



**Water Environment Services Advisory Committee  
AGENDA**

**Date:** May 20, 2021  
**Time:** 6:00 – 8:00 pm  
**Location:** Zoom

**Facilitator:** Diana Helm, WES Advisory Committee Chair

Time	Topic	Action
6:00 pm 5 minutes	<b>Welcome, introductions, and opening remarks</b> <i>Greg Geist, WES Director</i> <ul style="list-style-type: none"><li>• Meet in person?</li><li>• I-205 bridge pipeline</li></ul>	Inform
6:05 pm 5 minutes	<b>March 18, 2021, Meeting Summary</b> <i>Approve</i>	Approve
6:10 pm 90 minutes	<b>Review Proposed Fiscal Year 2021-2022 Budget</b> <i>Presented by Erin Blue, Financial Administrative Services Manager</i>	Motion
7:40 pm 15 minutes	<b>Clean Water Exchange Update</b> <i>Presented by Shelly Parini, Business &amp; Community Relations and Diana Helm, WESAC Chair</i>	Inform
7:55 pm 5 minutes	<b>General Committee Questions and Topics of Interest</b> <i>Staff available to answer committee questions</i>	Inform
8:00 pm	<b>Adjourn</b>	



## **Water Environment Services Advisory Committee DRAFT Meeting Summary**

**Date:** March 18, 2021  
**Time:** 6:00 – 8:00 pm  
**Location:** Meeting by Zoom conferencing  
**Presentation(s):** PowerPoint – WESAC Presentation\_20210318  
**Facilitator:** Diana Helm, WES Advisory Committee Chair

### **Attendees:**

#### **Members**

Diana Helm, Rita Baker, Michael Morrow, Christopher Bowker, David Golobay, Tammy Stempel, Anthony Fields, William Gifford, Angel Falconer, Greg DiLoreto, Roseann Johnson, David Schleef, Renee Harber,

#### **Clackamas County/WES Staff**

Greg Geist, Lauren Haney, Chris Storey, Greg Eyerly, Lynne Chicoine, Ron Wierenga, Jessica Rinner, Shelly Parini, Commissioner Martha Schrader, Ed Nieto, Erin Blue, Carla Atwood, Todd Logan

#### **Public**

Chris Randall, Adam Crafts

Diana Helm, WES Advisory Committee Chair, convened the meeting at 6:00pm.

### **Welcome, introductions, and opening remarks**

*Greg Geist, WES Director*

- Introduction of new Committee member Mary Baumgardner, West Linn City Councilor
- Commissioner Schrader was appointed as the committee Commissioner rep with Commissioner Savas as alternate
- Media attention regarding storm event – cautionary protocol WES notified the media they may not meet permit – there were not any permit violations
- Misunderstanding regarding backup power during storm event

### **March 18, 2020, Meeting Summary**

*Approved*

### **Annual Appointment of WES Budget Committee Members – Budget Process Update Committee**

*Nominations and motion to approve*

*Presented by Chris Storey, WES Assistant Director*

Discussion occurred regarding appointment of FY2021-22 budget committee members. Mr. Storey reviewed the presentation materials.

David Golobay and Roseann Johnson were nominated for the two open budget committee seats. Consensus to have the current members continue; Michael Morrow, William Gifford, and Christopher Bowker.

[[[A motion was made by William Gifford to appoint the Committee's nominations of David Golobay, Roseanne Johnson, Michael Morrow, William Gifford, and Christopher Bowker as the FY 2021-22 Budget Committee members. The motion was seconded by Anthony Fields. Unanimous support, motion carried.]]]

### **Proposed Financial Policy – Use of SDCs for Debt Repayment**

*Motion to approve*

*Presented by Chris Storey, WES Assistant Director*

Mr. Storey reviewed the presentation materials.

Discussion occurred regarding the funds being fungible for eligible projects within the Capital Improvement Plan for our infrastructure.

Mr. Storey introduced Erin Blue as the new WES Finance Administrative Services Manager.

Discussion occurred regarding the policy potentially effecting which projects advance in the CIP. It was noted the focus would be on capacity projects. Discussion occurred regarding the solids project. Further discussion occurred regarding how the savings could potentially decrease the percentage of rate increases in the future.

[[[A motion was made by Greg DiLoreto to support staff's recommendation for a policy of using SDC fund balance and annual SDC receipts to support the payment of current and future debt service to the extent eligible that will be applicable to most outstanding debt issuances of WES, and future debt as well. The motion was seconded by William Gifford. Unanimous support, motion carried.]]]

