative Maintenance - Scheduled maintenance that is performed on a piece of equipment before failures occur. Consumables are replenished, and assets refurbished on a set time scale in order to fully utilize the usable life of an asset.

GLOSSARY

Program - A group of activities with a common purpose that carries out the Department's Mission and produces results for customers.

Proposed Budget - Financial and operating plan prepared by the Budget Officer. It is submitted to the public and the Budget Committee for review.

Pump Station - A pumping facility which lifts wastewater flow to a sufficient enough elevation to allow it to flow by gravity.

Rates - The amount of money charged per unit of service provided.

Requirements – Budgetary uses of funds, including: operating expenditures, transfers to other funds, capital outlay, special payments, debt service, contingencies, reserves, and unappropriated ending fund balance.

Resolution - A formal order of a governing body.

Resources - Estimated beginning funds on hand plus anticipated receipts.

Revenue Bond - A type of municipal bond where principal and interest are secured by revenues such as charges or rents paid by users of the facility built with the proceeds of the bond issue.

Revenues - Money received or anticipated by a local government from either tax or non-tax sources.

Service District - County service districts are separate legal entities with their own governing board that provide the public with a limited set of services and facilities within a defined geographic boundary. The WES entity is a partnership of three separate county service districts: CCSD No. 1, SWMACC and TCSD.

State Revolving Fund (SRF) - A fund administered by the state of Oregon that provides low-interest loans for investment in water pollution control activities.

Strategic Planning - A formal process through which departments analyze, align and explain what they do in terms of achieving results for their customers. Each department articulates its Mission and then organizes itself into Programs and Activities designed to carry out that mission, facilitate decision making and resource allocation, and report progress.

Stream Health Index - Stream Health is measured using a set of multi-metric indices based on water quality and biological variables measured in district streams. The indices were developed regionally to correlate to a rough score-card of overall health, which can be adversely impacted by polluted storm runoff, development activities, and agricultural practices. Stream health can also be improved through pollution prevention and restoration activities.

Stormwater - Storm runoff from impervious surfaces that may contribute to surface water pollution since storm drains, ditches, and culverts lead to the nearest river, stream or wetland.

Surface Water - Streams, wetlands, rivers and springs that can be impacted by activities in the watershed.

Supervisory Control and Data Acquisition (SCADA) - A system operating with coded signals over communication channels to provide control of remote equipment.

Supplemental Budget - A financial plan prepared to meet unexpected needs or to spend revenues not anticipated when the regular budget was adopted. Requires public hearings, notices and adoption by governing body.

Surface Water - Rainwater that runs off the land, usually paved surfaces in urban areas, or from landscape irrigation and other sources and is often routed into drain systems in order to prevent flooding.

System Development Charges (SDCs) - Represent revenues derived from fees for new connections to the sanitary sewer or surface water system. These fees are based upon the amount of capital improvements currently planned for each service district to provide sufficient facilities for future growth.

Total Maximum Daily Load (TMDL) - The maximum amount of pollution a water body can receive from all sources and still meet water quality standards.

W3 – Plant re-use water; also referred to as non-potable water, used for seal water, spray chemical carrier water, etc.

Wastewater - The used water from homes and businesses, which may be a combination of liquid and water-carried domestic or industrial wastes from buildings, together with any groundwater and stormwater that may be present.

Watershed - The land that water flows across, or under, on its way to a stream, lake or river. Watersheds are sometimes referred to as drainage basins or drainage areas.



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SERVICES

