

2022 - 2023 FISCAL YEAR Budget

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



CLACKAMAS
WATER
ENVIRONMENT
SERVICES

► clackamas.us/wes

Clackamas Water Environment Services

BUDGET COMMITTEE

CITIZEN MEMBERS

Chris Bowker
William Gifford
David Golobay
Roseann Johnson
Michael Morrow

BOARD of DIRECTORS

Chair Tootie Smith
Commissioner Sonya Fischer
Commissioner Paul Savas
Commissioner Martha Schrader
Commissioner Mark Shull

Prepared by:

Gary Schmidt, District Administrator
Greg Geist, WES Director
WES Finance Department

Each item in the table of contents is hyperlinked to the corresponding page.

FY 2022-23 BUDGET TABLE OF CONTENTS



INTRODUCTION

| | |
|-----------------------|---|
| Budget Message..... | 1 |
| Budget Overview | 8 |

ABOUT THE DEPARTMENT

| | |
|----------------------------------|----|
| Organizational Information | 16 |
| Statistics..... | 17 |
| Department Milestones | 19 |
| Awards | 20 |
| Department Organization..... | 21 |
| Organizational Chart | 22 |
| Map of WES Rate Zones | 23 |

GUIDE TO THE BUDGET

| | |
|--|----|
| Financial Structure and Fund Chart..... | 24 |
| Sources and Uses by Fund Type..... | 24 |
| Basis of Budgeting and Financial Reporting . | 25 |
| Budget Process | 25 |
| Budget Calendar..... | 27 |
| Financial Policies..... | 28 |

PERFORMANCE CLACKAMAS

Budget by Program

| | |
|--|----|
| Introduction and Overview | 30 |
| Budget Summary by Program and Fund | 36 |
| Department Budget Summary | 37 |
| Business Services | 38 |
| Administrative Services | 39 |
| Financial Management | 41 |
| Account Services | 43 |
| Capital Planning and Management | 45 |
| Capital Delivery | 46 |
| Asset Management | 48 |
| Environmental Services | 50 |
| Permit Services | 51 |
| Watershed Protection | 53 |
| Environmental Monitoring..... | 55 |
| Operations..... | 57 |
| Resource Recovery | 58 |
| Plant Operations and Maintenance..... | 60 |
| Field Operations and Maintenance..... | 62 |

BUDGET DETAIL

| | |
|--------------------------------------|----|
| Consolidated Financial Schedule..... | 64 |
| Resources | 65 |
| Requirements | 71 |
| Fund Detail | 75 |
| State Budget Forms | 89 |

DEBT

| | |
|--------------------------------------|-----|
| Debt Service Requirements | 114 |
| Debt Limits..... | 115 |
| Credit Rating | 115 |
| Impact of Debt on User Charges | 115 |
| Coverage Requirements | 115 |
| Repayment Schedule | 116 |

CAPITAL

| | |
|---|-----|
| Introduction..... | 117 |
| Sanitary Sewer Capital Budget | 117 |
| Surface Water Capital Budget | 124 |
| Sanitary Sewer Capital Project List | 126 |
| Surface Water Capital Project List | 128 |

LONG-RANGE FINANCIAL PLAN

| | |
|--|-----|
| Introduction..... | 129 |
| Plan Strategies and Goals | 129 |
| Forecasting Assumptions | 131 |
| 10-Year Projected Financial Schedules..... | 132 |
| Forecasted Monthly Rates | 135 |

APPENDIX

| | |
|--|-----|
| Position Summary Schedules | 136 |
| Historic Debt Service Fund Schedules | 137 |
| Line Item Descriptions | 139 |
| Acronyms and Initialisms | 141 |
| Glossary | 142 |

For additional budget information, please visit: <https://www.clackamas.us/budget>

Introduction



*Keeping everything running smoothly at the
Tri-City Water Resource Recovery Facility*



BUDGET MESSAGE | FISCAL YEAR 2022-2023

Clackamas County Board of County Commissioners;

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

This Fiscal Year (“FY”) 2022-23 budget proposal brings clarity to how Clackamas Water Environment Services (“WES”) intends to meet the long term future needs of its customers and community. WES is always focusing on how to best provide sanitary sewer and/or surface water management services to nearly 200,000 Clackamas County residents, under the leadership of the District Administrator and the Board of County Commissioners (“BCC”), which serves as WES’ governing body. The FY 2022-23 proposal is built around an approach that meets five key strategic financial goals of WES. This year, the WES Advisory Committee worked with staff to develop a ten-year financial and capital plan to ensure that WES (i) can effectively protect public health and water quality, (ii) provide the infrastructure necessary to support economic development, (iii) honor foundational commitments, (iv) provide services in the most cost-effective manner for ratepayers, and (v) charge by service received and not geography. The plan and budget call for implementing a ten year, \$333 million capital improvement plan (“CIP”) with expenditures averaging \$33.3 million per year. This year-over-year investment will ensure that WES can continue to accommodate the rapid growth in our service area and also invest in the necessary improvements to our existing infrastructure. To accomplish these goals and avoid rate spikes in the future, the long term plan calls for steady 5% rate increases over the next ten years. For some customers, this rate increase is offset by decreases in the amounts charged to pay for past debt.

The ability to move forward with a comprehensive and transparent plan is a positive step in ensuring all five key strategic goals are met. The last two years’ challenges for our community led WES’ leadership to adjust rates slowly to mitigate the impact of the pandemic, with rate increases of 0.68% and 2.5% over the prior two years as an average across all rate zones. As we emerge back into a more normal phase of operations, this long term plan will allow WES to move forward to effectively serve our community. The FY 2022-23 budget includes rate increases that range between 0% and 5.32% and average 3.2% across all rate zones.

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 budget and detailed in the Performance Clackamas section on pages 30-62. WES staff have undertaken significant work and will be updating the plan in the coming fiscal year, particularly to better align it with the nationally-recognized “Effective Utility Management” or “EUM” model supported by the U.S. Environmental Protection Agency.

Our Challenges

WES faces long-term financial and regulatory challenges in addition to the emerging concern of inflation and its impact on WES' ability to maintain its current level of services. Our continued 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. The FY 2022-23 budget reflects the work required to address the challenges we are facing, including:

- funding appropriate levels of reinvestment in aging infrastructure;
- pre-financing and constructing sufficient treatment and conveyance, and wet-weather treatment capacity to meet the anticipated demand for our services;
- responding to workforce needs by ensuring we focus internally on workforce development and nimbly respond to the rapidly changing marketplace for talent;
- addressing increased operational requirements from both aging infrastructure and newly-constructed treatment works;
- managing the impact of inflation on expenses;
- complying with an ambitious state and federal water quality agenda while keeping services affordable; and
- setting and communicating clear strategic priorities in the Performance Clackamas 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 attention toward clean water issues. Customer and stakeholder outreach efforts 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, peer and community groups and regulatory agencies while pursuing sustainable, resiliency-supporting efforts.

The FY 2022-23 budget is designed to balance the delivery of quality services with the pressing need for continued capital investment. In total, WES will support 116 full-time equivalent ("FTE") positions, which is the same level as the current fiscal year. 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.

COMMUNITY ENGAGEMENT

In 2021, WES initiated a robust community engagement and discovery process called the Clean Water Exchange. The listening sessions will help WES create a more connected and inclusive future with its rate payers and the many diverse stakeholders, communities and people it serves.

Rates for Services

WES rates are based on the type of service received, not the geographic location of the customer. Our three primary services are wastewater treatment, local wastewater collection, and surface water management. This year, WES is proposing to begin implementation of steady 5% rate increases that are the foundational premise of the long term financial strategy. As outlined in the following paragraphs, the 5% increase would apply to the treatment and local collection components of WES' sanitary sewer rate and, for customers in Rate Zone 2, be offset in part or in whole by a reduction in the legacy debt component. The goal of these predictable adjustments over time is to achieve sufficient funding for the CIP while harmonizing sanitary sewer rates, with the end result of eliminating the legacy debt component in 9 years and having all customers paying the same amount for the same services. It is important to note that the 5% rate increase proposed for FY 2022-23 is actually below the minimum rate adjustment suggested by the financial policy previously recommended by the WES Advisory Committee, which is an inflation-only adjustment based on the Engineering News Record Index, and that part of this budget proposal is a request to charge that lower rate. The rate changes for WES' primary service categories are described below:



Wastewater Treatment:

Staff recommends a wastewater treatment rate increase of approximately 5.0% for FY 2022-23 to provide continued funding for asset replacements necessary to maintain aging infrastructure and growth-related construction efforts. The resulting rate increase would be \$1.25, raising the monthly service fee rate from \$25.30 to \$26.55 per Equivalent Dwelling Unit (“EDU”).



Wastewater Local Collection:

Staff recommends a wastewater collection rate increase of approximately 5.0% for FY 2022-23 to provide continued funding for asset replacements necessary to maintain aging infrastructure, especially infiltration and inflow removal efforts. The resulting rate increase would be \$0.70, raising the monthly service fee from \$13.50 to \$14.20 per EDU.



Surface Water Management:

Staff recommends an adjustment of approximately 5.0% to the surface water rate for FY 2022-23. 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:

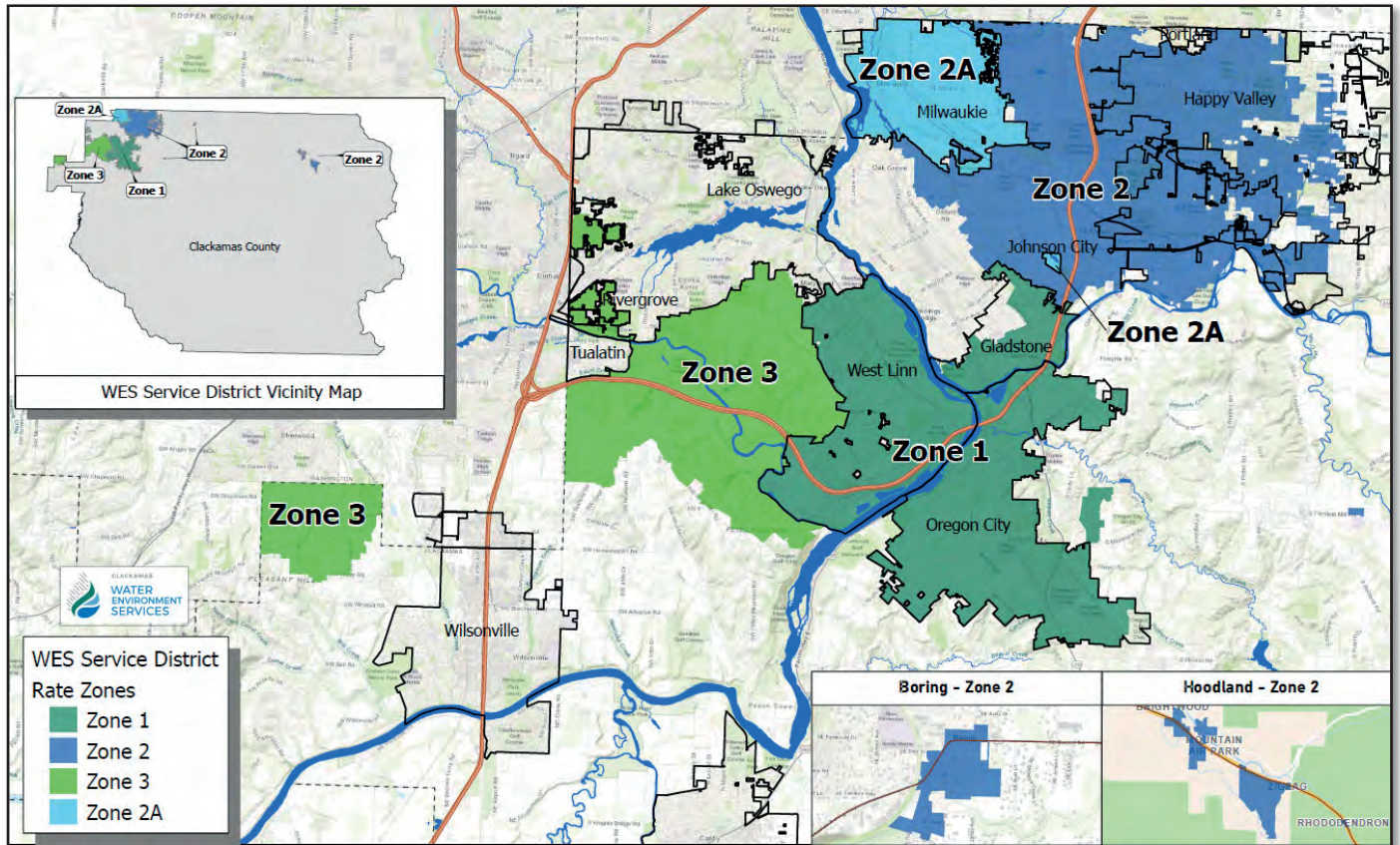
As part of the past integration of Clackamas County Service District No. 1’s (“CCSD No. 1’s”) budget, assets and operations into the WES entity, debt issued by CCSD No. 1 to construct certain treatment assets (the “Legacy Debt”) was transferred to WES. Per the requirements of WES’ founding Agreement and related board orders, staff are proposing a rate that will ensure that only Rate Zone 2 ratepayers will continue to pay for the Legacy Debt to honor foundational commitments. Continued growth in Rate Zone 2 means that the amounts collected last year from this particular rate element were more than sufficient to make those payments, so the amount charged in support of this rate element will be decreased in FY 2022-23. For Rate Zone 2’s wholesale wastewater treatment only customers, this will offset the entirety of the primary service rate adjustment, resulting in a zero change. For customers within Rate Zone 2 that are provided both treatment and collection services, 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 sanitary sewer rate change for WES as an entity, resulting in a net increase of ~2.78% rather than 5.0% 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. 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. Once the Legacy Debt is phased out, approximately nine 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

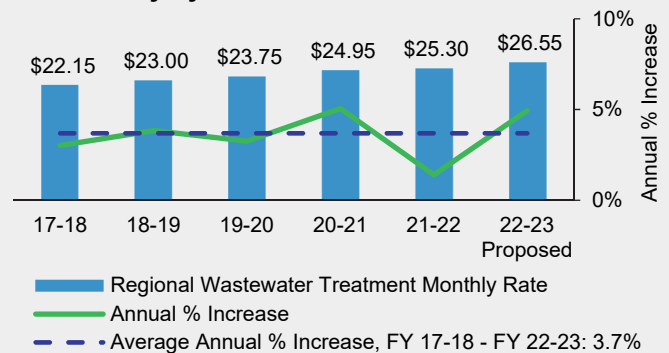


Rate Zone 1

Within Rate Zone 1, WES provides wholesale wastewater treatment services for the Cities of Gladstone, Oregon City and West Linn, as well as wastewater treatment and collection services to a small retail population outside of these three cities². 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, the rates for Oregon and Gladstone will continue to contain surcharges to provide for the City's right-of-way fees. An additional \$1.75 per EDU per month will be added to Oregon City's rate for a total of \$28.30 per EDU and an additional \$1.35 per EDU per month will be added to Gladstone's rate for a total of \$27.90 per EDU. These additional charges represent pass-through revenue that is collected on behalf of and remitted to the Cities as required by their right-of-way ordinances. The City of West Linn does not charge a right of way fee, and therefore their rates are not adjusted further.

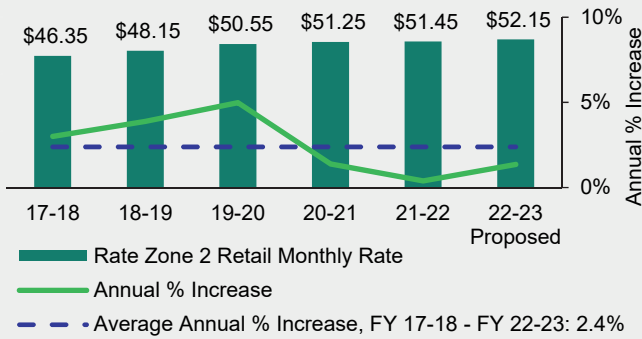
Sanitary Sewer Regional Monthly Treatment Rate History by FY



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

² Retail sewer services include combined treatment and collection services. Wholesale sewer services include treatment only.

Rate Zone 2 Sanitary Sewer Regional Monthly Treatment and Collection Rate History by FY³



Rate Zone 2/2A

Within Rate Zone 2/2A, WES provides retail wastewater treatment and collection service to unincorporated portions of North Clackamas County as well as the City of Happy Valley, the communities of Boring and 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.

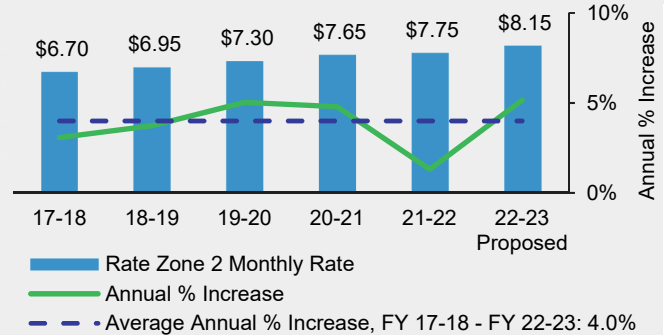
As noted, Rate Zone 2/2A currently has an additional rate element designed to generate sufficient revenue to make all necessary payments on the Legacy Debt. The continued strong growth in this Rate Zone will allow WES to propose a material decrease in this rate component, which will partially offset base service increases proposed as noted above.

This will result in a net rate increase of \$0.70, or an approximately 1.36% 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 2A (City of Milwaukie and Johnson City).

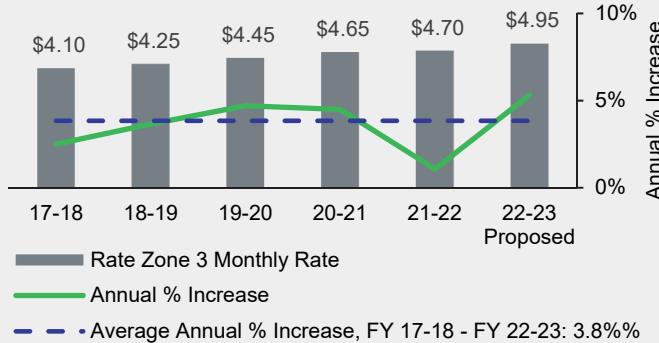
For Rate Zone 2, the surface water rate is proposed to increase \$0.40 from \$7.75 to \$8.15 per Equivalent Service Unit (“ESU”) per month.

Rate Zone 2 Surface Water Rate History by FY



In addition to these rate adjustments, it is proposed that the City of Happy Valley continues to be charged an extra \$2.61 per EDU and an additional \$0.41 per ESU on their respective sanitary sewer and surface water monthly service fees for a rate of \$54.76 per EDU per month and a rate of \$8.56 per ESU per month, in order to cover the costs of the City’s right-of-way fee, which are remitted back to the City as required by their right-of-way ordinance. 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 Surface Water Rate History by FY



Rate Zone 3

Within Rate Zone 3, WES provides surface water management services to those portions of unincorporated Clackamas County and the City of Rivergrove draining into the Tualatin River. WES continues to provide the same level of service to its customers as in prior years through maintenance of existing roadside ditches and drywells. WES also responds to water quality complaints, and 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 2022-23. Staff recommends a rate increase in the monthly service fee of approximately 5.32% for FY 2022-23 resulting in a rate adjustment of \$0.25 from \$4.70 to \$4.95 per ESU per month.

³ The Rate Zone 2 Sanitary Sewer Regional Monthly Treatment and Collection Rate includes the Legacy Debt component, as discussed above.

Total Budget

| SERVICE CATEGORY | EXPENDITURES | | | | OTHER REQUIREMENTS | | | TOTAL BUDGET |
|-----------------------|------------------------|----------------------|----------------------|---------------------|----------------------|----------------------|-----------------------------------|-----------------------|
| | Materials and Services | Capital Outlay | Debt Payments | Special Payments | Interfund Transfers | Contingencies | Ending Fund Balances and Reserves | |
| Sanitary Sewer | \$ 24,298,510 | \$ 29,279,772 | \$ 13,277,055 | \$ 1,215,100 | \$ 32,277,111 | \$ 18,689,886 | \$ 128,592,756 | \$ 247,630,190 |
| Surface Water | \$ 5,794,380 | \$ 990,000 | \$ - | \$ - | \$ 2,000,000 | \$ 1,213,500 | \$ 15,203,444 | \$ 25,201,324 |
| Total | \$ 30,092,890 | \$ 30,269,772 | \$ 13,277,055 | \$ 1,215,100 | \$ 34,277,111 | \$ 19,903,386 | \$ 143,796,200 | \$ 272,831,514 |

WES' total FY 2022-23 budget is \$272.8 million and consists of budgeted expenditures of \$74.9 million and other requirements of \$197.9 million. Budgeted expenditures include materials and services for operations of \$30.1 million, capital outlay of \$30.3 million, debt payments of approximately \$13.3 million and special payments of \$1.2 million. Compared to FY 2021-22's budget, the increase in total expenditures is 7.8% or \$5.4 million. This increase is primarily due to an additional \$5.0 million in capital outlay as WES returns to a higher level of planned capital spending as indicated in the draft CIP. Materials and services, special payments, and debt service reflect minor increases from the current FY, with a total combined increase in these categories of 0.85%.

Other requirements of \$197.9 million include interfund transfers made to share resources between funds of \$34.2 million, contingencies of \$19.9 million to provide for unexpected or unforeseen costs, and ending fund balance and reserves of \$143.8 million. A portion of ending fund balances and reserves consists of unspent bond proceeds from the \$40 million debt issuance in 2021. WES has an extended sanitary sewer capital plan that anticipates investing \$333 million over the next ten years in critical infrastructure and projects to add capacity to support growth and rehabilitate and replace aging infrastructure. The majority of the \$143.8 million in ending fund balances and reserves has been intentionally built over the last several years to fund this planned capital outlay. It is projected that these reserves will be spent over the next five fiscal years to actualize WES' capital plan. Additional information on WES' capital spending and long-range financial plan can be found in the respective Capital and Long-Range Financial Plan sections of this document.

A detailed 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 \$247.6 million. Of this total, \$24.3 million is allocated to sanitary sewer program operation, \$29.3 million is allocated to capital projects, \$13.3 million to debt service, \$1.2 million to special payments, \$32.3 million to interfund transfers, and \$147.2 million is set aside as contingencies and reserves in anticipation of future capital expenditures. Monthly service charges provide the majority of revenue to support the programs, with new development fees and interest income providing the balance. WES is maintaining the same level of FTE as it brings new assets online and has worked hard to minimize increases in the operational budget despite significant inflationary pressure and growth in the service area.

FY 2022-23 is seeing completion of several 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

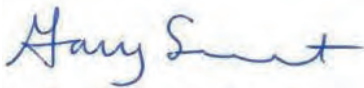
The budget to fund surface water services and projects totals \$25.2 million. This total consists of \$5.8 million for surface water operations, \$1.0 million for capital projects, \$2.0 million for interfund transfers, and \$15.4 million set aside as contingencies and reserves. Service charges provide the majority of revenue to support the programs, with new development fees and interest income providing the balance.

Several planning initiatives are under way for the program, including development of a Storm System Master Plan to guide capital construction and repairs, as well as programmatic planning in response to new regulatory requirements from the State of Oregon. The storm system plan will be completed during FY 2022-23, and will identify and prioritize key system improvements to improve water quality and reduce property flooding. With the reissuance of a new municipal stormwater permit, WES and its partners will update the Stormwater Management Program Plan for the first time in nearly a decade, identifying programmatic adjustments to align with new requirements. In addition, with the update of the Willamette River Total Maximum Daily Load (TMDL), WES will lead implementation-planning efforts to incorporate new requirements to reduce pollutant loads. These three plans form the foundation of the surface water management program that aims to comply with regulations and improve watershed health. Efforts in FY 2022-23 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. Capital improvements include ongoing 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 a budget that demonstrates our continued commitment to protecting public health and the environment in ways that make the best use of ratepayer dollars. We have assembled a budget and a long-term financial strategy that allows WES to honor our customers' priorities and values, support economic development, and improve water quality. Implementing moderate, proportional rate increases over time allows WES to build and maintain our vital infrastructure – today and far into the future. 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.

Sincerely,



Gary Schmidt
District Administrator



Greg Geist
WES Director

BUDGET OVERVIEW

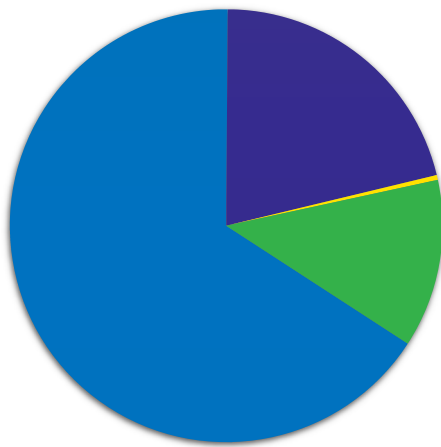
The following summary data serves to complement the Budget Message and provide a general overview of significant FY 2022-23 budgetary items, highlights and trends for Clackamas Water Environment Services. A more detailed discussion, including summaries for each fund, is provided in the Budget Detail section.

Per Oregon State Budget Law, WES' total budget for FY 2022-23 is balanced overall and in each fund. That balancing results from when "resources," which consist of revenues combined with other financing sources, interfund transfers in and beginning fund balances, are equal to "requirements," which consist of planned expenditures, contingencies, interfund transfers out and ending fund balances¹.

FY 2022-23 BUDGET SUMMARY

Total Resources - \$272,831,514

Total resources are budgeted at approximately \$272.8 million. Resources include: budgeted revenues of \$57.6 million, beginning fund balances of \$179.9 million, other financing sources of \$1.0 million, and interfund transfers in of \$34.3 million.

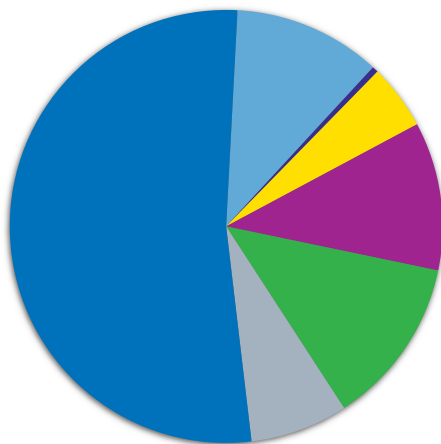


FY 2022-23 RESOURCES

| | | |
|---|-----------------------|-------|
| ■ Beginning Fund Balances | \$ 179,927,783 | 65.9% |
| ■ Revenues | 57,626,620 | 21.1% |
| ■ Other Financing Sources | 1,000,000 | 0.4% |
| ■ Interfund Transfers In | 34,277,111 | 12.6% |
| TOTAL | \$ 272,831,514 | |

Total Requirements - \$272,831,514

Total requirements for FY 2022-23 are budgeted at approximately \$272.8 million. Requirements include: materials and services expenses of approximately \$30.1 million, special payments of \$1.2 million, capital outlay of \$30.3 million, debt service of approximately \$13.3 million, contingencies of \$19.9 million, ending fund balances and reserves of \$143.8 million, and interfund transfers out of \$34.3 million.



FY 2022-23 REQUIREMENTS

| | | |
|--|-----------------------|-------|
| ■ Materials and Services | \$ 30,092,890 | 11.0% |
| ■ Special Payments | 1,215,100 | 0.4% |
| ■ Debt Service | 13,277,055 | 4.9% |
| ■ Capital Outlay | 30,269,772 | 11.1% |
| ■ Interfund Transfers Out | 34,277,111 | 12.6% |
| ■ Contingency | 19,903,386 | 7.3% |
| ■ Ending Fund Balance & Reserves | 143,796,200 | 52.7% |
| TOTAL | \$ 272,831,514 | |

¹ Interfund transfers are a budgetary category to share resources between funds; transfers in and transfers out net to zero and thus have no effect on budgeted expenditures.

CLACKAMAS WATER ENVIRONMENT SERVICES BUDGET SUMMARY – ALL FUNDS

| | 2020-21 ACTUAL | 2021-22 AMENDED BUDGET ^{1, 2} | 2022-23 ADOPTED BUDGET | \$ Change From 2021-22 | % Change From 2021-22 |
|--|-----------------------|--|------------------------------|------------------------------|-----------------------------|
| RESOURCES | | | | | |
| Beginning Fund Balance | \$ 102,580,898 | \$ 159,832,099 | \$ 179,927,783 | \$ 20,095,684 | 12.6% |
| Revenues | | | | | |
| Sales and Services | | | | | |
| Sewer Charges – Retail | 25,594,831 | 25,572,900 | 26,144,900 | 572,000 | 2.2% |
| City Payments for Sewer | 14,408,573 | 14,759,700 | 15,342,700 | 583,000 | 3.9% |
| Surface Water Charges | 5,502,982 | 5,716,300 | 6,044,700 | 328,400 | 5.7% |
| System Development Charges | 8,333,675 | 6,750,600 | 6,484,100 | (266,500) | -3.9% |
| Interest Income | 1,201,462 | 1,518,300 | 1,259,400 | (258,900) | -17.1% |
| All Other Revenues | 2,423,877 | 1,499,770 | 2,350,820 | 851,050 | 56.7% |
| Subtotal – Revenues | 57,465,400 | 55,817,570 | 57,626,620 | 1,809,050 | 3.2% |
| Other Financing Sources | | | | | |
| State Revolving Fund Loan Proceeds | 11,756,443 | 500,000 | 1,000,000 | 500,000 | 100% |
| Bond Proceeds | 48,687,948 | - | - | - | |
| Interfund Transfers In | 30,084,279 | 31,555,537 | 34,277,111 | 2,721,574 | 8.6% |
| TOTAL RESOURCES | \$ 250,574,968 | \$ 247,705,206 | \$ 272,831,514 | \$ 25,126,308 | 10.1% |
| REQUIREMENTS | | | | | |
| Materials and Services | | | | | |
| WES Labor | \$ 13,369,676 | \$ 15,361,210 | \$15,634,870 | 273,660 | 1.8% |
| Other County Services | 2,773,060 | 2,746,020 | 2,593,160 | (152,860) | -5.6% |
| Professional Services | 1,760,109 | 3,645,655 | 2,398,130 | (1,247,525) | -34.2% |
| Administrative | 3,108,330 | 2,165,754 | 2,167,010 | 1,256 | 0.1% |
| Supplies | 2,189,764 | 2,482,216 | 3,015,090 | 532,874 | 21.5% |
| Utilities | 1,655,159 | 1,844,405 | 2,066,490 | 222,085 | 12.0% |
| Repairs and Maintenance | 1,231,280 | 1,244,800 | 1,847,720 | 602,920 | 48.4% |
| Rents & Leases | 337,310 | 396,970 | 370,420 | (26,550) | -6.7% |
| Subtotal – Materials and Services | 26,424,688 | 29,887,030 | 30,092,890 | 205,860 | 0.7% |
| Special Payments ² | - | 1,156,600 | 1,215,100 | 58,500 | 5.1% |
| Capital Outlay | 17,199,090 | 25,223,000 | 30,269,772 | 5,046,772 | 20.0% |
| Debt Service | 7,815,521 | 13,167,587 | 13,277,055 | 109,468 | 0.8% |
| Contingency | - | 17,269,500 | 19,903,386 | 2,633,886 | 15.3% |
| Ending Fund Balance & Reserves | 169,051,390 | 129,445,952 | 143,796,200 | 14,350,248 | 11.1% |
| Interfund Transfers Out | 30,084,279 | 31,555,537 | 34,277,111 | 2,721,574 | 8.6% |
| TOTAL REQUIREMENTS | \$ 250,574,968 | \$ 247,705,206 | \$ 272,831,514 | \$ 25,126,308 | 10.1% |

¹ All references and comparisons to FY 2021-22's Amended Budget include a transfer of \$50,000 from contingency to special payments.

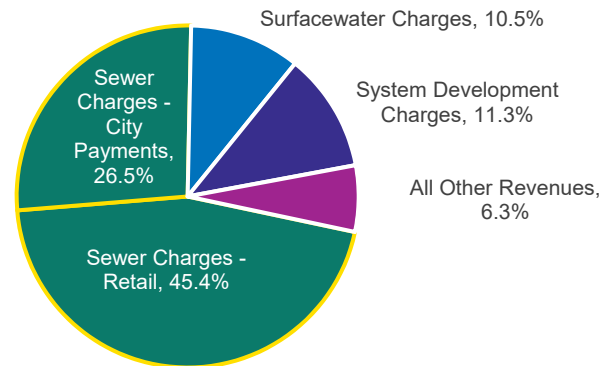
² Special Payments was a new expense category added in FY 2021-22 under which city right-of-way (ROW) fees and good neighbor contributions are budgeted. In FY 2020-21 and prior years, these expenses were budgeted under the Administrative category within Materials and Services.

REVENUE HIGHLIGHTS

BUDGETED REVENUES - \$57,626,620

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 93.7% of the approximate \$57.6 million of revenue budgeted for FY 2022-23. Note that this annual revenue is only 21.1% of the resources required in the budget, highlighting the impact of beginning fund balances on the total budget number.

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



FY 2022-23 budgeted revenues are projected to increase \$1.8 million or 3.2% from FY 2021-22's budget. Increases in retail sewer charges of \$0.6 million, city payments for sewer charges of \$0.6 million, surface water charges of \$0.3 million, and other miscellaneous revenue sources of \$0.8 million are partially offset by reductions in SDCs and investment interest income. The total increase in sewer service charges of \$1.2 million results from three factors: moderate growth in the service area which increases the number of units billed, 5% adjustments to the monthly rates for wastewater treatment and collection, and a resumption of commercial account activity that was lower in FY 2021-22 as a result of pandemic-related business closures. 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 FY 2021-22's budget process in response to lower observed growth rates in recent years. An updated population study is currently in process and expected to be complete early in FY 2022-23. The growth projections from that study will be incorporated in future budget forecasting.

Budgeted income from interest is projected to decrease by approximately \$260 thousand due to reduced interest rates. The budget for revenues from other sources is expected to increase 56.7% or approximately \$850 thousand due to a capital project incentive payment of \$800 thousand for the new cogeneration engine at Tri-City Water Resource Recovery Facility (WRRF). Revenues are discussed in greater detail in the separate Budget Detail section.

Staff recommends increases of approximately 5% to WES' sanitary sewer and surface water rates. A reduction in the legacy debt service component of the sanitary sewer rate will offset a portion of the increase for some customers so that FY 2022-23 overall rate increases range from 0.00% to 5.32%. These increases are needed to cover increasing labor and 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 consistent with the long range financial strategy adopted by WES.

OTHER FINANCING SOURCES - \$1,000,000

The FY 2022-23 budget includes other financing sources of \$1.0 million in the form of capital financing from the State of Oregon Clean Water State Revolving Fund for the design phase of the 3-Creeks Water Quality Project. Design for the 3-Creeks project is anticipated to be completed in FY 2022-23 and this resource is budgeted to cover those design costs. This funding is discussed in detail in the separate Debt section.

EXPENSE HIGHLIGHTS

BUDGETED EXPENSES - \$74,854,817

Expenses for FY 2022-23 are projected to increase 7.8% or approximately \$5.4 million from FY 2021-22's budget. This increase consists of additional spending of \$5.0 million for Capital Outlay, \$200 thousand for Materials and Services, \$100 thousand for Debt Service, and \$60 thousand for Special Payments. The combined increase for non-capital expense items is equal to 0.85%, below the current rate of inflation.

BUDGETED EXPENSES – Continued

WES' budget includes \$30.3 million for capital outlay, which is an increase of 20.0% or approximately \$5.0 million from the FY 2021-22 budget. The FY 2021-22 capital budget was reduced due to the completion of construction of two major projects as anticipated in the Capital Improvement Plan (CIP) and a shift to design where expenditures are lower. Generally, WES is experiencing delays both in initiating and executing projects stemming from supply chain issues and staffing shortages among WES' engineering team and our contractors and consultants. Capital spending in FY 2022-23 is projected to increase as design activity commences or accelerates on four major projects and several smaller projects enter the construction phase.

The FY 2022-23 budget includes costs to increase wastewater system capacity, rehabilitate existing facilities, reduce inflow and infiltration (I&I), and improve the efficiency of treatment processes. The largest shares of sanitary sewer capital spending for FY 2022-23 includes \$6.5 million towards total estimated project costs of \$53 million for the Tri-City Water Resource Recovery Facility Wet Weather Outfall to build capacity for future peak wet weather flows, and \$3.5 million towards total estimated project costs of \$10 million for improvements and rehabilitation of several pump stations. The FY 2022-23 sanitary capital budget also includes \$2.9 million of cost-share funding for a new regional I&I intergovernmental agreement (IGA). Under this agreement, WES will reimburse 33% of capital project costs for I&I reduction projects in the collection systems owned and maintained by WES' partner cities. This regional approach will allow WES to build far less wet-weather treatment capacity at the plants and is projected to save more than \$100 million over the next 20 years. The largest share of FY 2022-23's surface water capital budget is \$500 thousand directed towards drainage system modifications to improve and repair WES-owned stormwater infrastructure.

Within the budget for Materials and Services, the WES Labor budget is projected to increase by 1.8% or \$274 thousand from FY 2021-22's adopted budget due to an inflationary cost of living adjustment and higher pension and health insurance costs. The FY 2022-23 budget allocation for number of employees remains at 116 FTE. As of the publication of this document, WES has 15 vacancies. The FY 2022-23 budget anticipates filling 11 of these vacant positions by the beginning of the new budget year and the remaining 4 positions during the budget year. The 4 positions that will not be filled by July 1, 2022 are budgeted at a percent of the full FTE cost to recognize the partial vacancy status; this consideration of partial vacancies offsets a portion of the overall salary, health, and pension increases. Changes in FTE by fiscal year are discussed in more detail on page 16.

The remainder of the FY 2022-23 Materials and Services budget reflects a decrease of 0.5% or approximately \$68 thousand. In response to recent inflationary trends and raw material supply chain issues, the FY 2022-23 budget projects a significant increase in the cost of chemical supplies. WES is also experiencing upward pressures in utility costs although energy savings from the new cogeneration engine at the Tri-City facility are projected to partially offset those increases. In addition to the changes driven by the broader economy, the materials and services budget includes added resources for maintenance of the new solids handling equipment at Tri-City and repairs needed to equipment at the Hoodland WRRF. The increases in supplies and repair and maintenance costs were offset in part by a reduction in professional services, which include engineering, environmental, legal, and other services. The decrease in the need for contracted services is due to the recent or near-completion of major initiatives including the Willamette Facilities Plan and the Surface Water Master Plan.

The FY 2022-23 budget for Special Payments, which provides for city right-of-way (ROW) fees and good neighbor fund contributions, is \$1.2 million, an increase of \$100 thousand from the FY 2021-22 budget. This increase stems from higher ROW fees to be collected on behalf of the cities due to moderate growth in the service area and budgeted rate increases. The Special Payments category was added during the FY 2021-22 budget process to better match the nature of these expenses as pass-through payments for which no goods or services are received in return. In FY 2020-21 and prior, these expenses were budgeted under Materials and Services in the Administrative line item.

WES' FY 2022-23 Debt Service budget of \$13.3 million is approximately equal to FY 2021-22's budget. In FY 2020-21, WES issued \$40 million in sewer revenue obligations to obtain financing for capital projects and take advantage of historically low interest rates. The 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' FY 2022-23 budget includes principal and interest for the 2021 issue as well as prior issues. WES continues to benefit from a refinancing of the majority of existing debt in FY 2016-17, which resulted in annual savings of approximately \$625,000 beginning in FY 2017-18.

BUDGETED EXPENSES – Continued

Expenses for WES for all funds for FY 2018-19 through FY 2020-21 actuals, with the current budget and the adopted budget for FY 2022-23 are shown in the following table:

| | FY 2018-19 Actual | FY 2019-20 Actual | FY 2020-21 Actual | FY 2021-22 Amended Budget | FY 2022-23 Adopted Budget |
|-----------------------------------|----------------------|----------------------|----------------------|---------------------------------|---------------------------------|
| Materials and Services: WES Labor | \$ 12,337,188 | \$ 13,300,131 | \$ 13,369,677 | \$ 15,361,210 | \$ 15,634,870 |
| Materials and Services: Other | 11,998,917 | 12,816,043 | 13,055,011 | 14,525,820 | 14,458,020 |
| Special Payments | - | - | - | 1,156,600 | 1,215,100 |
| Capital Outlay | 23,563,301 | 34,601,519 | 17,199,090 | 25,223,000 | 30,269,772 |
| Debt Service | 6,987,624 | 6,908,518 | 7,815,521 | 13,167,587 | 13,277,055 |
| Total | \$ 54,887,030 | \$ 67,626,211 | \$ 51,439,299 | \$ 69,434,217 | \$ 74,854,717 |

Expense increases for FY 2019-20's actuals as well as FY 2021-22'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.

FUND BALANCES

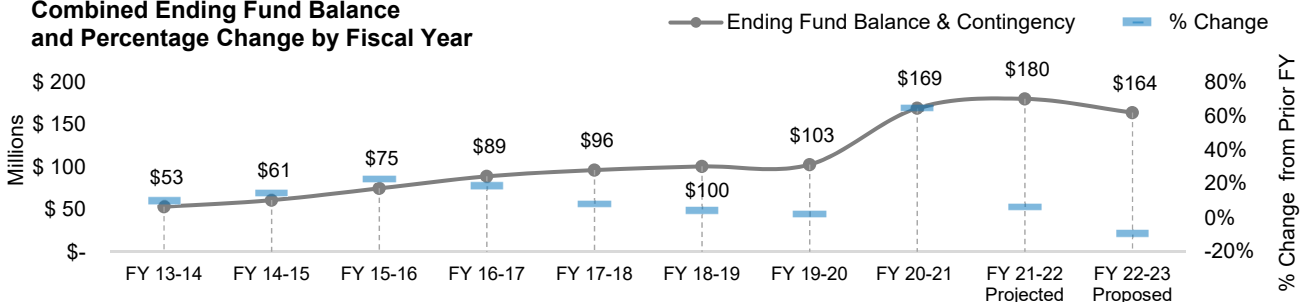
Fund balance is the difference between accumulated resources and the requirements charged against them over the life of a fund. The fund balance at the end of one fiscal year is carried forward to the following year. Per Oregon Budget Law, the resources of each fund, including beginning fund balance, 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. The table below shows the aggregate fund balance totals for FY 2018-19 through FY 2020-21 actuals, FY 2021-22 projected, and the FY 2022-23 budget.