### **Community and Rate Payer Research Initiative**

*Presented by Shelly Parini, WES Business and Community Relations*

Ms. Parini reviewed the presentation materials.

Mr. Gifford asked for the cost of the research initiative. Ms. Parini noted the cost would not exceed \$40,000 for the course of 6 months.

Discussion occurred regarding including renters and competitors in the research. Ms. Parini explained the focus was rate payers and customers.

Commissioner Schrader expressed her support for the approach and initiative as a whole.

### **I&I Community Investment Program/Partnership**

*Presented by Chris Storey, WES Assistant Director*

Mr. Storey reviewed the presentation materials.

Mr. Gifford commended Mr. Storey and Mr. Geist for their presentation of the I/I program to the City of Oregon City and how he appreciated how they handled the questions.

Mayor Tammy Stempel thanked WES for their work on the program and expressed her appreciation for the support of I/I projects.

## **Operations Storm Event After Action**

*Presented by Greg Eyerly, WES Operations Manager*

Mr. Eyerly reviewed the presentation materials.

Discussion occurred regarding contingency planning.

## **Kellogg Creek Video**

The Committee watched the video.

Discussion occurred regarding the future plans of the Kellogg plant.

## **Topics of Interest and Future Agenda Items**

*Presented by Diana Helm, WES Advisory Committee Chair*

Discussion occurred regarding Metro's intention to move a facility near Carli Creek on Jennifer Street. A request was made to have a presentation on this at a future meeting.

A request was made to continue updates on the Clean Water Exchange project.

A request for time at each meeting to explain more about WES, and to explain in detail some of the more technical items that get brought up, ie: what are blowers and what do they do?

A request to discuss the future administrative updates at the Kellogg facility was made.

Ms. Helm adjourned the meeting at 8:00 pm.



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# FY 2021-22 Budget

Erin Blue, Financial Administrative Services Manager

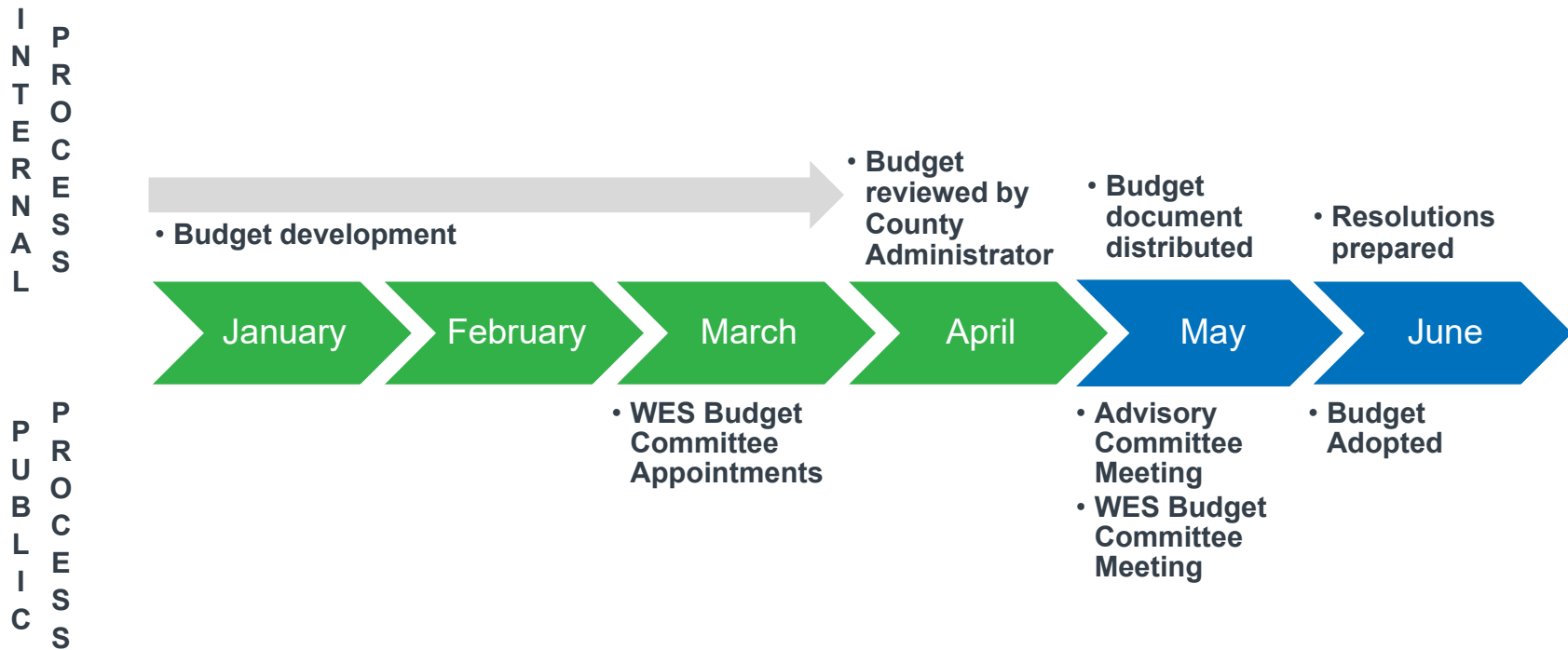




# Presentation Outline

- Budget process and development overview
- FY 2021-22 Budget Proposal
  - Major Themes
  - Operating
  - Debt
  - Capital
  - Rate proposals, analysis and comparison
  - System Development Charges – proposal and analysis
- Next Steps