The overall increases in fund balance and strengthening of reserves from FY 2018-19 to FY 2019-20 resulted from revenues in excess of expenses in an intentional effort to build reserves. The increase in fund balance in FY 2020-21 was driven both by the issuance of new debt to finance WES' capital plan and reduced capital spending caused by pandemic-related delays. The growth in fund balance projected for FY 2021-22 results from lower-than-anticipated capital spending during the current year related to the delays outlined above. The build-up in reserves will be used for current and future year capital outlay. The decrease in fund balance of approximately \$16.2 million during FY 2022-23 represents the budgeted use of reserves for capital outlay. WES anticipates spending the majority of sanitary sewer reserves over the next 4 to 5 years to deliver the projects in the capital plan. Additional detail on the planned use of reserves may be found in the Long-Range Planning section; detailed discussions of changes in the fund balances of individual funds for FY 2022-23 are contained in the Budget Detail section.

| | FY 2018-19 Actual | FY 2019-20 Actual | FY 2020-21 Actual | FY 2021-22 Projected | FY 2022-23 Adopted Budget |
|---|-----------------------|-----------------------|-----------------------|-------------------------|---------------------------------|
| BEGINNING FUND BALANCES | \$ 96,035,261 | \$ 100,392,976 | \$ 102,580,898 | \$ 169,051,390 | \$ 179,927,783 |
| ENDING FUND BALANCES⁴ | \$ 100,392,976 | \$ 102,580,898 | \$ 169,051,390 | \$ 179,927,783 | \$ 163,699,586 |
| INCREASE / (DECREASE) | \$ 4,357,715 | \$ 2,187,922 | \$ 66,470,492 | \$ 10,876,393 | \$ (16,228,197) |

Combined Ending Fund Balance and Percentage Change by Fiscal Year



⁴ Includes budgeted contingency for FY 2022-23 as this amount is not expected to be expended during the year and will be added to reserves at year-end.

CONTINGENCIES

Contingencies are funds set aside to provide for unforeseen circumstances that may arise during the year. The FY 2022-23 budget includes contingencies of \$19.9 million, with \$5.0 million budgeted as contingency for the operating funds and the remaining \$14.9 million budgeted as contingency for the construction and SDC funds. Operating fund contingencies are equal to 60 days' budgeted operating expenses, consistent with WES' financial policy for operating reserves. In prior years, construction and SDC fund contingencies were typically set equal to 25% of each fund's budgeted capital outlay. For FY 2021-22 and FY 2022-23, the budgeted contingencies in the Sanitary Sewer Construction and SDC funds have been increased to 50%. This approach allows for the budget 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 as the governing body of WES. 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.

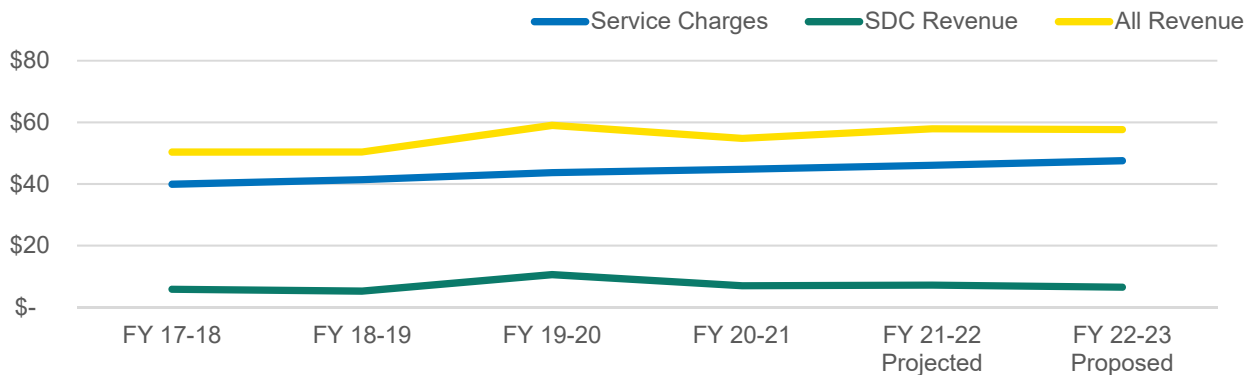
REVENUE TRENDS

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 2018-19 through FY 2020-21 actuals, the current FY 2021-22 budget and estimate, and the budget for FY 2022-23.

| | FY 2018-19 Actual | FY 2019-20 Actual | FY 2020-21 Actual | FY 2021-22 Budget | FY 2021-22 Projected | FY 2022-23 Adopted Budget |
|----------------------------|----------------------|----------------------|----------------------|----------------------|-------------------------|---------------------------------|
| Sanitary Sewer Charges | \$ 36,461,167 | \$ 38,519,592 | \$ 40,003,404 | \$ 40,332,600 | \$ 40,365,800 | \$ 41,487,600 |
| Surface Water Charges | 4,910,321 | 5,163,571 | 5,502,982 | 5,716,300 | 5,711,600 | 6,044,700 |
| System Development Charges | 5,220,707 | 10,496,947 | 8,333,675 | 6,750,600 | 7,131,280 | 6,484,100 |
| Other Revenue Items | 3,770,499 | 4,844,589 | 3,625,339 | 3,018,070 | 4,689,953 | 3,610,220 |
| Total | \$ 50,362,694 | \$ 59,024,699 | \$ 57,465,400 | \$ 55,817,570 | \$ 57,898,633 | \$ 57,626,620 |

The following chart illustrates growth trends in all revenues relative to 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.

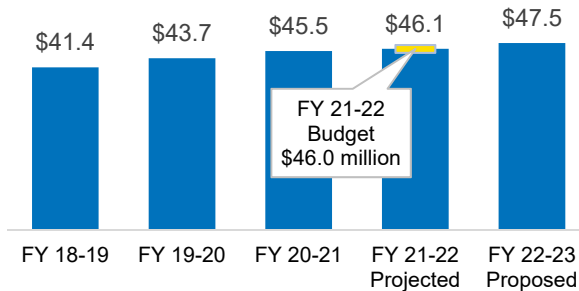
Revenue History and Forecast - Service Charges, SDCs, and Total Revenue
(In Millions)



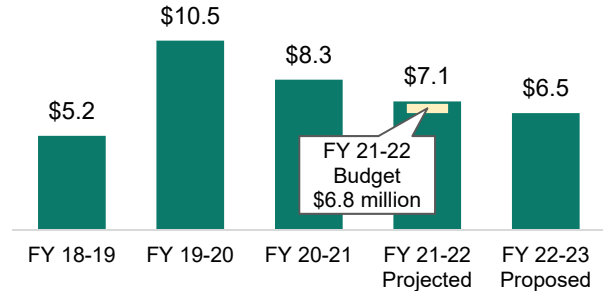
REVENUE TRENDS – Continued

The FY 2022-23 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. Increases to both the monthly service charge rates and the SDC rates have been factored in to the revenue estimates.

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



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



MONTHLY SERVICE CHARGES

Rate adjustments between 0.00% and 5.32% have been adopted for the FY 2022-23 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 | \$ 26.55 | \$ 26.55 | \$ 26.55 | \$ 26.55 | \$ 26.55 | \$ 26.55 | \$ 26.55 | \$ 26.55 | \$ - |
| | Local Collection | | | | 14.20 | 14.20 | 14.20 | | | |
| | Legacy Debt Svc Fee | | | | | 11.40 | 11.40 | 11.40 | 11.40 | |
| | Subtotal – Sanitary Sewer | 26.55 | 26.55 | 26.55 | 40.75 | 52.15 | 52.15 | 37.95 | 37.95 | - |
| Surface Water | Surface Water Service | | | | | 8.15 | 8.15 | | | 4.95 |
| | On-Site Maintenance | | | | | 3.00 | 3.00 | | | |
| | Subtotal – Surface Water | - | - | - | - | 11.15 | 11.15 | - | - | 4.95 |
| | City Right-of-Way Fees | 1.35 | 1.75 | - | - | - | 3.17 | - | - | - |
| Est. Total Monthly Bill | FY 2022-23 | \$ 27.90 | \$ 28.30 | \$ 26.55 | \$ 40.75 | \$ 63.30 | \$ 66.47 | \$ 37.95 | \$ 37.95 | \$ 4.95 |
| | % Δ from FY 2021-22 | 4.89% | 4.81% | 4.94% | 5.03% | 1.77% | 1.78% | 0.00% | 0.00% | 5.32% |
| | 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 |
| Rate Zone 1 | | | | | Rate Zone 2 (and 2A) | | | | Rate Zone 3 | |

SYSTEM DEVELOPMENT CHARGES

WES uses construction price indices to plan capital expenses and as a basis for adjustments to System Development Charge rates. The table to the right illustrates the change in construction costs for the last five calendar years as measured by the Engineering News Record (ENR) Construction Cost Index (CCI).

| Construction Cost Index | |
|-------------------------|-------------|
| Calendar Year | Average CCI |
| 2017 | 3.84% |
| 2018 | 3.04% |
| 2019 | 2.16% |
| 2020 | 1.46% |
| 2021 | 5.95% |

Inflationary adjustments of approximately 5.9% have been adopted for FY 2022-23 for Sanitary Sewer and Surface Water System Development Charges based on the calendar year 2021 CCI.

The table below summarizes the SDC rates and percent increases from the prior year's rates for the last four fiscal years and the rates for FY 2022-23.

| Service Category | FY 2018-19 | | FY 2019-20 | | FY 2020-21 | | FY 2021-22 | | FY 2022-23 Adopted | |
|-----------------------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------------|------------|
| | SDC Rate | % Increase | SDC Rate | % Increase | SDC Rate | % Increase | SDC Rate | % Increase | SDC Rate | % Increase |
| Sanitary Sewer ⁵ | \$ 7,615 | 3.9% | \$ 7,850 | 3.1% | \$ 8,005 | 2.0% | \$ 8,120 | 1.4% | \$ 8,600 | 5.9% |
| Surface Water | \$ 205 | 0% | \$ 211 | 2.9% | \$ 215 | 1.9% | \$ 220 | 2.3% | \$ 233 | 5.9% |

FULL TIME EQUIVALENT POSITIONS

116 FTE

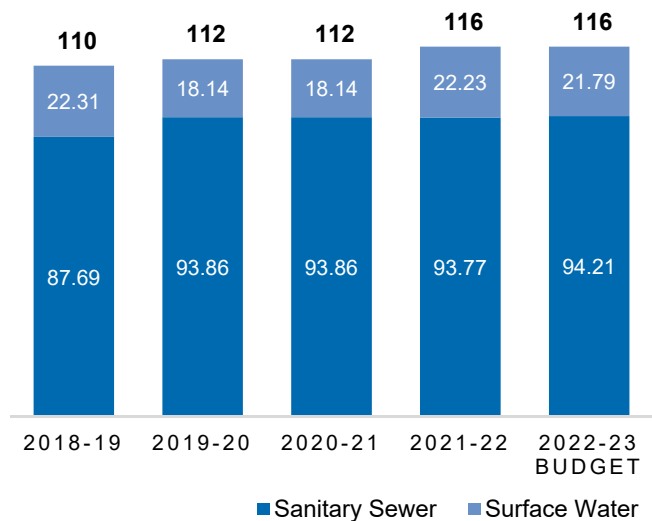


The FY 2022-23 budget proposes 116 FTE, the same number of FTE as the FY 2021-22 budget. The allocation of FTE by service category for the last four fiscal years and the budget is detailed in the chart to the right.

Full time equivalent positions increased by 2 FTE in FY 2019-20, remained steady in FY 2020-21, and increased by 4 FTE in FY 2021-22. The new positions added in FY 2019-20 and 2021-22 were needed to provide maintenance to existing infrastructure, support in constructing new treatment capacity, and for operations of the same.

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 2018-19 through FY 2022-23**



SUMMARY OF CHANGES BETWEEN PROPOSED AND ADOPTED BUDGET

The FY 2022-23 Budget was adopted as proposed with no changes made.

⁵ FY 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.

About the Department



Field operator explaining how we inspect the sewer pipes at Happy Valley's National Night Out

ORGANIZATIONAL INFORMATION

WATER ENVIRONMENT SERVICES

Water Environment Services (WES) 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 began providing 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.

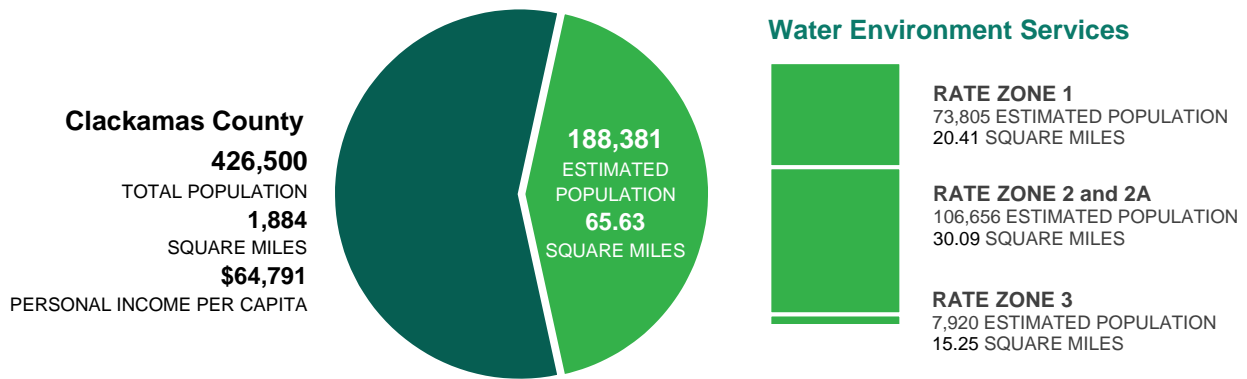
RATE ZONE 2

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



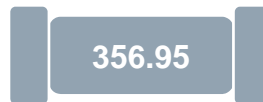
Operating Statistics

5 Water Resource Recovery Facilities



22.949 MILLION GALLONS PER DAY
 TOTAL DRY-WEATHER TREATMENT CAPACITY

23 Pump Stations



MILES OF SANITARY SEWER PIPE

17,648

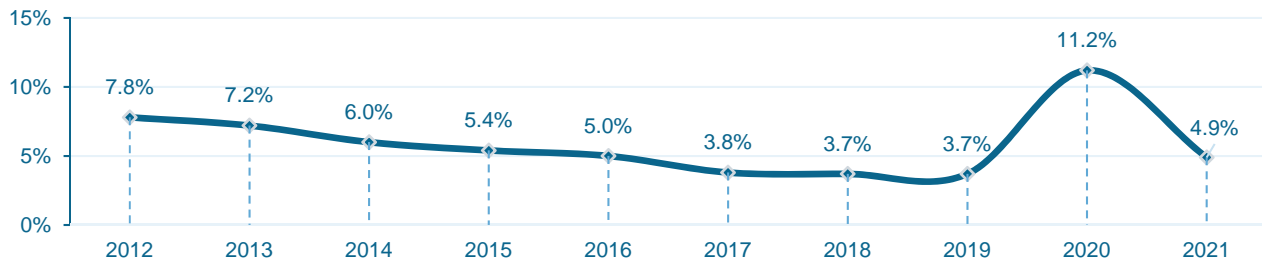
SURFACE WATER CATCH BASINS/MANHOLES



Major Industries by Number of Employees

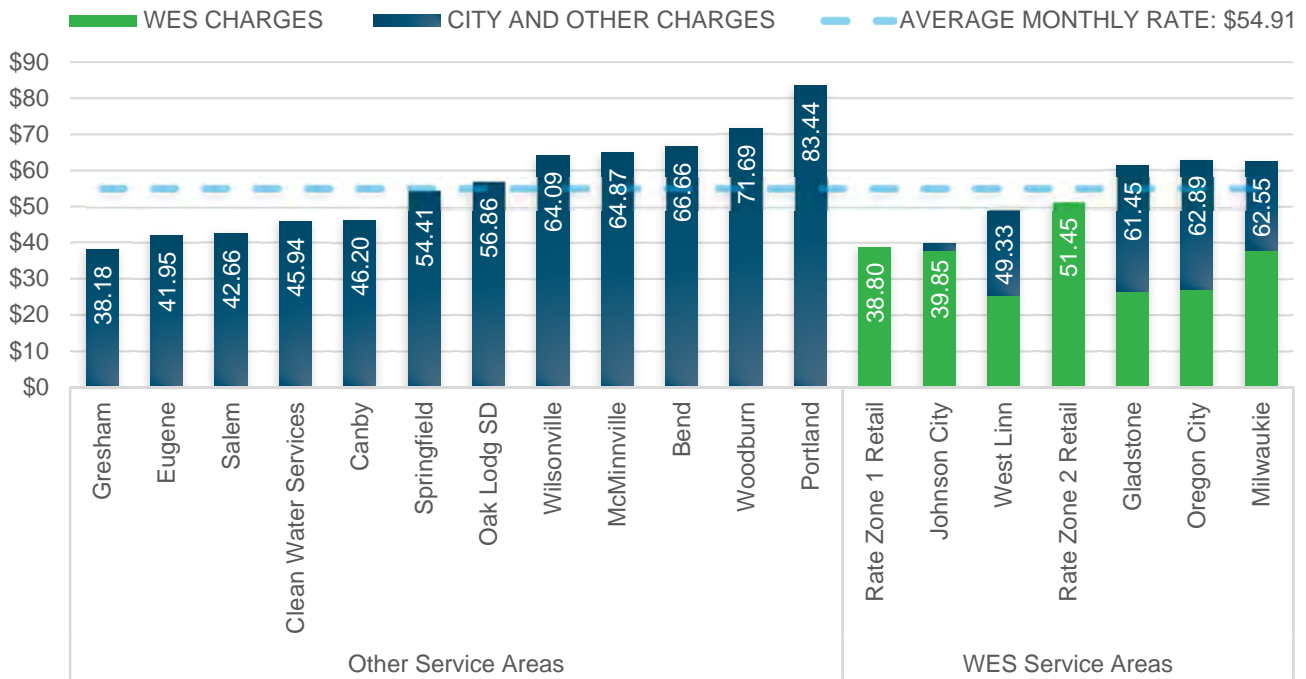


Clackamas County Unemployment Rates by Calendar Year



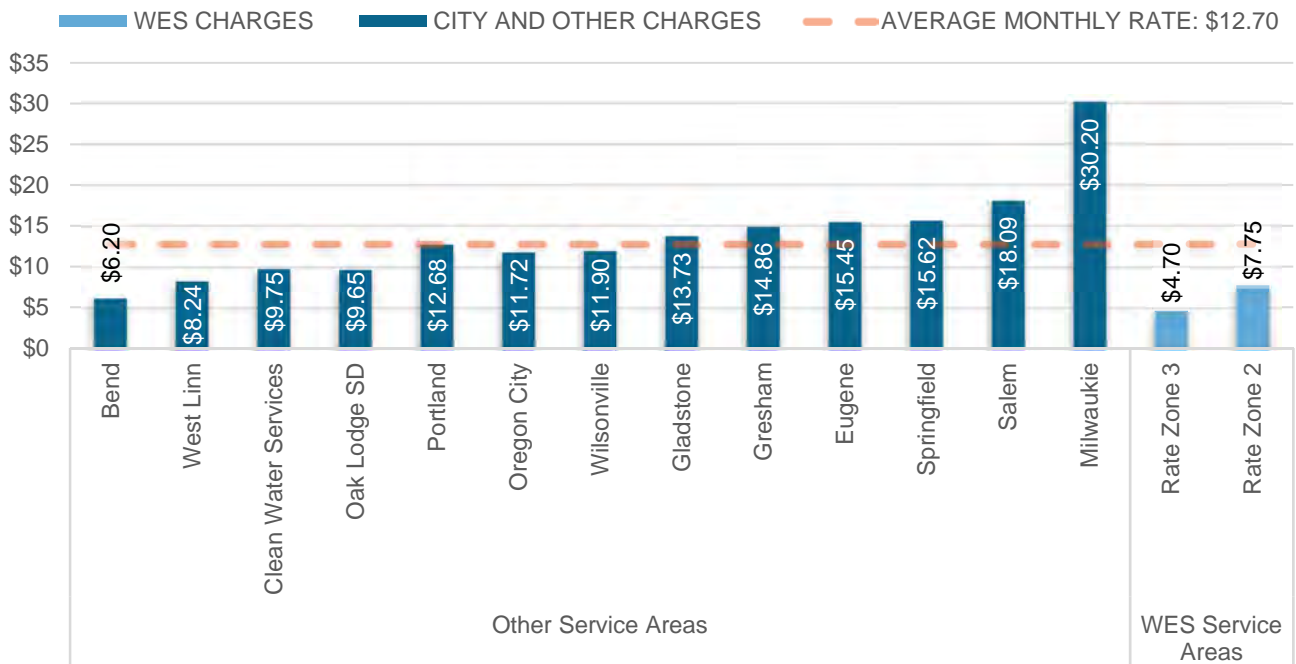
SOURCES: WES Records, Census Bureau, Bureau of Labor and Statistics, State of Oregon Employment Department, Center for Population and Research

Monthly Sanitary Sewer Rate Survey, FY 2021-22




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 2021-22



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; 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 WES embarks on a strategic planning effort focused on providing positive results for its customers and stakeholders.
- 2016 WES 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 to treat surface water runoff from Clackamas Industrial Area.
- 2019 Tri-City WRRF chlorine gas tanks replaced with sodium hypochlorite disinfection system.
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.
- 2021 Completion of biogas cogeneration engine at Tri-City WRRF to reduce plant energy use.
WES initiates a robust community engagement and discovery process called the Clean Water Exchange.
WES Exchange process begins to create clarity around Vision, Mission, and Values, and to help strengthen the Strategic Performance Clackamas Plan.
- 2022 Regional Inflow and Infiltration (I&I) Intergovernmental Agreement approved to reduce I&I in WES' service area.



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 01, 2021. 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 116 full time equivalent (FTE) positions for FY 2022-23, the same as the FY 2021-22 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.

From a human resources perspective, the Department is organized into five main divisional workgroups, three of which parallel their corresponding Performance Clackamas Lines of Business (Capital Planning and Management, Operations, and Environmental Services) and two divisional workgroups that fall under the Business Services Line of Business (Director and Business Services).

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.

BUSINESS SERVICES

21 FTE

Staff in this workgroup provide services including: financial analysis and reporting, accounting, budgeting, rate projections, utility billing, customer service and administration, human resources, records and contract administration, and administrative support.

CAPITAL PLANNING AND MANAGEMENT

15 FTE

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

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.

OPERATIONS

56 FTE

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

CLACKAMAS COUNTY EMBEDDED 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' labor budget. These positions are listed on the organizational chart on the following page as embedded staff and identified with a dashed box. Embedded staff generally operate within the Director workgroup under the direction of Department Management.

WES ADVISORY COMMITTEE

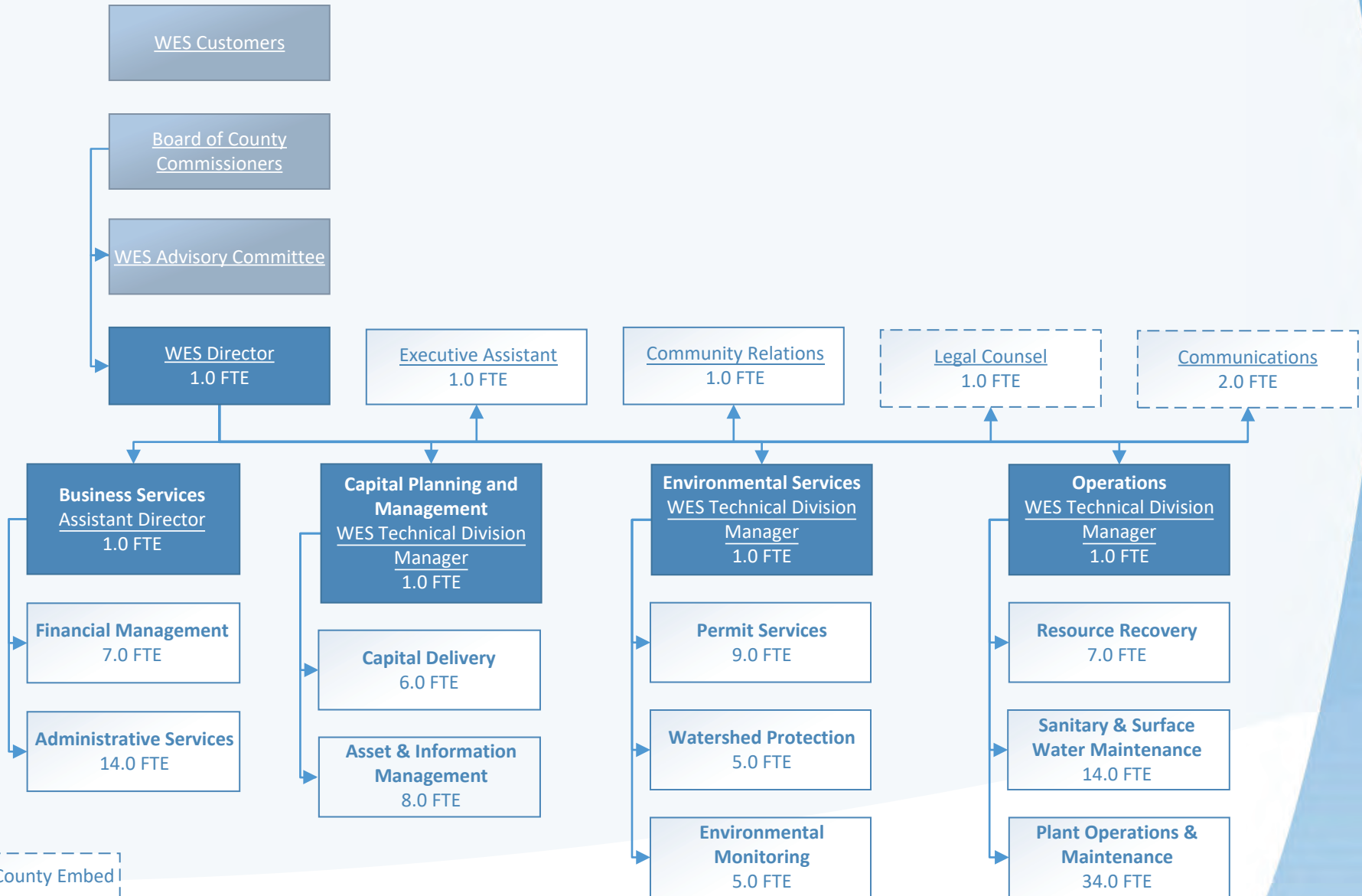
WES' Advisory Committee is a 21-person committee consisting of customers, stakeholders and city representatives. The Committee's purpose is to provide input and make recommendations on wastewater and surface water issues to WES and the BCC.

The organizational chart on the following page illustrates the allocation of staff among the divisional workgroups for the 2022-23 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.

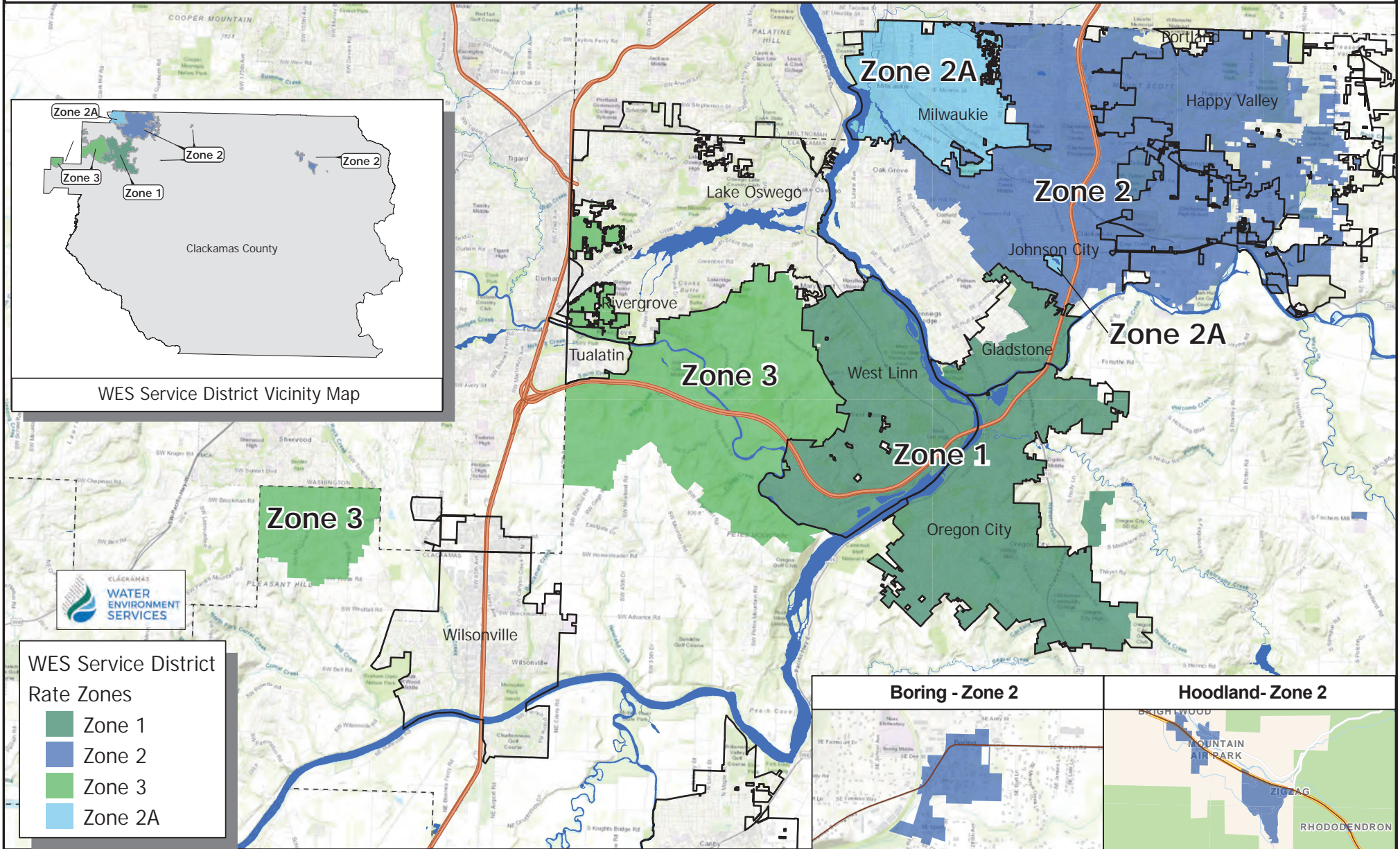


Functional Organization Chart, FY 2022-23



Clackamas County Embed

Clackamas Water Environment Services Rate Zones



Guide to the Budget

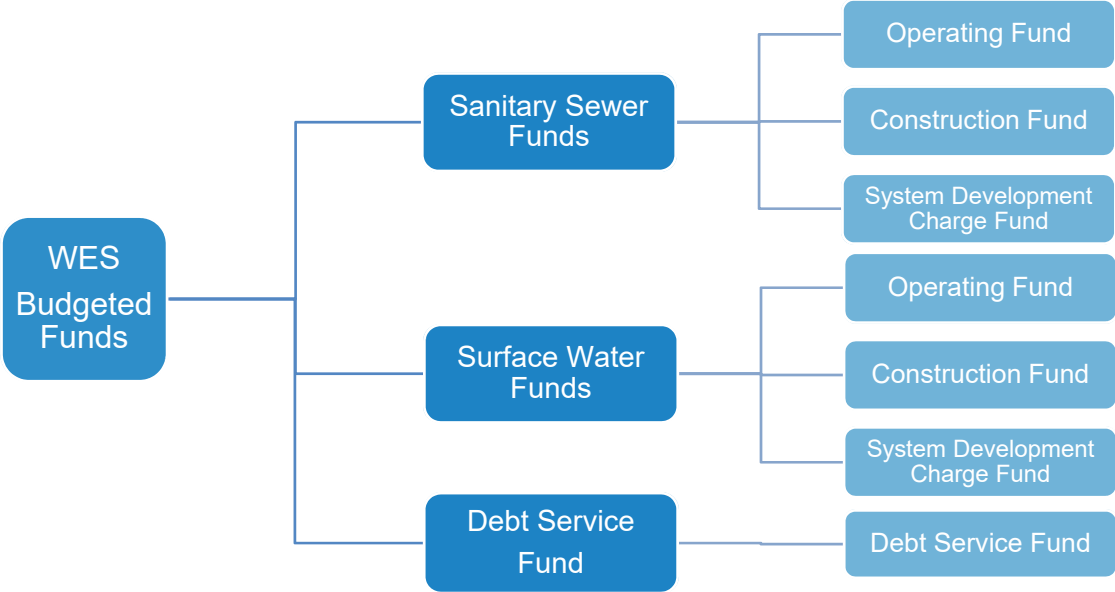


The new watershed health education mural on the odor control tower at the Tri-City Water Resource Recovery Facility

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 CHART



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"> • Project participation • New debt issuances • Interest • Transfers from Operating Funds | <ul style="list-style-type: none"> • System Development Charges (SDCs) for new connections • Interest | <ul style="list-style-type: none"> • New debt issuances • Interest • Transfers from Operating Funds and SDC Funds |
| 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 |

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 Annual Comprehensive Financial Report (ACFR). 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

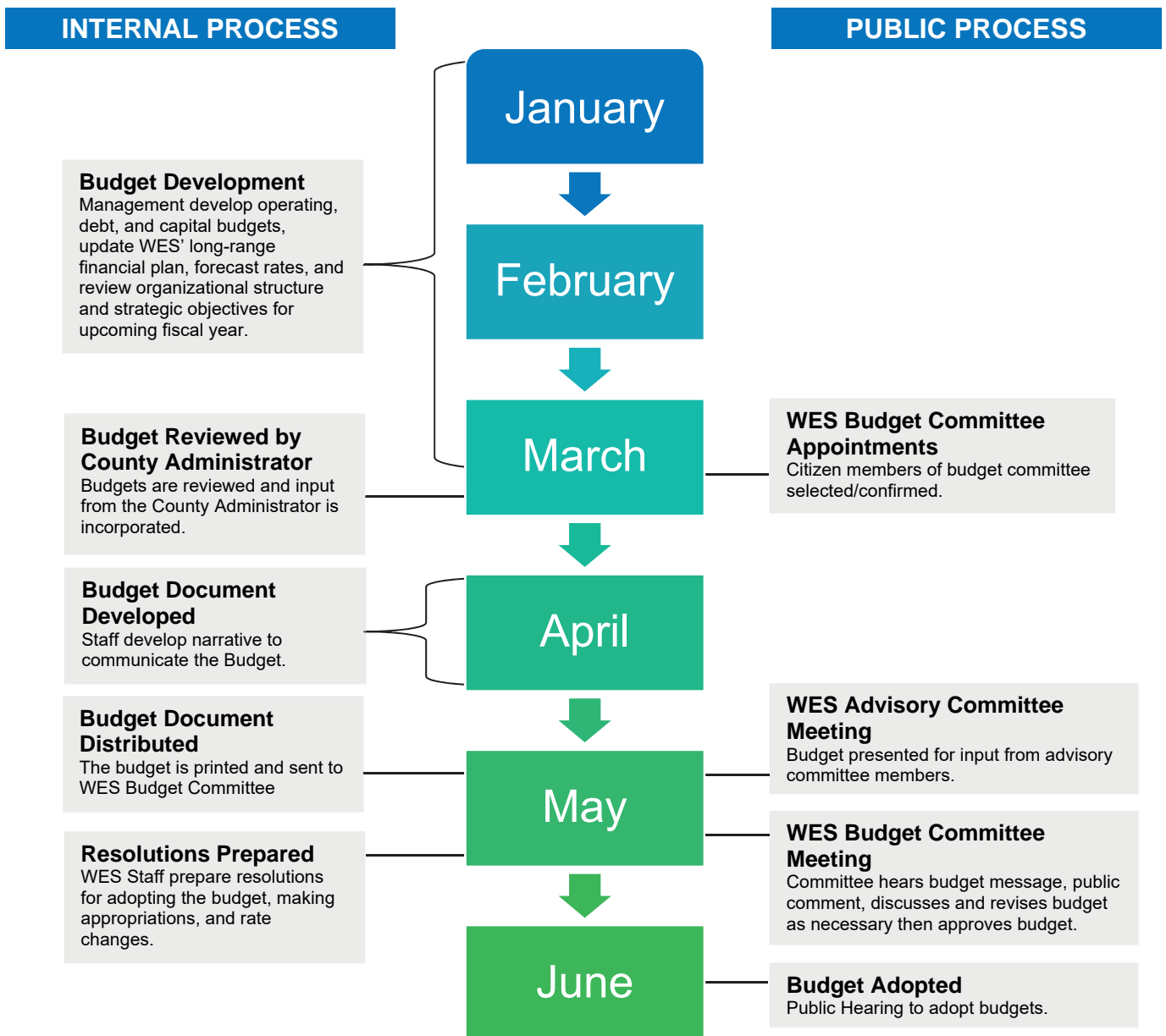
WES Advisory Committee

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 2022-23 budget.

| Date | Activity |
|-------------------|--|
| January 1, 2022 | Management begins review of Organization Structure and Performance Clackamas Lines of Business and Programs |
| February 14, 2022 | Program Operating Budgets prepared by Managers and submitted to Department Finance; Capital Budget requests submitted to Department Finance |
| February 16, 2022 | Preliminary Budgets reviewed by Department Leadership; Management Team review of Consolidated Operating Budgets, budgetary trends, and significant changes |
| March 16, 2022 | WES Budget Committee appointments Long-Range Financial Plan drafted to incorporate preliminary budgets; rates projected |
| March 24, 2022 | Budgets presented to the County Administrator |
| April 1, 2022 | Final Operating Budget review by Department Leadership; all changes submitted to Department Finance |
| April 4, 2022 | Long-Range Financial Plan and rates updated with final budget numbers |
| April 21, 2022 | Budget document completed and submitted to printer |
| April 28, 2022 | Proposed Budgets distributed to WES Budget Committee |
| May 5, 2022 | First notice of Budget Committee meeting published online |
| May 12, 2022 | WES Advisory Committee Review of Budget |
| May 12, 2022 | Second notice of Budget Committee meetings published in The Oregonian |
| May 23, 2022 | WES Budget Committee Meeting |
| May 27, 2022 | Summary of budget as approved by the Budget Committee and Notice of Budget Hearing published |
| May 30, 2022 | Resolutions prepared for adopting the budget, making appropriations, and rate changes |
| June 9, 2022 | Public Hearing Budgets Adopted |
| July 1, 2022 | Begin Fiscal Year 2022-23 |

FINANCIAL POLICIES

The Clackamas County Board of Commissioners (BCC) has adopted resolutions which establish policies to provide direction and framework for the County and each component unit's operations. As WES is considered a component unit of Clackamas County in addition to being governed by the BCC, the District adheres to the County's financial 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 BCC. In 2020, a large scale project was begun to update the County's financial policies. In synchronization with the updates being made at the County level, during FY 2021-22, WES staff began developing financial policies specific to WES. The WES-specific policies under development are aligned with the County's updated policies with additional refinements to reflect utility management best practices. Policies under review and development are identified with a note in this section.

The FY 2022-23 Budget complies with all relevant financial policies.

Budgeting and Financial Planning

The District 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 District 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. Appropriations will lapse at the end of the fiscal year.

The District shall plan annual budgets for each fiscal year which accurately reflect the service priorities and needs of the citizens as directed by the BCC.

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

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

***Note:** Updates to the District's Reserve/Contingency policy have been supported by the WES Advisory Committee and recommended to District Administration for adoption. Significant changes include formalizing a target to cover 60 days' operating expenses for operating reserves and using this target for both budgeting and long-range financial planning. The FY 2022-23 proposed budget and long-range financial plan complies with existing policies and the updated policy.*

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

Capital Improvement Plan (CIP) and Capital Budget

The District shall prepare a long-term plan for capital improvements based on master planning studies. This plan shall be used to develop a five-year Capital Improvement Plan (CIP) and extended ten-year capital spending projections for use in long-range financial planning.

The District will prepare a prioritized five-year CIP addressing large-scale investments. The plan will be updated annually and all changes will be reviewed for approval by the BCC.

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 CIP and in compliance with requirements of Oregon Revised Statutes.

Revenue

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

The District shall establish fees and charges which support the total direct and indirect costs of providing services, with the intent to achieve full cost recovery. Charges and fees below total cost may be approved by the BCC, if considered in the best interest of the County. Fees and charges will be in compliance with state statutes and County ordinances.

Note: *An update to the District's policy for Miscellaneous Fee Cost Recovery has been supported by the WES Advisory Committee and recommended to District Administration for adoption. Revisions include consideration of a multi-year, programmatic basis and approach for full cost recovery and more specific statements for periodic review of miscellaneous fees and potential inflationary adjustments. The FY 2022-23 proposed budget complies with existing policies with plans to implement the policy under development during the next fiscal year.*

The District will aggressively pursue collection of delinquent accounts.

Note: *Collection efforts were temporarily postponed during FY 2020-21 to provide financial relief for customers impacted by the pandemic and resumed during FY 2021-22.*

Debt

The District will issue debt to finance capital construction and capital acquisitions as recommended by the Director and authorized by the BCC.

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 District 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 District 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 Government Finance Officers Association certification of achievement for Excellence in Financial Reporting.

The District 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 District 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).

Note: *Updates to the District's Debt policy have been supported by the WES Advisory Committee and have been recommended to District Administration for adoption. Revisions include expanded policy statements around compliance with legal and statutory requirements to increase financial transparency and codification of utility debt management best practices. The FY 2022-23 proposed budget and long-range financial plan complies with existing policies and the updated policy.*

Investments

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

The District will monitor the activities of the Clackamas County Treasurer regarding the District'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



*Viewing the new digester through
the top porthole*

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 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. Full-time equivalent employees (FTEs) are allocated to programs based upon the program's budgeted needs and objectives for the coming fiscal year.

Performance Clackamas Structure: Lines of Business and Programs

| Business Services | Capital Planning and Management | Environmental Services | Operations |
|---|--|---|---|
| <ul style="list-style-type: none"> • Administrative Services • Financial Management • Account Services | <ul style="list-style-type: none"> • Capital Delivery • Asset Management | <ul style="list-style-type: none"> • Permit Services • Watershed Protection • Environmental Monitoring | <ul style="list-style-type: none"> • Resource Recovery • Plant Operations and Maintenance • Field Operations and Maintenance |

Strategic Planning Process Overview

WES' current strategic plan, which spans the years 2018 to 2022, 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. This dual framework approach gives WES' plan a unifying strategic context that aligns with Clackamas County as a whole and concurrently with other clean water utilities as we pursue our goal to be known regionally as a premier utility for surface water management and collecting and treating wastewater.

Many of the key initiatives in WES' current plan were accomplished in the last fiscal year or will be accomplished in the coming months. In December 2021, staff began work on a comprehensive strategic planning process to update the plan for FYs 2023-24 through 2027-28. This process will incorporate a review and assessment of WES' mission and vision, identification of key issues and strategic initiatives to address those issues, and the development of performance measures that support the accomplishment of strategic initiatives. The strategic plan update is on schedule to be completed in January 2023 and implemented with the FY 2023-24 budget cycle. The chart on the following page illustrates the more detailed steps in this comprehensive update in the context of the strategic planning cycle. As of the publication of this budget document, staff are currently engaged in the discovery phase.



Comprehensive Strategic Plan Update Process



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 Enterprise 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 waste stream 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 are ongoing unless otherwise specifically noted as completed or pending in the following table.

| WES' Strategic Initiatives and connection to Performance Clackamas Program Goals | Alignment with the County's overall Plan |
|--|---|
| <p>Enterprise Resiliency</p> <p>Key Initiative: By January 2021, WES will have completed the Tri-City Solids Handling Improvements Project to support the expected 20-year growth horizon. Program(s) focused on achieving result: Capital Delivery Update: This initiative will be completed during FY 2021-22.</p> <p>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 Update: This initiative will be completed during FY 2021-22.</p> | <p>Build strong infrastructure</p> |
| <p>Infrastructure Strategy and Performance</p> <p>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</p> <p>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 Update: 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.</p> | <p>Build strong infrastructure</p> <p>Honor, Utilize, Promote and Invest in our Natural Resources</p> |
| <p>Product Quality</p> <p>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</p> <p>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</p> | <p>Build strong infrastructure</p> <p>Honor, Utilize, Promote and Invest in our Natural Resources</p> |
| <p>Employee and Leadership Development</p> <p>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</p> | <p>Build Public Trust through Good Government</p> |
| <p>Operational Optimization</p> <p>Key Result: WES will beneficially reuse 85% of recovered solids. Program(s) focused on achieving result: Resource Recovery</p> <p>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</p> <p>Key Result: 500 additional accounts added to paperless billing each year. Program(s) focused on achieving result: Account Services</p> | <p>Honor, Utilize, Promote and Invest in our Natural Resources</p> <p>Build strong infrastructure</p> <p>Build Public Trust through Good Government</p> |

Performance Clackamas Lines of Business 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.

Program Summary of Changes for FY 2022-23 Budget

| Program | FY 2022-23 Budget | Change from FY 2021-22 | | Summary of Influencing Factors for Change from FY 2021-22 | Pg. # for Detail |
|----------------------------------|-------------------|------------------------|------|--|------------------|
| | | \$ | % | | |
| Administrative Services | \$3,892,380 | 477,580 | 14% | 49% increase in labor due to centralization of Administrative staff from other programs and conversion of embedded risk position partially offset by 17% decrease in materials and services due to lower professional services spending. | 39 |
| Financial Management | 1,526,800 | 16,974 | 1% | No significant overall change. Reduction in materials and services due to shifting banking and merchant fees to Account Services program was offset by increases in professional services spending. | 41 |
| Account Services | 759,510 | (50,777) | -6% | 24% decrease in labor due to centralization of Administrative staff to Administrative Services program partially offset by 29% increase in materials and services due to shifting banking and merchant fees from Financial Management program. | 43 |
| Capital Delivery | 612,630 | (105,065) | -15% | 4% decrease in labor due to centralization of Administrative staff to Administrative Services program and 37% decrease in materials and services due to reduced contracted engineering services spending. | 46 |
| Asset Management | 1,781,220 | 89,000 | 5% | 11% increase in labor in anticipation of filling current vacancy partially offset by 4% decrease in materials and services due to operational efficiencies. | 48 |
| Permit Services | 1,577,790 | (231,854) | -13% | 4% decrease in labor due to centralization of Administrative staff to Administrative Services program and 36% decrease in materials and services due to reduced professional services spending on program initiatives. | 51 |
| Watershed Protection | 2,068,680 | (188,375) | -8% | 7% decrease in labor due to centralization of Administrative staff to Administrative Services program and 9% decrease in materials and services due to reduced professional services spending as a result of completing one-time initiatives. | 53 |
| Environmental Monitoring | 1,453,310 | (54,574) | -4% | 4% increase in labor due to inflationary adjustments offset by 13% decrease in materials and services due to reduced professional services spending. | 55 |
| Resource Recovery | 1,727,790 | (426,959) | -20% | 23% decrease in labor due to signing a new hauling contract allowing for the reallocation of 2 FTE to other programs and 17% decrease in materials and services due to reduced equipment operating costs. | 58 |
| Plant Operations and Maintenance | 11,696,030 | 995,314 | 9% | No significant change in labor. 17% increase in materials and services due to increased costs and inflation of chemicals and other supplies and increased operating and maintenance costs for new and existing treatment structures. | 60 |
| Field Operations and Maintenance | 3,408,080 | (325,676) | -9% | 11% decrease in labor due to centralization of Administrative staff to Administrative Services program and 6% decrease in materials and services due to reduced professional services spending and lower program-specific fuel costs. | 62 |



Water Environment Services

Budget Summary by Program and Fund

| Line of Business | FY 22-23 | | FY 22-23 | FY 22-23 | FY 22-23 | FY 22-23 | FY 22-23 | |
|--|----------|--------|---------------|---|--|-------------|-----------------------------|-----------------------|
| | Program | Prog # | FTE | WES Sanitary Sewer Operating Fund 631 (Excl. Non Program) | WES Surface Water Operating Fund 641 (Excl. Non Program) | ARPA* | Non Program / Non Operating | Total Budget |
| Business Services | | | | | | | | |
| Administrative Services | 700101 | 15.52 | \$ 3,191,530 | \$ 700,850 | \$ - | \$ - | \$ 3,892,380 | |
| Account Services | 700102 | 4.27 | 618,920 | 140,590 | | | 759,510 | |
| Financial Management | 700103 | 5.90 | 1,301,770 | 225,030 | | | 1,526,800 | |
| Equipment Cost Pool (Contra-Expense) | 700104 | N/A | (411,330) | | | | (411,330) | |
| Business Services Total | | 25.69 | 4,700,890 | 1,066,470 | - | - | 5,767,360 | |
| Capital Planning and Management | | | | | | | | |
| Asset Management | 700202 | 8.00 | 1,492,400 | 288,820 | | | 1,781,220 | |
| Capital Delivery | 700203 | 8.54 | 612,630 | | | | 612,630 | |
| Capital Planning and Management Total | | 16.54 | 2,105,030 | 288,820 | - | - | 2,393,850 | |
| Environmental Services | | | | | | | | |
| Environmental Monitoring | 700302 | 5.81 | 1,061,110 | 392,200 | | | 1,453,310 | |
| Permit Services | 700303 | 8.70 | 946,920 | 630,870 | | | 1,577,790 | |
| Watershed Protection | 700304 | 4.83 | - | 2,068,680 | | | 2,068,680 | |
| Environmental Services Total | | 19.34 | 2,008,030 | 3,091,750 | - | - | 5,099,780 | |
| Operations | | | | | | | | |
| Resource Recovery | 700402 | 5.05 | 1,727,790 | | | | 1,727,790 | |
| Field Operations and Maintenance | 700403 | 13.73 | 2,060,740 | 1,347,340 | | | 3,408,080 | |
| Plant Operations and Maintenance | 700404 | 35.65 | 11,696,030 | | | | 11,696,030 | |
| Operations Total | | 54.43 | 15,484,560 | 1,347,340 | - | - | 16,831,900 | |
| Operating Budget Total | | | | | | | | 30,092,890 |
| Non Program / Non Operating | | | | | | | | |
| Debt Service and Related Reserves | | | | | | 17,743,019 | 17,743,019 | |
| Capital Outlay | | | | | | 30,269,772 | 30,269,772 | |
| Transfers | | | | | | 34,277,111 | 34,277,111 | |
| Special Payments | | | | | | 1,215,100 | 1,215,100 | |
| Contingencies and Ending Fund Balances | | | | | | 159,233,622 | 159,233,622 | |
| Non-Program / Non-Operating Total | | | | | | | | 242,738,624 |
| TOTAL | | | 116.00 | \$ 24,298,510 | \$ 5,794,380 | \$ - | \$ 242,738,624 | \$ 272,831,514 |
| FY 2021/22 Budget | | | | | | | | |
| | | 116.00 | 23,675,889 | 6,211,141 | 0 | 217,818,176 | 247,705,206 | |
| \$ Increase (Decrease) | | | | | | | | |
| | | 0.00 | 622,621 | -416,761 | 0 | 24,920,448 | 25,126,308 | |
| % Increase (Decrease) | | | | | | | | |
| | | 0.0% | 2.6% | -6.7% | | 11.4% | 10.1% | |

*FY 2022-23 Budget includes no projected American Rescue Plan Act (ARPA) spending.



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 \$272,831,514

| | | | | |
|--|---|--|---|---|
| Water Environment Services Greg Geist - Director FTE 116 Total Operating Budget \$30,092,890 | | | | Non-Program Items Total Non-Operating Budget \$242,738,624 |
| Business Services Greg Geist - Director Total Budget \$5,767,360 | Capital Planning and Management Lynne Chicoine - Mgr Total Budget \$2,393,850 | Environmental Services Ron Wierenga - Mgr Total Budget \$5,099,780 | Operations Greg Eyerly - Mgr Total Budget \$16,831,900 | Debt Service, Capital Outlay, Transfers, and Reserves Total Budget \$242,738,624 |
| Administrative Services Greg Geist - Director FTE 15.52 Total Budget \$3,892,380 | Capital Delivery Lynne Chicoine - Mgr FTE 8.54 Total Budget \$612,630 | Permit Services Ron Wierenga - Mgr FTE 8.70 Total Budget \$1,577,790 | Resource Recovery Greg Eyerly - Mgr FTE 5.05 Total Budget \$1,727,790 | Debt Service and Related Reserves Total Budget \$17,743,019 |
| Financial Management Greg Geist - Director FTE 5.90 Total Budget \$1,526,800 | Asset Management Lynne Chicoine - Mgr FTE 8.00 Total Budget \$1,781,220 | Watershed Protection Ron Wierenga - Mgr FTE 4.83 Total Budget \$2,068,680 | Plant Operations and Maintenance Greg Eyerly - Mgr FTE 35.65 Total Budget \$11,696,030 | Capital Outlay Total Budget \$30,269,772 |
| Account Services Greg Geist - Director FTE 4.27 Total Budget \$759,510 | | Environmental Monitoring Ron Wierenga - Mgr FTE 5.81 Total Budget \$1,453,310 | Field Operations and Maintenance Greg Eyerly - Mgr FTE 13.73 Total Budget \$3,408,080 | Transfers Total Budget \$34,277,111 |
| Equipment Cost Pool (Contra-Expense) Total Budget (\$411,330) | | | | Special Payments Total Budget \$1,215,100 |
| | | | | Contingencies and Ending Fund Balances Total Budget \$159,233,622 |

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 116.00

Total Program Operating Budget \$30,092,890

Business Services

Greg Geist - Director

Total Budget
\$5,767,360

Administrative Services

Greg Geist - Director

FTE 15.52
Total Budget
\$3,892,380

Financial Management

Greg Geist - Director

FTE 5.90
Total Budget
\$1,526,800

Account Services

Greg Geist - Director

FTE 4.27
Total Budget
\$759,510

Equipment Cost Pool (Contra-Expense)

Total Budget
(\$411,330)



**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 counts dropped in FY21-22. WES has a plan to pick up its existing Workforce Plan and focus on meeting its goal of 100 percent of annual reviews being current in FY22-23. WES will be dedicating staff to ensure the components of the Workforce Plan are in action which should make meeting this goal attainable. It will also ensure forward movement on the program initiative to complete job requirements and descriptions for all staff.

Safety goals: Due to COVID and the lack of a WES Safety Professional, 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 2022. WES will be hiring a replacement Safety Professional to lead the effort in meeting this goal.

Customer Service: Our Customer Service survey is accessible from our website, in our signature lines, and our customer service staff are actively engaging with customers to complete the survey. As our customer service group has been promoting the survey, we have seen less use of it for just negative feedback and have experienced more positive/satisfied results.

Key Performance Measures

| | | FY 19-20 Actual | FY 20-21 Actual | FY 21-22 Target | FY 21-22 Actuals as of 12/31/21 | FY 22-23 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) | 99% | 68% | 100% | 90% | 100% |
| Output | # Plant Evacuation Drills (one per plant) per year | 3 | 4 | 0 | 0 | 3 |
| 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) | 82% | 100% | 95% | 100% | 95% |

Program includes:

- Mandated Services
- Shared Services
- Grant Funding

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 19-20 Actual | FY 20-21 Actual | FY 21-22 Amended Budget | FY 21-22 Projected Year End | FY 22-23 Proposed Budget | Chg from Prior Yr Budget | % Chg from Prior Yr Budget |
|--|--------------------|--------------------|-------------------------------|-----------------------------------|--------------------------------|-----------------------------|-------------------------------------|
| Materials and Services: WES Labor | 1,942,542 | 2,247,440 | 1,600,458 | 2,128,310 | 2,387,110 | 786,652 | 49% |
| Materials and Services: Other | 1,339,705 | 1,336,592 | 1,814,342 | 1,437,132 | 1,505,270 | (309,072) | -17% |
| Operating Expense | 3,282,247 | 3,584,032 | 3,414,800 | 3,565,442 | 3,892,380 | 477,580 | 14% |
| Total Expense | 3,282,247 | 3,584,032 | 3,414,800 | 3,565,442 | 3,892,380 | 477,580 | 14% |
| Full Time Equiv Pos (FTE) Budgeted | 12.64 | 12.01 | 10.98 | 10.95 | 15.52 | 4.54 | 41% |
| Full Time Equiv Pos (FTE) Filled at Yr End | 12.60 | 14.49 | 10.98 | 13.52 | | | |
| Full Time Equiv Pos (FTE) Vacant at Yr End | 0.04 | -2.48 | 0.00 | -2.57 | | | |

Significant Issues and Changes

The Administrative Services Program budget is increasing by 14% overall. The 49% increase in labor is partially due to centralizing the administrative support staff to the Administrative Services Program budget. Due to COVID, we have gone to a more pooled approach for internal support services and determined that centralizing the support and customer service staff to the Administrative Services budget would be the best option to reflect overall Department support. Another factor for increasing labor is that our Board recently approved a Biosolids Hauling Contract. The outsourcing of Biosolids hauling meant that WES could repurpose 2 of its vacancies that reported to the Biosolids Program. One of the vacancies was assigned to Operations, and the other vacancy was assigned to Administrative Services; pending further review. This increase is partially offset by a decrease in Materials and Services. We had an embedded Risk Analyst that was a part of 'other contracted services' which reduced Materials and Services and created an FTE increase in Operations for a future WES Safety Professional. We also have a reduction in legal services. We are preparing for the scheduled 2022-23 negotiations and issuance of new NPDES permits for most of our facilities. This initiative is reflected in the budget and contains resources for regulatory efforts that are a part of this program and began in the current FY. We anticipate increased effort in the regulatory arena as we move into the next FY.



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 Annual Comprehensive Financial Report ("ACFR") for the 2017-18 fiscal year (FY), and thereafter in both FY 2018-19 and FY 2019-20. The FY 2020-21 ACFR was submitted to the GFOA in December 2021 for consideration. This program believes the FY 2020-21 ACFR 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 the Series 2021 debt issuance. The AAA 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 performance metric for annual operating expenditures to vary from budgeted operating expenditures by less than 15% was met for FY 2020-21 with a total variance of 12.2%. While this result represents an improvement over the prior two fiscal year's variances of 15.5% and 13.4%, the more ambitious target of 10% was not met. As in prior years, the largest variances continue to be in labor and professional services. Throughout FY 2020-21 and FYTD 2021-22, WES has experienced a consistent gap of ~10-15 vacant positions. As a result of the high number of vacancies, FY 2021-22's actual expenses through December 2021 indicate a projected variance of 12.9% from budget. This measure is expected to improve slightly as positions are filled between now and the end of the fiscal year, but is not anticipated to meet the goal of 10%.

In prior years, the target range for monthly service charge rate increases was between a floor determined by an annually-updated inflation index and a ceiling of 10%. The result for rate increases to meet this target range was consistently achieved for the last 4 FYs. In March 2022, the WES Advisory Committee recommended adoption of a long-term financial strategy that establishes a target of levelized, consistent monthly service rate increases of 5% for wastewater treatment and collection services through FY 2030-31. This financial strategy ensures predictable increases and revenue stability over the coming years while achieving harmonization of sewer service rates in Rate Zones 1 and 2. The proposed sanitary sewer rate increases for FY 2022-23 are currently at the 5% target consistent with this new financial strategy. Surface water service rate increases proposed for next fiscal year are currently also at 5%. WES staff anticipates completing a Surface Water Master Plan during FY 2022-23 which will generate long-term recommendations for surface water rates.

The result to distribute quarterly budget to actual reports within three weeks of quarter's close has not been met for the first half of FY 2021-22. The decrease in performance for this metric stems from the July 2021 implementation of a new, countywide Chart of Accounts (COA). The new COA necessitated rebuilding the templates and queries used for reporting budget to actual data. This program completed rebuilding the templates in January 2022 and anticipates meeting this goal for the remainder of the current fiscal year and next fiscal year.

Key Performance Measures

| | | FY 19-20 Actual | FY 20-21 Actual | FY 21-22 Target | FY 21-22 Actuals as of 12/31/21 | FY 22-23 Target |
|--------|--|-----------------|--------------------------|-----------------|---------------------------------|-----------------|
| Output | Annual operating expenditures will vary from budgeted operating expenditures by less than 15% | 13.4% | 12.2% | 10.0% | 12.9% | 10.0% |
| 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. | 3.3% - 9.5% | 2.5% avg (0.13% - 5.08%) | 5% | 0.68% avg (0.00% - 1.53%) | 5% |
| Result | Quarterly budget to actual reports are distributed within three weeks of quarter's close | 100% | 100% | 100% | 0% | 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 administrates the annual budget in compliance with ORS 294.305 to 294.565 and 294.900 to 294.930.



| | FY 19-20 Actual | FY 20-21 Actual | FY 21-22 Amended Budget | FY 21-22 Projected Year End | FY 22-23 Proposed Budget | Chg from Prior Yr Budget | % Chg from Prior Yr Budget |
|--|--------------------|--------------------|-------------------------------|-----------------------------------|--------------------------------|--------------------------------|-------------------------------------|
| Materials and Services: WES Labor | 741,083 | 743,379 | 810,201 | 835,300 | 821,330 | 11,129 | 1% |
| Materials and Services: Other | 520,365 | 727,906 | 699,625 | 684,290 | 705,470 | 5,845 | 1% |
| Operating Expense | 1,261,448 | 1,471,285 | 1,509,826 | 1,519,590 | 1,526,800 | 16,974 | 1% |
| Total Expense | 1,261,448 | 1,471,285 | 1,509,826 | 1,519,590 | 1,526,800 | 16,974 | 1% |
| Full Time Equiv Pos (FTE) Budgeted | 6.78 | 5.82 | 5.82 | 5.82 | 5.90 | 0.08 | 1% |
| Full Time Equiv Pos (FTE) Filled at Yr End | 5.98 | 6.18 | 5.82 | 6.34 | | | |
| Full Time Equiv Pos (FTE) Vacant at Yr End | 0.80 | -0.36 | 0.00 | -0.52 | | | |

Significant Issues and Changes

This Financial Management program proposes a FY 2022-23 budget of \$1.527 million, which is approximately equal to the current FY's budget. The budget for materials and services represents a slight increase of 1% related to inflationary adjustments in contracted services for financial consulting, auditing, and insurance brokerage services. These increases were mostly offset by a reduction in banking and merchant fees, which are now being budgeted under the Account Services program to better match program expenses to program services. Overall the Financial Management program continues to perform at a high level in making resources and financial data available to support organizational objectives with approximately the same number of FTE as prior years.



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 290,000 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 2022-23. 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 in the last two fiscal years, but is on track to be achieved for the current fiscal year based on actuals through December 2021. WES has experienced substantial improvement in the customer experience through the implementation of several new systems, including a feature-rich sanitary sewer and surface water customer online account management system launched in July 2020. In the year and a half since the system's launch, WES has seen an increase in customers enrolled in online account management of more than 100%. The system currently supports approximately 40% of WES' directly-billed sanitary sewer and surface water customers with 10,500 registered users. The increase in online account management is contributing to a higher number of customers electing to make online payments and receive paperless bills in FY 2022-23. The 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).

While this program continues to see an increase in the total number of customers due to growth in the district, the output measure of callers assisted continues to decrease due to the success of WES' online account management system, as detailed above. FY 2021-22's actuals through December 2021 indicate the program will likely receive fewer than 12,000 phone calls this fiscal year; as a result, the FY 2022-23 target for this output has been reduced from 15,000 to 12,000. Program staff will complete the implementation of an online payment system for permit fees, assessments, and miscellaneous accounts receivable payments during the current fiscal year. It is anticipated this new system will further contribute to reduced call volume while improving the customer experience and WES' operational resilience.

Despite postponing certification for FY 2019-20 to provide financial relief from the pandemic, the result of achieving fewer than 5% of accounts certified annually was achieved for FY 2020-21 with 4.1% of accounts certified. This success is owed to program staffs' active management of customer accounts and increased outreach efforts regarding payment plans and past-due notices. WES staff anticipates achieving this metric again for FY 2021-22.

Key Performance Measures

| | | FY 19-20 Actual | FY 20-21 Actual | FY 21-22 Target | FY 21-22 Actuals as of 12/31/21 | FY 22-23 Target |
|--------|--|-----------------|-----------------|-----------------|---------------------------------|-----------------|
| Result | 500 additional accounts added to paperless billing each year | 369 | 383 | 500 | 264 | 500 |
| Result | Fewer than 5% of accounts certified annually | 0.0% | 4.1% | < 5.0% | 3.7% | < 5.0% |
| Output | # callers assisted | 17,360 | 12,626 | 15,000* | 5,854 | 12,000* |
| Output | # customer bills issued annually | 278,003 | 285,625 | 291,500 | 147,234 | 294,500 |

* = 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 19-20 Actual | FY 20-21 Actual | FY 21-22 Amended Budget | FY 21-22 Projected Year End | FY 22-23 Proposed Budget | Chg from Prior Yr Budget | % Chg from Prior Yr Budget |
|--|--------------------|--------------------|-------------------------------|-----------------------------------|--------------------------------|--------------------------------|-------------------------------------|
| Materials and Services: WES Labor | 306,103 | 263,238 | 539,020 | 251,790 | 409,920 | (129,100) | -24% |
| Materials and Services: Other | 225,462 | 302,563 | 271,267 | 312,799 | 349,590 | 78,323 | 29% |
| Operating Expense | 531,565 | 565,801 | 810,287 | 564,589 | 759,510 | (50,777) | -6% |
| Total Expense | 531,565 | 565,801 | 810,287 | 564,589 | 759,510 | (50,777) | -6% |
| Full Time Equiv Pos (FTE) Budgeted | 2.83 | 3.97 | 4.90 | 4.90 | 4.27 | -0.63 | -13% |
| Full Time Equiv Pos (FTE) Filled at Yr End | 2.81 | 2.69 | 4.90 | 2.66 | | | |
| Full Time Equiv Pos (FTE) Vacant at Yr End | 0.02 | 1.28 | 0.00 | 2.24 | | | |

Significant Issues and Changes

The FY 2022-23 budget represents a decrease of 6% from FY 2021-22. This decrease is primarily due to a 24% reduction in personnel service costs from shifting Administrative Support staff labor, within the Account Services team, to the Administrative Services program to better align the nature of the work performed with the core services of each program. The decrease in labor costs are partially offset by an increase in materials and services for banking and merchant fees. In prior fiscal years, banking and merchant fees were budgeted under the Financial Management program. For FY 2022-23 and forward, these fees will be budgeted under the Account Services program to match the cost incurred with the services the cost supports.

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 116.00

Total Program Operating Budget \$30,092,890

Capital Planning and Management

Lynne Chicoine - Mgr

Total Budget

\$2,393,850

Capital Delivery

Lynne Chicoine - Mgr

FTE 8.54

Total Budget

\$612,630

Asset Management

Lynne Chicoine - Mgr

FTE 8.00

Total Budget

\$1,781,220

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, four engineers and a construction manager. Our five-year plan includes over \$160M in required project expenditures. We are actively managing approximately 26 major projects representing over \$130M of facilities in design/construction. Projects have been completed on budget but have fallen behind schedule due to lack of WES and consultant staff, procurement construction delays. 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 was substantially complete in Summer 2021 and is on budget.

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. WES has completed a draft Willamette Facilities Plan and its recommendations for facilities required at the Tri-City and Kellogg WRRFs have been endorsed by the Advisory Committee. Cumulatively, these planning efforts will provide a 20-year CIP for WES.

Key Performance Measures

| | | FY 19-20 Actual | FY 20-21 Actual | FY 21-22 Target | FY 21-22 Actuals as of 12/31/21 | FY 22-23 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 | 94% | 90% | 90% | 72% | 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.



| | FY 19-20 Actual | FY 20-21 Actual | FY 21-22 Amended Budget | FY 21-22 Projected Year End | FY 22-23 Proposed Budget | Chg from Prior Yr Budget | % Chg from Prior Yr Budget |
|--|--------------------|--------------------|-------------------------------|-----------------------------------|--------------------------------|--------------------------------|-------------------------------------|
| Materials and Services: WES Labor | 375,983 | 493,180 | 484,811 | 539,730 | 465,610 | (19,201) | -4% |
| Materials and Services: Other | 994,930 | 673,845 | 232,884 | 480,040 | 147,020 | (85,864) | -37% |
| Operating Expense | 1,370,913 | 1,167,025 | 717,695 | 1,019,770 | 612,630 | (105,065) | -15% |
| Total Expense | 1,370,913 | 1,167,025 | 717,695 | 1,019,770 | 612,630 | (105,065) | -15% |
| Full Time Equiv Pos (FTE) Budgeted O&M | 2.58 | 2.56 | 2.60 | 2.60 | 2.15 | -0.45 | -17% |
| Full Time Equiv Pos (FTE) Filled at Yr End | 2.34 | 2.85 | 2.60 | 2.76 | | | |
| Full Time Equiv Pos (FTE) Vacant at Yr End | 0.24 | -0.29 | 0.00 | -0.16 | | | |
| Capitalized Labor FTE | 4.75 | 4.94 | 7.14 | 4.83 | 6.39 | -0.75 | -11% |
| Total Program FTE | 7.09 | 7.79 | 9.74 | 7.59 | 8.54 | -1.20 | -12% |

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, respective salaries and the proportion of staff time that is not-capitalized (not spent on design and construction projects). At the end of FY 21/22 we have one FTE vacancy which we anticipate filling in FY22/23.

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 FY 21/22.



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.

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 (WRRFs). 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.

During FY 21-22, we completed integration of all of the data described above into our asset and maintenance management system. We continued building reports that support our strategic business plan and inform our organizational decisions. We anticipate continuing the positive trend of the past two years, further improving the timeliness of new assets mapped and entered into our maintenance management system, as we continue to reduce the backlog of projects to map. This year we implemented a new system, GPS Insight, that improves our ability to manage the cost, performance and efficiency of our fleet. The software also tracks the location of our fleet, so we can respond to customer requests with the nearest resources, while improving staff safety. We are currently supporting implementation of a new data management system, eRIS, that integrates collection system flow monitoring, precipitation, laboratory, and WRRF supervisory and control data (SCADA), into one platform.

During FY 22-23, we will continue our support of the eRIS project and the configuration of operational dashboards and automated regulatory compliance reports. We will scope and pursue a new Permits system that will integrate with our utility billing, assessment and customer receipt systems. Other goals include building new reports and dashboards necessary for our updated Performance Clackamas strategic business plan, supporting the adoption of Microsoft 365, and completing the configuration of new pipeline condition inspection tools that will arrive with our new inspection truck.

Key Performance Measures

| | | FY 19-20 Actual | FY 20-21 Actual | FY 21-22 Target | FY 21-22 Actuals as of 12/31/21 | FY 22-23 Target |
|--------|--|--------------------|--------------------|--------------------|---------------------------------------|--------------------|
| Output | # asset inventories completed/expected | 40 | 51 | 35 | 43 | 35 |
| Result | 100% of new assets mapped and entered into the maintenance management system within six months of construction acceptance. | 52% | 68% | 100% | 60% | 100% |
| Output | # asset renewal/replacement plans provided/expected | 3 | 3 | 3 | 1 | 3 |
| Output | # asset condition assessments completed/expected | 1,923 | 530 | 500 | 195 | 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 19-20 Actual | FY 20-21 Actual | FY 21-22 Amended Budget | FY 21-22 Projected Year End | FY 22-23 Proposed Budget | Chg from Prior Yr Budget | % Chg from Prior Yr Budget |
|--|--------------------|--------------------|-------------------------------|-----------------------------------|--------------------------------|--------------------------------|-------------------------------------|
| Materials and Services: WES Labor | 858,735 | 894,125 | 1,077,499 | 937,830 | 1,193,600 | 116,101 | 11% |
| Materials and Services: Other | 439,754 | 504,075 | 614,721 | 379,097 | 587,620 | (27,101) | -4% |
| Operating Expense | 1,298,489 | 1,398,200 | 1,692,220 | 1,316,927 | 1,781,220 | 89,000 | 5% |
| Total Expense | 1,298,489 | 1,398,200 | 1,692,220 | 1,316,927 | 1,781,220 | 89,000 | 5% |
| Full Time Equiv Pos (FTE) Budgeted | 8.28 | 7.60 | 7.68 | 7.68 | 8.00 | 0.32 | 4% |
| Full Time Equiv Pos (FTE) Filled at Yr End | 6.83 | 6.99 | 7.68 | 6.75 | | | |
| Full Time Equiv Pos (FTE) Vacant at Yr End | 1.45 | 0.61 | 0.00 | 0.93 | | | |

Significant Issues and Changes

During FY 22-23, the Asset Management Program budget is expected to increase by 5%, once we fill 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 without increasing the overall Materials and Services budget. We are continuing our improvements to optimize the systems and ensure we have the staffing capacity to support them.

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.

| |
|---|
| <p style="text-align: center;">Water Environment Services Greg Geist - Director FTE 116.00 Total Program Operating Budget \$30,092,890</p> |
|---|

| |
|--|
| <p style="text-align: center;">Environmental Services Ron Wierenga - Mgr Total Budget \$5,099,780</p> |
|--|

| |
|---|
| <p style="text-align: center;">Permit Services Ron Wierenga - Mgr FTE 8.70 Total Budget \$1,577,790</p> |
|---|

| |
|--|
| <p style="text-align: center;">Watershed Protection Ron Wierenga - Mgr FTE 4.83 Total Budget \$2,068,680</p> |
|--|

| |
|--|
| <p style="text-align: center;">Environmental Monitoring Ron Wierenga - Mgr FTE 5.81 Total Budget \$1,453,310</p> |
|--|



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 about a third of the projects that were permitted were done so with 3 or fewer submittals, meaning applicants are getting through the process efficiently. The program's major initiative to update WES's rules and standards is intended to provide greater clarity about WES's requirements and application process, thus should further reduce the number of overall project submittals.

Over 95% 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 internally and with the WES Advisory Committee. Adoption hearings planned for later in 2022 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 continued to meet the challenges of the COVID-19 pandemic, maintaining 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. We continue to look for ways to do our work remotely, and have made progress on alternatives for taking credit card payments for fees and charges, and accessing records that we currently only have in paper format.

Key Performance Measures

| | | FY 19-20 Actual | FY 20-21 Actual | FY 21-22 Target | FY 21-22 Actuals as of 12/31/21 | FY 22-23 Target |
|--------|--|-----------------|-----------------|-----------------|---------------------------------|-----------------|
| Output | # industry compliance inspections | 43 | 26 | 45 | 29 | 45 |
| Output | # permitted Equivalent Dwelling Units (EDUs) | 1,052 | 815 | 500 | 407 | 500 |
| Result | 80% of sanitary and storm plan reviews are completed within three weeks of submittal. | 99% | 99% | 80% | 99% | 80% |
| Output | # sanitary and storm plan reviews | 247 | 261 | 150 | 79 | 150 |
| Result | 90% of permitted industrial customers are in compliance with wastewater discharge rules. | 94% | 94% | 90% | 96% | 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 19-20 Actual | FY 20-21 Actual | FY 21-22 Amended Budget | FY 21-22 Projected Year End | FY 22-23 Proposed Budget | Chg from Prior Yr Budget | % Chg from Prior Yr Budget |
|-----------------------------------|--------------------|--------------------|-------------------------------|-----------------------------------|--------------------------------|--------------------------------|-------------------------------------|
| Materials and Services: WES Labor | 1,185,214 | 1,084,889 | 1,321,332 | 1,163,500 | 1,265,900 | (55,432) | -4% |
| Materials and Services: Other | 387,676 | 244,769 | 488,312 | 262,921 | 311,890 | (176,422) | -36% |
| Operating Expense | 1,572,890 | 1,329,658 | 1,809,644 | 1,426,421 | 1,577,790 | (231,854) | -13% |
| Total Expense | 1,572,890 | 1,329,658 | 1,809,644 | 1,426,421 | 1,577,790 | (231,854) | -13% |

| | | | | | | | |
|--|-------|------|------|------|------|-------|-----|
| Full Time Equiv Pos (FTE) Budgeted | 8.61 | 8.99 | 8.99 | 8.99 | 8.70 | -0.29 | -3% |
| Full Time Equiv Pos (FTE) Filled at Yr End | 8.64 | 7.77 | 8.99 | 7.80 | | | |
| Full Time Equiv Pos (FTE) Vacant at Yr End | -0.03 | 1.22 | 0.00 | 1.19 | | | |

Significant Issues and Changes

The Permit Services Program proposes a \$1.58M operating budget to support land development and industrial permits for WES's 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 2022-23 budget represents a 13% decrease from the previous FY budget. Overall, discretionary materials and services line items were decreased in FY 2022-23 due to the decreased need for contracted services for program initiatives. In addition, fixed costs like county allocations, insurance, and rent decreased by approximately \$12K over the previous FY. The program currently has one vacancy in Industrial Permits, which will be filled by the midpoint of FY 2022-23. Labor allocations remained the same this FY so total program FTE didn't change much, about a third of an FTE, resulting in a 4% decrease in the program's labor budget.



Environmental Services

Watershed Protection

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 62 businesses to date this FY and the percentage determined as having adequate pollution controls and exhibiting proper maintenance of their storm systems is averaging 52% for the first two quarters. Strategic performance is just above the 50% target for businesses being in compliance with WES's rules, and continues to trend up from previous years. The number of completed inspections is tracking above 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, so performance tends to ebb and flow. 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 again 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 continues to monitor water quality in District streams to track overall improvement.

WES's Watersheds program staff were heavily involved in the development of the Municipal Stormwater Permit, issued by Oregon DEQ in October 2021. This will have a significant impact on WES and other county departments, and planning for compliance with the new permits will be a strategic initiative for the rest of this FY and next. WES hired a consultant to lead all county departments and the cities of Happy Valley and Rivergrove through the planning process. An updated stormwater management program plan is due to Oregon DEQ by December 2022.

Watershed Health education events are on target to meet the annual goal. While the number of acres planted through December 2021 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 2022. WES is partnering with SOLVE again this year to bring Summer Waterways Cleanup events to Clackamas County.

WES continued work on a comprehensive storm system master plan this year, which will establish a Capital Improvement Plan for upcoming years. Restoration planning of WES's 3 Creeks Natural Area also continued, including nearly a dozen community engagement events to hear input on the proposal.

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 reissued municipal stormwater permits. WES and other county departments are currently investing limited resources in these mandated planning efforts this and next FY.

Key Performance Measures

| | | FY 19-20 Actual | FY 20-21 Actual | FY 21-22 Target | FY 21-22 Actuals as of 12/31/21 | FY 22-23 Target |
|--------|--|--------------------|--------------------|--------------------|---------------------------------------|--------------------|
| Result | 30% of streams within WES' jurisdiction meet or exceed water quality standards. ¹ | 11% | 44% | 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. ¹ | 33% | 55% | 50% | 52% | 50% |
| Output | # commercial/industrial site pollution prevention visits | 24 | 113 | 75 | 62 | 100 |
| Output | Acres of ponds and streamside planted | 33.69 | 33 | 15 | 0 | 15 |

Program includes:

Mandated Services Y
 Shared Services N
 Grant Funding 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 19-20 Actual | FY 20-21 Actual | FY 21-22 Amended Budget | FY 21-22 Projected Year End | FY 22-23 Proposed Budget | Chg from Prior Yr Budget | % Chg from Prior Yr Budget |
|-----------------------------------|--------------------|--------------------|-------------------------------|-----------------------------------|--------------------------------|--------------------------------|-------------------------------------|
| Materials and Services: WES Labor | 776,011 | 769,988 | 916,151 | 811,030 | 854,690 | (61,461) | -7% |
| Materials and Services: Other | 909,354 | 1,025,540 | 1,340,904 | 1,172,632 | 1,213,990 | (126,914) | -9% |
| Operating Expense | 1,685,365 | 1,795,528 | 2,257,055 | 1,983,662 | 2,068,680 | (188,375) | -8% |
| Total Expense | 1,685,365 | 1,795,528 | 2,257,055 | 1,983,662 | 2,068,680 | (188,375) | -8% |

| | | | | | | | |
|--|-------|-------|------|------|------|-------|------|
| Full Time Equiv Pos (FTE) Budgeted | 5.10 | 4.55 | 5.50 | 5.50 | 4.83 | -0.67 | -12% |
| Full Time Equiv Pos (FTE) Filled at Yr End | 5.37 | 5.11 | 5.50 | 4.80 | | | |
| Full Time Equiv Pos (FTE) Vacant at Yr End | -0.27 | -0.56 | 0.00 | 0.70 | | | |

Significant Issues and Changes

The Watershed Protection Program proposes a \$2.068M operating budget to support surface water protection and restoration services in WES's service area. The program is fully staffed with no current vacancies. The labor budget is slightly down, with slightly lower allocation of FTE among WES programs. The FY 2022-23 budget represents about a 8% decrease from the FY 2021-22 budget, more comparable to previous-year and projected current FY actuals. Most of this decrease is from reduced budget for contract services, including several key, one-time initiatives like the third year of the storm system master plan that are winding-down. There is budget for three new planning initiatives on the horizon, two related to water quality management planning for upcoming Municipal Stormwater Permit and TMDL updates, and 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 Total Maximum Daily Load (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. A new Municipal Stormwater Permit was also issued to WES and the county, so WES and Clackamas County departments know the new requirements and next planning steps. Adjustments to budget to account for these mandates will be reflected in next FY budgets.



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 above target, with an 82% average for the first two quarters of the FY. Individual months ranged from as high as 89% and as low as 71% of data ready to report in two weeks. Staffing has been more stable this year so performance improved compared to previous FY. The main output for the lab is the number of tests, which continues to be high and is well above the 30,000 tests a year target, showing a continued high demand for lab services within the organization.

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 lab also passed an audit by the Oregon Lab Accreditation Program in December 2021, maintaining its accreditation status

Additional program performance highlights include:

- The lab continued to play a major role in the Tri-City solids digester and centrifuge operation, analyzing dozens of solids samples a week to inform operations about process performance. This project was a high priority for the lab, with most of the data turned around in less than 24 hours.
- The lab and Operations staff are participating in another round of the 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.
- An initiative was launched in 2021 to collect monthly toxics data from WES's Kellogg Creek and Tri-City treatment plants as required by Oregon DEQ for pending permit renewals. The project will last will into FY 2023-24.
- 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 monitoring staff. The monitoring program expanded WES's precipitation monitoring network by installing 7 new rain gauges throughout WES's service area, done through a contract that will support the network for the next 5 years.

Key Performance Measures

| | | FY 19-20 Actual | FY 20-21 Actual | FY 21-22 Target | FY 21-22 Actuals as of 12/31/21 | FY 22-23 Target |
|--------|--|--------------------|--------------------|--------------------|---------------------------------------|--------------------|
| Output | # surface water and wastewater samples analyzed | 29,562 | 25,891 | 30,000 | 18,760 | 30,000 |
| Result | 80% of analyses are ready to report within 15 days of receiving a sample | 80.47% | 71.67% | 80.00% | 82.23% | 80.00% |
| Output | Laboratory maintains ORELAP accredited status | Accredited | Accredited | Accredited | Accredited | Accredited |

Program includes:

- Mandated Services Y
- Shared Services N
- Grant Funding N

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).



Budget Summary

| | FY 19-20 Actual | FY 20-21 Actual | FY 21-22 Amended Budget | FY 21-22 Projected Year End | FY 22-23 Proposed Budget | Chg from Prior Yr Budget | % Chg from Prior Yr Budget |
|-----------------------------------|--------------------|--------------------|-------------------------------|-----------------------------------|--------------------------------|--------------------------------|-------------------------------------|
| Materials and Services: WES Labor | 787,548 | 746,851 | 824,399 | 854,060 | 857,630 | 33,231 | 4% |
| Materials and Services: Other | 467,558 | 531,821 | 683,485 | 620,894 | 595,680 | (87,805) | -13% |
| Operating Expense | 1,255,106 | 1,278,672 | 1,507,884 | 1,474,954 | 1,453,310 | (54,574) | -4% |
| Total Expense | 1,255,106 | 1,278,672 | 1,507,884 | 1,474,954 | 1,453,310 | (54,574) | -4% |

| | | | | | | | |
|--|-------|------|------|-------|------|-------|-----|
| Full Time Equiv Pos (FTE) Budgeted | 5.71 | 5.86 | 6.01 | 6.01 | 5.81 | -0.20 | -3% |
| Full Time Equiv Pos (FTE) Filled at Yr End | 5.99 | 5.61 | 6.01 | 6.08 | | | |
| Full Time Equiv Pos (FTE) Vacant at Yr End | -0.28 | 0.25 | 0.00 | -0.07 | | | |

Significant Issues and Changes

The Environmental Monitoring Program proposes a \$1.453M 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 2022-23 budget represents a 4% decrease from the previous FY budget. Materials and services decreased by about 13% reflecting some minor changes in contracted work. 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 decrease in staff resources for the program of about 0.2 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.



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.

| |
|---|
| <p style="text-align: center;">Water Environment Services Greg Geist - Director FTE 116.00 Total Program Operating Budget \$30,092,890</p> |
|---|

| |
|--|
| <p style="text-align: center;">Operations Greg Eyerly - Mgr Total Budget \$16,831,900</p> |
|--|

| |
|--|
| <p style="text-align: center;">Resource Recovery Greg Eyerly - Mgr FTE 5.05 Total Budget \$1,727,790</p> |
|--|

| |
|---|
| <p style="text-align: center;">Plant Operations and Maintenance Greg Eyerly - Mgr FTE 35.65 Total Budget \$11,696,030</p> |
|---|

| |
|--|
| <p style="text-align: center;">Field Operations and Maintenance Greg Eyerly - Mgr FTE 13.73 Total Budget \$3,408,080</p> |
|--|



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: Kellogg Creek enrolled in the Strategic Energy Management (SEM) program with Energy Trust of Oregon which will help to reduce energy consumption using low or no-cost operational changes. WES secured several community solar subscriptions that will help offset greenhouse gas emission and energy usage and will receive Renewable Energy Certificates (RECs) from PGE's Green Future Impact Program. Tri-City also participates in the load reduction program that helps reduce energy use during peak demand times in order to receive financial incentives in return. With the start-up of the new engine generator at Tri-City as part of the Solids Handling Upgrades, we hope to reduce energy consumption by 50%.

SOLIDS REUSE: WES secured a third party hauling and land application contract that will assist with efficiently maintaining land application in order to decrease disposal costs. There will be opportunities to land apply recovered solids on grass seed in the Willamette Valley which will reduce hauling distances and increase application beneficial reuse options. WES is revising the Biosolids Management Plan to reflect the changes at the facilities and within the program.

WATER REUSE: WES continues to utilize recycled water in plant processes but will explore options to use recycled water outside of the plant facility. WES will need to revise the Water Recycled Use Plan (WRU) and will need to be approved by the DEQ to use recycled water for additional beneficial purposes. The use of recycled water decreases the consumption of potable water and reduces utility bills.

Key Performance Measures

| | | FY 19-20 Actual | FY 20-21 Actual | FY 21-22 Target | FY 21-22 Actuals as of 12/31/21 | FY 22-23 Target |
|--------------|---|-----------------|-----------------|-----------------|---------------------------------|-----------------|
| Output | Metric tons of solids produced | 2,288 | 1,869 | 2,000 | 1,227 | 2,000 |
| Efficiencies | Energy cost / volume processed (MG) | \$196 | \$233 | \$145 | \$173 | \$145 |
| Output | Gallons of recycled water used | 299.35 | 258.54 | 300.00 | 161.61 | 300.00 |
| Demand | Gallons of recycled water needed | 316.30 | 281.52 | 300.00 | 174.98 | 300.00 |
| Result | WES will beneficially reuse 85% of recovered solids | 93.0% | 83.6% | 85.0% | 88.4% | 85.0% |

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.



Budget Summary

| | FY 19-20 Actual | FY 20-21 Actual | FY 21-22 Amended Budget | FY 21-22 Projected Year End | FY 22-23 Proposed Budget | Chg from Prior Yr Budget | % Chg from Prior Yr Budget |
|--|--------------------|--------------------|-------------------------------|-----------------------------------|--------------------------------|--------------------------------|-------------------------------------|
| Materials and Services: WES Labor | 927,106 | 641,237 | 981,675 | 723,730 | 751,350 | (230,325) | -23% |
| Materials and Services: Other | 750,293 | 771,153 | 1,173,074 | 656,263 | 976,440 | (196,634) | -17% |
| Operating Expense | 1,677,399 | 1,412,390 | 2,154,749 | 1,379,993 | 1,727,790 | (426,959) | -20% |
| Total Expense | 1,677,399 | 1,412,390 | 2,154,749 | 1,379,993 | 1,727,790 | (426,959) | -20% |
| Full Time Equiv Pos (FTE) Budgeted | 7.90 | 8.09 | 7.30 | 7.30 | 5.05 | -2.25 | -31% |
| Full Time Equiv Pos (FTE) Filled at Yr End | 7.76 | 6.35 | 7.30 | 6.03 | | | |
| Full Time Equiv Pos (FTE) Vacant at Yr End | 0.14 | 1.74 | 0.00 | 1.27 | | | |

Significant Issues and Changes

In FY 2021-22, the Resource Recovery program entered into a 5-year contract for hauling and land application of cake biosolids. The approximate \$400,000 per year contract will allow for the reallocation of two FTEs to other programs: 1 FTE to Plant Operations and Maintenance and 1 FTE to Administrative Services. Non-labor costs will be the most significant impact to the budget since there will still be landfill costs and equipment maintenance costs for the remaining fleet. Unused equipment will be auctioned this year. The liquid hauling program will continue to be performed by WES staff and may need to be supplemented by other positions on occasion based on digester levels.



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 fourth 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 discharge violations, WES is currently seeking ARPA funding to either improve the treatment plant or pump the wastewater to the greater WES system. In the future, Wastewater Treatment effectiveness will be further evaluated to see if we will keep or change. In FY 21/22 the Boring Treatment Plant was in compliance, however, we had additional compliance challenges at Hoodland, Kellogg and Tri City.

The percentage of planned maintenance activities year-to-date is 90%, up from 86% the previous year. The goal of 75% maintenance activities has been increased in the previous year to 78%. This goal continues to improve 4 years in a row.

Total plant flows treated only represent one half of the fiscal year to date and 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 result in a net decrease in flow.

Key Performance Measures

| | | FY 19-20 Actual | FY 20-21 Actual | FY 21-22 Target | FY 21-22 Actuals as of 12/31/21 | FY 22-23 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.) | 96% | 97% | 100% | 96% | 100% |
| Result | 75% of all WES Maintenance activities will be planned efforts to address performance deficiencies or enhancements. | 76% | 86% | 78% | 90% | 78% |
| Output | Billion gallons of treated wastewater | 5.17 | 6.09 | 7.00 | 3.17 | 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 19-20 Actual | FY 20-21 Actual | FY 21-22 Amended Budget | FY 21-22 Projected Year End | FY 22-23 Proposed Budget | Chg from Prior Yr Budget | % Chg from Prior Yr Budget |
|-----------------------------------|--------------------|--------------------|-------------------------------|-----------------------------------|--------------------------------|--------------------------------|-------------------------------------|
| Materials and Services: WES Labor | 3,988,630 | 3,974,678 | 4,898,040 | 4,060,140 | 4,933,160 | 35,120 | 1% |
| Materials and Services: Other | 5,104,483 | 5,274,518 | 5,802,676 | 5,656,132 | 6,762,870 | 960,194 | 17% |
| Operating Expense | 9,093,113 | 9,249,196 | 10,700,716 | 9,716,272 | 11,696,030 | 995,314 | 9% |
| Total Expense | 9,093,113 | 9,249,196 | 10,700,716 | 9,716,272 | 11,696,030 | 995,314 | 9% |

| | | | | | | | |
|--|-------|-------|-------|-------|-------|------|----|
| Full Time Equiv Pos (FTE) Budgeted | 32.06 | 30.78 | 34.73 | 34.73 | 35.65 | 0.92 | 3% |
| Full Time Equiv Pos (FTE) Filled at Yr End | 33.52 | 32.74 | 34.73 | 30.27 | | | |
| Full Time Equiv Pos (FTE) Vacant at Yr End | -1.46 | -1.96 | 0.00 | 4.46 | | | |

Significant Issues and Changes

The Plant Operations and Maintenance Program proposes an \$11,696,030 operating budget for FY 2022-23 which is an increase of \$995,314 or 9% from FY 2021-22

The increase of costs for chemicals of \$410,000 accounts for nearly half the increase in our annual budget and with recent events overseas and the cost of oil going up, this budget estimate may be too low. In addition, repairs & maintenance is anticipated to increase by \$200,000 driven by increased operating and maintenance costs for new equipment in the expanded Solids Handling complex as well as increased repairs at the Hoodland treatment plant. Finally, this increase also includes a shift in cost allocation for utility plant supplies.



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 have taken recent measures to meet our Performance Clackamas metrics that are not reflected in the FY21-22 Q2 data below. For example, we have recently hired additional staff to aide in helping with catch basin cleaning, TV inspection and line cleaning of the collection systems. In addition, due to supply-chain issues, a Vactor Truck has been in need of repair for the past 6 months, and we have recently rented a Vactor to help meet our metrics. We are working through Lucity, our computerized maintenance management system, and in a collaborative effort with all WES divisions, to better support Field Operations and shift the direction of the work. We will continue to leverage our Asset Management System to provide predictive maintenance and repairs to prevent larger emergency responses in addition to utilizing after action reviews of the ice and storms events of 2021 to improve resiliency in the future.

Key Performance Measures

| | | FY 19-20 Actual | FY 20-21 Actual | FY 21-22 Target | FY 21-22 Actuals as of 12/31/21 | FY 22-23 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. | 16.20% | 8.62% | 33.0% | 0.93% | 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. | 12.10% | 13.62% | 16.7% | 0.06% | 16.7% |
| Result | 75% of all WES Maintenance activities will be planned efforts to address performance deficiencies or enhancements. | 75.78% | 87.34% | 75.0% | 90.15% | 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 19-20 Actual | FY 20-21 Actual | FY 21-22 Amended Budget | FY 21-22 Projected Year End | FY 22-23 Proposed Budget | Chg from Prior Yr Budget | % Chg from Prior Yr Budget |
|--|--------------------|--------------------|-------------------------------|-----------------------------------|--------------------------------|--------------------------------|-------------------------------------|
| Materials and Services: WES Labor | 1,411,176 | 1,510,671 | 1,907,624 | 1,299,720 | 1,694,570 | (213,054) | -11% |
| Materials and Services: Other | 2,063,507 | 2,131,523 | 1,826,132 | 1,401,274 | 1,713,510 | (112,622) | -6% |
| Operating Expense | 3,474,683 | 3,642,194 | 3,733,756 | 2,700,994 | 3,408,080 | (325,676) | -9% |
| Total Expense | 3,474,683 | 3,642,194 | 3,733,756 | 2,700,994 | 3,408,080 | (325,676) | -9% |
| Full Time Equiv Pos (FTE) Budgeted | 13.39 | 14.50 | 14.35 | 14.35 | 13.73 | -0.62 | -4% |
| Full Time Equiv Pos (FTE) Filled at Yr End | 12.33 | 13.90 | 14.35 | 12.41 | | | |
| Full Time Equiv Pos (FTE) Vacant at Yr End | 1.06 | 0.60 | 0.00 | 1.94 | | | |

Significant Issues and Changes

The Field Operations and Maintenance Program proposes a \$3,408,080 operating budget for FY 2022-23 which is a decrease of \$325,676 or 9%. The largest decreases are in Engineering Services and Fuel costs, the remainder of decreases are largely influenced by cost shifting to other Operations groups.

Budget Detail



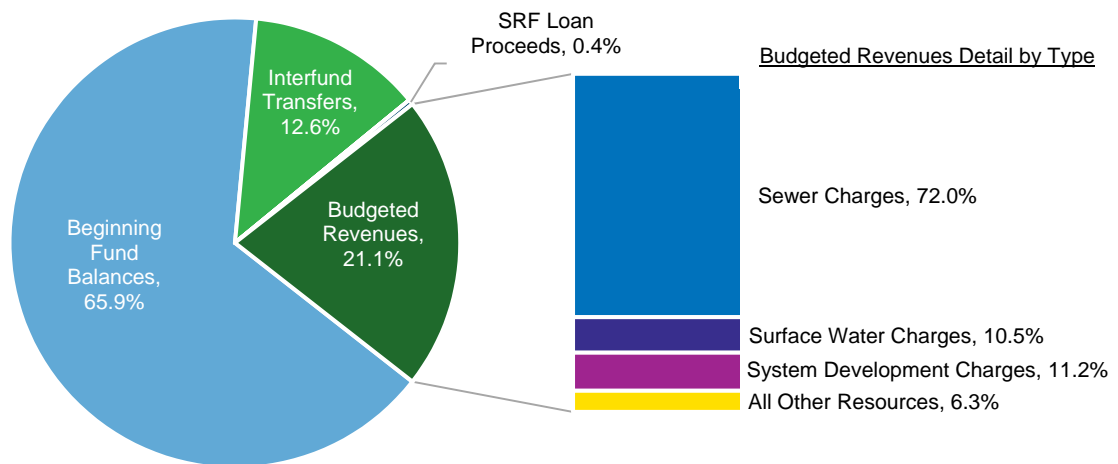
Our Tri-City Water Quality Lab performs nearly 30,000 analyses per year

Clackamas Water Environment Services

FY 2022-23 BUDGET - CONSOLIDATED FINANCIAL SCHEDULE - ALL FUNDS

| SERVICE CATEGORY FUND DESCRIPTION | Sanitary Sewer | | | Surface Water | | | Debt Service | TOTAL PROPOSED BUDGET |
|---|----------------------|----------------------|-----------------------|----------------------|---------------------|----------------------|----------------------|-----------------------------|
| | Operating Fund | SDC Fund | Construction Fund | Operating Fund | SDC Fund | Construction Fund | Debt Service Fund | |
| RESOURCES | | | | | | | | |
| Beginning Fund Balance | \$ 11,791,888 | \$ 47,473,691 | \$ 94,498,723 | \$ 4,920,166 | \$ 2,631,273 | \$ 8,226,685 | \$ 10,385,357 | \$ 179,927,783 |
| Sales and Services | | | | | | | | |
| Retail Sewer Charges | 26,144,900 | | | | | | | 26,144,900 |
| City Payments | 15,342,700 | | | | | | | 15,342,700 |
| Surface Water Charges | | | | 6,044,700 | | | | 6,044,700 |
| System Development Charges | 200,000 | 6,149,000 | | | 135,100 | | | 6,484,100 |
| Charges for Services - All Other | 957,100 | | | 100,000 | | | | 1,057,100 |
| Interest Income | 82,500 | 332,300 | 661,500 | 34,400 | 18,400 | 57,600 | 72,700 | 1,259,400 |
| Permits | 45,000 | | | 30,000 | | | | 75,000 |
| Special Assessment Collections | 5,000 | | | | | | 195,000 | 200,000 |
| Capital Contributions | | | 800,000 | | | | | 800,000 |
| Penalties | 50,000 | | | | | | | 50,000 |
| Miscellaneous Income | 165,720 | | | 3,000 | | | | 168,720 |
| Subtotal - Revenues | 42,992,920 | 6,481,300 | 1,461,500 | 6,212,100 | 153,500 | 57,600 | 267,700 | 57,626,620 |
| Other Financing Sources | | | | | | | | |
| Revenue from Bonds & Other Debts | | | | | | 1,000,000 | | 1,000,000 |
| Interfund Transfers In | | | 23,500,000 | | | 2,000,000 | 8,777,111 | 34,277,111 |
| TOTAL RESOURCES | \$ 54,784,808 | \$ 53,954,991 | \$ 119,460,223 | \$ 11,132,266 | \$ 2,784,773 | \$ 11,284,285 | \$ 19,430,168 | \$ 272,831,514 |
| REQUIREMENTS | | | | | | | | |
| Materials and Services | | | | | | | | |
| WES Labor | \$ 12,483,510 | | | \$ 3,151,360 | | | | \$ 15,634,870 |
| Professional Services | 1,492,060 | | | 906,070 | | | | 2,398,130 |
| Other County Services | 1,898,470 | | | 694,690 | | | | 2,593,160 |
| Supplies | 2,947,125 | | | 67,965 | | | | 3,015,090 |
| Administrative | 1,771,685 | | | 395,325 | | | | 2,167,010 |
| Utilities | 2,058,620 | | | 7,870 | | | | 2,066,490 |
| Repair & Maintenance | 1,345,410 | | | 502,310 | | | | 1,847,720 |
| Rents & Leases | 301,630 | | | 68,790 | | | | 370,420 |
| Subtotal - Materials and Services | 24,298,510 | | | 5,794,380 | | | | 30,092,890 |
| Special Payments | 1,215,100 | | | | | | | 1,215,100 |
| Capital Outlay | | 206,000 | 29,073,772 | | | 990,000 | | 30,269,772 |
| Debt Service | | | | | | | 13,277,055 | 13,277,055 |
| Interfund Transfers Out | 23,500,000 | 8,777,111 | | 2,000,000 | | | | 34,277,111 |
| Contingency | 4,050,000 | 103,000 | 14,536,886 | 966,000 | | 247,500 | | 19,903,386 |
| Unappropriated Ending Fund Balance and Reserves | 1,721,198 | 44,868,880 | 75,849,565 | 2,371,886 | 2,784,773 | 10,046,785 | 6,153,113 | 143,796,200 |
| TOTAL REQUIREMENTS | \$ 54,784,808 | \$ 53,954,991 | \$ 119,460,223 | \$ 11,132,266 | \$ 2,784,773 | \$ 11,284,285 | \$ 19,430,168 | \$ 272,831,514 |
| CHANGES IN FUND BALANCE | | | | | | | | |
| Net Increase (Decrease) in Fund Balance | (10,070,690) | (2,604,811) | (18,649,158) | (2,548,280) | 153,500 | 1,820,100 | (4,232,244) | (36,131,583) |
| % Change | -85% | -5% | -20% | -52% | 6% | 22% | -41% | -20% |

WES SANITARY SEWER AND SURFACE WATER FUNDS RESOURCES, PROPOSED FY 2022-23



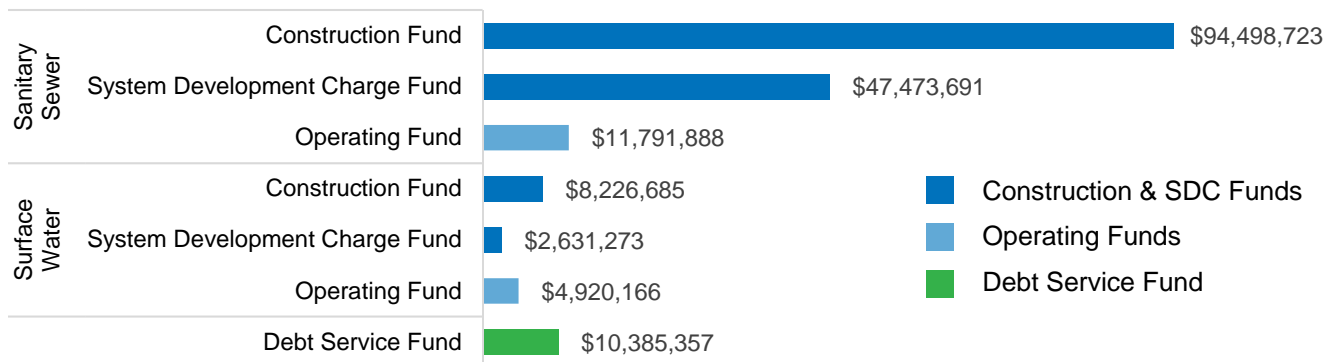
TOTAL RESOURCES - \$272,831,514

Total resources are proposed to be \$272,831,514. WES' FY 2022-23 resources are derived from four main sources: beginning fund balances, budgeted revenues, interfund transfers, and a State Revolving Fund (SRF) contribution.

BEGINNING FUND BALANCES – 65.9% 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.

Beginning Fund Balances by Fund



Of the approximately \$179.9 million in WES' beginning fund balances, \$142.0 million is in the sanitary sewer construction and SDC funds and \$10.9 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 fund balance in the Debt Service Fund totals approximately \$10.4 million; this resource will be used to pay current and future year principal and interest on long term debt. The remaining \$16.7 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 – 21.1% of Total Resources

WES' budgeted revenues for FY 2022-23 are projected at \$57.6 million, an increase of 3.2% or \$1.8 million from the FY 2021-22 budget primarily due to increased sewer and surface water charge revenue. Budgeted sewer charge revenue was reduced for FY 2021-22 in response to lower commercial account consumption caused by pandemic-related business closures. FY 2022-23's budget includes modest increases to the monthly user rates for most customers and projects a return to pre-pandemic commercial account consumption levels based on an analysis of calendar year 2021 commercial account activity. Total revenues are comprised of Sanitary Sewer revenues of \$51.2 million and Surface Water revenues of \$6.4 million. WES receives 93.7% of its revenues from three primary sources: sewer charges, surface water charges, and system development charges. Revenues for the FY 2022-23 budget reflect estimates based upon historic trend analysis, recent development activity, and a population forecast study completed in 2016. An updated population forecast study will be completed early in the next fiscal year and used in future financial planning and budgeting.

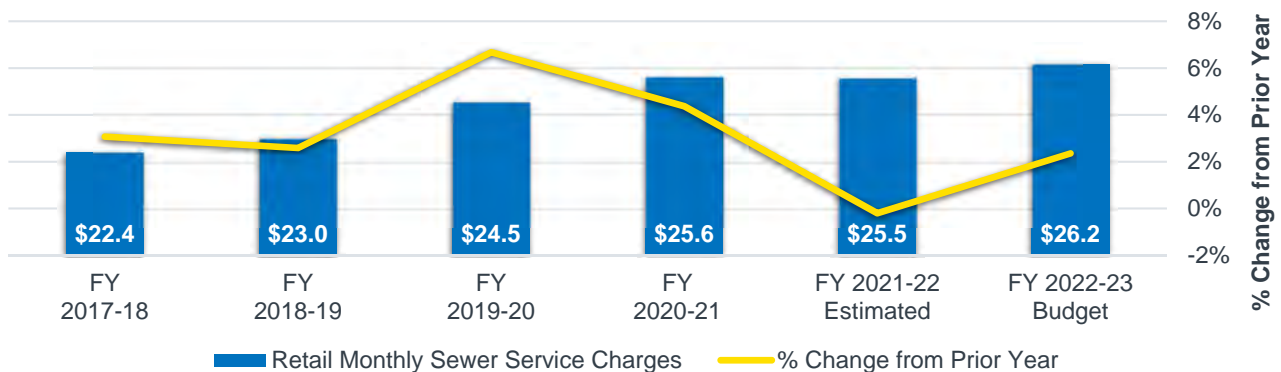
SEWER CHARGES – 72.0% of Budgeted Revenues

FY 2022-23's budget includes sewer charge revenue of \$41.5 million, comprised of \$26.2 million in retail¹ monthly service charges and \$15.3 million in wholesale monthly service charges.

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 2022-23, charges for these services represent 45.4% or \$26.2 million of projected operating revenue, an increase of \$0.6 million or 2.2% from WES' FY 2021-22 budget and an increase of \$0.7 million or 2.4% from FY 2021-22's estimated revenue. As shown in the chart below, estimated service charge revenue for FY 2021-22 reflects a decrease from FY 2020-21. Retail service charge revenue for FY 2021-22 was significantly impacted by pandemic-related business closures. While more than 95% of WES' retail sewer customers are billed on a fixed-rate basis, revenue from accounts billed on a consumption basis decreased by 18% or approximately \$700 thousand in FY 2021-22. This decrease has been partially offset by growth in the service area and the moderate rate increases adopted for FY 2021-22. Analysis of consumption-based accounts for FY 2022-23 budget planning indicated a rebound to pre-pandemic levels of activity. This return to a more normal level of activity has been factored in to budgeted service charge revenue for FY 2022-23.

Retail Sanitary Sewer Service Charge Revenue, Millions



The monthly Rate Zone 2 retail service fee of \$51.45 per Equivalent Dwelling Unit (EDU) per month for FY 2021-22 is proposed to increase 1.36% to \$52.15 per EDU per month in FY 2022-23. The monthly Rate Zone 1 retail rate of \$38.80 per EDU per month is proposed to increase to \$40.75. The monthly rate for customers in Happy Valley is proposed to be approximately \$54.76 per EDU per month in order to cover the City's 5% Right-of-Way fee. Retail growth in the district for FY 2022-23 is projected at 575 EDUs. 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. An updated population study is currently in process and expected to be complete early in FY 2022-23. The growth projections from that study will be incorporated in future budget forecasting.

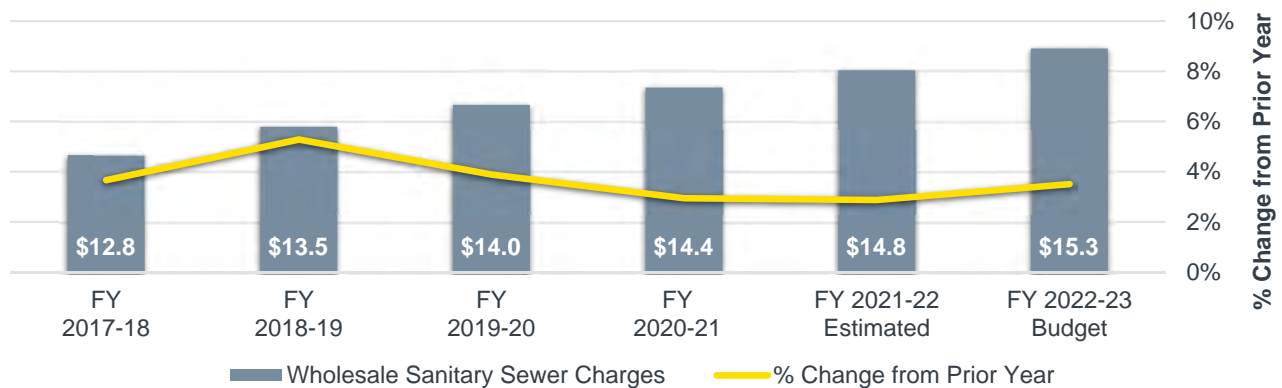
¹ Retail sewer services include combined treatment and collection services. Wholesale sewer services include treatment services only.

CITY PAYMENTS FOR WHOLESALE SANITARY SEWER SERVICE

Wholesale sanitary sewer revenues are budgeted at approximately \$15.3 million for FY 2022-23, an increase of \$0.5 million or 3.5% from FY 2021-22's estimated revenue and an increase of \$0.6 million or 3.9% from FY 2021-22's budget. The main driver of this increase is an adjustment to the monthly service charge rates, as described below.

WES provides wholesale sanitary sewer service in Rate Zone 1 consisting of wastewater treatment to the Cities of Gladstone, Oregon City, and West Linn. Each of the cities provide their own local wastewater collection services. Approximately \$10.1 million is expected from wholesale service charges to these cities in FY 2022-23, \$0.7 million more than the amount budgeted in FY 2021-22. This increase is the result of moderate growth in the number of customers in the member cities and an adjustment to the monthly wastewater treatment service fee. The proposed rate adjustment for FY 2022-23 is approximately 5%, to a fee of \$26.55 per EDU per month from the current rate of \$25.30 per EDU per month.

Wholesale Sanitary Sewer Service Charge Revenue, Millions

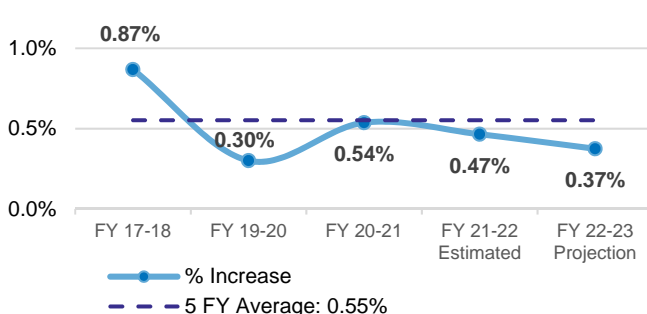


WES provides wholesale sanitary sewer service in Rate Zone 2 to the City of Milwaukie according to a 25 year wholesale service agreement that was codified in FY 2012-13 and to the City of Johnson City per a long-term wholesale agreement established in FY 2010-11. WES' budget has been prepared reflecting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

The monthly wholesale sanitary sewer service rate in Rate Zone 2, consisting of the WES regional wastewater treatment rate and a legacy debt component, is proposed to remain at \$37.95 for FY 2022-23 as a decrease in the legacy debt component entirely offsets the \$1.25 increase in the wastewater treatment rate component. The FY 2022-23 budget reflects service charge revenues of approximately \$5.1 million from the City of Milwaukie based on an estimate of 11,287 EDUs. FY 2022-23 budgeted revenues from the City of Johnson City are \$127 thousand.

The funds from sanitary sewer service charges provide for the annual operating program, which includes operations, maintenance, and capital maintenance efforts. The approximate 5% rate increase in the wastewater treatment 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.

% Increase in Rate Zone 1 Sewer EDUs by FY



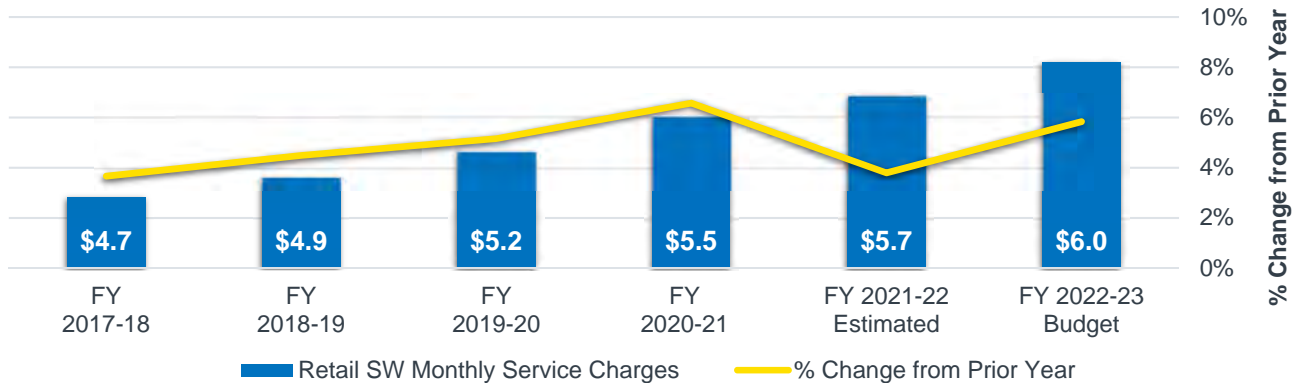
Prior to FY 2020-21, the budget included a projection of 495 new EDUs for Rate Zone 1 based on a population forecast by EcoNorthwest completed in FY 2015-16 which predicted a 2% average annual growth rate in the area. This growth rate had not manifested for several years. As a result, starting with FY 2020-21's budget process, projections have been reduced to reflect actual development activity. For FY 2022-23, growth in the member cities of the Rate Zone 1 service area is projected to be 120 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 0.55%.

SURFACE WATER CHARGES – 10.5% 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 \$6.0 million, an increase of approximately \$0.3 million or approximately 5.7% over the FY 2021-22 budget and estimate.

The chart below illustrates the revenue trend for surface water monthly service charges for FY's 2017-18 to 2020-21 actuals, and the estimated revenues for FY 2021-22 relative to the proposed budget.

Surface Water Monthly Service Charge Revenue, Millions



FY 2022-23's budget is based on providing service to 55,584 Equivalent Service Units (ESUs) in Rate Zone 2 and 3,731 ESUs in Rate Zone 3. Rate increases in the two service areas reflect inflationary adjustments of 5.2% and 5.3%, respectively. The monthly rate in Rate Zone 2 for FY 2022-23 is proposed at \$8.15 per ESU from the FY 2021-22 rate of \$7.75 per ESU and the monthly rate in the Rate Zone 3 service area is proposed at \$4.95 per ESU from \$4.70. The monthly rate for customers within the City of Happy Valley in Rate Zone 2 is proposed to be approximately \$8.56 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 \$0.4 million of the total \$6.0 million of budgeted surface water monthly service charges is expected from surface water maintenance contracts; no change is proposed to the current rate of \$3.00 per month per ESU for this service.

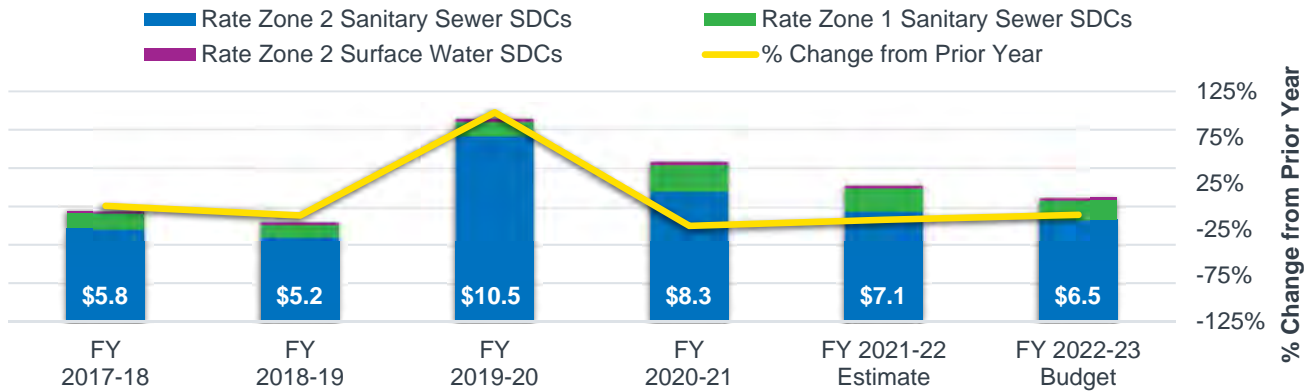
SYSTEM DEVELOPMENT CHARGES – 11.3% of Budgeted Revenues

System Development Charges (SDCs) are one-time charges assessed when customers connect to the system. SDC revenues for new sanitary sewer connections are expected to generate around \$6.3 million for FY 2022-23 and SDC revenues for new surface water connections are expected to generate \$135 thousand. As SDCs result from growth within the service areas, projected SDC revenue is tied closely to population growth projections. There are 715 new connections predicted for FY 2022-23 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 595 connections in FY 2022-23 with the majority of growth occurring in the City of Happy Valley. Within Rate Zone 1, a total of 120 connections are anticipated, with the majority of growth expected to occur in Oregon City which is predicted to add approximately 100 connections this upcoming year.

FY 2022-23's budgeted SDC revenue is based on a harmonized wholesale Sanitary Sewer SDC fee of \$8,600 which will apply to all sewer customer classes in Rate Zones 1 and 2. This fee represents an inflationary adjustment of 5.9% from FY 2021-22's SDC fee of \$8,120. The proposed retail surface water connection fee for FY 2022-23 is \$233, which is an increase of 5.9% above the current \$220 retail SDC fee. Surface Water SDCs apply to Rate Zone 2 only. These rate increases are based on the Engineering News Record's Construction Cost Index for calendar year 2021.

SYSTEM DEVELOPMENT CHARGES – continued

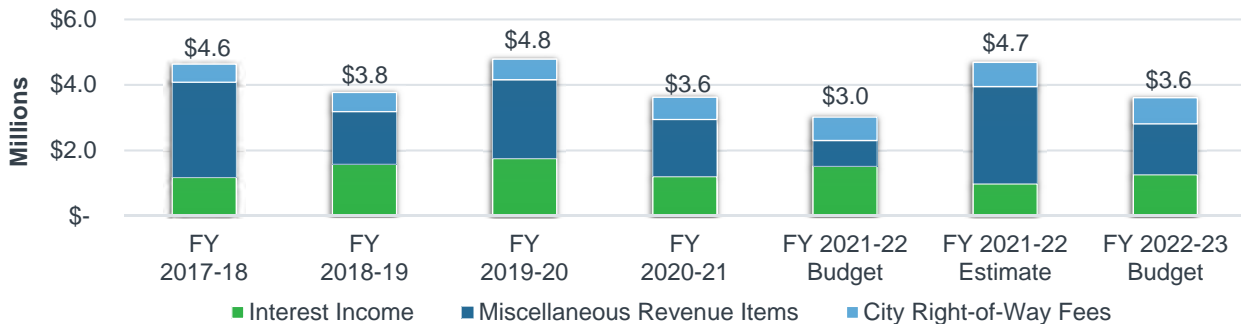
System Development Charge Revenue by Rate Zone and Service Type, Millions



OTHER REVENUE SOURCES – 6.3% of Budgeted Revenues

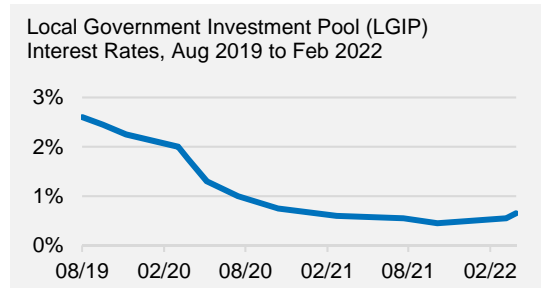
Other sources of revenue for FY 2022-23 include interest income of approximately \$1.3 million, \$0.8 million of city right-of-way (ROW) fees, capital project contributions of \$0.8 million, assessment principal and interest collections of \$0.2 million, and approximately \$0.5 million in a variety of other small miscellaneous revenue categories, including permit fees and penalties for past-due accounts.

Other Revenue Sources



Overall, the budget for other revenue sources totals \$3.6 million which is approximately \$0.6 million or 19.4% higher than the budget for FY 2021-22. Changes from FY 2021-22's budget include: an increase of \$0.8 million for a capital project incentive for the Tri-City cogeneration engine, an increase in ROW fees resulting from increased rates, a reduction in assessment interest collections as lien balances continue to decline due to payoffs, a decrease in interest income due to reduced rates, and a decrease in miscellaneous income due to conservatively budgeting other minor revenue items such as permit and review fees.

FY 2022-23's budgeted interest revenue reflects a decrease from the current year's budget and an increase from the current year's projections. WES' interest yield declined from FY 2019-20 to mid-FY 2021-22 as a result of reduced market interest rates as illustrated in the chart to the right. Due to recent and anticipated action by the Federal Reserve to raise rates over the next year and an increase in WES' fund balances, FY 2022-23's budgeted interest income is projected to increase from FY 2021-22's projected interest income.



The \$0.8 million of city right-of-way fees represent pass-through revenue that is collected by WES and then remitted to the respective 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.

STATE REVOLVING FUND CONTRIBUTION – 0.4% of Total Resources

WES' FY 2022-23 resources include a contribution of \$1.0 million from the State of Oregon Clean Water State Revolving Fund to be used for funding the design phase of the 3-Creeks Water Quality Project. This resource is discussed in greater detail in the separate Debt section and on the Debt Service Fund and Surface Water Construction Fund pages within this section.

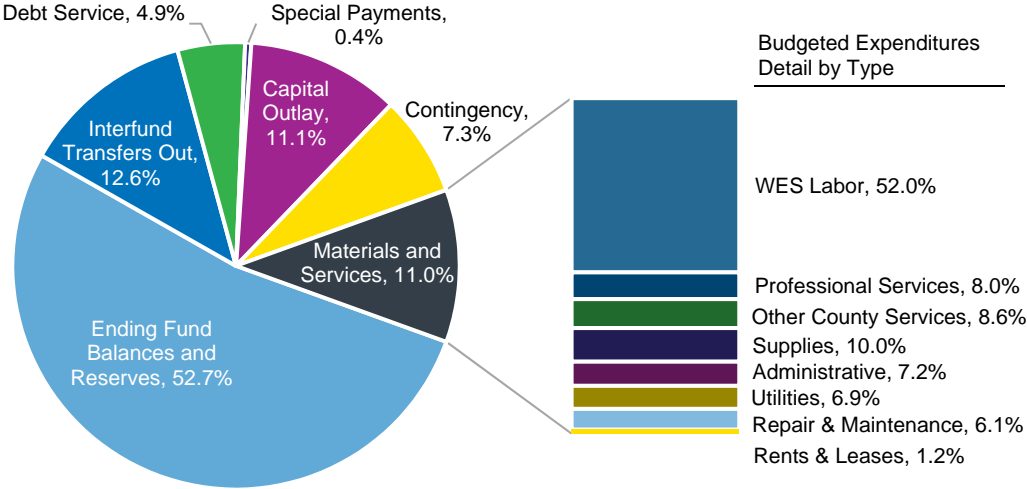
INTERFUND TRANSFERS – 12.6% of Total Resources

Interfund transfers are made to share resources between funds. For FY 2022-23, interfund transfers total approximately \$34.3 million. This resource includes transfers into the sanitary sewer and surface water construction funds of \$23.5 million and \$2.0 million respectively as reserves for current and future capital expenditures and transfers into the Debt Service Fund of approximately \$8.8 million for payment of FY 2022-23 debt principal and interest.

REQUIREMENTS

Total requirements for WES for FY 2022-23 are proposed to be \$272,831,514. 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 2022-23



TOTAL REQUIREMENTS - \$272,831,514

MATERIALS AND SERVICES –11.0% of Requirements

Materials and Services expenses consist of current year operating costs incurred to provide service to meet customer needs and maintain WES’ treatment and collection systems. For FY 2022-23, these are proposed at approximately \$30.1 million, an increase of 0.7% from the 2021-22 FY budget. Of this total, Sanitary Sewer materials and services account for \$24.3 million and Surface Water materials and services account for \$5.8 million.

WES LABOR – 52.0% 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. The FY 2022-23 budget reflects 116 full-time-equivalent positions, the same number as the current fiscal year. WES expects to spend approximately \$15.6 million on labor in FY 2022-23 which is \$274 thousand or 1.8% more than the FY 2021-22 budget. Salary, pension, and health costs are projected to increase by a combined average of 5.0% for next FY. Pension costs reflect an increase of 4.2%, salary costs, including cost of living adjustments and applicable step increases reflect an increase of 5.7%, and health care costs reflect an increase of 2.8%. Throughout FY 2021-22, WES has been experiencing labor shortages and a high level of vacancies in line with those in the broader economy. At the time of budget publication, WES has 15 vacancies. The FY 2022-23 budget anticipates 11 of these vacant positions will be filled by the beginning of the new budget year and the remaining 4 positions will be filled during the budget year. The 4 positions that will not be filled by July 1, 2022 are budgeted at a percent of the full FTE cost to recognize the partial vacancy status; this consideration of partial vacancies offsets a portion of the overall salary, health, and pension increases discussed above. Of the 116 FTE budgeted for FY 2022-23, approximately 94 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 – 8.0% of Materials and Services

Professional services include the costs of outside services for engineering, consulting, environmental, utility plant services, financial, and legal services, among others. Budgeted professional services expenses for FY 2022-23 are proposed at approximately \$2.4 million. Of this total, sanitary sewer professional services account for \$1.5 million, a decrease of approximately \$1.1 million or 41.4% from FY 2021-22's budget. The overall decrease is primarily due to reduced spending of \$0.4 million for engineering services due to the completion of master planning efforts during the current and prior fiscal year and reduced spending of \$0.1 million on legal services reflecting work done during the current year related to bubble permit support. The remainder of the decrease in this expense category is a result of re-categorizing information service expenses for the maintenance of software and hardware to the Repairs and Maintenance expense category for better alignment.

The FY 2022-23 professional services budget for surface water is \$0.9 million, a decrease of approximately \$0.2 million or 17.5% from WES' FY 2021-22 budget. The decrease results from reduced discretionary spending as several initiatives will be completed during the current fiscal year. The surface water professional services budget continues to contain resources to support the ongoing development of the storm system master plan, 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.

OTHER COUNTY SERVICES – 8.6% 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 embedded legal and communications personnel. The FY 2022-23 budget is \$2.6 million, with \$1.9 million directed towards the sanitary sewer budget and \$0.7 million directed towards the surface water budget. The budget for FY 2022-23 is a reduction of \$0.2 million or 5.6% from FY 2021-22's budget. This reduction is the result of no longer budgeting for embedded risk personnel. The decision to transfer an embedded risk position to WES was made during the budget adoption hearing last year so that the FY 2021-22 budget was adopted without reflecting the shift in expenses from this category to WES Labor. County allocated costs were held steady from FY 2019-20 to FY 2021-22. For FY 2022-23, the cost for some services within County allocated costs were held steady while the cost of other services were adjusted. This expense category is anticipated to increase in the FY 2023-24 budget as adjustments are made to all services within this category.

SUPPLIES – 10.0% 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 2022-23 is approximately \$3.0 million, an increase of \$0.5 million or 21.5% from FY 2021-22 due to additional spending for chemicals and utility plant supplies. Budgeted chemical costs are approximately \$1.8 million, an increase of \$0.4 million from FY 2021-22. This increase reflects extreme inflationary pressures related to raw materials and transportation costs. Supplies for plant and collection system maintenance are budgeted at approximately \$0.9 million, an increase of \$0.2 million for planned maintenance efforts for the coming fiscal year. The majority of the supplies budget, \$2.9 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 high level of inflationary cost pressure on essential supplies and fuel and estimates that this category of expense may continue to increase on a similar path for the next few years.

UTILITIES – 6.9% of Materials and Services

The FY 2022-23 budget for utilities is \$2.1 million, an increase of 12.0% or approximately \$0.2 million from the FY 2021-22 budget. This increase is due to projecting significant increases in electricity, natural gas, and water costs related to recent inflationary trends. The majority of utility costs are incurred for sanitary sewer operations at WES' water resource recovery facilities and 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 WRRF came online in FY 2021-22 and energy savings from that equipment will partially offset the increased electricity costs.

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 2022-23, the budget for administrative expenses is approximately \$2.2 million and neutral to FY 2021-22. Increases in merchant service charges, insurance, and postage were offset by decreases in office supplies and printing costs as well as a re-categorization of expenses related to intergovernmental agreements for street sweeping and watershed site maintenance to the Repairs and Maintenance category to better reflect the character of those costs. In prior years, these expenses were charged to an interagency coordination line item within this category. The budget for this category continues to reflect increased 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 to continue to provide operational resiliency. Of the total \$2.2 million budgeted for this category for FY 2022-23, the sanitary sewer budget is approximately \$1.8 million and the surface water budget is approximately \$0.4 million.

REPAIR AND MAINTENANCE – 6.1% of Materials and Services

The budget for repair and maintenance costs reflects an increase of approximately \$0.6 million, or 48.4%, to \$1.8 million for FY 2022-23. Of this total, \$1.3 million is budgeted for sanitary sewer repairs and maintenance and \$0.5 million is budgeted for surface water repairs and maintenance. A portion of the increase is due to additional costs for the maintenance and repair of new equipment constructed as part of the Tri-City Solids Handling Improvement project and planned repairs at the Hoodland Water Resource Recovery Facility. The remainder of the increase is a result of re-categorizing costs as discussed above. Software and hardware maintenance costs were shifted from the Professional Services category and street-sweeping and watershed site maintenance costs were re-categorized from the Administrative category for better alignment. This category continues to contain funds to support the maintenance and planting of restoration sites within the surface water budget.

RENTS AND LEASES – 1.2% of Materials and Services

FY 2022-23's budget for rents and leases is approximately \$0.4 million, a decrease of \$27 thousand or 6.7 % from FY 2021-22. This expense category accounts for equipment rental as well as WES' rent of a portion of the Development Services Building (DSB). The budget for FY 2021-22 was higher due to higher equipment rental costs for the Field Operations program.

CAPITAL OUTLAY – 11.1% 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 2022-23 budget includes approximately \$30.3 million for capital expenditures, an increase of 20.0% from FY 2021-22. Of this total, approximately \$29.3 million will be used for sanitary sewer capital projects and approximately \$1.0 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 draft 5-year FY 2022-23 to FY 2026-27 CIP may be found in the Capital section of this budget document.

DEBT SERVICE – 4.9% of Requirements

Budgeted debt service consists of FY 2022-23 principal and interest payments for outstanding debt. FY 2022-23's debt service is \$13.3 million and approximately equal to the budget for FY 2021-22's debt service. FY 2021-22's budget increased 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 Improvement 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 – 12.6% of Requirements

The Interfund Transfers requirement matches the Interfund Transfers resource in terms of absolute dollars. The FY 2022-23 budget is approximately \$34.3 million and consists of a transfer out of the Sanitary Sewer Operating Fund into the Sanitary Sewer Construction Fund of \$23.5 million, a transfer out of the Surface Water Operating Fund into the Surface Water Construction fund of \$2.0 million, and a transfer out of the Sanitary Sewer SDC Fund into the Debt Service Fund of \$8.8 million.

CONTINGENCY – 7.3% 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 2022-23 budget includes contingencies of \$19.9 million with \$5.0 million in the operating funds and \$14.9 million in the construction and SDC funds. Contingencies in the operating funds are set based on 60 days' of the fund's budgeted operating expenses in compliance with WES' operating reserve policy. Budgeted construction and SDC contingencies are typically set at 25% of budgeted capital outlay. Budgeted sanitary sewer construction and SDC fund contingencies have again been set at 50% of the fund's budgeted capital outlay for next FY. 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 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 - 52.7% of Requirements

RESERVES

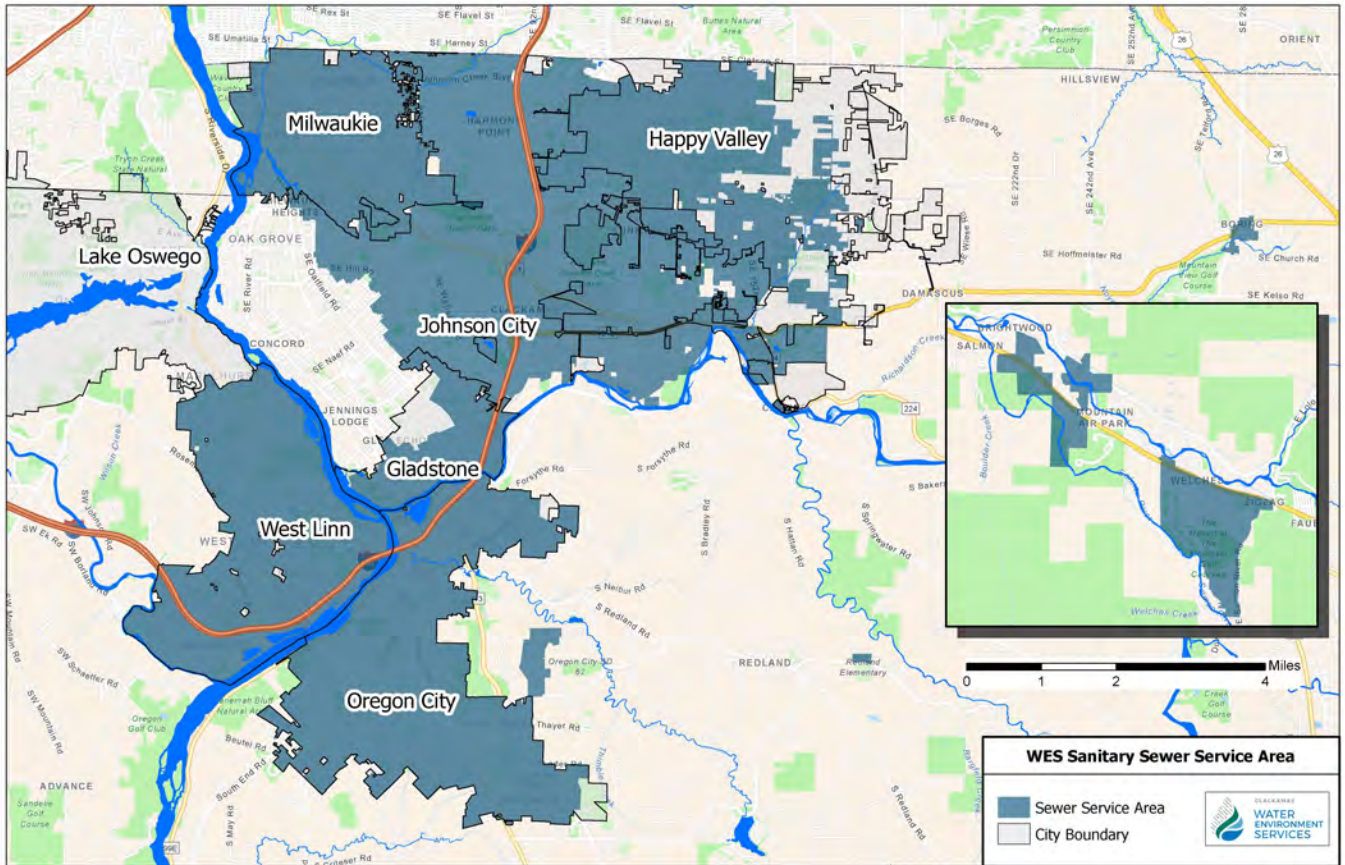
Reserves are budgeted at \$4.5 million for FY 2022-23, a decrease of \$4.4M compared from FY 2021-22. The decrease is due to using a portion of the \$8.8 million premium received for the issuance of the Series 2021 sewer revenue obligations to make debt service payments to realize the 0.84% effective true interest rate. The remaining \$53 thousand is budgeted as a reserve requirement for WES' SRF R06224 loan per the terms of the loan agreement. 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 \$139.3 million is projected as ending fund balances for FY 2022-23, a decrease of approximately \$40.5 million from the projected beginning fund balances due to planned expenditures of capital reserves. The total includes approximately \$1.7 million in the Sanitary Sewer Operating Fund, approximately \$2.4 million in the Surface Water Operating Fund, approximately \$120.7 million in the sanitary sewer construction and SDC funds, approximately \$12.8 million in the surface water construction and SDC funds, and \$1.7 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.

SANITARY SEWER FUND DETAIL

The sanitary sewer funds consolidate all revenues and expenses proposed for the 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.

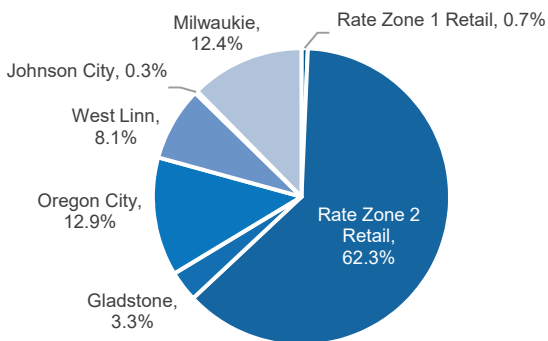
FY 2022-23 resources in the Sanitary Sewer Operating Fund are approximately \$54.8 million. Primary resources include sewer charges of \$41.5 million, other minor charges, fees and miscellaneous revenues of approximately \$1.5 million, and beginning fund balance carried over from the prior year of approximately \$11.8 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 \$41.5 million for FY 2022-23, comprised of retail sewer charges of approximately \$26.2 million and wholesale sewer charges of approximately \$15.3 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 2022-23 Budget |
|--------------------------------|----------------------|
| Retail Sewer Charges | |
| Rate Zone 1 | \$ 282,100 |
| Rate Zone 2 | 25,862,800 |
| Wholesale Sewer Charges | |
| Rate Zone 1 Gladstone | 1,384,000 |
| Rate Zone 1 Oregon City | 5,353,400 |
| Rate Zone 1 West Linn | 3,338,600 |
| Rate Zone 2 Johnson City | 126,600 |
| Rate Zone 2 Milwaukie | 5,140,100 |
| TOTAL SEWER CHARGES | \$ 41,487,600 |

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 2022-23 is proposed to increase 5.03% from \$38.80 per EDU per month to \$40.75 per EDU per month. The proposed budget includes a Rate Zone 2 retail rate increase of approximately 1.36% from \$51.45 per EDU per month to \$52.15 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 2022-23 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 2022-23 EDUs |
|--------------------|----------------------------|------------------|-------------------------------|------------------|----------------------------------|-------------------------|---------------------------|
| | Wastewater Treatment | Local Collection | Legacy Debt Service Component | | | | |
| Rate Zone 1 | \$ 26.55 | \$ 14.20 | \$ - | \$ 40.75 | \$ - | \$ 40.75 | 536 |
| Rate Zone 2 | \$ 26.55 | \$ 14.20 | \$ 11.40 | \$ 52.15 | \$ 2.61 | \$ 54.76 | 41,008 |

**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.

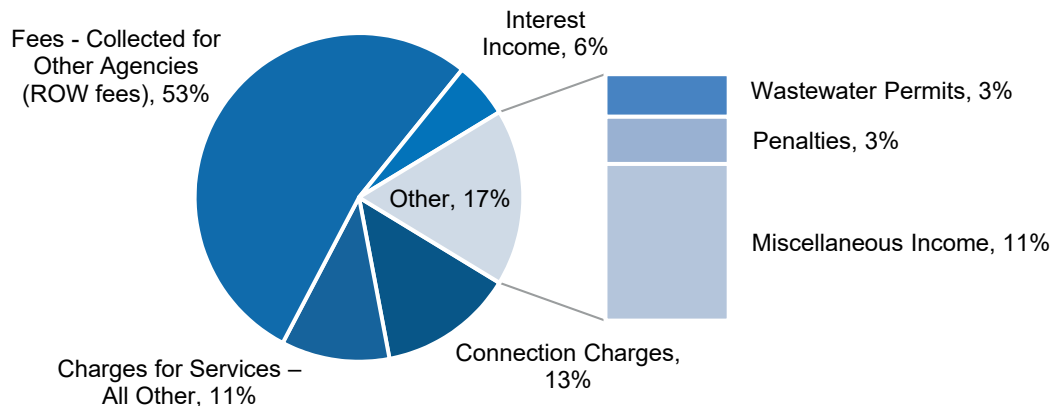
The proposed budget includes a wholesale monthly service charge rate increase of 4.94% from \$25.30 per EDU per month to \$26.55 per EDU per month. The following table combines WES' wholesale rate with the legacy debt service component for Rate Zone 2, applicable city right-of-way (ROW) fees, and the rate charged by individual cities for their local operating expenses, to arrive at the proposed total user rates for FY 2022-23 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 2022-23 EDUs |
|--------------------|-------------------------------|-------------------------------|---------------------------------|------------------------|---------------------------------------|-------------------------|---------------------------|
| | Wastewater Treatment | Legacy Debt Service Component | City Right-of-Way Fee Surcharge | | | | |
| Rate Zone 1 | | | | | | | |
| Gladstone | \$ 26.55 | \$ - | \$ 1.35 | \$ 27.90 | \$ 33.55 | \$ 61.45 | 4,344 |
| Oregon City | \$ 26.55 | \$ - | \$ 1.75 | \$ 28.30 | \$ 34.19 | \$ 62.49 | 16,803 |
| West Linn | \$ 26.55 | \$ - | \$ - | \$ 26.55 | \$ 24.03 | \$ 50.58 | 10,479 |
| Rate Zone 2 | | | | | | | |
| Milwaukie | \$ 26.55 | \$ 11.40 | \$ - | \$ 37.95 | \$ 24.60 | \$ 62.55 | 11,287 |
| Johnson City | \$ 26.55 | \$ 11.40 | \$ - | \$ 37.95 | \$ 1.90 | \$ 39.85 | 278 |

¹ City Retail Monthly Rates for Gladstone, Milwaukie, and Oregon City reflect FY 2021-22 rates; these are subject to change.

Other Revenue Items

Other revenues of approximately \$1.5 million for FY 2022-23 include interest income, 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:

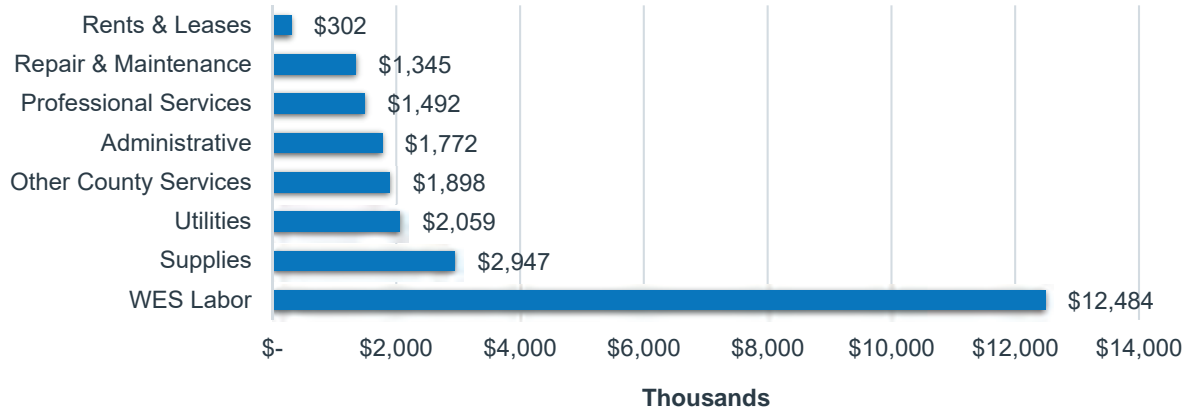


SANITARY SEWER FUND DETAIL

The Sanitary Sewer Operating Fund's budgeted requirements are approximately \$54.8 million and include current year materials and services, special payments, transfers, contingency, and ending fund balance.

Budgeted materials and services for FY 2022-23 total approximately \$24.3 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 \$1.2 million have been budgeted for FY 2022-23 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 FY 2020-21 and prior, special payments in this fund were \$0 as these costs were budgeted under the account line Interagency Coordination within the Materials and Services budget. Beginning with FY 2021-22, these costs are budgeted in the special payments category 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 2022-23 include \$23.5 million to the Sanitary Sewer Construction Fund.

The budgeted contingency, based on 60 days' budgeted operating expenses, is approximately \$4.1 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 \$1.7 million, a reduction from anticipated FY 2021-22 beginning fund balance of 85% or approximately \$10.1 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 FUND DETAIL

SANITARY SEWER OPERATING FUND DETAIL

| | 2019-20 ACTUAL | 2020-21 ACTUAL | 2021-22 AMENDED BUDGET ¹ | 2021-22 ESTIMATE | 2022-23 BUDGET |
|--|----------------------|----------------------|---|----------------------|----------------------|
| RESOURCES | | | | | |
| Beginning Fund Balance | \$ 10,801,749 | \$ 9,463,711 | \$ 7,986,018 | \$ 11,447,693 | \$ 11,791,888 |
| Revenues | | | | | |
| Sales and Services | | | | | |
| Retail Sewer Charges | 24,523,057 | 25,594,831 | 25,572,900 | 25,543,000 | 26,144,900 |
| City Payments | 13,996,535 | 14,408,573 | 14,759,700 | 14,822,800 | 15,342,700 |
| System Development Charges | 512,042 | 231,958 | 255,000 | 94,400 | 200,000 |
| Charges for Services – All Other | 912,497 | 867,637 | 915,300 | 859,200 | 957,100 |
| Interest Income | 270,456 | 325,086 | 75,900 | 66,400 | 82,500 |
| Permits | 46,500 | 47,100 | 46,650 | 41,600 | 45,000 |
| Special Assessment Collections | 24,364 | 72,334 | 10,000 | 3,300 | 5,000 |
| Penalties | 85,383 | - | 51,100 | - | 50,000 |
| Intergovernmental – Operating Grants | 173,504 | 216,180 | - | 710,431 | - |
| Miscellaneous Income | 384,445 | 476,770 | 114,220 | 169,012 | 165,720 |
| Subtotal - Revenues | 40,928,783 | 42,240,469 | 41,800,770 | 42,310,143 | 42,992,920 |
| TOTAL RESOURCES | \$ 51,730,532 | \$ 51,704,180 | \$ 49,786,788 | \$ 53,757,836 | \$ 54,784,808 |
| REQUIREMENTS | | | | | |
| Materials and Services | | | | | |
| WES Labor | \$ 11,095,092 | \$ 11,092,752 | \$ 12,193,273 | \$ 11,182,190 | \$ 12,483,510 |
| Professional Services | 1,706,905 | 1,231,884 | 2,546,797 | 1,262,914 | 1,492,060 |
| Other County Services | 2,159,881 | 2,223,070 | 1,940,905 | 1,843,627 | 1,898,470 |
| Supplies | 2,036,424 | 2,128,070 | 2,410,648 | 2,218,771 | 2,947,125 |
| Administrative | 2,539,118 | 2,539,922 | 1,588,176 | 1,641,503 | 1,771,685 |
| Utilities | 1,413,831 | 1,648,961 | 1,837,355 | 2,046,195 | 2,058,620 |
| Repair & Maintenance | 674,060 | 837,122 | 853,800 | 948,354 | 1,345,410 |
| Rents & Leases | 246,104 | 286,650 | 304,935 | 293,438 | 301,630 |
| Subtotal - Materials and Services | 21,871,415 | 21,988,431 | 23,675,889 | 21,436,992 | 24,298,510 |
| Special Payments | - | - | 1,156,600 | 1,140,000 | 1,215,100 |
| Interfund Transfers Out - | | | | | |
| To Sanitary Sewer Construction Fund | 14,500,000 | 11,000,000 | 15,500,000 | 15,500,000 | 23,500,000 |
| To Debt Service Fund | 5,895,406 | 7,268,056 | 4,360,656 | 3,888,956 | - |
| Contingency | - | - | 3,896,000 | - | 4,050,000 |
| Unappropriated Ending Fund Balance | 9,463,711 | 11,447,693 | 1,197,643 | 11,791,888 | 1,721,198 |
| TOTAL REQUIREMENTS | \$ 51,730,532 | \$ 51,704,180 | \$ 49,786,788 | \$ 53,757,836 | \$ 54,784,808 |

¹ The FY 2021-22 Amended Budget includes a transfer of \$50,000 from Contingency to Special Payments.

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 2022-23 budgeted resources total approximately \$53.9 million and include system development charges (SDCs) of \$6.1 million, interest income of \$0.3 million, and beginning fund balance of \$47.5 million.

The primary resources in this fund are SDC revenues for new connections to the system. The largest portion of SDC revenue in FY 2022-23, \$5.1 million, is expected from retail connections within Rate Zone 2. Wholesale SDC revenues of approximately \$1.0 million are anticipated in Rate Zone 1 with \$0.9 million from the City of Oregon City; \$129 thousand from the City of West Linn, and \$43 thousand from the City of Gladstone. These revenues are based on an SDC fee of \$8,600 per EDU with reflects an inflationary adjustment of 5.9% from the \$8,120 fee per EDU effective during FY 2021-22. 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 2022-23 in this fund is \$0.2 million and directed towards the SDC-eligible portions of the Intertie 2 Pump Station and Force Main project and Sieben Lane Pump Station project. Descriptions of all major projects are provided in detail in the separate Capital section. The FY 2022-23 budget includes a transfer to the Debt Service Fund of approximately \$8.8 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 2022-23 debt service payments for the Series 2016 and 2021 sewer revenue obligations and the State Revolving Fund (SRF) Loan used to fund the Tri-City Solids Handling Improvement Project.

Contingency is budgeted at \$0.1 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 \$44.9 million. The \$2.6 million decrease in ending fund balance over the projected FY 2021-22 beginning fund balance reflects the debt repayment strategy outlined above. The \$44.9 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.

| | 2019-20 ACTUAL | 2020-21 ACTUAL | 2021-22 AMENDED BUDGET | 2021-22 ESTIMATE | 2022-23 BUDGET |
|---|----------------------|----------------------|------------------------------|----------------------|----------------------|
| RESOURCES | | | | | |
| Beginning Fund Balance | \$ 31,055,016 | \$ 39,629,130 | \$ 45,383,561 | \$ 47,620,241 | \$ 47,473,691 |
| System Development Charges | 9,883,273 | 7,933,978 | 6,375,600 | 6,893,880 | 6,149,000 |
| Interest Income | 652,450 | 374,483 | 431,100 | 276,200 | 332,300 |
| TOTAL RESOURCES | \$ 41,590,739 | \$ 47,937,591 | \$ 52,190,261 | \$ 54,790,321 | \$ 53,954,991 |
| REQUIREMENTS | | | | | |
| Capital Outlay | \$ 1,961,609 | \$ 317,350 | \$ 1,254,000 | \$ 36,850 | \$ 206,000 |
| Interfund Transfers Out – To Debt Service Fund | - | - | 8,694,881 | 7,279,780 | 8,777,111 |
| Contingency | - | - | 627,000 | - | 103,000 |
| Unappropriated Ending Fund Balance | 39,629,130 | 47,620,241 | 41,614,380 | 47,473,691 | 44,868,880 |
| TOTAL REQUIREMENTS | \$ 41,590,739 | \$ 47,937,591 | \$ 52,190,261 | \$ 54,790,321 | \$ 53,954,991 |

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 2022-23 are \$119.5 million and include a transfer from the Sanitary Sewer Operating Fund of \$23.5 million, interest income of approximately \$0.7 million, an incentive payment of \$0.8 million contributed by the Energy Trust of Oregon (ETO) for the Tri-City WRRF cogeneration engine, and beginning fund balance of approximately \$94.5 million.

FY 2022-23 requirements include capital outlay of approximately \$29.1 million. Major projects include the Tri-City Wet Weather Outfall, upgrades and asset replacements at the Kellogg Creek WRRF, the Regional Inflow & Infiltration Cost Share, and upgrades to multiple pump stations. Descriptions of all major projects are provided in detail in the separate Capital section.

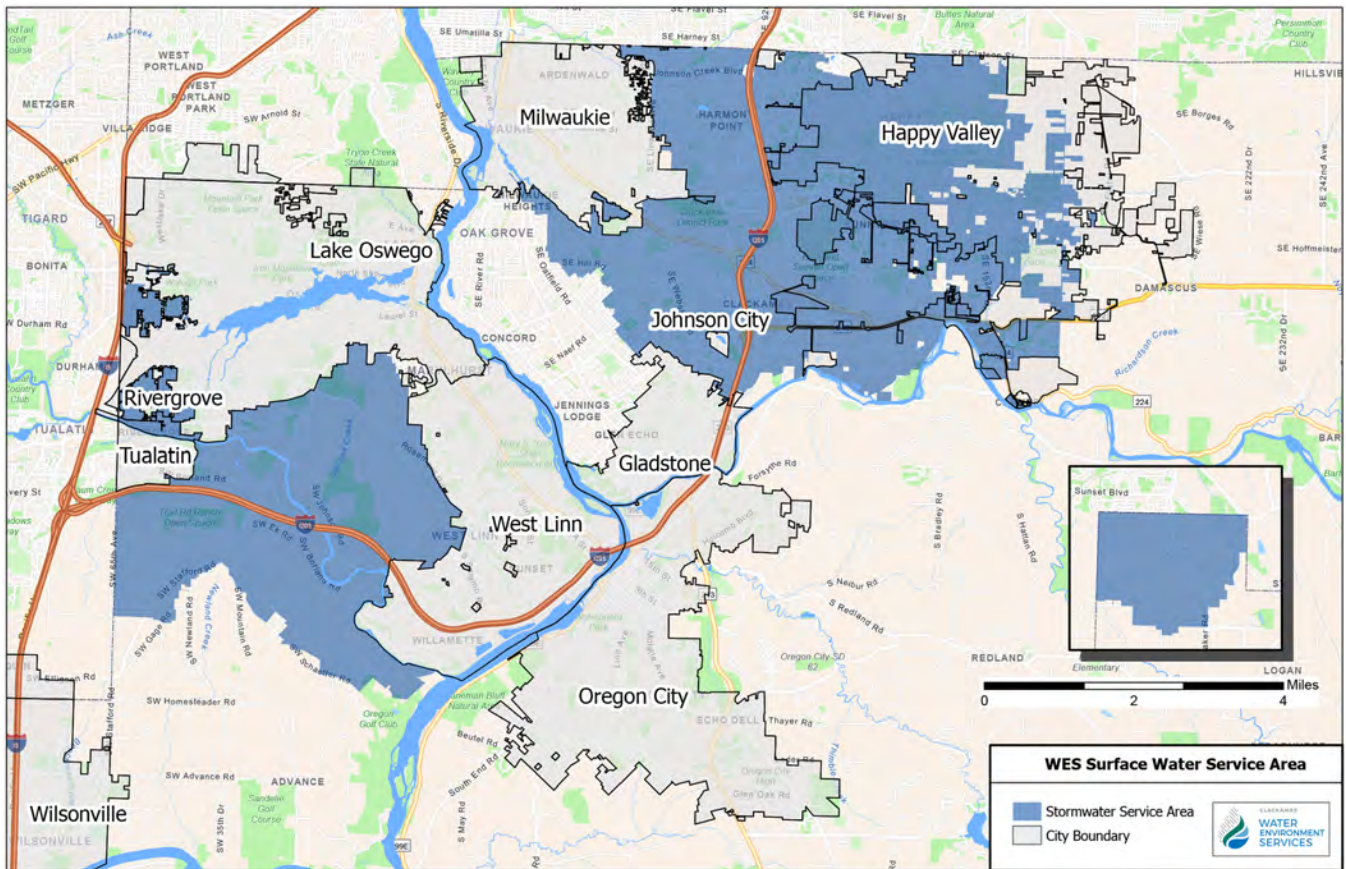
The FY 2022-23 budget includes a contingency of approximately \$14.5 million based on 50% of budgeted capital outlay to provide for unforeseen capital expenses. Contingencies are typically not expended and added to reserves at year end. The projected ending fund balance is approximately \$75.9 million and will provide funding for capital projects in future years. The decrease of \$18.6 million from the projected FY 2022-23 beginning fund balance reflects the budgeted use of resources for capital outlay.

| | 2019-20 ACTUAL | 2020-21 ACTUAL | 2021-22 AMENDED BUDGET | 2021-22 ESTIMATE | 2022-23 BUDGET |
|---|----------------------|-----------------------|------------------------------|-----------------------|-----------------------|
| RESOURCES | | | | | |
| Beginning Fund Balance | \$ 43,848,962 | \$ 38,079,979 | \$ 81,771,998 | \$ 84,947,827 | \$ 94,498,723 |
| Interfund Transfers In – From Sewer Operating Fund | 14,500,000 | 11,000,000 | 15,500,000 | 15,500,000 | 23,500,000 |
| Interest Income | 549,450 | 361,001 | 776,800 | 492,700 | 661,500 |
| Miscellaneous Income | 315,668 | 25,356 | - | - | - |
| Capital Project Contribution | - | - | - | 1,358,010 | 800,000 |
| Revenue from Bonds & Other Debts | | | | | |
| SRF Loan Proceeds | 10,789,434 | 11,756,443 | 500,000 | 5,572,070 | - |
| Series 2021 Revenue Obligation Proceeds | - | 48,687,948 | - | - | - |
| TOTAL RESOURCES | \$ 70,003,514 | \$ 109,910,727 | \$ 98,548,798 | \$ 107,870,607 | \$ 119,460,223 |
| REQUIREMENTS | | | | | |
| Capital Outlay | \$ 31,923,535 | \$ 16,161,614 | \$ 22,877,000 | \$ 13,371,884 | \$ 29,073,772 |
| Interfund Transfers Out- To Debt Service Fund | - | 8,801,286 | - | - | - |
| Contingency | - | - | 11,438,500 | - | 14,536,886 |
| Unappropriated Ending Fund Balance | 38,079,979 | 84,947,827 | 64,233,298 | 94,498,723 | 75,849,565 |
| TOTAL REQUIREMENTS | \$ 70,003,514 | \$ 109,910,727 | \$ 98,548,798 | \$ 107,870,607 | \$ 119,460,223 |

SURFACE WATER FUND DETAIL

Surface water management services provided to the community include the construction and maintenance of infrastructure necessary to improve water quality and provide adequate conveyance and control 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 management 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 2022-23 resources in the Surface Water Operating Fund are \$11.1 million. These resources consist of beginning fund balance of \$4.9 million, monthly service charges of \$6.0 million, miscellaneous income of \$133 thousand, and interest earnings of \$34 thousand.

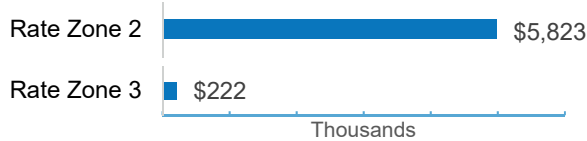
WES has established surface water rate zones to reflect the different levels of service provided to the two distinct surface water service areas within its boundaries.

SURFACE WATER FUND DETAIL

Surface Water Charges

Budgeted service charge revenues for FY 2022-23 amount to approximately \$6.0 million, including \$5.8 million from Rate Zone 2 and \$222 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 2022-23 Budget |
|-------------------------------------|---------------------|
| Retail Surface Water Charges | |
| Rate Zone 2 | \$ 5,823,100 |
| Rate Zone 3 | 221,600 |
| TOTAL SURFACE WATER CHARGES | \$ 6,044,700 |

Rate Zone 2

Within Rate Zone 2, \$5.4 million is expected in monthly user fees charged to residents and businesses and an additional \$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 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 5.2% from \$7.75 per ESU per month to \$8.15 per ESU per month. The monthly rate for customers in the City of Happy Valley is proposed to be approximately \$8.56 per ESU per month in order to cover the City's 5% Right-of-Way fee.

Rate Zone 3, SWMACC Service Area

For Rate Zone 3, \$222 thousand is budgeted for monthly user fees from residents and businesses within the service area boundaries. The FY 2021-22 fee of \$4.70 per month per single-family dwelling is proposed to increase approximately 5.3% to \$4.95 for FY 2022-23. Business and institutional customers are 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 3,731 accounts.

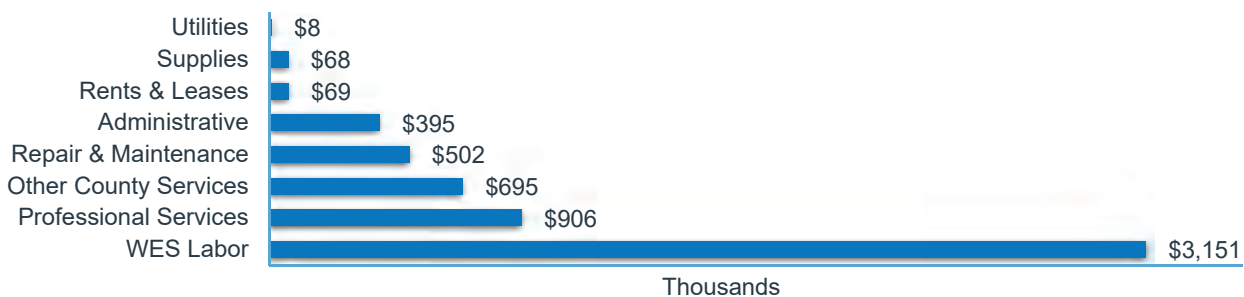
A summary of WES' surface water rates is as follows:

| | WES Retail Total | City Right-of-Way Fee Surcharge* | Estimated Monthly Total | Projected FY 2022-23 EDUs |
|--------------------|------------------|----------------------------------|-------------------------|---------------------------|
| Rate Zone 2 | \$ 8.15 | \$ 0.41 | \$ 8.56 | 55,584 |
| Rate Zone 3 | \$ 4.95 | \$ - | \$ 4.95 | 3,731 |

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

Requirements for the Surface Water Operating Fund total \$11.1 million and include operating and maintenance expenses, contingency, and a transfer to the Surface Water Construction Fund of \$2.0 million.

SURFACE WATER OPERATING FUND BUDGETED EXPENSES



SURFACE WATER FUND DETAIL

Expenses for FY 2022-23 are budgeted at approximately \$5.8 million and include all charges to fund 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 expenses, 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 \$2.4 million will act as a reserve for operating and capital expenses in future years. The decrease in reserves of 52% from the beginning fund balance is a result of the budgeted transfer of \$2.0 million to the Surface Water Construction Fund.

SURFACE WATER OPERATING FUND DETAIL

| | 2019-20 ACTUAL | 2020-21 ACTUAL | 2021-22 AMENDED BUDGET | 2021-22 ESTIMATE | 2022-23 BUDGET |
|--|----------------------|----------------------|------------------------------|----------------------|----------------------|
| RESOURCES | | | | | |
| Beginning Fund Balance | \$ 9,869,474 | \$ 8,498,021 | \$ 6,582,369 | \$ 6,868,364 | \$ 4,920,166 |
| Revenues | | | | | |
| Sales and Services | | | | | |
| Retail Surface Water Charges | 5,163,571 | 5,502,982 | 5,716,300 | 5,711,600 | 6,044,700 |
| Charges for Services – All Other | 479,841 | 185,554 | 125,000 | 87,300 | 100,000 |
| Interest Income | 189,966 | 76,584 | 62,500 | 39,800 | 34,400 |
| Permits | 37,794 | 38,778 | 25,000 | 29,600 | 30,000 |
| Miscellaneous Income | 2,134 | 2,702 | 7,500 | 1,300 | 3,000 |
| Subtotal - Revenues | 5,873,306 | 5,806,600 | 5,936,300 | 5,869,600 | 6,212,100 |
| TOTAL RESOURCES | \$ 15,742,780 | \$ 14,304,621 | \$ 12,518,669 | \$ 12,737,964 | \$ 11,132,266 |
| REQUIREMENTS | | | | | |
| Materials and Services | | | | | |
| WES Labor | \$ 2,205,039 | \$ 2,276,923 | \$ 3,167,937 | \$ 2,422,950 | \$ 3,151,360 |
| Professional Services | 587,738 | 528,225 | 1,098,858 | 738,289 | 906,070 |
| Other County Services | 498,221 | 549,990 | 805,115 | 584,143 | 694,690 |
| Supplies | 84,864 | 61,694 | 71,568 | 30,644 | 67,965 |
| Administrative | 498,001 | 568,409 | 577,578 | 534,554 | 395,325 |
| Utilities | 5,444 | 6,198 | 7,050 | 6,340 | 7,870 |
| Repair & Maintenance | 320,074 | 394,158 | 391,000 | 388,119 | 502,310 |
| Rents & Leases | 45,378 | 50,660 | 92,035 | 112,759 | 68,790 |
| Subtotal - Materials and Services | 4,244,759 | 4,436,257 | 6,211,141 | 4,817,798 | 5,794,380 |
| Interfund Transfers Out- To Surface Water Construction Fund | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | 2,000,000 |
| Contingency | - | - | 1,035,000 | - | 966,000 |
| Unappropriated Ending Fund Balance | 8,498,021 | 6,868,364 | 2,272,528 | 4,920,166 | 2,371,886 |
| TOTAL REQUIREMENTS | \$ 15,742,780 | \$ 14,304,621 | \$ 12,518,669 | \$ 12,737,964 | \$ 11,132,266 |

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 2022-23 budget includes resources of approximately \$2.8 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 \$135 thousand for FY 2022-23. The current surface water SDC of \$220 per ESU is proposed to increase by an inflationary index of approximately 5.9% to \$233 per ESU for FY 2022-23.

Requirements total approximately \$2.8 million and are comprised solely of ending fund balance for FY 2022-23. 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 2022-23 is \$0. A storm system master planning effort is underway and expected to be completed early in the next fiscal year. 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 \$154 thousand from the projected beginning fund balance. This increase is due to budgeted revenues exceeding budgeted expenses.

| | 2019-20 ACTUAL | 2020-21 ACTUAL | 2021-22 AMENDED BUDGET | 2021-22 ESTIMATE | 2022-23 BUDGET |
|------------------------------------|---------------------|---------------------|------------------------------|---------------------|---------------------|
| RESOURCES | | | | | |
| Beginning Fund Balance | \$ 2,084,546 | \$ 2,285,354 | \$ 2,453,629 | \$ 2,473,973 | \$ 2,631,273 |
| System Development Charges | 161,094 | 167,739 | 120,000 | 143,000 | 135,100 |
| Interest Income | 39,714 | 20,880 | 23,300 | 14,300 | 18,400 |
| TOTAL RESOURCES | \$ 2,285,354 | \$ 2,473,973 | \$ 2,596,929 | \$ 2,631,273 | \$ 2,784,773 |
| REQUIREMENTS | | | | | |
| Capital Outlay | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contingency | | | | | |
| Unappropriated Ending Fund Balance | \$ 2,285,354 | \$ 2,473,973 | \$ 2,596,929 | \$ 2,631,273 | \$ 2,784,773 |
| TOTAL REQUIREMENTS | \$ 2,285,354 | \$ 2,473,973 | \$ 2,596,929 | \$ 2,631,273 | \$ 2,784,773 |

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, proceeds from the issuance of debt for surface water capital project financing, and capital project contributions. 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 2022-23 total approximately \$11.3 million and include interest income of approximately \$58 thousand, a transfer from the Surface Water Operating Fund of \$2.0 million, capital project financing of \$1.0 million, and beginning fund balance of \$8.2 million.

Budgeted resources for capital financing of \$1.0 million are from the State of Oregon Clean Water State Revolving Loan Fund and reflect continued funding for capital outlay for the design phase of the 3-Creeks Water Quality 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. Design of the 3-Creeks project is estimated to be completed by June 2023 and SRF loan repayment is anticipated to begin in FY 2023-24. This funding source is discussed in greater detail in the Debt section.

Requirements for FY 2022-23 include contingency of approximately \$248 thousand, based on 25% of budgeted capital outlay, for unforeseen capital expenditures, ending fund balance of approximately \$10.0 million, and capital outlay of approximately \$1.0 million, \$0.5 million of which is directed towards small drainage system modification projects to make improvements and repairs of WES' stormwater infrastructure. 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 \$1.8 million or 22% is due to the transfer from the Surface Water Operating Fund exceeding current year capital outlay.

| | 2019-20 ACTUAL | 2020-21 ACTUAL | 2021-22 AMENDED BUDGET | 2021-22 ESTIMATE | 2022-23 BUDGET |
|---|---------------------|---------------------|------------------------------|---------------------|----------------------|
| RESOURCES | | | | | |
| Beginning Fund Balance | \$ 1,077,631 | \$ 3,395,121 | \$ 5,677,421 | \$ 5,703,585 | \$ 8,226,685 |
| Interfund Transfers In – From Surface Water Operating Fund | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 | 2,000,000 |
| Interest Income | 17,955 | 28,590 | 53,900 | 33,100 | 57,600 |
| Miscellaneous Income | 15,910 | - | - | - | - |
| Revenue from Bonds & Other Debts | | | | | |
| SRF Loan Proceeds | - | - | - | 450,000 | 1,000,000 |
| TOTAL RESOURCES | \$ 4,111,496 | \$ 6,423,711 | \$ 8,731,321 | \$ 9,186,685 | \$ 11,284,285 |
| REQUIREMENTS | | | | | |
| Capital Outlay | \$ 716,375 | \$ 720,126 | \$ 1,092,000 | \$ 960,000 | \$ 990,000 |
| Contingency | - | - | 273,000 | - | 247,500 |
| Unappropriated Ending Fund Balance | 3,395,121 | 5,703,585 | 7,366,321 | 8,226,685 | 10,046,785 |
| TOTAL REQUIREMENTS | \$ 4,111,496 | \$ 6,423,711 | \$ 8,731,321 | \$ 9,186,685 | \$ 11,284,285 |

DEBT SERVICE FUND DETAIL

In FY 2021-22, WES' two debt service funds, State Loan Fund 635 and Revenue Bond Fund 636, were 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 proposed budget and the FY 2021-22 budget and estimate to 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 Improvement project and 3-Creeks Water Quality project. The primary resources include monthly charges transferred from the Operating Funds, system development charges transferred from the Sanitary Sewer SDC Fund, and the interest and principal payments associated with the North Clackamas Revitalization Area (NCRA) loans received from beneficiaries in that assessment district.

The proposed budget for FY 2022-23 includes resources of \$19.4 million, consisting of beginning fund balance of approximately \$10.4 million, a transfer in from the Sanitary Sewer SDC Fund of approximately \$8.8 million, assessment principal and interest payments of \$200 thousand, and interest income of approximately \$73 thousand. The transfer from the Sanitary Sewer SDC fund reflects WES' financial strategy to use restricted SDC cash to make debt service payments to the extent eligible under applicable state statutes. This strategy, which was implemented beginning in FY 2021-22 after receiving support from the WES Advisory Committee, 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 \$13.3 million, reserves of approximately \$4.4 million, and ending fund balance of \$1.7 million.

FY 2022-23 debt service in this fund consists of \$10.5 million for principal and interest on revenue obligations and \$2.8 million for principal and interest on state loans. Of the \$2.8 million related to state loan repayments, \$2.7 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 accrue interest during construction and become payable upon project completion. Pre-payments for the accrued interest on this loan were made for FY 2020-21 and FY 2021-22. This project will be complete by the end of the current fiscal year and FY 2022-23's budget includes the first two principal and interest payments expected to be due. The SDC-eligible portion of the debt service for R95030 will be funded with transfers from the Sanitary Sewer SDC fund.

The remaining \$10.5 million of debt service for FY 2022-23 includes approximately \$6.8 million for the Series 2016 revenue obligations and \$3.7 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. WES' borrowings are covered in further detail in the separate Debt section.

Ending fund balance and reserves for FY 2022-23 are budgeted at \$6.1 million, a decrease of \$4.0 million or 40% from the beginning fund balance. This decrease is due to the planned use of \$4.4 million in reserves from the premium on the Series 2021 revenue obligations for FY 2022-23 debt service. The use of these reserves reduces the needed transfers from the Sanitary Sewer Operating Fund and allows WES to realize the 0.84% true interest cost on the Series 2021 issue.

DEBT SERVICE FUND DETAIL

DEBT SERVICE FUND 635 – CONTINUED

| | 2019-20 ACTUAL | 2020-21 ACTUAL | 2021-22 AMENDED BUDGET | 2021-22 ESTIMATE | 2022-23 BUDGET |
|---------------------------------------|---------------------|----------------------|------------------------------|----------------------|----------------------|
| RESOURCES | | | | | |
| Beginning Fund Balance | \$ 1,655,598 | \$ 1,229,582 | \$ 9,977,103 | \$ 9,989,707 | \$ 10,385,357 |
| Assessment Collections | 554,550 | 491,466 | 205,000 | 449,800 | 195,000 |
| Interfund Transfers In | | | | | |
| From Sewer Operating Fund | 5,895,406 | 7,268,056 | 4,360,656 | 3,888,956 | - |
| From Sewer Construction Fund | - | 8,801,286 | - | - | - |
| From Sewer SDC Fund | - | - | 8,694,881 | 7,279,780 | 8,777,111 |
| Interest Income | 32,546 | 14,838 | 94,800 | 57,900 | 72,700 |
| TOTAL RESOURCES | \$ 8,138,100 | \$ 17,805,228 | \$ 23,332,440 | \$ 21,666,143 | \$ 19,430,168 |
| REQUIREMENTS | | | | | |
| Debt Service | 6,908,518 | 7,815,521 | 13,167,587 | 11,280,786 | 13,277,055 |
| Reserves | 53,104 | 53,104 | 8,854,930 | 8,854,930 | 4,465,964 |
| Unappropriated Ending Fund Balance | 1,176,478 | 9,936,603 | 1,309,923 | 1,530,427 | 1,687,149 |
| TOTAL REQUIREMENTS | \$ 8,138,100 | \$ 17,805,228 | \$ 23,332,440 | \$ 21,666,143 | \$ 19,430,168 |

State Budget Forms

Water Environment Services



Commissioner Martha Schrader joins the team sampling microinvertebrates at the Carli Creek Water Quality Project

RESOURCES

FORM LB-20

**SANITARY SEWER
OPERATING FUND
FUND**

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

| | HISTORICAL DATA | | | RESOURCE DESCRIPTION | BUDGET FOR NEXT YEAR 2022-2023 | | | |
|----|------------------------------------|-----------------------------------|--|--|--------------------------------|---------------------------------|------------------------------|-----------|
| | ACTUAL | | ADOPTED BUDGET THIS YEAR 2021-2022 | | PROPOSED BY BUDGET OFFICER | APPROVED BY BUDGET COMMITTEE | ADOPTED BY GOVERNING BODY | |
| | SECOND PRECEDING YEAR 2019-2020 | FIRST PRECEDING YEAR 2020-2021 | | | | | | |
| | | | | BEGINNING FUND BALANCE: | | | | |
| 1 | | | | 1. *AVAILABLE CASH ON HAND (CASH BASIS), OR | | | | 1 |
| 2 | 10,801,749 | 9,463,711 | 7,986,018 | 2. *NET WORKING CAPITAL (ACCRUAL BASIS) | 11,791,888 | 11,791,888 | 11,791,888 | 2 |
| 3 | | | | 3. PREVIOUSLY LEVIED TAXES ESTIMATED TO BE RECVD | | | | 3 |
| 4 | 270,456 | 325,086 | 75,900 | 4. INTEREST | 82,500 | 82,500 | 82,500 | 4 |
| 5 | | | | 5. OTHER RESOURCES | | | | 5 |
| 6 | 24,523,057 | 25,594,831 | 25,572,900 | 6. MONTHLY SERVICE CHARGE REVENUE - RETAIL | 26,144,900 | 26,144,900 | 26,144,900 | 6 |
| 7 | 13,996,535 | 14,408,573 | 14,759,700 | 7. OPERATION PAYMENTS-CITIES | 15,342,700 | 15,342,700 | 15,342,700 | 7 |
| 8 | 627,696 | 680,853 | 716,800 | 8. CITY RIGHT-OF-WAY FEES | 797,100 | 797,100 | 797,100 | 8 |
| 9 | 5,220 | 2,720 | 2,220 | 9. RENTAL INCOME | 2,220 | 2,220 | 2,220 | 9 |
| 10 | 969,413 | 707,934 | 408,250 | 10. MISCELLANEOUS INCOME | 418,500 | 418,500 | 418,500 | 10 |
| 11 | 59,462 | 7,497 | 5,000 | 11. SYSTEM DEVELOPMENT CHARGE REVENUE | | | | 11 |
| 12 | 452,580 | 224,461 | 250,000 | 12. SPECIAL CONNECTION CHARGE REVENUE | 200,000 | 200,000 | 200,000 | 12 |
| 13 | | | | 13. FEES | | | | 13 |
| 14 | | | | 14. PRINCIPAL NON-BONDED INSTALLMENT | | | | 14 |
| 15 | 24,364 | 72,334 | 10,000 | 15. INTEREST NON-BONDED INSTALLMENT | 5,000 | 5,000 | 5,000 | 15 |
| 16 | | | | 16. STATE GRANT (DEQ) | | | | 16 |
| 17 | | 216,180 | | 17. FEDERAL GRANT (EPA) | | | | 17 |
| 18 | | | | 18. STATE LOAN | | | | 18 |
| 19 | | | | 19. REVENUE BONDS PROCEEDS | | | | 19 |
| 20 | | | | 20. INSURANCE PROCEEDS | | | | 20 |
| 21 | | | | 21. INTERGOVERNMENTAL REVENUE | | | | 21 |
| 22 | | | | 22. TRANSFER FROM OTHER FUNDS | | | | 22 |
| 23 | | | | 23. CONTRIBUTION FROM TCSD | | | | 23 |
| 24 | | | | 24. CONTRIBUTION FROM CCSD NO. 1 | | | | 24 |
| 25 | | | | 25. | | | | 25 |
| 26 | | | | 26. | | | | 26 |
| 27 | | | | 27. | | | | 27 |
| 28 | | | | 28. FROM OTHER ENTITIES | | | | 28 |
| 29 | 51,730,532 | 51,704,180 | 49,786,788 | 29. TOTAL RESOURCES, EXCEPT TAXES TO BE LEVIED | 54,784,808 | 54,784,808 | 54,784,808 | 29 |
| 30 | | | | 30. TAXES NECESSARY TO BALANCE BUDGET | | | | 30 |
| 31 | | | | 31. TAXES COLLECTED IN YEAR LEVIED | | | | 31 |
| 32 | 51,730,532 | 51,704,180 | 49,786,788 | 32. TOTAL RESOURCES | 54,784,808 | 54,784,808 | 54,784,808 | 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 | | | EXPENDITURE DESCRIPTION | BUDGET FOR NEXT YEAR 2022-2023 | | | |
|-----------------------------------|------------------------------------|-----------------------------------|--|---|--------------------------------|---------------------------------|------------------------------|---|
| | ACTUAL | | ADOPTED BUDGET THIS YEAR 2021-2022 | | PROPOSED BY BUDGET OFFICER | APPROVED BY BUDGET COMMITTEE | ADOPTED BY GOVERNING BODY | |
| | SECOND PRECEDING YEAR 2019-2020 | FIRST PRECEDING YEAR 2020-2021 | | | | | | |
| 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 | 21,871,415 | 21,988,431 | 23,675,889 | 1. | 24,298,510 | 24,298,510 | 24,298,510 | 1 |
| 2 | | | | 2. | | | | 2 |
| 3 | | | | 3. | | | | 3 |
| 4 | | | | 4. | | | | 4 |
| 5 | | | | 5. | | | | 5 |
| 6 | | | | 6. | | | | 6 |
| 7 | 21,871,415 | 21,988,431 | 23,675,889 | 7. TOTAL MATERIALS AND SERVICES | 24,298,510 | 24,298,510 | 24,298,510 | 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 | 1,156,600 | 1. | 1,215,100 | 1,215,100 | 1,215,100 | 1 |
| 2 | | | | 2. | | | | 2 |
| 3 | | | | 3. | | | | 3 |
| 4 | 0 | 0 | 1,156,600 | 4. TOTAL SPECIAL PAYMENTS | 1,215,100 | 1,215,100 | 1,215,100 | 4 |
| TRANSFERRED TO OTHER FUNDS | | | | | | | | |
| 1 | | | | 1. RESERVE FOR CAPITAL IMPROVEMENT | | | | 1 |
| 2 | 14,500,000 | 11,000,000 | 15,500,000 | 2. TO CONSTRUCTION FUND | 23,500,000 | 23,500,000 | 23,500,000 | 2 |
| 3 | 5,895,406 | 6,768,056 | 4,360,656 | 3. TO DEBT FUNDS | | | | 3 |
| | | 500,000 | | 4. STATE LOAN FUND | | | | |
| 4 | - | - | 3,896,000 | 5. GENERAL OPERATING CONTINGENCY | 4,050,000 | 4,050,000 | 4,050,000 | 4 |
| 5 | 20,395,406 | 18,268,056 | 23,756,656 | 6. TOTAL TRANSFERS & CONTINGENCY | 27,550,000 | 27,550,000 | 27,550,000 | 5 |
| | 42,266,821 | 40,256,487 | 48,589,145 | TOTAL EXPENDITURES | 53,063,610 | 53,063,610 | 53,063,610 | |
| | 9,463,711 | 11,447,693 | 1,197,643 | UNAPPROPRIATED ENDING FUND BALANCE | 1,721,198 | 1,721,198 | 1,721,198 | |
| | 51,730,532 | 51,704,180 | 49,786,788 | TOTAL | 54,784,808 | 54,784,808 | 54,784,808 | |

DETAILED EXPENDITURES

FORM LB-31

**SANITARY SEWER
OPERATING FUND**

NAME OF ORGANIZATIONAL UNIT-FUND

WATER ENVIRONMENT SERVICES

(NAME OF MUNICIPAL CORPORATION)

| 1 | HISTORICAL DATA | | | EXPENDITURE DESCRIPTION | NO OF EMPS | R A N G E | BUDGET FOR NEXT YEAR 2022-2023 | | | |
|----|------------------------------------|-----------------------------------|--|--|------------------|-----------------------|--------------------------------|---------------------------------|------------------------------|----|
| | ACTUAL | | ADOPTED BUDGET THIS YEAR 2021-2022 | | | | PROPOSED BY BUDGET OFFICER | APPROVED BY BUDGET COMMITTEE | ADOPTED BY GOVERNING BODY | |
| | SECOND PRECEDING YEAR 2019-2020 | FIRST PRECEDING YEAR 2020-2021 | | | | | | | | |
| 1 | | | | 1. MATERIALS AND SERVICES: | | | | | | 1 |
| 2 | | | | 2. SERVICES: | | | | | | 2 |
| 3 | 11,095,092 | 11,092,752 | 12,193,273 | 3. WES SERVICES | | | 12,483,510 | 12,483,510 | 12,483,510 | 3 |
| 4 | 2,373,781 | 2,492,813 | 2,162,455 | 4. OTHER COUNTY SERVICES | | | 2,120,310 | 2,120,310 | 2,120,310 | 4 |
| 5 | 1,812,480 | 1,670,492 | 1,833,699 | 5. PROFESSIONAL SERVICES | | | 1,513,030 | 1,513,030 | 1,513,030 | 5 |
| 6 | 272,155 | 310,944 | 406,800 | 6. MISCELLANEOUS SERVICES | | | 295,310 | 295,310 | 295,310 | 6 |
| 7 | 15,553,508 | 15,567,001 | 16,596,227 | 7. TOTAL SERVICES | | | 16,412,160 | 16,412,160 | 16,412,160 | 7 |
| 8 | | | | 8. | | | | | | 8 |
| 9 | 2,114,166 | 2,186,287 | 2,630,262 | 9. SUPPLIES | | | 3,165,615 | 3,165,615 | 3,165,615 | 9 |
| 10 | 488,706 | 450,025 | 980,000 | 10. SLUDGE DISPOSAL & SEWAGE TREATMENT | | | 705,000 | 705,000 | 705,000 | 10 |
| 11 | 1,413,830 | 1,648,962 | 1,837,355 | 11. UTILITIES | | | 2,058,620 | 2,058,620 | 2,058,620 | 11 |
| 12 | 2,190,429 | 2,075,185 | 1,521,111 | 12. MISCELLANEOUS EXPENSE | | | 1,814,485 | 1,814,485 | 1,814,485 | 12 |
| 13 | 110,776 | 60,971 | 110,934 | 13. ALLOCATED OVERHEAD | | | 142,630 | 142,630 | 142,630 | 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 | 21,871,415 | 21,988,431 | 23,675,889 | 31. TOTAL EXPENDITURES | | | 24,298,510 | 24,298,510 | 24,298,510 | 31 |
| 32 | | | | 32. UNAPPROPRIATED ENDING FUND BALANCE | | | | | | 32 |
| | 21,871,415 | 21,988,431 | 23,675,889 | TOTAL | 0 | | 24,298,510 | 24,298,510 | 24,298,510 | |

Significant year-to-year line differences in the schedule above are as the result of a Countywide Chart of Accounts implementation effective July 1, 2021
 Figures above are presented using the old Chart of Accounts (COA) categorization while the WES Fund Summary schedules reflect the new COA for comparability to the proposed budget.

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 2022-2023 | | | |
|----|------------------------------------|-----------------------------------|--|--|------------------|-----------------------|--------------------------------|---------------------------------|------------------------------|----|
| | ACTUAL | | ADOPTED BUDGET THIS YEAR 2021-2022 | | | | PROPOSED BY BUDGET OFFICER | APPROVED BY BUDGET COMMITTEE | ADOPTED BY GOVERNING BODY | |
| | SECOND PRECEDING YEAR 2019-2020 | FIRST PRECEDING YEAR 2020-2021 | | | | | | | | |
| 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 |
| 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**
FUND

WATER ENVIRONMENT SERVICES
(NAME OF MUNICIPAL CORPORATION)

| | HISTORICAL DATA | | | RESOURCE DESCRIPTION | BUDGET FOR NEXT YEAR 2022-2023 | | | |
|----|------------------------------------|-----------------------------------|--|--|--------------------------------|---------------------------------|------------------------------|-----------|
| | ACTUAL | | ADOPTED BUDGET THIS YEAR 2021-2022 | | PROPOSED BY BUDGET OFFICER | APPROVED BY BUDGET COMMITTEE | ADOPTED BY GOVERNING BODY | |
| | SECOND PRECEDING YEAR 2019-2020 | FIRST PRECEDING YEAR 2020-2021 | | | | | | |
| | | | | BEGINNING FUND BALANCE: | | | | |
| 1 | | | | 1. *AVAILABLE CASH ON HAND (CASH BASIS), OR | | | | 1 |
| 2 | 31,055,016 | 39,629,130 | 45,383,561 | 2. *NET WORKING CAPITAL (ACCRUAL BASIS) | 47,473,691 | 47,473,691 | 47,473,691 | 2 |
| 3 | | | | 3. PREVIOUSLY LEVIED TAXES ESTIMATED TO BE RECVD | | | | 3 |
| 4 | 652,450 | 374,483 | 431,100 | 4. INTEREST | 332,300 | 332,300 | 332,300 | 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 | 9,883,273 | 7,933,978 | 6,375,600 | 11. SYSTEM DEVELOPMENT CHARGE REVENUE | 6,149,000 | 6,149,000 | 6,149,000 | 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. REVENUE BONDS PROCEEDS | | | | 19 |
| 20 | | | | 20. INSURANCE PROCEEDS | | | | 20 |
| 21 | | | | 21. INTERGOVERNMENTAL REVENUE | | | | 21 |
| 22 | | | | 22. CONTRIBUTION FROM CCSD NO. 1 | | | | 22 |
| 23 | | | | 22. CONTRIBUTION FROM TCSD | | | | 23 |
| 24 | | | | 24. | | | | 24 |
| 25 | | | | 25. | | | | 25 |
| 26 | | | | 26. | | | | 26 |
| 27 | | | | 27. | | | | 27 |
| 28 | | | | 28. FROM OTHER ENTITIES | | | | 28 |
| 29 | 41,590,739 | 47,937,591 | 52,190,261 | 29. TOTAL RESOURCES, EXCEPT TAXES TO BE LEVIED | 53,954,991 | 53,954,991 | 53,954,991 | 29 |
| 30 | | | | 30. TAXES NECESSARY TO BALANCE BUDGET | | | | 30 |
| 31 | | | | 31. TAXES COLLECTED IN YEAR LEVIED | | | | 31 |
| 32 | 41,590,739 | 47,937,591 | 52,190,261 | 32. TOTAL RESOURCES | 53,954,991 | 53,954,991 | 53,954,991 | 32 |

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 | | | EXPENDITURE DESCRIPTION | BUDGET FOR NEXT YEAR 2022-2023 | | | |
|---|------------------------------------|-----------------------------------|--|---|--------------------------------|---------------------------------|------------------------------|---|
| | ACTUAL | | ADOPTED BUDGET THIS YEAR 2021-2022 | | PROPOSED BY BUDGET OFFICER | APPROVED BY BUDGET COMMITTEE | ADOPTED BY GOVERNING BODY | |
| | SECOND PRECEDING YEAR 2019-2020 | FIRST PRECEDING YEAR 2020-2021 | | | | | | |
| | | | | 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 | 1,961,609 | 317,350 | 1,254,000 | 1. | 206,000 | 206,000 | 206,000 | 1 |
| 2 | | | | 2. | | | | 2 |
| 3 | | | | 3. | | | | 3 |
| 4 | 1,961,609 | 317,350 | 1,254,000 | 4. TOTAL CAPITAL OUTLAY | 206,000 | 206,000 | 206,000 | 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 CONSTRUCTION FUND | | | | 2 |
| 3 | | | 8,694,881 | 3. TO DEBT FUNDS | 8,777,111 | 8,777,111 | 8,777,111 | 3 |
| 4 | | | 627,000 | 4. GENERAL OPERATING CONTINGENCY | 103,000 | 103,000 | 103,000 | 4 |
| 5 | 0 | 0 | 9,321,881 | 5. TOTAL TRANSFERS & CONTINGENCY | 8,880,111 | 8,880,111 | 8,880,111 | 5 |
| | 1,961,609 | 317,350 | 10,575,881 | TOTAL EXPENDITURES | 9,086,111 | 9,086,111 | 9,086,111 | |
| | 39,629,130 | 47,620,241 | 41,614,380 | UNAPPROPRIATED ENDING FUND BALANCE | 44,868,880 | 44,868,880 | 44,868,880 | |
| | 41,590,739 | 47,937,591 | 52,190,261 | TOTAL | 53,954,991 | 53,954,991 | 53,954,991 | |

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 2022-2023 | | | |
|----|------------------------------------|-----------------------------------|--|--|------------|-----------------------|--------------------------------|---------------------------------|------------------------------|----|
| | ACTUAL | | ADOPTED BUDGET THIS YEAR 2021-2022 | | | | PROPOSED BY BUDGET OFFICER | APPROVED BY BUDGET COMMITTEE | ADOPTED BY GOVERNING BODY | |
| | SECOND PRECEDING YEAR 2019-2020 | FIRST PRECEDING YEAR 2020-2021 | | | | | | | | |
| 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 2022-2023 | | | |
|----|------------------------------------|-----------------------------------|--|--|------------|-----------------------|--------------------------------|---------------------------------|------------------------------|----|
| | ACTUAL | | ADOPTED BUDGET THIS YEAR 2021-2022 | | | | PROPOSED BY BUDGET OFFICER | APPROVED BY BUDGET COMMITTEE | ADOPTED BY GOVERNING BODY | |
| | SECOND PRECEDING YEAR 2019-2020 | FIRST PRECEDING YEAR 2020-2021 | | | | | | | | |
| 1 | | | | 1. LAND | | | | | | 1 |
| 2 | | | | 2. | | | | | | 2 |
| 3 | | | | 3. BUILDING AND BLDG IMPROVEMENTS | | | | | | 3 |
| 4 | | | | 4. | | | | | | 4 |
| 5 | 194,055 | 116,392 | | 5. TREATMENT PLANT | | | | | | 5 |
| 6 | | | | 6. | | | | | | 6 |
| 7 | | 61 | 240,000 | 7. PUMP STATIONS | | | 192,000 | 192,000 | 192,000 | 7 |
| 8 | | | | 8. | | | | | | 8 |
| 9 | 1,696,186 | 153,887 | | 9. FORCE MAINS | | | | | | 9 |
| 10 | | | | 10. | | | | | | 10 |
| 11 | 71,368 | 47,010 | 1,014,000 | 11. TRUNKS & INTERCEPTORS | | | 14,000 | 14,000 | 14,000 | 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 | | | | 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 | 1,961,609 | 317,350 | 1,254,000 | 31. TOTAL EXPENDITURES | | | 206,000 | 206,000 | 206,000 | 31 |
| 32 | | | | 32. UNAPPROPRIATED ENDING FUND BALANCE | | | | | | 32 |
| | 1,961,609 | 317,350 | 1,254,000 | TOTAL | | | 206,000 | 206,000 | 206,000 | |

RESOURCES

FORM LB-20

**SANITARY SEWER
CONSTRUCTION FUND**
FUND

WATER ENVIRONMENT SERVICES
(NAME OF MUNICIPAL CORPORATION)

| | HISTORICAL DATA | | | RESOURCE DESCRIPTION | BUDGET FOR NEXT YEAR 2022-2023 | | | |
|----|------------------------------------|-----------------------------------|--|--|--------------------------------|---------------------------------|------------------------------|-----------|
| | ACTUAL | | ADOPTED BUDGET THIS YEAR 2021-2022 | | PROPOSED BY BUDGET OFFICER | APPROVED BY BUDGET COMMITTEE | ADOPTED BY GOVERNING BODY | |
| | SECOND PRECEDING YEAR 2019-2020 | FIRST PRECEDING YEAR 2020-2021 | | | | | | |
| | | | | BEGINNING FUND BALANCE: | | | | |
| 1 | | | | 1. *AVAILABLE CASH ON HAND (CASH BASIS), OR | | | | 1 |
| 2 | 43,848,962 | 38,079,979 | 81,771,998 | 2. *NET WORKING CAPITAL (ACCRUAL BASIS) | 94,498,723 | 94,498,723 | 94,498,723 | 2 |
| 3 | | | | 3. PREVIOUSLY LEVIED TAXES ESTIMATED TO BE RECVD | | | | 3 |
| 4 | 549,450 | 361,001 | 776,800 | 4. INTEREST | 661,500 | 661,500 | 661,500 | 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 | 315,668 | 25,356 | | 10. MISCELLANEOUS INCOME / CAPITAL PROJECT CONT. | 800,000 | 800,000 | 800,000 | 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 | 10,789,434 | 11,756,443 | 500,000 | 18. SRF STATE LOAN PROJECT CONTRIBUTION | | | | 18 |
| 19 | | 48,687,948 | | 19. REVENUE BONDS PROCEEDS | | | | 19 |
| 20 | | | | 20. INSURANCE PROCEEDS | | | | 20 |
| 21 | | | | 21. INTERGOVERNMENTAL REVENUE | | | | 21 |
| 22 | 14,500,000 | 11,000,000 | 15,500,000 | 22. TRANSFERS FROM GENERAL FUND | 23,500,000 | 23,500,000 | 23,500,000 | 22 |
| 23 | | | | 23. CONTRIBUTION FROM TCSD | | | | 23 |
| 24 | | | | 24. CONTRIBUTION FROM CCSD NO. 1 | | | | 24 |
| 25 | | | | 25. | | | | 25 |
| 26 | | | | 26. | | | | 26 |
| 27 | | | | 27. | | | | 27 |
| 28 | | | | 28. FROM OTHER ENTITIES | | | | 28 |
| 29 | 70,003,514 | 109,910,727 | 98,548,798 | 29. TOTAL RESOURCES, EXCEPT TAXES TO BE LEVIED | 119,460,223 | 119,460,223 | 119,460,223 | 29 |
| 30 | | | | 30. TAXES NECESSARY TO BALANCE BUDGET | | | | 30 |
| 31 | | | | 31. TAXES COLLECTED IN YEAR LEVIED | | | | 31 |
| 32 | 70,003,514 | 109,910,727 | 98,548,798 | 32. TOTAL RESOURCES | 119,460,223 | 119,460,223 | 119,460,223 | 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 2022-2023 | | | |
|---|------------------------------------|-----------------------------------|--|---|--------------------------------|---------------------------------|------------------------------|---|
| | ACTUAL | | | | PROPOSED BY BUDGET OFFICER | APPROVED BY BUDGET COMMITTEE | ADOPTED BY GOVERNING BODY | |
| | SECOND PRECEDING YEAR 2019-2020 | FIRST PRECEDING YEAR 2020-2021 | | | | | | |
| | | | | 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 | 31,923,535 | 16,161,614 | 22,877,000 | 1. | 29,073,772 | 29,073,772 | 29,073,772 | 1 |
| 2 | | | | 2. | | | | 2 |
| 3 | | | | 3. | | | | 3 |
| 4 | 31,923,535 | 16,161,614 | 22,877,000 | 4. TOTAL CAPITAL OUTLAY | 29,073,772 | 29,073,772 | 29,073,772 | 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 | 0 | 0 | | 1. RESERVE FOR CAPITAL IMPROVEMENT | | | | 1 |
| 2 | | 8,801,286 | | 2. TO DEBT SERVICE FUNDS | | | | 2 |
| 3 | | | | 3. TO OTHER FUNDS | | | | 3 |
| 4 | - | - | 11,438,500 | 4. GENERAL OPERATING CONTINGENCY | 14,536,886 | 14,536,886 | 14,536,886 | 4 |
| 5 | 0 | 8,801,286 | 11,438,500 | 5. TOTAL TRANSFERS & CONTINGENCY | 14,536,886 | 14,536,886 | 14,536,886 | 5 |
| | 31,923,535 | 24,962,900 | 34,315,500 | TOTAL EXPENDITURES | 43,610,658 | 43,610,658 | 43,610,658 | |
| | 38,079,979 | 84,947,827 | 64,233,298 | UNAPPROPRIATED ENDING FUND BALANCE | 75,849,565 | 75,849,565 | 75,849,565 | |
| | 70,003,514 | 109,910,727 | 98,548,798 | TOTAL | 119,460,223 | 119,460,223 | 119,460,223 | |

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 2022-2023 | | | |
|----|------------------------------------|-----------------------------------|--|--|------------------|-----------------------|--------------------------------|---------------------------------|------------------------------|----|
| | ACTUAL | | ADOPTED BUDGET THIS YEAR 2021-2022 | | | | PROPOSED BY BUDGET OFFICER | APPROVED BY BUDGET COMMITTEE | ADOPTED BY GOVERNING BODY | |
| | SECOND PRECEDING YEAR 2019-2020 | FIRST PRECEDING YEAR 2020-2021 | | | | | | | | |
| 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 2022-2023 | | | |
|----|------------------------------------|-----------------------------------|--|--|------------------|-----------------------|--------------------------------|---------------------------------|------------------------------|----|
| | ACTUAL | | ADOPTED BUDGET THIS YEAR 2021-2022 | | | | PROPOSED BY BUDGET OFFICER | APPROVED BY BUDGET COMMITTEE | ADOPTED BY GOVERNING BODY | |
| | SECOND PRECEDING YEAR 2019-2020 | FIRST PRECEDING YEAR 2020-2021 | | | | | | | | |
| 1 | | | | 1. LAND | | | | | | 1 |
| 2 | | | | 2. | | | | | | 2 |
| 3 | | | | 3. BUILDING AND BLDG IMPROVEMENTS | | | | | | 3 |
| 4 | | | | 4. | | | | | | 4 |
| 5 | 28,844,214 | 13,980,257 | 14,150,000 | 5. TREATMENT PLANT | | | 14,300,000 | 14,300,000 | 14,300,000 | 5 |
| 6 | | | | 6. | | | | | | 6 |
| 7 | 96,889 | 126,848 | 200,000 | 7. PUMP STATIONS | | | 50,000 | 50,000 | 50,000 | 7 |
| 8 | | | | 8. | | | | | | 8 |
| 9 | | | | 9. FORCE MAINS | | | | | | 9 |
| 10 | | | | 10. | | | | | | 10 |
| 11 | 2,342,645 | 1,508,987 | 6,496,000 | 11. TRUNKS & INTERCEPTORS | | | 12,350,772 | 12,350,772 | 12,350,772 | 11 |
| 12 | | | | 12. | | | | | | 12 |
| 13 | 348,652 | 186,369 | 1,026,000 | 13. EQUIPMENT CAPITAL | | | 700,000 | 700,000 | 700,000 | 13 |
| 14 | | | | 14. | | | | | | 14 |
| 15 | | | | 15. MASTER PLANS/STUDIES | | | | | | 15 |
| 16 | | | | 16. | | | | | | 16 |
| 17 | 16,647 | 3,376 | 105,000 | 17. WATER QUALITY LAB | | | 773,000 | 773,000 | 773,000 | 17 |
| 18 | | | | 18. | | | | | | 18 |
| 19 | 208,190 | 352,324 | 800,000 | 19. RENEWAL & REPLACEMENT | | | 800,000 | 800,000 | 800,000 | 19 |
| 20 | | | | 20. | | | | | | 20 |
| 21 | 66,298 | 3,453 | 100,000 | 21. DEVELOPMENT REVIEW | | | 100,000 | 100,000 | 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 | 31,923,535 | 16,161,614 | 22,877,000 | 31. TOTAL EXPENDITURES | | | 29,073,772 | 29,073,772 | 29,073,772 | 31 |
| 32 | | | | 32. UNAPPROPRIATED ENDING FUND BALANCE | | | | | | 32 |
| | 31,923,535 | 16,161,614 | 22,877,000 | TOTAL | 0 | | 29,073,772 | 29,073,772 | 29,073,772 | |

RESOURCES

FORM LB-20

**SURFACE WATER
OPERATING FUND**
FUND

WATER ENVIRONMENT SERVICES

(NAME OF MUNICIPAL CORPORATION)

| | HISTORICAL DATA | | | RESOURCE DESCRIPTION | BUDGET FOR NEXT YEAR 2022-2023 | | | |
|----|------------------------------------|-----------------------------------|--|--|--------------------------------|---------------------------------|------------------------------|----|
| | ACTUAL | | ADOPTED BUDGET THIS YEAR 2021-2022 | | PROPOSED BY BUDGET OFFICER | APPROVED BY BUDGET COMMITTEE | ADOPTED BY GOVERNING BODY | |
| | SECOND PRECEDING YEAR 2019-2020 | FIRST PRECEDING YEAR 2020-2021 | | | | | | |
| | | | | BEGINNING FUND BALANCE: | | | | |
| 1 | | | | 1. *AVAILABLE CASH ON HAND (CASH BASIS), OR | | | | 1 |
| 2 | 9,869,474 | 8,498,021 | 6,582,369 | 2. *NET WORKING CAPITAL (ACCRUAL BASIS) | 4,920,166 | 4,920,166 | 4,920,166 | 2 |
| 3 | | | | 3. PREVIOUSLY LEVIED TAXES ESTIMATED TO BE RECVD | | | | 3 |
| 4 | 189,966 | 76,584 | 62,500 | 4. INTEREST | 34,400 | 34,400 | 34,400 | 4 |
| 5 | | | | 5. OTHER RESOURCES | | | | 5 |
| 6 | 5,163,571 | 5,502,982 | 5,716,300 | 6. SERVICE CHARGES | 6,044,700 | 6,044,700 | 6,044,700 | 6 |
| 7 | | | | 7. PERMITS | | | | 7 |
| 8 | | | | 8. GRANT REVENUE | | | | 8 |
| 9 | 519,769 | 227,034 | 157,500 | 9. MISCELLANEOUS INCOME | 133,000 | 133,000 | 133,000 | 9 |
| 10 | 0 | | | 10. CONTRIBUTION FROM CCSD NO. 1 | | | | 10 |
| 11 | | | | 11. CONTRIBUTION FROM SWMACC | | | | 11 |
| 12 | | | | 12. | | | | 12 |
| 13 | | | | 13. | | | | 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 | 15,742,780 | 14,304,621 | 12,518,669 | 29. TOTAL RESOURCES, EXCEPT TAXES TO BE LEVIED | 11,132,266 | 11,132,266 | 11,132,266 | 29 |
| 30 | | | | 30. TAXES NECESSARY TO BALANCE BUDGET | | | | 30 |
| 31 | | | | 31. TAXES COLLECTED IN YEAR LEVIED | | | | 31 |
| 32 | 15,742,780 | 14,304,621 | 12,518,669 | 32. TOTAL RESOURCES | 11,132,266 | 11,132,266 | 11,132,266 | 32 |

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 | | | EXPENDITURE DESCRIPTION | BUDGET FOR NEXT YEAR 2022-2023 | | | |
|---|------------------------------------|-----------------------------------|--|---|--------------------------------|---------------------------------|------------------------------|---|
| | ACTUAL | | ADOPTED BUDGET THIS YEAR 2021-2022 | | PROPOSED BY BUDGET OFFICER | APPROVED BY BUDGET COMMITTEE | ADOPTED BY GOVERNING BODY | |
| | SECOND PRECEDING YEAR 2019-2020 | FIRST PRECEDING YEAR 2020-2021 | | | | | | |
| | | | | 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 | 4,244,759 | 4,436,257 | 6,211,141 | 1. | 5,794,380 | 5,794,380 | 5,794,380 | 1 |
| 2 | | | | 2. | | | | 2 |
| 3 | | | | 3. | | | | 3 |
| 4 | | | | 4. | | | | 4 |
| 5 | | | | 5. | | | | 5 |
| 6 | | | | 6. | | | | 6 |
| 7 | 4,244,759 | 4,436,257 | 6,211,141 | 7. TOTAL MATERIALS AND SERVICES | 5,794,380 | 5,794,380 | 5,794,380 | 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 | | | | 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 | 3,000,000 | 3,000,000 | 3,000,000 | 1. RESERVE FOR CAPITAL IMPROVEMENT | 2,000,000 | 2,000,000 | 2,000,000 | 1 |
| 2 | | | | 2. | | | | 2 |
| 3 | | | | 3. | | | | 3 |
| 4 | - | - | 1,035,000 | 4. GENERAL OPERATING CONTINGENCY | 966,000 | 966,000 | 966,000 | 4 |
| 5 | 3,000,000 | 3,000,000 | 4,035,000 | 5. TOTAL TRANSFERS & CONTINGENCY | 2,966,000 | 2,966,000 | 2,966,000 | 5 |
| | 7,244,759 | 7,436,257 | 10,246,141 | TOTAL EXPENDITURES | 8,760,380 | 8,760,380 | 8,760,380 | |
| | 8,498,021 | 6,868,364 | 2,272,528 | UNAPPROPRIATED ENDING FUND BALANCE | 2,371,886 | 2,371,886 | 2,371,886 | |
| | 15,742,780 | 14,304,621 | 12,518,669 | TOTAL | 11,132,266 | 11,132,266 | 11,132,266 | |

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 2022-2023 | | | |
|----|------------------------------------|-----------------------------------|--|--|------------------|-----------------------|--------------------------------|---------------------------------|------------------------------|----|
| | ACTUAL | | ADOPTED BUDGET THIS YEAR 2021-2022 | | | | PROPOSED BY BUDGET OFFICER | APPROVED BY BUDGET COMMITTEE | ADOPTED BY GOVERNING BODY | |
| | SECOND PRECEDING YEAR 2019-2020 | FIRST PRECEDING YEAR 2020-2021 | | | | | | | | |
| 1 | | | | 1. MATERIALS AND SERVICES: | | | | | | 1 |
| 2 | | | | 2. SERVICES: | | | | | | 2 |
| 3 | 2,205,038 | 2,276,925 | 3,167,937 | 3. WES SERVICES | | | 3,151,360 | 3,151,360 | 3,151,360 | 3 |
| 4 | 505,914 | 553,476 | 820,115 | 4. OTHER COUNTY SERVICES | | | 694,690 | 694,690 | 694,690 | 4 |
| 5 | 695,979 | 662,685 | 1,180,621 | 5. PROFESSIONAL SERVICES | | | 1,067,490 | 1,067,490 | 1,067,490 | 5 |
| 6 | 36,835 | 43,616 | 67,100 | 6. MISCELLANEOUS SERVICES | | | 33,410 | 33,410 | 33,410 | 6 |
| 7 | 3,443,766 | 3,536,702 | 5,235,773 | 7. TOTAL SERVICES | | | 4,946,950 | 4,946,950 | 4,946,950 | 7 |
| 8 | | | | 8. | | | | | | 8 |
| 9 | 125,968 | 57,701 | 100,555 | 9. SUPPLIES | | | 102,465 | 102,465 | 102,465 | 9 |
| 10 | | | | 10. SLUDGE DISPOSAL | | | | | | 10 |
| 11 | 5,444 | 6,198 | 7,050 | 11. UTILITIES | | | 7,870 | 7,870 | 7,870 | 11 |
| 12 | 534,798 | 655,302 | 682,977 | 12. MISCELLANEOUS EXPENSE | | | 575,155 | 575,155 | 575,155 | 12 |
| 13 | 134,783 | 180,354 | 184,786 | 13. ALLOCATED OVERHEAD | | | 161,940 | 161,940 | 161,940 | 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 | 4,244,759 | 4,436,257 | 6,211,141 | 31. TOTAL EXPENDITURES | | | 5,794,380 | 5,794,380 | 5,794,380 | 31 |
| 32 | | | | 32. UNAPPROPRIATED ENDING FUND BALANCE | | | | | | 32 |
| | 4,244,759 | 4,436,257 | 6,211,141 | TOTAL | | | 5,794,380 | 5,794,380 | 5,794,380 | |

Major year-to-year line differences in the schedule above are as the result of a Countywide Chart of Accounts implementation effective July 1, 2021
 Figures above are presented using the old Chart of Accounts (COA) while the WES Fund Summary schedules reflect the new COA for comparability to the proposed budget.

RESOURCES

FORM LB-20

**SURFACE WATER
SYSTEM DEVELOPMENT CHARGE FUND**

FUND

WATER ENVIRONMENT SERVICES

(NAME OF MUNICIPAL CORPORATION)

| | HISTORICAL DATA | | | RESOURCE DESCRIPTION | BUDGET FOR NEXT YEAR 2022-2023 | | | |
|----|------------------------------------|-----------------------------------|--|--|--------------------------------|---------------------------------|------------------------------|----|
| | ACTUAL | | ADOPTED BUDGET THIS YEAR 2021-2022 | | PROPOSED BY BUDGET OFFICER | APPROVED BY BUDGET COMMITTEE | ADOPTED BY GOVERNING BODY | |
| | SECOND PRECEDING YEAR 2019-2020 | FIRST PRECEDING YEAR 2020-2021 | | | | | | |
| | | | | BEGINNING FUND BALANCE: | | | | |
| 1 | | | | 1. *AVAILABLE CASH ON HAND (CASH BASIS), OR | | | | 1 |
| 2 | 0 | 2,285,354 | 2,453,629 | 2. *NET WORKING CAPITAL (ACCRUAL BASIS) | 2,631,273 | 2,631,273 | 2,631,273 | 2 |
| 3 | | | | 3. PREVIOUSLY LEVIED TAXES ESTIMATED TO BE RECVD | | | | 3 |
| 4 | 39,714 | 20,880 | 23,300 | 4. INTEREST | 18,400 | 18,400 | 18,400 | 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 | 161,094 | 167,739 | 120,000 | 11. CONNECTION CHARGE REVENUE | 135,100 | 135,100 | 135,100 | 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 | 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 | 2,285,354 | 2,473,973 | 2,596,929 | 29. TOTAL RESOURCES, EXCEPT TAXES TO BE LEVIED | 2,784,773 | 2,784,773 | 2,784,773 | 29 |
| 30 | | | | 30. TAXES NECESSARY TO BALANCE BUDGET | | | | 30 |
| 31 | | | | 31. TAXES COLLECTED IN YEAR LEVIED | | | | 31 |
| 32 | 2,285,354 | 2,473,973 | 2,596,929 | 32. TOTAL RESOURCES | 2,784,773 | 2,784,773 | 2,784,773 | 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 2021-2022 | EXPENDITURE DESCRIPTION | BUDGET FOR NEXT YEAR 2022-2023 | | | |
|---|------------------------------------|-----------------------------------|--|---|--------------------------------|---------------------------------|------------------------------|---|
| | ACTUAL | | | | PROPOSED BY BUDGET OFFICER | APPROVED BY BUDGET COMMITTEE | ADOPTED BY GOVERNING BODY | |
| | SECOND PRECEDING YEAR 2019-2020 | FIRST PRECEDING YEAR 2020-2021 | | | | | | |
| | | | | 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 | 0 | 0 | 0 | 4. TOTAL CAPITAL OUTLAY | 0 | 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 | | | | 4. GENERAL OPERATING CONTINGENCY | | | | 4 |
| 5 | | | | 5. TOTAL TRANSFERS & CONTINGENCY | | | | 5 |
| | 0 | 0 | 0 | TOTAL EXPENDITURES | 0 | 0 | 0 | |
| | 2,285,354 | 2,473,973 | 2,596,929 | UNAPPROPRIATED ENDING FUND BALANCE | 2,784,773 | 2,784,773 | 2,784,773 | |
| | 2,285,354 | 2,473,973 | 2,596,929 | TOTAL | 2,784,773 | 2,784,773 | 2,784,773 | |

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 2022-2023 | | | |
|----|---------------------------------|--------------------------------|------------------------------------|--|------------|-----------|--------------------------------|------------------------------|---------------------------|----|
| | ACTUAL | | ADOPTED BUDGET THIS YEAR 2021-2022 | | | | PROPOSED BY BUDGET OFFICER | APPROVED BY BUDGET COMMITTEE | ADOPTED BY GOVERNING BODY | |
| | SECOND PRECEDING YEAR 2019-2020 | FIRST PRECEDING YEAR 2020-2021 | | | | | | | | |
| 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 2022-2023 | | | |
|----|---------------------------------|--------------------------------|------------------------------------|--|------------|-----------|--------------------------------|------------------------------|---------------------------|----|
| | ACTUAL | | ADOPTED BUDGET THIS YEAR 2021-2022 | | | | PROPOSED BY BUDGET OFFICER | APPROVED BY BUDGET COMMITTEE | ADOPTED BY GOVERNING BODY | |
| | SECOND PRECEDING YEAR 2019-2020 | FIRST PRECEDING YEAR 2020-2021 | | | | | | | | |
| 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 | 0 |

RESOURCES

FORM LB-20

**SURFACE WATER
CONSTRUCTION FUND**

FUND

WATER ENVIRONMENT SERVICES

(NAME OF MUNICIPAL CORPORATION)

| | HISTORICAL DATA | | | RESOURCE DESCRIPTION | BUDGET FOR NEXT YEAR 2022-2023 | | | |
|----|------------------------------------|-----------------------------------|--|--|--------------------------------|---------------------------------|------------------------------|-----------|
| | ACTUAL | | ADOPTED BUDGET THIS YEAR 2021-2022 | | PROPOSED BY BUDGET OFFICER | APPROVED BY BUDGET COMMITTEE | ADOPTED BY GOVERNING BODY | |
| | SECOND PRECEDING YEAR 2019-2020 | FIRST PRECEDING YEAR 2020-2021 | | | | | | |
| | | | | BEGINNING FUND BALANCE: | | | | |
| 1 | | | | 1. *AVAILABLE CASH ON HAND (CASH BASIS), OR | | | | 1 |
| 2 | 0 | 3,395,121 | 5,677,421 | 2. *NET WORKING CAPITAL (ACCRUAL BASIS) | 8,226,685 | 8,226,685 | 8,226,685 | 2 |
| 3 | | | | 3. PREVIOUSLY LEVIED TAXES ESTIMATED TO BE RECVD | | | | 3 |
| 4 | 17,955 | 28,590 | 53,900 | 4. INTEREST | 57,600 | 57,600 | 57,600 | 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 | 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 | 1,000,000 | 1,000,000 | 1,000,000 | 18 |
| 19 | | | | 19. BOND PROCEEDS | | | | 19 |
| 20 | | | | 20. INSURANCE PROCEEDS | | | | 20 |
| 21 | | | | 21. INTERIM FINANCING | | | | 21 |
| 22 | 3,000,000 | 3,000,000 | 3,000,000 | 22. TRANSFER FROM GENERAL FUND | 2,000,000 | 2,000,000 | 2,000,000 | 22 |
| 23 | 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 | 4,111,496 | 6,423,711 | 8,731,321 | 29. TOTAL RESOURCES, EXCEPT TAXES TO BE LEVIED | 11,284,285 | 11,284,285 | 11,284,285 | 29 |
| 30 | | | | 30. TAXES NECESSARY TO BALANCE BUDGET | | | | 30 |
| 31 | | | | 31. TAXES COLLECTED IN YEAR LEVIED | | | | 31 |
| 32 | 4,111,496 | 6,423,711 | 8,731,321 | 32. TOTAL RESOURCES | 11,284,285 | 11,284,285 | 11,284,285 | 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 2021-2022 | EXPENDITURE DESCRIPTION | BUDGET FOR NEXT YEAR 2022-2023 | | | |
|---|------------------------------------|-----------------------------------|--|---|--------------------------------|---------------------------------|------------------------------|---|
| | ACTUAL | | | | PROPOSED BY BUDGET OFFICER | APPROVED BY BUDGET COMMITTEE | ADOPTED BY GOVERNING BODY | |
| | SECOND PRECEDING YEAR 2019-2020 | FIRST PRECEDING YEAR 2020-2021 | | | | | | |
| | | | | 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 | 716,375 | 720,126 | 1,092,000 | 1. | 990,000 | 990,000 | 990,000 | 1 |
| 2 | | | | 2. | | | | 2 |
| 3 | | | | 3. | | | | 3 |
| 4 | 716,375 | 720,126 | 1,092,000 | 4. TOTAL CAPITAL OUTLAY | 990,000 | 990,000 | 990,000 | 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 | | | 273,000 | 4. GENERAL OPERATING CONTINGENCY | 247,500 | 247,500 | 247,500 | 4 |
| 5 | 0 | 0 | 273,000 | 5. TOTAL TRANSFERS & CONTINGENCY | 247,500 | 247,500 | 247,500 | 5 |
| | 716,375 | 720,126 | 1,365,000 | TOTAL EXPENDITURES | 1,237,500 | 1,237,500 | 1,237,500 | |
| | 3,395,121 | 5,703,585 | 7,366,321 | UNAPPROPRIATED ENDING FUND BALANCE | 10,046,785 | 10,046,785 | 10,046,785 | |
| | 4,111,496 | 6,423,711 | 8,731,321 | TOTAL | 11,284,285 | 11,284,285 | 11,284,285 | |

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 2022-2023 | | | |
|----|---------------------------------|--------------------------------|------------------------------------|--|------------|-----------|--------------------------------|------------------------------|---------------------------|----|
| | ACTUAL | | ADOPTED BUDGET THIS YEAR 2021-2022 | | | | PROPOSED BY BUDGET OFFICER | APPROVED BY BUDGET COMMITTEE | ADOPTED BY GOVERNING BODY | |
| | SECOND PRECEDING YEAR 2019-2020 | FIRST PRECEDING YEAR 2020-2021 | | | | | | | | |
| 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 2022-2023 | | | |
|----|---------------------------------|--------------------------------|------------------------------------|--|------------|-----------|--------------------------------|------------------------------|---------------------------|----|
| | ACTUAL | | ADOPTED BUDGET THIS YEAR 2021-2022 | | | | PROPOSED BY BUDGET OFFICER | APPROVED BY BUDGET COMMITTEE | ADOPTED BY GOVERNING BODY | |
| | SECOND PRECEDING YEAR 2019-2020 | FIRST PRECEDING YEAR 2020-2021 | | | | | | | | |
| 1 | 169,256 | 393,591 | 692,000 | 1. WATER QUALITY FACILITIES | | | 290,000 | 290,000 | 290,000 | 1 |
| 2 | | | | 2. | | | | | | 2 |
| 3 | 1,715 | | | 3. WATERSHED RESTORATION | | | | | | 3 |
| 4 | | | | 4. | | | | | | 4 |
| 5 | 545,404 | 326,535 | 300,000 | 5. DRAINAGE IMPROVEMENTS | | | 600,000 | 600,000 | 600,000 | 5 |
| 6 | | | | 6. | | | | | | 6 |
| 7 | 0 | | 100,000 | 7. DETENTION PONDS | | | 100,000 | 100,000 | 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 | 716,375 | 720,126 | 1,092,000 | 31. TOTAL EXPENDITURES | | | 990,000 | 990,000 | 990,000 | 31 |
| 32 | | | | 32. UNAPPROPRIATED ENDING FUND BALANCE | | | | | | 32 |
| | 716,375 | 720,126 | 1,092,000 | TOTAL | 0 | | 990,000 | 990,000 | 990,000 | |

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 2022-2023 | | | |
|---|-------------------------------|------------------------------|--|---|--------------------------------|---------------------------------|------------------------------|------------|
| | ACTUAL | | ADOPTED BUDGET THIS YEAR 2021-2022 | | PROPOSED BY BUDGET OFFICER | APPROVED BY BUDGET COMMITTEE | ADOPTED BY GOVERNING BODY | |
| | SECOND PRECEDING 2019-2020 | FIRST PRECEDING 2020-2021 | | | | | | |
| RESOURCES | | | | | | | | |
| | | | | BEGINNING FUND BALANCE: | | | | |
| 1 | | | | 1. CASH ON HAND*(CASH BASIS), OR | | | | 1 |
| 2 | 1,279,591 | 832,122 | 9,977,103 | 2. WORKING CAPITAL(ACCRUAL BASIS) | 10,385,357 | 10,385,357 | 10,385,357 | 2 |
| 3 | 431,762 | 375,744 | 100,000 | 3. PRINCIPAL COLLECTIONS | 100,000 | 100,000 | 100,000 | 3 |
| 4 | 106,947 | 96,122 | 105,000 | 4. INTEREST COLLECTIONS | 95,000 | 95,000 | 95,000 | 4 |
| 5 | 26,934 | 11,951 | 94,800 | 5. EARNINGS FROM TEMPORARY INVESTMENTS | 72,700 | 72,700 | 72,700 | 5 |
| 6 | | 9,301,286 | 13,055,537 | 6. TRANSFERRED FROM OTHER FUNDS | 8,777,111 | 8,777,111 | 8,777,111 | 6 |
| 7 | - | - | | 7. CONTRIBUTIONS FROM TCSD AND CCSD NO. 1 | | | | 7 |
| 8 | 1,845,234 | 10,617,225 | 23,332,440 | 8. TOTAL RESOURCES, EXCEPT TAXES TO BE LEVIED | 19,430,168 | 19,430,168 | 19,430,168 | 8 |
| 9 | | | | 9. TAXES NECESSARY TO BALANCE | | | | 9 |
| 10 | | | | 10. TAXES COLLECTED IN YEAR LEVIED | | | | 10 |
| | 1,845,234 | 10,617,225 | 23,332,440 | TOTAL RESOURCES | 19,430,168 | 19,430,168 | 19,430,168 | |
| REQUIREMENTS | | | | | | | | |
| BOND PRINCIPAL PAYMENTS | | | | | | | | |
| | | | | ISSUE DATE | BUDGETED PAYMENT DATE | | | |
| 1 | 106,208 | 106,208 | 106,208 | 1. STATE LOAN R06224 | 09/01/22, 03/01/23 | 106,208 | 106,208 | 106,208 |
| 2 | | | 1,547,214 | 2. STATE LOAN R95030 | 09/01/22, 03/01/23 | 1,547,214 | 1,547,214 | 1,547,214 |
| 3 | | | 4,125,000 | 3. 2016 | 12/01/22 | 4,345,000 | 4,345,000 | 4,345,000 |
| 4 | | | 2,065,000 | 4. 2021 | 06/01/23 | 2,170,000 | 2,170,000 | 2,170,000 |
| 5 | 106,208 | 106,208 | 7,843,422 | 5. TOTAL PRINCIPAL | | 8,168,422 | 8,168,422 | 8,168,422 |
| BOND INTEREST PAYMENTS | | | | | | | | |
| | | | | ISSUE DATE | BUDGETED PAYMENT DATE | | | |
| 1 | 6,904 | 6,373 | 5,842 | 1. STATE LOAN R06224 | 03/01/23 | 5,310 | 5,310 | 5,310 |
| 2 | 0 | 500,000 | 1,068,566 | 2. STATE LOAN R95030 | 09/01/22, 03/01/23 | 1,168,566 | 1,168,566 | 1,168,566 |
| 3 | | | 2,635,757 | 3. 2016 | 12/01/22, 06/01/23 | 2,424,007 | 2,424,007 | 2,424,007 |
| 4 | | | 1,614,000 | 4. 2021 | 12/01/22, 06/01/23 | 1,510,750 | 1,510,750 | 1,510,750 |
| 5 | 6,904 | 506,373 | 5,324,165 | 5. TOTAL INTEREST | | 5,108,633 | 5,108,633 | 5,108,633 |
| SPECIAL PAYMENTS | | | | | | | | |
| 1 | | | | 1. | | | | 1 |
| 2 | 0 | 0 | 0 | 2. TOTAL SPECIAL PAYMENTS | | 0 | 0 | 0 |
| TRANSFERRED TO OTHER FUNDS | | | | | | | | |
| 1 | | | | 1. TO REVENUE BOND FUND | | | | 1 |
| 2 | 0 | 0 | 0 | 2. TOTAL TRANSFERS | | 0 | 0 | 0 |
| UNAPPROPRIATED BALANCE FOR FOLLOWING BY YEAR | | | | | | | | |
| | | | | ISSUE DATE | PAYMENT DATE | | | |
| 1 | 53,104 | 53,104 | 53,104 | 1. RESERVE REQUIREMENT | R06224 | 53,104 | 53,104 | 53,104 |
| 2 | | | 0 | 2. RESERVE REQUIREMENT | R95030 | | | |
| 3 | | 8,801,286 | 8,801,826 | 3. RESERVE REQUIREMENT | 2021 | 4,412,860 | 4,412,860 | 4,412,860 |
| 4 | | | | 4. | | | | 4 |
| 5 | 1,679,018 | 1,150,254 | 1,309,923 | 5. TOTAL UAPPROPRIATED ENDING FUND BALANCE | | 1,687,149 | 1,687,149 | 1,687,149 |
| | 1,845,234 | 10,617,225 | 23,332,440 | TOTAL REQUIREMENTS | | 19,430,168 | 19,430,168 | 19,430,168 |

BONDED DEBT
RESOURCES AND REQUIREMENTS

BONDED DEBT PAYMENTS ARE FOR:
REVENUE BONDS

DEBT SERVICE - REVENUE BONDS
FUND

WATER ENVIRONMENT SERVICES
(NAME OF MUNICIPAL CORPORATION)

| | HISTORICAL DATA | | | DESCRIPTION OF RESOURCES AND REQUIREMENTS | BUDGET FOR NEXT YEAR 2022-2023 | | |
|--|-------------------------------|------------------------------|--|--|--------------------------------|---------------------------------|------------------------------|
| | ACTUAL | | ADOPTED BUDGET THIS YEAR 2021-2022 | | PROPOSED BY BUDGET OFFICER | APPROVED BY BUDGET COMMITTEE | ADOPTED BY GOVERNING BODY |
| | SECOND PRECEDING 2019-2020 | FIRST PRECEDING 2020-2021 | | | | | |
| RESOURCES | | | | | | | |
| | | | | BEGINNING FUND BALANCE: | | | |
| 1 | | | | 1. CASH ON HAND*(CASH BASIS), OR | | | 1 |
| 2 | 0 | | | 2. WORKING CAPITAL (ACCRUAL BASIS) | | | 2 |
| 3 | | | | 3. PREVIOUSLY LEVIED TAXES ESTIMATED TO BE RECVD | | | 3 |
| 4 | 5,612 | 2,887 | | 4. EARNINGS FROM TEMPORARY INVESTMENTS | | | 4 |
| 5 | 6,795,406 | 6,782,993 | | 5. TRANSFERRED FROM OTHER FUNDS | | | 5 |
| 6 | 376,007 | 397,460 | | 6. CONTRIBUTION FROM CCSD NO. 1 | | | 6 |
| 7 | | | | 7. PRINCIPAL COLLECTIONS | | | 7 |
| 8 | 15,841 | 19,600 | | 8. INTEREST COLLECTIONS | | | 8 |
| 9 | 7,192,866 | 7,202,940 | 0 | 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 |
| | 7,192,866 | 7,202,940 | 0 | TOTAL RESOURCES | 0 | 0 | 0 |
| REQUIREMENTS | | | | | | | |
| BOND PRINCIPAL PAYMENTS | | | | | | | |
| | | | | ISSUE DATE | BUDGETED PAYMENT DATE | | |
| 1 | 0 | 0 | | 1. 2009A 03/04/09 | | | 1 |
| 2 | 1,470,000 | | | 2. 2009B 11/24/09 | | | 2 |
| 3 | 820,000 | 840,000 | | 3. 2010 12/22/10 | | | 3 |
| 4 | 1,495,000 | 3,095,000 | | 4. 2016 08/30/16 | | | 4 |
| 5 | | | | 5. 2021 | | | 5 |
| 6 | 3,785,000 | 3,935,000 | 0 | 6. TOTAL PRINCIPAL | 0 | 0 | 0 6 |
| BOND INTEREST PAYMENTS | | | | | | | |
| | | | | ISSUE DATE | BUDGETED PAYMENT DATE | | |
| 1 | | | | 1. 2009A 03/04/09 | | | 1 |
| 2 | 29,400 | 0 | | 2. 2009B 11/24/09 | | | 2 |
| 3 | 50,000 | 16,800 | | 3. 2010 12/22/10 | | | 3 |
| 4 | 2,931,006 | 2,816,256 | | 4. 2016 08/30/16 | | | 4 |
| 5 | | 434,884 | | 5. 2021 | | | 5 |
| 6 | 3,010,406 | 3,267,940 | 0 | 6. TOTAL INTEREST | 0 | 0 | 0 6 |
| SPECIAL PAYMENTS | | | | | | | |
| 1 | | | | 1. | | | 1 |
| 2 | 0 | 0 | 0 | 2. TOTAL SPECIAL PAYMENTS | 0 | 0 | 0 2 |
| UNAPPROPRIATED BALANCE FOR FOLLOWING BY YEAR | | | | | | | |
| | | | | | | | |
| 1 | | | | 1. | | | 1 |
| 2 | | | | 2. | | | 2 |
| 3 | | | | 3. | | | 3 |
| 4 | | | | 4. | | | 4 |
| 5 | | | | 5. | | | 5 |
| 6 | 397,460 | 0 | | 6. UNAPPROPRIATED ENDING FUND BALANCE | | | 6 |
| | 7,192,866 | 7,202,940 | 0 | TOTAL REQUIREMENTS | 0 | 0 | 0 |

Debt



*Riverhealth Stewardship Program grantee
Friends of Trees leading a tree planting*

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 former 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, 2022, WES' long term indebtedness consists of the following:

| Issue Date | Date of Maturity | Amount Issued | Interest Rate | June 30, 2022 | FY 2022-23 Debt Service | | |
|-------------------------------|------------------|---------------|---------------|-----------------------|-------------------------|---------------------|---------------------|
| | | | | Principal Outstanding | Principal | Interest | |
| Revenue Bonds | | | | | | | |
| 2016 Ref. | 08/30/2016 | 12/01/2035 | \$ 83,250,000 | 2.20% | \$ 72,955,000 | \$ 4,345,000 | \$ 2,424,007 |
| 2021 | 02/24/2021 | 06/01/2035 | 40,000,000 | 0.84% | 37,935,000 | 2,170,000 | 1,510,750 |
| Revenue Bonds Subtotal | | | | | 110,890,000 | 6,515,000 | 3,934,757 |
| State Loans | | | | | | | |
| R06224 | 10/26/2009 | 09/01/2032 | 4,142,142 | 0% | 1,115,199 | 106,208 | 5,310 |
| R95030 ¹ | 01/09/2019 | - | - | 2.14% | 37,000,000 | 1,547,214 | 1,168,566 |
| R95031 ¹ | 09/24/2020 | - | - | 1.38% | 450,000 | - | - |
| State Loans Subtotal | | | | | 38,565,199 | 1,653,422 | 1,173,876 |
| Total Outstanding Debt | | | | | \$ 149,455,199 | \$ 8,168,422 | \$ 5,108,633 |

¹ R95030 and R95031 amounts included in the table above are *estimates only*, based on anticipated disbursements.

In August 2016, Revenue Bond 2016, totaling \$83.25 million 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 R95030 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, 2022 Principal Outstanding amount for this loan is an estimate based on expected disbursements received through the end of FY 2021-22 of \$37 million. WES has budgeted for the first two principal and interest payments as the project will be complete by the end of FY 2021-22. 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 114 assumes the full \$37 million is borrowed, that the first two payments are due during FY 2022-23, and that prepayments were made for accrued interest on disbursements received during the project's duration. The final interest rate on this loan is expected to be reduced as outlined in the following paragraph.

DEBT SERVICE REQUIREMENTS - Continued

In September 2020, WES entered into a Loan Agreement with DEQ for an SRF Loan R95031 in the amount of \$1.45 million at 1.38% interest for a 20 year term. The purpose of this loan is to provide financing for the design phase of the 3-Creeks project. The loan was issued under the DEQ's sponsorship option program which allowed WES to pair the financing for the Tri-City Solids Handling Improvement project with the 3-Creeks project to obtain a reduced interest rate on both borrowings. The interest savings on the larger \$37 million Tri-City loan under this program is expected to entirely offset the \$1.45 million 3-Creeks design loan. In the table on the preceding page, the June 30, 2022 Principal Outstanding amount for this loan is an estimate based on expected disbursements received through the end of FY 2021-22 of \$450,000. WES has budgeted to receive the remaining \$1.0 million of loan proceeds during FY 2022-23.

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 will fund a portion of budgeted debt payments to realize the 0.84% rate and reduce transfers from the Sewer Operating Fund. For FY 2022-23, approximately \$4.4 million of the premium will be used for debt service payments, reducing the original premium balance down to \$4.4 million. The remaining balance has been budgeted as a reserve in the Debt Service Fund for FY 2022-23 and will be used for debt service payments in future years.

WES does not anticipate issuing any new debt in FY 2022-23.

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, 2021 is \$32,516,895,606 which calculates to a legal debt limit of approximately \$4.227 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

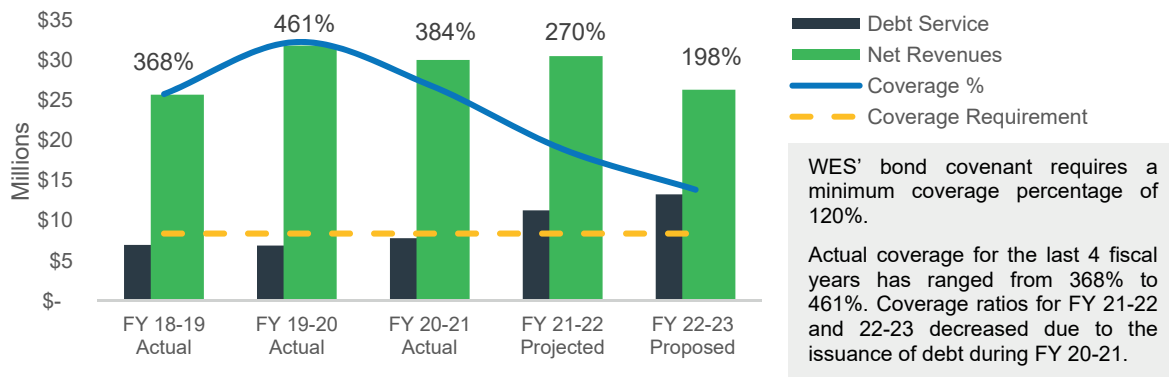
Rate Zone 2 sanitary sewer rates include a legacy debt service component for the debt incurred before WES was formed. This component is calculated for each budget year based on the total legacy debt service for the coming fiscal year and the projected number of EDUs in Rate Zone 2. For FY 2022-23, the legacy debt service component of Rate Zone 2's rate is \$11.40 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 Improvement project will be calculated at the end of the current fiscal year, when the project is complete and the final debt service schedule 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 (operating revenues less operating expenses) 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 on the following page shows WES' bond coverage for the last four fiscal years and the projected coverage for FYs 2021-22 and 2022-23.

Bond Debt Service Coverage



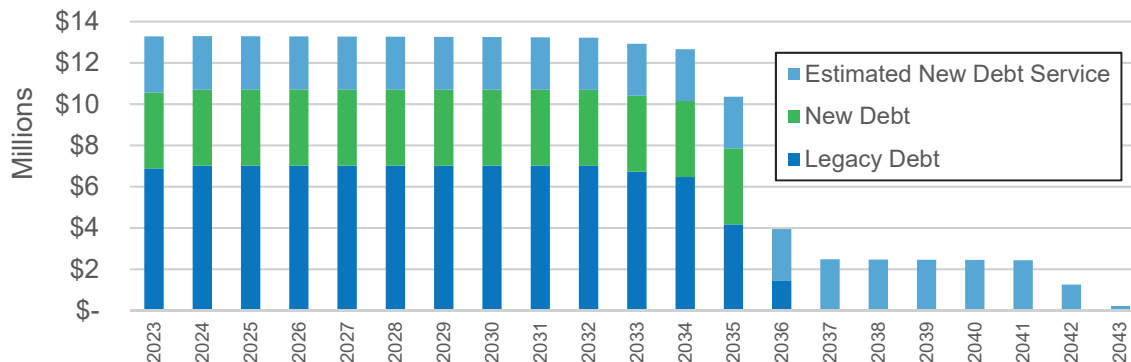
Source: WES Financial Records

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 Borrowings | Total Estimated Annual Debt Service |
|---------------|---|---|---|-------------------------------------|
| 2023 | \$ 6,880,525 | \$ 3,680,750 | \$ 2,715,780 | \$ 13,277,055 |
| 2024 | 7,013,743 | 3,682,250 | 2,600,360 | 13,296,353 |
| 2025 | 7,011,962 | 3,683,250 | 2,592,131 | 13,287,343 |
| 2026 | 7,012,806 | 3,683,500 | 2,583,728 | 13,280,034 |
| 2027 | 7,015,525 | 3,682,750 | 2,575,146 | 13,273,421 |
| 2028 | 7,013,844 | 3,680,750 | 2,566,382 | 13,260,976 |
| 2029 | 7,015,038 | 3,682,250 | 2,557,432 | 13,254,720 |
| 2030 | 7,014,882 | 3,681,750 | 2,548,293 | 13,244,925 |
| 2031 | 7,012,726 | 3,684,000 | 2,538,959 | 13,235,685 |
| 2032 | 7,006,092 | 3,683,500 | 2,529,428 | 13,219,020 |
| 2033 | 6,718,194 | 3,682,400 | 2,519,693 | 12,920,287 |
| 2034-2038 | 12,098,213 | 7,365,200 | 12,445,070 | 31,908,483 |
| 2039-2043 | | | 8,635,908 | 8,635,908 |
| Totals | \$ 88,813,550 | \$ 47,872,350 | \$ 49,408,310 | \$ 186,094,210 |

Existing and Estimated Debt Service by Fiscal Year, FY 2023 through FY 2043



Capital



A new 600-kW lean-burn engine connects to the digester and converts the methane gas into heat and electricity — enough to power nearly half of the Tri-City facility and produce heat for five buildings.

At the time of budget publication, the FY 2023 - 2027 Capital Improvement Plan (CIP) is in active development. The 5 year projections included in this section reflect the draft CIP.

The FY 2023 - 2027 CIP is being developed to hold the capital funding amount to a target of \$33.3 million per year average to ensure rate increases of 5% for WES' sanitary sewer treatment and collection services. The list of projects required for planned capacity and condition needs exceeds the available funding in the five-year span, and as such, staff maintains a list of projects that are not included for funding as 'non-funded projects' for consideration in subsequent years.

The Department's overall budget for FY 2022-23 is comprised of the Operating Budget and the Capital Budget. The FY 2022-23 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:

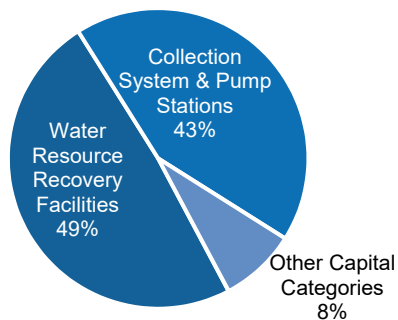
- Health and Safety
- Synergies with other projects
- Optimization
- Regulatory Compliance
- Capacity
- Reliability/Risk Reduction

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 2022-23 CAPITAL BUDGET

FY2022-23 Sanitary Sewer Capital Budget by Major Function



The FY 2022-23 Sanitary Sewer Capital Budget is approximately \$29.3 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 2022-23 by funding source.

For additional capital project information and WES' currently adopted CIP, please refer to WES' website: <https://www.clackamas.us/wes/capprojects.html>

| Project Category | FY 2022-23 Sanitary Sewer Capital Budget | | |
|-----------------------|--|-------------------------|----------------------------------|
| | Sanitary Sewer Construction Fund | Sanitary Sewer SDC Fund | Total Proposed FY 2022-23 Budget |
| Tri-City WRRF | \$ 9,100,000 | \$ - | \$ 9,100,000 |
| Kellogg Creek WRRF | 4,400,000 | - | 4,400,000 |
| Hoodland WRRF | - | - | - |
| Boring WRRF | - | - | - |
| Fischer's Forest Park | 800,000 | - | 800,000 |
| Collection System | 12,350,772 | 206,000 | 12,556,772 |
| Fleet | 700,000 | - | 700,000 |
| Asset Management | 800,000 | - | 800,000 |
| Pump Stations | 50,000 | - | 50,000 |
| Water Quality Lab | 773,000 | - | 773,000 |
| Development Review | 100,000 | - | 100,000 |
| Total | \$ 29,073,772 | \$ 206,000 | \$ 29,279,772 |

FY 2022-23's capital budget anticipates SDC-eligible project expenses of approximately \$7.7 million. The financing for the majority of those SDC-eligible projects will be through the Series 2021 Sewer Revenue Obligations so that project expenses 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 as debt payments are due. The itemized project summaries in the proceeding section note the SDC-eligible project expenditures.

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 | | | |
| Energy Savings | | \$ 262,000 | |
| Labor | | | |

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. The remaining projects in the five year CIP address deficiencies in condition at the treatment facilities and condition and capacity in the conveyance system and do not have a measureable impact on operation and maintenance costs.

For additional capital project information and WES' currently adopted CIP, please refer to WES' website: <https://www.clackamas.us/wes/caprojects.html>

FY 2022-23 PROJECT SUMMARIES

Of the \$29.3 million in the FY 2022-23 Sanitary Sewer Capital Budget, \$28.1 million is expected to be spent on the following projects:

| PROJECT | FY 2022 -23 BUDGET |
|---------|--------------------|
|---------|--------------------|

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 when the existing outfall, combined with the new outfall will provide the needed buildout capacity. Note that projected flows and sizing of the outfall assume I/I reduction per the CSMP. The project is expected to be complete in FY 25. Total capital project cost is estimated at \$52.7M.

Sanitary Sewer Project Category: Tri-City WRRF

| Funding Sources | Amount |
|-----------------------------|---------------------|
| Sanitary Sewer Construction | \$ 6,500,000 |
| Sanitary Sewer SDC | \$ - |
| 2022-23 Budget | \$ 6,500,000 |

Note: \$1,430,000 of FY 2022-23 costs are SDC-eligible. This project will initially be funded from the Sanitary Sewer Construction Fund with the proceeds of the Series 2021 debt issuance. The SDC-eligible portion of the debt service for this project will be transferred from the SDC fund as debt payments are due.

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 and will address safety and reliability concerns. 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 capital cost is estimated at \$10M.

Sanitary Sewer Project Category: Collection System

| Funding Sources | Amount |
|-----------------------------|---------------------|
| Sanitary Sewer Construction | \$ 3,500,000 |
| Sanitary Sewer SDC | \$ - |
| 2022-23 Budget | \$ 3,500,000 |

Regional I/I Cost Share

The WES CIP is based on 65% reduction in I/I in 19 key basins. To help achieve this reduction, WES joined in IGAs with five partner cities which provides for WES funding 33% of their approved projects. Three projects have been approved for FY 22-23.

Sanitary Sewer Project Category: Collection System

| Funding Sources | Amount |
|-----------------------------|---------------------|
| Sanitary Sewer Construction | \$ 2,906,772 |
| Sanitary Sewer SDC | \$ - |
| 2022-23 Budget | \$ 2,906,772 |

Note: \$2,906,772 of FY 2022-23 costs are SDC-eligible. This project will initially be funded from the Sanitary Sewer Construction Fund with the proceeds of the Series 2021 debt issuance. The SDC-eligible portion of the debt service for this project will be transferred from the SDC fund as debt payments are due.

Kellogg Creek WRRF Secondary Clarifier 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. Even weirs will improve treatment performance by providing even flow split between clarifiers. This is particularly important during high flow events. Minor work was completed in FY 21/22. FY 22/23 cost is estimated at \$1.6M.

Sanitary Sewer Project Category: KC WRRF

| Funding Sources | Amount |
|-----------------------------|---------------------|
| Sanitary Sewer Construction | \$ 1,600,000 |
| Sanitary Sewer SDC | \$ - |
| 2022-23 Budget | \$ 1,600,000 |

For additional capital project information and WES' currently adopted CIP, please refer to WES' website: <https://www.clackamas.us/wes/caprojectsl.html>

Kellogg Creek WRRF Aeration Basin Improvements

This project will replace aging instrumentation and valving in the aeration system to allow reliable control of the recently installed blowers and improve process efficiency. The project will also replace and automate gates to allow the basins to more easily be used in step feed and contact stabilization modes to improve performance in wet weather. The project is scheduled to be completed in Summer 2024.

Kellogg Creek WRRF IPS Pumps 2 and 4

The Kellogg WRRF Improvements Project replaced Pumps 1 and 3. Construction for replacement of Pumps 2 and 4 is scheduled for FY 2022-23 with a total project cost of \$1.5M.

Clackamas Interceptor Capacity Improvements

The Clackamas Interceptor has been shown 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. Total capital program cost is estimated at \$38.9M.

Willamette Pump Station and Force Main

The Collection System Master Plan identified the Willamette Pump Station and West Linn Interceptor to be lacking in capacity to serve the current service area. This project includes the design and construction of a pump station expansion and construction of a force main from the pump station to the I205 bridge. Total program capital cost is estimated at \$27M with \$10M spent in FY 21/22 for the force main segment on the I205 bridge.

Tri-City WRRF Influent Pump Station (IPS) Expansion

The TC WRRF IPS is in need of replacement of pump drives and piping due to poor condition. The Willamette Facilities Plan identified the need to expand the IPS capacity in the near future. This project will address capacity and condition needs. Estimated total capital project cost is \$4.5M.

Sanitary Sewer Project Category: KC WRRF

| Funding Sources | Amount |
|-----------------------------|---------------------|
| Sanitary Sewer Construction | \$ 1,500,000 |
| Sanitary Sewer SDC | \$ - |
| 2022-23 Budget | \$ 1,500,000 |

Sanitary Sewer Project Category: KC WRRF

| Funding Sources | Amount |
|-----------------------------|---------------------|
| Sanitary Sewer Construction | \$ 1,300,000 |
| Sanitary Sewer SDC | \$ - |
| 2022-23 Budget | \$ 1,300,000 |

Sanitary Sewer Project Category: Collection System

| Funding Sources | Amount |
|-----------------------------|---------------------|
| Sanitary Sewer Construction | \$ 1,300,000 |
| Sanitary Sewer SDC | \$ - |
| 2022-23 Budget | \$ 1,300,000 |

Note: \$650,000 of FY 2022-23 costs are SDC-eligible. This project will initially be funded from the Sanitary Sewer Construction Fund with the proceeds of the Series 2021 debt issuance. The SDC-eligible portion of the debt service for this project will be transferred from the SDC fund as debt payments are due.

Sanitary Sewer Project Category: Collection System

| Funding Sources | Amount |
|-----------------------------|---------------------|
| Sanitary Sewer Construction | \$ 1,000,000 |
| Sanitary Sewer SDC | \$ - |
| 2022-23 Budget | \$ 1,000,000 |

Note: \$500,000 of FY 2022-23 costs are SDC-eligible. This project will initially be funded from the Sanitary Sewer Construction Fund with the proceeds of the Series 2021 debt issuance. The SDC-eligible portion of the debt service for this project will be transferred from the SDC fund as debt payments are due.

Sanitary Sewer Project Category: Tri-City WRRF

| Funding Sources | Amount |
|-----------------------------|-------------------|
| Sanitary Sewer Construction | \$ 900,000 |
| Sanitary Sewer SDC | \$ - |
| 2022-23 Budget | \$ 900,000 |

Note: \$450,000 of FY 2022-23 costs are SDC-eligible. This project will initially be funded from the Sanitary Sewer Construction Fund with the proceeds of the Series 2021 debt issuance. The SDC-eligible portion of the debt service for this project will be transferred from the SDC fund as debt payments are due.

For additional capital project information and WES' currently adopted CIP, please refer to WES' website: <https://www.clackamas.us/wes/caprojects.html>

Fischer's 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 treatment and collection 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 | \$ - |
| 2022-23 Budget | \$ 800,000 |

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 beyond 2027. Estimated capital cost for the initial expansion is \$10.5M.

Sanitary Sewer Project Category: Collection System

| Funding Sources | Amount |
|-----------------------------|-------------------|
| Sanitary Sewer Construction | \$ 608,000 |
| Sanitary Sewer SDC | \$ 192,000 |
| 2022-23 Budget | \$ 800,000 |

Relocate Maintenance Building

The Tri-City Administration Building is in need of a remodel to address generally outdated and deteriorated spaces and create workspaces for current and future staff. Currently, the building houses a garage for several large trucks that require overnight freeze protection. Relocating the garage is relatively lower cost than constructing new admin space and will allow the admin space to be more effectively used. Total project capital cost is estimated at \$1.2M. Cost shown does not include property.

Sanitary Sewer Project Category: Tri-City WRRF

| Funding Sources | Amount |
|-----------------------------|-------------------|
| Sanitary Sewer Construction | \$ 600,000 |
| Sanitary Sewer SDC | \$ - |
| 2022-23 Budget | \$ 600,000 |

Tri-City Admin Remodel

The Tri-City Administration Building is in need of a remodel to address generally outdated and deteriorated spaces and create workspaces for current and future staff. Conceptual design has been completed. Total project capital cost is estimated at \$4.3M.

Sanitary Sewer Project Category: Tri-City WRRF

| Funding Sources | Amount |
|-----------------------------|-------------------|
| Sanitary Sewer Construction | \$ 600,000 |
| Sanitary Sewer SDC | \$ - |
| 2022-23 Budget | \$ 600,000 |

Tri-City Lab Remodel

The Tri-City Water Quality Lab Building is in need of a remodel to address generally outdated and deteriorated spaces, replace the roof and HVAC System and provide emergency power. Conceptual design has been completed. Total project capital cost is estimated at \$1.5M.

Sanitary Sewer Project Category: Tri-City WRRF

| Funding Sources | Amount |
|-----------------------------|-------------------|
| Sanitary Sewer Construction | \$ 500,000 |
| Sanitary Sewer SDC | \$ - |
| 2022-23 Budget | \$ 500,000 |

For additional capital project information and WES' currently adopted CIP, please refer to WES' website: <https://www.clackamas.us/wes/capprojects.html>

Landfill Grading and Fill Removal

Tri-City Facility has a portion of its site that contains an abandoned landfill. During a previous project excess fill was stockpiled on the landfill. The fill will be removed and the site will be graded and smoothed for ease of maintenance and for future expansion at the facility. This project includes grubbing the site, and the removal of approximately 35,000 cubic yards of excess fill dirt and grading the site.

Mt. Scott Interceptor

The Mt Scott Interceptor work is part of the Clackamas Interceptor Program. The Mt Scott Interceptor has been shown to be lacking in capacity to serve the current and future service areas. A conceptual design has been completed. Improvements will be designed together with the Clackamas Interceptor. The estimated capital cost of the Mt Scott portion of the Clackamas Program is estimated at \$3.5M.

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. In FY 22/23, this work will address rehab of pipes and manholes in the Mt. Talbert Basin, identified in the CSMP as one of the 19 key basins for I/I reduction.

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.

Sanitary Sewer Project Category: Tri-City WRRF

| Funding Sources | Amount |
|-----------------------------|-------------------|
| Sanitary Sewer Construction | \$ 400,000 |
| Sanitary Sewer SDC | \$ - |
| 2022-23 Budget | \$ 400,000 |

Note: \$400,000 of FY 2022-23 costs are SDC-eligible. This project will initially be funded from the Sanitary Sewer Construction Fund with the proceeds of the Series 2021 debt issuance. The SDC-eligible portion of the debt service for this project will be transferred from the SDC fund as debt payments are due.

Sanitary Sewer Project Category: Collection System

| Funding Sources | Amount |
|-----------------------------|-------------------|
| Sanitary Sewer Construction | \$ 350,000 |
| Sanitary Sewer SDC | \$ - |
| 2022-23 Budget | \$ 350,000 |

Note: \$175,000 of FY 2022-23 costs are SDC-eligible. This project will initially be funded from the Sanitary Sewer Construction Fund with the proceeds of the Series 2021 debt issuance. The SDC-eligible portion of the debt service for this project will be transferred from the SDC fund as debt payments are due.

Sanitary Sewer Project Category: Collection System

| Funding Sources | Amount |
|-----------------------------|---------------------|
| Sanitary Sewer Construction | \$ 2,000,000 |
| Sanitary Sewer SDC | \$ - |
| 2022-23 Budget | \$ 2,000,000 |

Note: \$1,000,000 of FY 2022-23 costs are SDC-eligible. This project will initially be funded from the Sanitary Sewer Construction Fund with the proceeds of the Series 2021 debt issuance. The SDC-eligible portion of the debt service for this project will be transferred from the SDC fund as debt payments are due.

Sanitary Sewer Project Category: Asset Management

| Funding Sources | Amount |
|-----------------------------|-------------------|
| Sanitary Sewer Construction | \$ 800,000 |
| Sanitary Sewer SDC | \$ - |
| 2022-23 Budget | \$ 800,000 |

For additional capital project information and WES' currently adopted CIP, please refer to WES' website: <https://www.clackamas.us/wes/capprojects.html>

Fleet

This project pool funds the replacement of aging equipment and fleet used in administrative functions, environmental monitoring and field operations and maintenance. Several of the purchases are carryovers from the prior budget cycle due to manufacturing delays still attributed to the COVID-19 pandemic. Fiscal year 2022-2023 is highlighted by the purchase of a new vehicle for environmental sampling and compliance inspections and a new vactor truck for storm water and sanitary sewer system maintenance. We continue to work toward a greener fleet to achieve the county's climate action goals.

Sanitary Sewer Project Category: Fleet

| Funding Sources | Amount |
|-----------------------------|-------------------|
| Sanitary Sewer Construction | \$ 700,000 |
| Sanitary Sewer SDC | \$ - |
| 2022-23 Budget | \$ 700,000 |

For additional capital project information and WES' currently adopted CIP, please refer to WES' website:
<https://www.clackamas.us/wes/caprojects.html>



SURFACE WATER FY 2022-23 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 natural areas by providing multiple uses including water quality and habitat, as well as 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 2022-23 by funding source.

| Project Category | FY 2022-23 Surface Water Capital Budget | | |
|--|---|------------------------|----------------------------------|
| | Surface Water Construction Fund | Surface Water SDC Fund | Total Proposed FY 2022-23 Budget |
| 3-Creeks Water Quality Project | \$ 250,000 | \$ - | \$ 250,000 |
| Carli Creek Enhancement and Water Quality Project | 40,000 | - | 40,000 |
| Small Projects (Drainage System Modifications) | 500,000 | - | 500,000 |
| Detention Pond Repair / Rehab | 100,000 | - | 100,000 |
| Small Storm System Emergency Repairs | 100,000 | - | 100,000 |
| Total | \$ 990,000 | \$ - | \$ 990,000 |

FY 2022-23 PROJECT SUMMARIES

The FY 2022-23 Surface Water Capital Budget includes the following projects:

| PROJECT | FY 2022 -23 BUDGET | |
|--|--------------------------------|-----------------------|
| 3-Creeks Water Quality Project | Funding Sources | Amount |
| <p>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 2022-23 work includes preliminary design, permitting, community involvement, and starting final design.</p> | Surface Water Construction | \$ 250,000 |
| | Surface Water SDC | \$ - |
| | 2022-23 Budget | \$ 250,000 |
| | Operating Budget Impact | |
| | Annual Cost | Type of Impact |
| | - | No significant impact |

For additional capital project information and WES' currently adopted CIP, please refer to WES' website: <https://www.clackamas.us/wes/capprojects.html>

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 | \$ 500,000 |
| Surface Water SDC | \$ - |
| 2022-23 Budget | \$ 500,000 |

Operating Budget Impact

| Annual Cost | Type of Impact |
|-------------|-----------------------|
| - | No significant impact |

Detention Pond Repair / Rehab

WES is planning to remove silt and vegetation from several 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 | \$ - |
| 2022-23 Budget | \$ 100,000 |

Operating Budget Impact

| Annual Cost | Type of Impact |
|-------------|-----------------------|
| - | No significant impact |

Small Storm System Emergency Repairs

Repair of storm infrastructure such as pipes, manholes or catch basins that break and need immediate repair.

| Funding Sources | Amount |
|----------------------------|-------------------|
| Surface Water Construction | \$ 100,000 |
| Surface Water SDC | \$ - |
| 2022-23 Budget | \$ 100,000 |

Operating Budget Impact

| Annual Cost | Type of Impact |
|-------------|-----------------------|
| - | No significant impact |

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/submitted reports as per permit protocols.

| Funding Sources | Amount |
|----------------------------|------------------|
| Surface Water Construction | \$ 40,000 |
| Surface Water SDC | \$ - |
| 2022-23 Budget | \$ 40,000 |

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 |

SANITARY SEWER CAPITAL PROJECT LIST

| LOCATION/ FUNCTION | PROJECT DESCRIPTION | FY 2021-22 | FY 2021-22 | BUDGETED | BASED ON FY 2022-23 - 2026-27 Draft CIP | | | |
|---|--|------------------|------------------|----------------------|---|-------------------------|-------------------------|-------------------------|
| | | Budget | Estimate | FY 2022-23 Budget | FY 2023-24 Projected | FY 2024-25 Projected | FY 2025-26 Projected | FY 2026-27 Projected |
| Tri-City Water Resource Recovery Facility | | | | | | | | |
| | Wet Weather Outfall | \$ 1,500,000 | \$ 840,000 | \$ 6,500,000 | \$ 15,000,000 | \$ 19,800,000 | \$ 11,400,000 | |
| | Influent Pump Station (IPS) Expansion | | | 900,000 | 1,800,000 | 1,800,000 | | |
| | Administration Building Remodel | | 26,166 | 600,000 | 3,500,000 | 200,000 | | |
| | Relocate Maintenance Building | | | 600,000 | 600,000 | | | |
| | Landfill Grading and Fill Removal | | 600,000 | 400,000 | | | | |
| | Chlorine Contact Basins - Recoat and Gates | | | 100,000 | | | | 540,000 |
| | Recoat PCs and mechanical | 300,000 | 40,000 | | 2,000,000 | 2,000,000 | 2,000,000 | |
| | Wet Weather Expansion | | | | | | | 4,872,500 |
| | Landfill Mitigation | | 112,854 | | | | 500,000 | 3,500,000 |
| | Aeration Basin Improvements | | | | | | 500,000 | 600,000 |
| | Influent Pump Station Expansion | | | | 680,000 | | | |
| | Liquids Expansion | 700,000 | | | | | | |
| | Solids Handling Improvement Project | 500,000 | 4,723,000 | | | | | |
| | Influent Pump Station Variable Frequency Drives (IPS VFDs) | 500,000 | 1,764 | | | | | |
| | IPS Discharge Piping Repair | 100,000 | 1,388 | | | | | |
| | SCADA Software | 100,000 | 40,000 | | | | | |
| | Primary Sludge Piping Standpipe | | 60,000 | | | | | |
| | Hypochlorite Disinfection System | | 3,594 | | | | | |
| | TOTAL | 3,700,000 | 6,448,766 | 9,100,000 | 23,580,000 | 23,800,000 | 14,400,000 | 9,512,500 |
| Kellogg Creek Water Resource Recovery Facility | | | | | | | | |
| | Secondary Clarifier - Mechanisms and Weirs ¹ | 700,000 | 130,000 | 1,600,000 | | | | |
| | Aeration Basin Improvements | 2,250,000 | 220,000 | 1,500,000 | | | | |
| | Influent Pump Station - Pumps 2 and 4 | 1,300,000 | 200,000 | 1,300,000 | | | | |
| | UV Replacement | | | | | 561,000 | 1,122,000 | 1,122,000 |
| | Primary Clarifier Floor | 400,000 | | | | | 400,000 | 800,000 |
| | Primary Clarifier 2 and Primary Sludge Pump Station | | | | | | | 260,000 |
| | Headworks/Grit Loading Improvements | | | | | | | 250,000 |
| | Misc Building Improvements | | | | | 190,000 | | |
| | Influent Pump Station Repair | | 20,000 | | | | | |
| | Administration Building Remodel | 400,000 | 23,270 | | | | | |
| | Kellogg Improvements | | 1,416,408 | | | | | |
| | TOTAL | 5,050,000 | 2,009,678 | 4,400,000 | - | 751,000 | 1,522,000 | 2,432,000 |
| Hoodland Water Resource Recovery Facility | | | | | | | | |
| | Upgrades | | | | | | | |
| | TOTAL | - | - | - | - | - | - | - |
| Boring Water Resource Recovery Facility | | | | | | | | |
| | Upgrades | 4,600,000 | 180,000 | | | | | |
| | TOTAL | 4,600,000 | 180,000 | - | - | - | - | - |
| Fischer Forest Park (FFP) | | | | | | | | |
| | Renovation Project | 800,000 | 100,000 | 800,000 | | | | |
| | TOTAL | 800,000 | 100,000 | 800,000 | - | - | - | - |

SANITARY SEWER CAPITAL PROJECT LIST

| LOCATION/ FUNCTION | PROJECT DESCRIPTION | FY 2021-22 | FY 2021-22 | BUDGETED | BASED ON FY 2022-23 - 2026-27 Draft CIP | | | |
|--|--|----------------------|----------------------|----------------------|---|-------------------------|-------------------------|-------------------------|
| | | Budget | Estimate | FY 2022-23 Budget | FY 2023-24 Projected | FY 2024-25 Projected | FY 2025-26 Projected | FY 2026-27 Projected |
| Collection System | | | | | | | | |
| | Multi Pump Station Upgrades | 2,000,000 | 500,000 | 3,500,000 | 1,500,000 | | | 1,500,000 |
| | Regional Inflow & Infiltration Cost Share | - | 789,888 | 2,906,772 | 3,529,350 | 3,974,850 | 3,762,000 | 2,310,000 |
| | Pipe and Manhole Rehabilitation and Replacement | 1,000,000 | 580,600 | 2,000,000 | 1,000,000 | 1,000,000 | | 1,000,000 |
| | Middle Clackamas Interceptor | | | 1,300,000 | 1,200,000 | 3,400,000 | 3,400,000 | 3,400,000 |
| | Willamette Pump Station and Force Main | | 600,000 | 1,000,000 | 2,000,000 | 5,000,000 | 5,000,000 | 4,200,000 |
| | Intertie 2 Pump Station and 30 Inch Force Main | 1,000,000 | 150,000 | 800,000 | 1,200,000 | 1,800,000 | 4,500,000 | 2,000,000 |
| | Mt Scott Interceptor | | | 350,000 | 350,000 | 1,000,000 | 1,000,000 | 800,000 |
| | Bolton Force Main Evaluation and Replacement | 500,000 | | 300,000 | | | | |
| | Sieben Lane/Rose Creek | 200,000 | 5,000 | 200,000 | | | | |
| | Hoodland Pump Station Property Acquisition | | 100,000 | 100,000 | | | | |
| | Flow Monitoring (SCADA Master Plan Recommendations and Meter Upgrades) | 50,000 | 75,000 | 100,000 | | | | |
| | Extend Rock Creek Interceptor | 1,000,000 | 500 | | | 1,000,000 | 1,000,000 | 3,500,000 |
| | Upper Clackamas Interceptor | | | | | | 1,700,000 | 3,500,000 |
| | Inflow & Infiltration Reduction Program ² | 1,000,000 | 170,000 | | | | | |
| | Emergency Generator for River Street Pump Station | | 160,000 | | | | | |
| | Willamette Interceptor - Oregon City/West Linn | | 30,000 | | | | | |
| | Lower Clackamas Interceptor | 1,000,000 | 5,000 | | | | | |
| | TOTAL | 7,750,000 | 3,165,988 | 12,556,772 | 10,779,350 | 17,174,850 | 20,362,000 | 22,210,000 |
| Fleet | | | | | | | | |
| | Light Duty Fleet | 326,000 | 345,000 | 370,000 | | 60,000 | 55,000 | 555,000 |
| | Heavy Equipment | 700,000 | 350,000 | 330,000 | 750,000 | 740,000 | 775,000 | 250,000 |
| | TOTAL | 1,026,000 | 695,000 | 700,000 | 750,000 | 800,000 | 830,000 | 805,000 |
| Water Quality Laboratory | | | | | | | | |
| | Lab Remodel | | 50,000 | 500,000 | | | | 100,000 |
| | Lab Generator | | 10,000 | 200,000 | | | | |
| | Lab Equipment | 105,000 | | 73,000 | | | | |
| | TOTAL | 105,000 | 60,000 | 773,000 | - | - | - | 100,000 |
| Operations & Maintenance Asset Management | | | | | | | | |
| | Asset Management - Renewal and Replacement | 800,000 | 444,006 | 800,000 | 800,000 | 800,000 | 800,000 | 800,000 |
| | TOTAL | 800,000 | 444,006 | 800,000 | 800,000 | 800,000 | 800,000 | 800,000 |
| Pump Station Upgrades | | | | | | | | |
| | Pump Station Improvements | 200,000 | 305,296 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| | TOTAL | 200,000 | 305,296 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| 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 | | \$ 24,131,000 | \$ 13,408,734 | \$ 29,279,772 | \$ 36,059,350 | \$ 43,475,850 | \$ 38,064,000 | \$ 36,009,500 |

¹ FY 2021-22 budget for Peak Flow TSS Management of \$200,000 consolidated into project Secondary Clarifier - Mechanisms and Weirs

² Inflow and Infiltration Reduction Program has been consolidated into project Regional I&I Cost Share for FY 2022-23 and forward

SURFACE WATER CAPITAL PROJECT LIST

| LOCATION/ FUNCTION | PROJECT DESCRIPTION | FY 2021-22 | FY 2021-22 | BUDGETED | BASED ON FY 2022-23 - 2026-27 Draft CIP | | | |
|-----------------------|--|--------------|------------|----------------------|---|-------------------------|-------------------------|-------------------------|
| | | Budget | Estimate | FY 2022-23 Budget | FY 2023-24 Projected | FY 2024-25 Projected | FY 2025-26 Projected | FY 2026-27 Projected |
| SURFACE WATER | | | | | | | | |
| | Small Projects - Drainage System Modifications | \$ 300,000 | \$ 300,000 | \$ 500,000 | \$ 250,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 |
| | 3-Creeks Water Quality Project | 500,000 | 400,000 | 250,000 | 250,000 | 1,500,000 | 1,500,000 | 100,000 |
| | Detention Pond Repair / Rehab | 100,000 | - | 100,000 | 100,000 | 200,000 | 200,000 | 200,000 |
| | Small Storm System - Emergency Repairs | | | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| | Carli Creek Water Quality Project | 42,000 | 110,000 | 40,000 | 50,000 | | | |
| | 90th Ave Water Quality Retrofit | 150,000 | 150,000 | | | | | |
| | TOTAL | 1,092,000 | 960,000 | 990,000 | 750,000 | 1,900,000 | 1,900,000 | 500,000 |
| | TOTAL - ALL SURFACE WATER PROJECTS | \$ 1,092,000 | \$ 960,000 | \$ 990,000 | \$ 750,000 | \$ 1,900,000 | \$ 1,900,000 | \$ 500,000 |

Long-Range Financial Plan



*An aerial view of the 3-Creeks Natural Area
Floodplain Enhancement Project*

INTRODUCTION

WES updates its 10-Year Financial Plan (Plan) in concert with the development of the annual capital and operating budgets. The Plan provides a long-range view of the resulting utility rates required to sustain the sanitary sewer and surface water enterprises managed by WES. Additionally, the Plan is a summary of projected revenues, expenses, 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 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

In March 2022, WES staff finalized a comprehensive long-term financial strategy. The key strategic financial goals under this long-term strategy are as follows:

- Provide all necessary services to protect public health and water quality
- Ensure sufficient capacity to support economic development
- Provide services in the most cost-effective manner for ratepayers
- Honor foundational commitments regarding Legacy Debt payments
- Achieve WES Advisory Committee directive of charging by service received, not geographic location

As detailed below, WES' Plan incorporates strategies to achieve these goals 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. The 10-Year Plan ensures sufficient funding for future infrastructure needs, replacement of aging facilities, bond reserves, and various operating expenses in a manner that mitigates unexpected rate changes.

PROTECTING PUBLIC HEALTH & THE ENVIRONMENT

The plan strategies and goals outlined above first assures annual operating expenses are fully met to ensure that WES can provide all necessary services to meet the requirements of the Clean Water Act and expectations of our customers. This minimum operating expenditure level, coupled with the cost inflation assumptions detailed below, serves as the foundation for all other activities.

INFRASTRUCTURE INVESTMENT

The Capital Improvement Plan ensures sufficient capacity to support economic development in WES' service area such that any customer or new development that wishes to connect consistent with WES' Rules and Regulations may do so. It is axiomatic for wastewater services that the capacity must be constructed prior to connection, so all planning and investment is done in advance of new customer connections that would utilize such assets.

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 2023-24 – 2027-28 CIP is under development. As such, the capital projection figures in this section for FYs 2023-24 – 2027-28 reflect a draft CIP. For FY 2028-29 through FY 2031-32, the CIP projections in this section reflect the extended sanitary sewer CIP developed for use in this Plan.

PLAN STRATEGIES AND GOALS - CONTINUED

CAPITAL FINANCING

WES' capital financing strategy relies first on cash reserves and system development charge (SDC) revenue, and second on debt financing to minimize ratepayer costs. Using cash reserves and SDCs reduces financing costs and is a prudent and sustainable approach to funding ongoing capital investments. Debt financing may be selected over cash reserves when low interest rates confer an advantage to ratepayers and allow WES to save cash reserves for future projects. The appropriate mix of cash versus debt financing varies depending on the capital investment lifecycle of each project. The overall financial strategy of steady, incremental rate changes that do not induce rate shock calls for building cash reserves during planning stages and having sufficient borrowing capacity available during construction stages to implement the capital improvement plan consistent with overall financial goals.

RATEPAYER ASSURANCE

Ratepayers are assured that WES will provide the services required in the most cost-effective manner possible. 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 the rate-setting process. Prudent use of ratepayer funds ensures accountability to ratepayers regarding WES' mission, asset and personnel management, operating cost containment, and environmental stewardship. The ratepayer assurance goal reinforces WES' commitment to developing rates and charges that are affordable, predictable, honor foundational commitments regarding legacy debt payments, and that generate sufficient revenue for full cost recovery and required debt service coverage.

RATE HARMONIZATION

WES as an entity began operations with existing debt issued by CCSD No. 1 ("Legacy Debt"), and certain restrictions in its foundational documents included the manner in which certain debt is apportioned. In order to honor foundational commitments regarding Legacy Debt payments and achieve the WES Advisory Committee directive of charging by service received, not geographic location, WES' long-term financial planning strategy targets the retirement of the Legacy Debt as the key inflection point for harmonizing rates. Under this Plan, wastewater rates will be increased at a steady predictable rate of 5% for treatment services and 5% for local collection services. Simultaneously, the Legacy Debt rate component that is only charged to Rate Zone 2 is proposed to decrease due to customer growth and the use of SDC revenues for related debt service payments. The Plan projects that the Legacy Debt component of the annual rate will decrease each year starting in FY 2022-23 and be fully phased out in FY 2030-31. For customers in Rate Zone 2, including Rate Zone 2A (the Cities of Johnson City and Milwaukie), the decrease in the Legacy Debt component will offset the annual 5% rate increases on the treatment rate so that the delta between the rates paid for treatment services in Rate Zones 1 and 2 will converge. This revenue path will provide sufficient funds to sustain operating expenses and realize essential capital infrastructure so that in 2031, rates will be harmonized and all wastewater ratepayers will be paying the same rate for services received irrespective of their geographic location.

DEBT SERVICE COVERAGE

WES' bond covenants require that WES maintains an annual debt service coverage ratio of 1.2 to 1 or 120%. To meet this ratio, annual net revenues (operating revenues less operating expenses) must be 1.2 times greater than annual debt service. WES' debt service coverage strategy is to maintain a higher ratio than the minimum to ensure 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 to target a coverage ratio of 1.4 to 1 or 140% of annual debt service (120% is required).

FUND BALANCE RESERVES

A properly designed reserve policy is a financial best practice and communicates WES' commitment to maintaining long-term financial health. The fund balance reserve strategy requires that each operating fund balance maintains a minimum amount of 60 days of annual budgeted operations and maintenance expenses over the 10-year planning period. This strategy mitigates risks and is key to ensuring WES can respond quickly and decisively to extreme events or unforeseen economic conditions. The reserves planned under this strategy also serve as a financial tool to ensure stable, predictable 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.

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 the Plan conforms to BCC-approved policies and that it incorporates current operating budgets, capital budgets, and CIP updates. Plan forecasting assumptions are categorized into Revenues, Operating Expenses and Capital Expenses categories: Revenues consists primarily of service charges from utility sales, Operating Expenses consists primarily of operations and maintenance expenses and Capital expenses consists of debt service and revenue funded capital expenses. The outputs of the Plan provide a view of resulting rates and forecasts annual revenues and expenses over the 10-year planning period.

Specific economic assumptions incorporated in the Plan are detailed in the table below. Assumptions include: inflationary adjustments for operating and maintenance expenses by major category (e.g. labor, utilities, etc.); population growth projections in accord with the EcoNorthwest forecast and recent development trends; conservative earnings rates for investment income; and inflationary adjustments for the costs of construction.

Economic Assumptions used in Long-Range Financial Planning

| | |
|---|----------------------|
| Expenses | |
| Operating Expenses – Labor | 6% annual growth |
| Operating Expenses – Utilities | 4.5% annual growth |
| Operating Expenses – Other materials and services | 3% annual growth |
| Capital Expenses | 1.98% annual growth |
| Financing for future borrowings | 3.5% interest rate |
| Revenues | |
| Interest Earnings | 1.0% on fund balance |
| Annual population growth | 1.0% annual growth |

FORECASTED FINANCIAL PERFORMANCE FOR THE FY 2022-23 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.

(All figures in \$1,000s)

| | 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 | FY 31/32 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| SANITARY SEWER OPERATING FUND | | | | | | | | | | |
| REVENUES | | | | | | | | | | |
| TOTAL REVENUES | \$ 42,993 | \$ 44,118 | \$ 45,538 | \$ 47,033 | \$ 48,600 | \$ 50,248 | \$ 51,999 | \$ 53,855 | \$ 56,697 | \$ 60,124 |
| EXPENSES | | | | | | | | | | |
| TOTAL OPERATING AND MAINTENANCE EXPENSES | 24,298 | 25,449 | 26,660 | 27,933 | 29,272 | 30,680 | 32,161 | 33,719 | 35,358 | 37,083 |
| SPECIAL PAYMENTS | 1,215 | 1,251 | 1,289 | 1,329 | 1,369 | 1,408 | 1,451 | 1,494 | 1,539 | 1,586 |
| TRANSFERS | | | | | | | | | | |
| Construction Fund - Cash Funding of Asset Replacement | 23,500 | 19,006 | 12,924 | 13,091 | 12,764 | 11,707 | 10,492 | 8,934 | 8,362 | 9,500 |
| Debt Service Fund | - | - | 4,465 | 4,472 | 4,977 | 6,221 | 7,652 | 9,453 | 11,169 | 11,673 |
| TOTAL TRANSFERS | 23,500 | 19,006 | 17,389 | 17,563 | 17,741 | 17,928 | 18,144 | 18,387 | 19,531 | 21,173 |
| BEGINNING FUND BALANCE | 11,792 | 5,772 | 4,184 | 4,384 | 4,592 | 4,810 | 5,042 | 5,285 | 5,540 | 5,809 |
| ENDING FUND BALANCE* | \$ 5,772 | \$ 4,184 | \$ 4,384 | \$ 4,592 | \$ 4,810 | \$ 5,042 | \$ 5,285 | \$ 5,540 | \$ 5,809 | \$ 6,091 |
| SANITARY SEWER SDC FUND | | | | | | | | | | |
| REVENUES | | | | | | | | | | |
| TOTAL REVENUES | \$ 6,481 | \$ 7,843 | \$ 8,087 | \$ 8,338 | \$ 8,608 | \$ 8,897 | \$ 9,206 | \$ 9,532 | \$ 9,872 | \$ 10,235 |
| EXPENSES | | | | | | | | | | |
| Capital Outlay | 206 | 3,677 | 4,521 | 4,037 | 3,895 | 3,544 | 3,729 | 4,213 | 3,898 | 1,779 |
| TOTAL CAPITAL OUTLAY | 206 | 3,677 | 4,521 | 4,037 | 3,895 | 3,544 | 3,729 | 4,213 | 3,898 | 1,779 |
| TRANSFERS | | | | | | | | | | |
| Debt Service Fund | 8,777 | 8,621 | 8,723 | 8,716 | 8,711 | 8,707 | 8,699 | 8,694 | 8,688 | 8,680 |
| TOTAL TRANSFERS | 8,777 | 8,621 | 8,723 | 8,716 | 8,711 | 8,707 | 8,699 | 8,694 | 8,688 | 8,680 |
| BEGINNING FUND BALANCE | 47,474 | 44,972 | 40,517 | 35,360 | 30,945 | 26,947 | 23,593 | 20,371 | 16,996 | 14,282 |
| ENDING FUND BALANCE* | \$ 44,972 | \$ 40,517 | \$ 35,360 | \$ 30,945 | \$ 26,947 | \$ 23,593 | \$ 20,371 | \$ 16,996 | \$ 14,282 | \$ 14,058 |
| SANITARY SEWER CONSTRUCTION FUND | | | | | | | | | | |
| REVENUES | | | | | | | | | | |
| TOTAL REVENUES | \$ 1,462 | \$ 904 | \$ 772 | \$ 502 | \$ 275 | \$ 130 | \$ 118 | \$ 106 | \$ 90 | \$ 85 |
| New Borrowings (Net of Financing Costs) | - | - | - | - | 7,589 | 18,859 | 21,722 | 27,310 | 26,044 | 7,561 |
| Transfer from Sanitary Sewer Operating Fund | 23,500 | 19,006 | 12,924 | 13,091 | 12,764 | 11,707 | 10,492 | 8,934 | 8,362 | 9,500 |
| EXPENSES | | | | | | | | | | |
| TOTAL CAPITAL OUTLAY | 29,074 | 33,096 | 40,693 | 36,333 | 35,053 | 31,898 | 33,560 | 37,920 | 35,084 | 16,014 |
| BEGINNING FUND BALANCE | 94,499 | 90,387 | 77,201 | 50,204 | 27,464 | 13,039 | 11,837 | 10,609 | 9,039 | 8,451 |
| ENDING FUND BALANCE* | \$ 90,387 | \$ 77,201 | \$ 50,204 | \$ 27,464 | \$ 13,039 | \$ 11,837 | \$ 10,609 | \$ 9,039 | \$ 8,451 | \$ 9,583 |

*Ending Fund Balances include Contingencies/Reserves

Clackamas Water Environment Services
LONG-RANGE FINANCIAL PLAN

(All figures in \$1,000s)

| | 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 | FY 31/32 |
|---|-----------|-----------|-----------|----------|----------|-----------|-----------|-----------|-----------|-----------|
| SURFACE WATER OPERATING FUND | | | | | | | | | | |
| REVENUES | | | | | | | | | | |
| TOTAL REVENUES | \$ 6,212 | \$ 6,551 | \$ 6,910 | \$ 7,299 | \$ 7,698 | \$ 8,139 | \$ 8,587 | \$ 9,082 | \$ 9,585 | \$ 10,133 |
| EXPENSES | | | | | | | | | | |
| TOTAL OPERATING AND MAINTENANCE EXPENSES | 5,794 | 6,063 | 6,343 | 6,642 | 6,954 | 7,283 | 7,627 | 7,991 | 8,372 | 8,775 |
| TRANSFERS | | | | | | | | | | |
| Construction Fund - Cash Funding of Asset Replacement | 2,000 | 2,738 | 427 | 518 | 602 | 712 | 813 | 942 | 1,061 | 1,204 |
| Debt Service Fund | - | 92 | 92 | 92 | 91 | 91 | 91 | 90 | 90 | 90 |
| TOTAL TRANSFERS | 2,000 | 2,830 | 519 | 610 | 693 | 803 | 904 | 1,032 | 1,151 | 1,294 |
| BEGINNING FUND BALANCE | 4,920 | 3,338 | 996 | 1,044 | 1,091 | 1,142 | 1,195 | 1,251 | 1,310 | 1,372 |
| ENDING FUND BALANCE* | \$ 3,338 | \$ 996 | \$ 1,044 | \$ 1,091 | \$ 1,142 | \$ 1,195 | \$ 1,251 | \$ 1,310 | \$ 1,372 | \$ 1,436 |
| SURFACE WATER SDC FUND | | | | | | | | | | |
| REVENUES | | | | | | | | | | |
| TOTAL REVENUES | \$ 153 | \$ 160 | \$ 165 | \$ 172 | \$ 177 | \$ 184 | \$ 188 | \$ 196 | \$ 204 | \$ 209 |
| EXPENSES | | | | | | | | | | |
| TOTAL CAPITAL OUTLAY | - | - | - | - | - | - | - | - | - | - |
| BEGINNING FUND BALANCE | 2,631 | 2,784 | 2,944 | 3,109 | 3,281 | 3,458 | 3,642 | 3,830 | 4,026 | 4,230 |
| ENDING FUND BALANCE* | \$ 2,784 | \$ 2,944 | \$ 3,109 | \$ 3,281 | \$ 3,458 | \$ 3,642 | \$ 3,830 | \$ 4,026 | \$ 4,230 | \$ 4,439 |
| SURFACE WATER CONSTRUCTION FUND | | | | | | | | | | |
| REVENUES | | | | | | | | | | |
| TOTAL REVENUES | \$ 58 | \$ 103 | \$ 124 | \$ 110 | \$ 98 | \$ 100 | \$ 108 | \$ 117 | \$ 128 | \$ 139 |
| Other Financing - SRF Loan | 1,000 | - | - | - | - | - | - | - | - | - |
| Transfer from Surface Water Operating Fund | 2,000 | 2,738 | 427 | 518 | 602 | 712 | 813 | 942 | 1,061 | 1,204 |
| EXPENSES | | | | | | | | | | |
| TOTAL CAPITAL OUTLAY | 990 | 750 | 1,900 | 1,900 | 500 | - | - | - | - | - |
| BEGINNING FUND BALANCE | 8,226 | 10,294 | 12,385 | 11,036 | 9,764 | 9,964 | 10,776 | 11,697 | 12,756 | 13,945 |
| ENDING FUND BALANCE* | \$ 10,294 | \$ 12,385 | \$ 11,036 | \$ 9,764 | \$ 9,964 | \$ 10,776 | \$ 11,697 | \$ 12,756 | \$ 13,945 | \$ 15,288 |

*Ending Fund Balances include Contingencies/Reserves

(All figures in \$1,000s)

| | 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 | FY 31/32 |
|---|------------|------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| DEBT SERVICE FUND | | | | | | | | | | |
| REVENUES | | | | | | | | | | |
| TOTAL REVENUES | \$ 268 | \$ 247 | \$ 194 | \$ 187 | \$ 181 | \$ 175 | \$ 169 | \$ 164 | \$ 159 | \$ 155 |
| Transfer from Sanitary Sewer Operating Fund | - | - | 4,465 | 4,472 | 4,977 | 6,221 | 7,652 | 9,453 | 11,169 | 11,673 |
| Transfer from Sanitary Sewer SDC Fund | 8,777 | 8,621 | 8,723 | 8,716 | 8,711 | 8,707 | 8,699 | 8,694 | 8,688 | 8,680 |
| Transfer from Surface Water Operating Fund | - | 92 | 92 | 92 | 91 | 91 | 91 | 90 | 90 | 90 |
| DEBT SERVICE | | | | | | | | | | |
| Existing Debt Service | 13,277 | 13,296 | 13,287 | 13,280 | 13,273 | 13,261 | 13,255 | 13,245 | 13,236 | 13,219 |
| Future Debt Service | - | - | - | - | 498 | 1,736 | 3,162 | 4,955 | 6,664 | 7,161 |
| TOTAL DEBT SERVICE | 13,277 | 13,296 | 13,287 | 13,280 | 13,771 | 14,997 | 16,417 | 18,200 | 19,900 | 20,380 |
| BEGINNING FUND BALANCE | | | | | | | | | | |
| | 10,385 | 6,153 | 1,817 | 2,004 | 2,191 | 2,380 | 2,577 | 2,771 | 2,972 | 3,178 |
| ENDING FUND BALANCE* | | | | | | | | | | |
| | 6,153 | 1,817 | 2,004 | 2,191 | 2,380 | 2,577 | 2,771 | 2,972 | 3,178 | 3,396 |
| WES COMBINED ENDING FUND BALANCE | | | | | | | | | | |
| | \$ 163,700 | \$ 140,044 | \$ 107,141 | \$ 79,328 | \$ 61,740 | \$ 58,662 | \$ 55,814 | \$ 52,639 | \$ 51,267 | \$ 54,291 |
| TEST OF COVERAGE REQUIREMENTS | | | | | | | | | | |
| Total Gross Revenues | \$ 57,627 | \$ 59,926 | \$ 61,790 | \$ 63,641 | \$ 65,637 | \$ 67,873 | \$ 70,375 | \$ 73,052 | \$ 76,735 | \$ 81,080 |
| Operating Expenses | 31,307 | 32,764 | 34,294 | 35,902 | 37,593 | 39,370 | 41,238 | 43,203 | 45,269 | 47,442 |
| Net revenues available for debt service | \$ 26,320 | \$ 27,162 | \$ 27,496 | \$ 27,739 | \$ 28,044 | \$ 28,503 | \$ 29,137 | \$ 29,849 | \$ 31,466 | \$ 33,638 |
| Debt Service | 13,277 | 13,296 | 13,287 | 13,280 | 13,771 | 14,997 | 16,417 | 18,200 | 19,900 | 20,380 |
| Projected Debt Coverage Recognized | 198% | 204% | 207% | 209% | 204% | 190% | 177% | 164% | 158% | 165% |
| Debt Coverage Required | 120% | 120% | 120% | 120% | 120% | 120% | 120% | 120% | 120% | 120% |

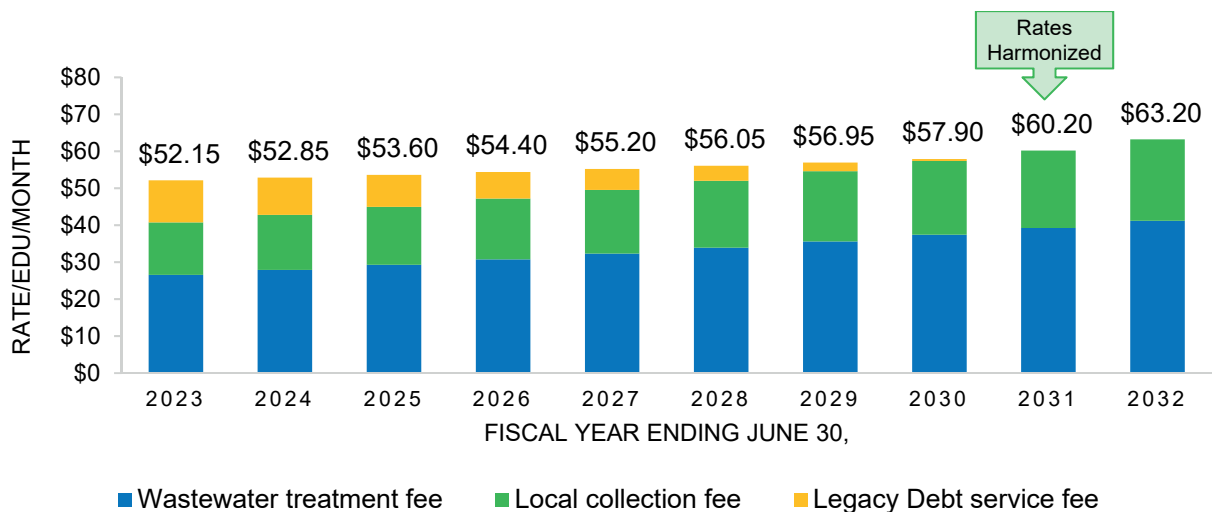
*Ending Fund Balances include Contingencies/Reserves

FORECASTED MONTHLY RATES UNDER THE 10-YEAR PLAN

WES sets rates and collects fees for sanitary sewer and surface water services to achieve full cost recovery. For full-cost recovery, rates must be at least sufficient to pay the expenses of maintenance and operation of the WES system and meet the principal, interest and coverage requirements and other bond covenants all debt issued by WES. As of FY 2022-23, the BCC has established rates for each of the three rate zones of WES. The BCC has full power and authority to levy different rates between and within the rate zones. Customers in Rate Zones 1 and 2 pay a charge for wastewater treatment service. Rate Zone 2 customers also pay charges for local collection and surface water services and sufficient amounts to meet the Legacy Debt service charge. As levels of service change, the BCC may add or subtract charges within the rate zones.

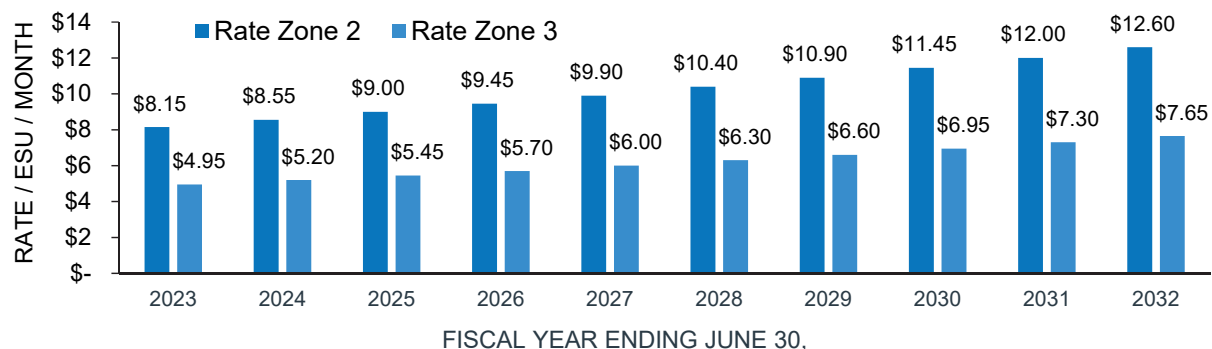
FORECASTED SANITARY SEWER MONTHLY CHARGES

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 (EDU) 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 2022-23, WES will complete 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 (ESU) per month.



Appendix



Operators braving the elements to provide 24/7 service

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 Actual | FY 2021-22 Budget | FY 2022-23 Budget |
|---|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Account Services ⁽³⁾ | - | 4.40 | 4.17 | 2.68 | 2.81 | 2.69 | 4.90 | 4.27 |
| Administrative Services ⁽³⁾ | - | 13.64 | 11.35 | 12.60 | 12.60 | 14.49 | 10.98 | 15.52 |
| Asset Management ⁽³⁾ | - | 8.03 | 7.04 | 7.27 | 6.83 | 6.99 | 7.68 | 8.00 |
| Capital Delivery ⁽²⁾ | - | 4.69 | 6.39 | 5.98 | 7.09 | 7.79 | 9.74 | 8.54 |
| Environmental Monitoring | - | 9.33 | 6.64 | 6.29 | 5.99 | 5.61 | 6.01 | 5.81 |
| Field Operations and Maintenance ^(3,4) | - | 20.96 | 13.24 | 12.92 | 12.33 | 13.90 | 15.85 | 13.73 |
| Financial Management ⁽³⁾ | - | 6.56 | 5.93 | 6.03 | 5.98 | 6.18 | 5.82 | 5.90 |
| Permit Services ⁽³⁾ | - | 6.69 | 10.05 | 8.21 | 8.64 | 7.77 | 8.99 | 8.70 |
| Plant Operations and Maintenance ^(3,4) | - | 15.64 | 28.81 | 32.56 | 33.50 | 32.74 | 33.23 | 35.65 |
| Resource Recovery | - | 9.82 | 8.29 | 8.68 | 7.76 | 6.35 | 7.30 | 5.05 |
| Watershed Protection | - | 6.24 | 4.09 | 5.43 | 5.37 | 5.11 | 5.50 | 4.83 |
| Vacancies - All Programs | - | 0.00 | 0.00 | 1.35 | 3.10 | 2.38 | 0.00 | 0.00 |
| Totals | | 106.00 | 106.00 | 110.00 | 112.00 | 112.00 | 116.00 | 116.00 |

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) Significant 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 were 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 Actual | FY 2021-22 Budget | FY 2022-23 Budget |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Director | 3.00 | 2.00 | 3.00 | 5.00 | 3.00 | 4.00 | 4.00 | 4.00 |
| Financial Management and Administrative Services | 16.00 | 16.00 | 17.00 | 19.00 | 21.00 | 22.00 | 23.00 | 21.00 |
| Capital Program | 13.00 | 15.00 | 16.00 | 14.00 | 16.00 | 14.00 | 14.00 | 15.00 |
| Operations | 50.00 | 49.00 | 49.00 | 52.00 | 52.00 | 52.00 | 55.00 | 56.00 |
| Environmental Services | 21.00 | 24.00 | 21.00 | 20.00 | 20.00 | 20.00 | 20.00 | 20.00 |
| Soils | 4.00 | 0.00 | 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 | 116.00 | 116.00 |

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

DEBT SERVICE FUND SCHEDULES

On July 1, 2021, WES' two separate debt service funds, State Loan Fund 635 and Revenue Bond Fund 636, were 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 87 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 Improvement 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.

| | 2019-20 ACTUAL | 2020-21 ACTUAL | 2021-22 AMENDED BUDGET | 2021-22 ESTIMATE | 2022-23 BUDGET |
|--|---------------------|----------------------|------------------------------|----------------------|----------------------|
| RESOURCES | | | | | |
| BEGINNING FUND BALANCE | \$ 1,279,591 | \$ 832,122 | \$ 9,977,103 | \$ 9,989,707 | \$ 10,385,357 |
| TRANSFER FROM SEWER OPERATING FUND | - | 500,000 | 4,360,656 | 3,888,956 | - |
| TRANSFER FROM SEWER SDC FUND | - | - | 8,694,881 | 7,279,780 | 8,777,111 |
| TRANSFER FROM SEWER CONSTRUCTION FUND | - | 8,801,286 | - | - | - |
| ASSESSMENT PRINCIPAL | 431,762 | 375,744 | 100,000 | 352,700 | 100,000 |
| ASSESSMENT INTEREST | 106,947 | 96,122 | 105,000 | 97,100 | 95,000 |
| INTEREST INCOME | 26,934 | 11,951 | 94,800 | 57,900 | 72,700 |
| TOTAL RESOURCES | \$ 1,845,234 | \$ 10,617,225 | \$ 23,332,440 | \$ 21,666,143 | \$ 19,430,168 |
| REQUIREMENTS | | | | | |
| TRANSFER TO REV BOND FUND | 900,000 | 14,937 | - | - | - |
| PRINCIPAL PAYMENTS | | | | | |
| R06624 | 106,208 | 106,208 | 106,208 | 106,208 | 106,208 |
| R95030 | - | 0 | 1,547,214 | 0 | 1,547,214 |
| 2016 | - | 0 | 4,125,000 | 4,125,000 | 4,345,000 |
| 2021 | - | 0 | 2,065,000 | 2,065,000 | 2,170,000 |
| TOTAL PRINCIPAL | 106,208 | 106,208 | 7,843,422 | 6,296,208 | 8,168,422 |
| INTEREST PAYMENTS | | | | | |
| R06624 | 6,904 | 6,373 | 5,842 | 5,842 | 5,310 |
| R95030 | - | 500,000 | 1,068,566 | 728,979 | 1,168,566 |
| 2016 | - | 0 | 2,635,757 | 2,635,757 | 2,424,007 |
| 2021 | - | 0 | 1,614,000 | 1,614,000 | 1,510,750 |
| TOTAL INTEREST | 6,904 | 506,373 | 5,324,165 | 4,984,578 | 5,108,633 |
| RESERVES | | | | | |
| R06624 | 53,104 | 53,104 | 53,104 | 53,104 | 53,104 |
| 2021 | - | 8,801,286 | 8,801,826 | 8,801,826 | 4,412,860 |
| TOTAL RESERVES | 53,104 | 8,854,390 | 8,854,930 | 8,854,930 | 4,465,964 |
| ENDING FUND BALANCE | 779,018 | 1,135,317 | 1,309,923 | 1,530,427 | 1,687,149 |
| TOTAL REQUIREMENTS | \$ 1,845,234 | \$ 10,617,225 | \$ 23,332,440 | \$ 21,666,143 | \$ 19,430,168 |

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

| | 2019-20 ACTUAL | 2020-21 ACTUAL | 2021-22 AMENDED BUDGET | 2021-22 ESTIMATE | 2022-23 BUDGET |
|---------------------------------------|---------------------|---------------------|------------------------------|---------------------|-------------------|
| RESOURCES | | | | | |
| BEGINNING FUND BALANCE | \$ 376,007 | \$ 397,460 | \$ - | \$ - | \$ - |
| TRANSFER FROM SEWER OPERATING FUND | 5,895,406 | 6,768,056 | - | - | - |
| TRANSFER FROM STATE LOAN FUND | 900,000 | 14,937 | - | - | - |
| INTEREST COLLECTIONS | 15,841 | 19,600 | - | - | - |
| INTEREST INCOME | 5,612 | 2,887 | - | - | - |
| TOTAL RESOURCES | \$ 7,192,886 | \$ 7,202,940 | \$ - | \$ - | \$ - |
| REQUIREMENTS | | | | | |
| PRINCIPAL PAYMENTS | | | | | |
| 2009B | 1,470,000 | - | - | - | - |
| 2010 | 820,000 | 840,000 | - | - | - |
| 2016 | 1,495,000 | 3,095,000 | - | - | - |
| 2021 | 0 | 0 | - | - | - |
| TOTAL PRINCIPAL | 3,785,000 | 3,935,000 | - | - | - |
| INTEREST PAYMENTS | | | | | |
| 2009B | 29,400 | - | - | - | - |
| 2010 | 50,000 | 16,800 | - | - | - |
| 2016 | 2,931,006 | 2,816,256 | - | - | - |
| 2021 | - | 434,884 | - | - | - |
| TOTAL INTEREST | 3,010,406 | 3,267,940 | - | - | - |
| ENDING FUND BALANCE | 397,460 | - | - | - | - |
| TOTAL REQUIREMENTS | \$ 7,192,886 | \$ 7,202,940 | \$ - | \$ - | \$ - |

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 business continuity 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 the beginning fund balance for the next fiscal year.

ACRONYMS & INITIALISMS

ACFR - Annual Comprehensive Financial Report

ARPA - American Rescue Plan Act

BCC - Clackamas County Board of County Commissioners

BSA - Boring Service Area

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

COA - Chart of Accounts

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

MG - Million Gallons

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

REC - Renewal Energy Certificates

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

WRU - Water Recycle Use Plan

Accrual Basis - The basis of accounting whereby revenues are recognized when they are earned and measurable regardless of when collected, and expenses are recorded on a matching basis when incurred.

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.

Audit - Examination of records or financial accounts to check their accuracy and validity.

Balanced Budget - Within a fund, total amount of revenues, including transfers from other funds and the use of fund balance equals the total amount of expenditures, including transfers to other funds and contribution to fund balance.

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.

Fund Balance - The excess of a fund's assets over its liabilities.

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.

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.



CLACKAMAS
WATER
ENVIRONMENT
SERVICES



CLACKAMAS
COUNTY