# Budget Process

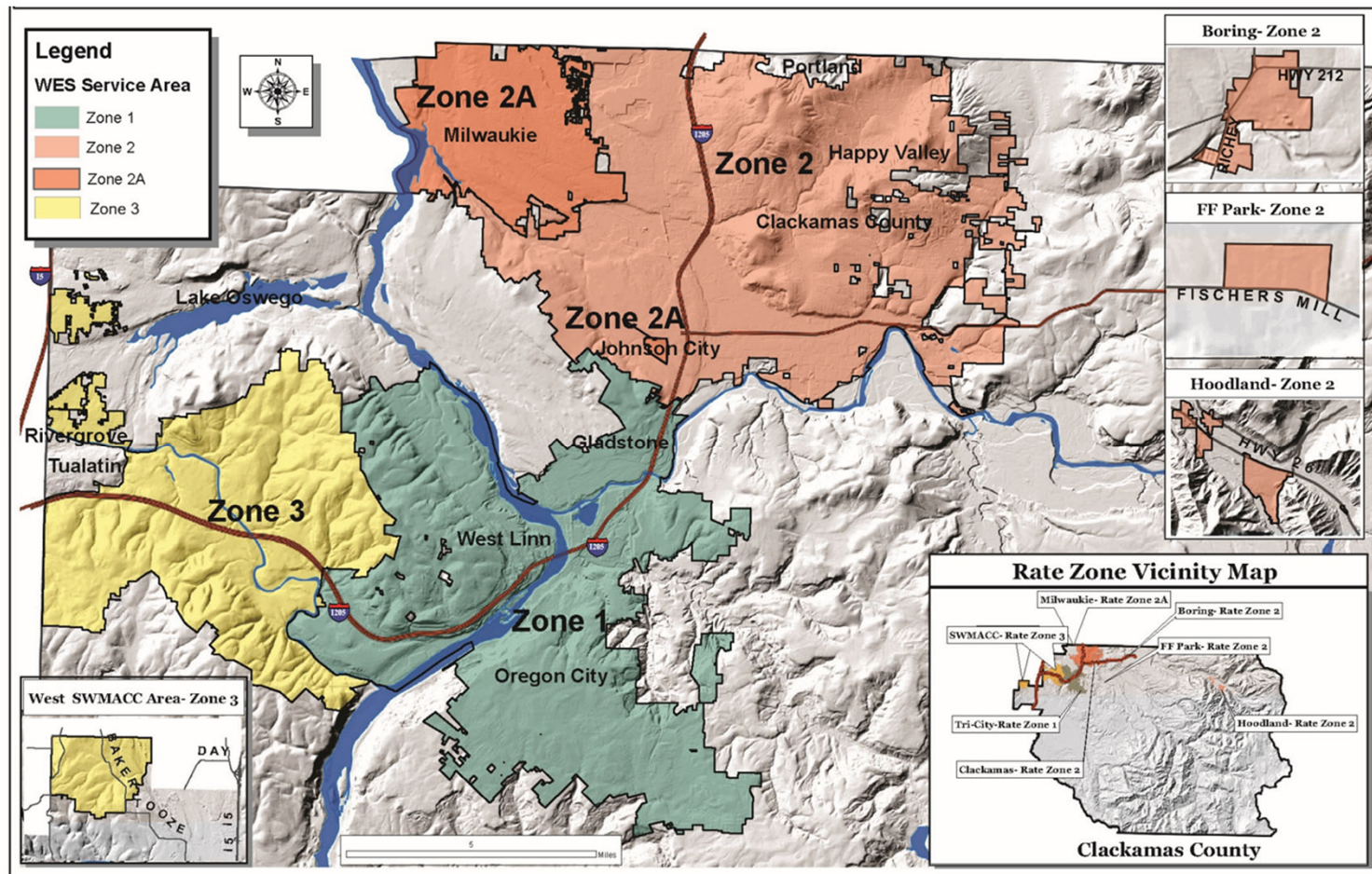


# Financial Structure

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

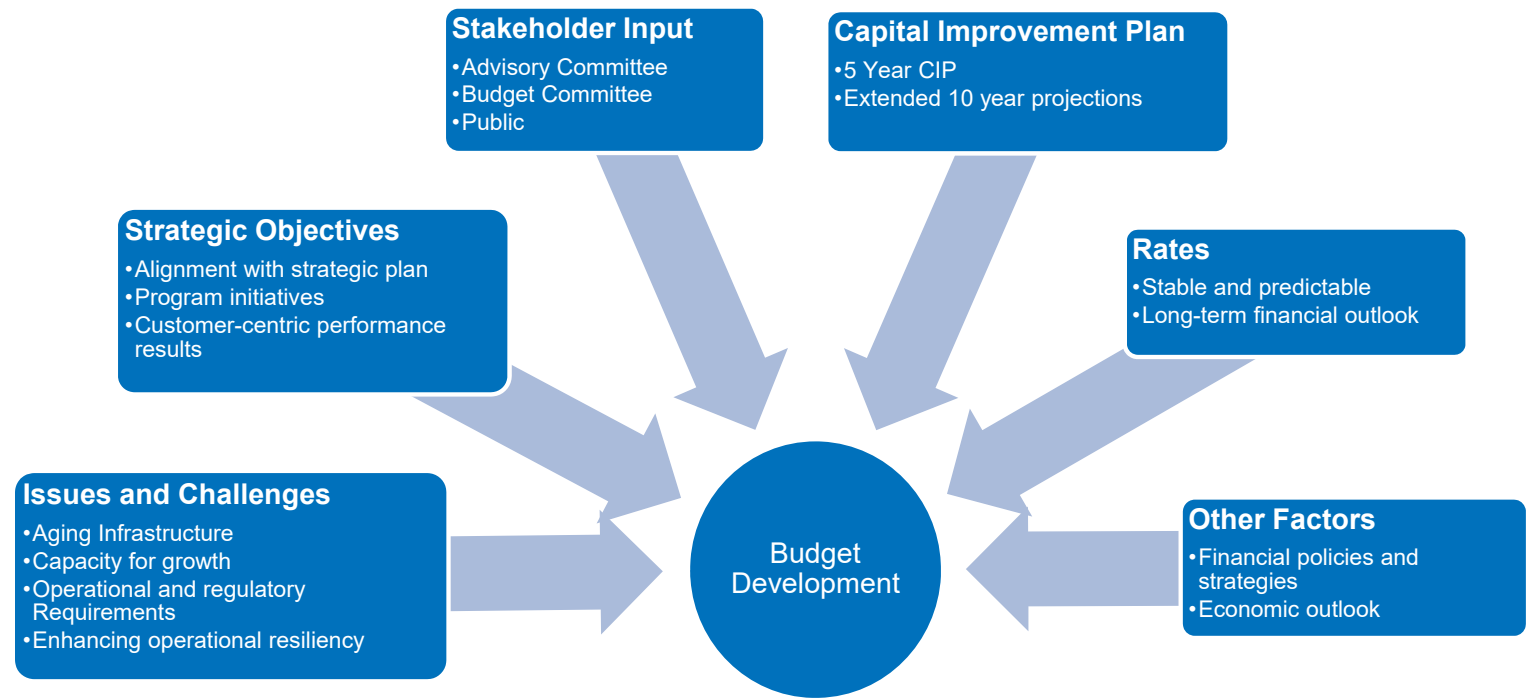


# Service Area



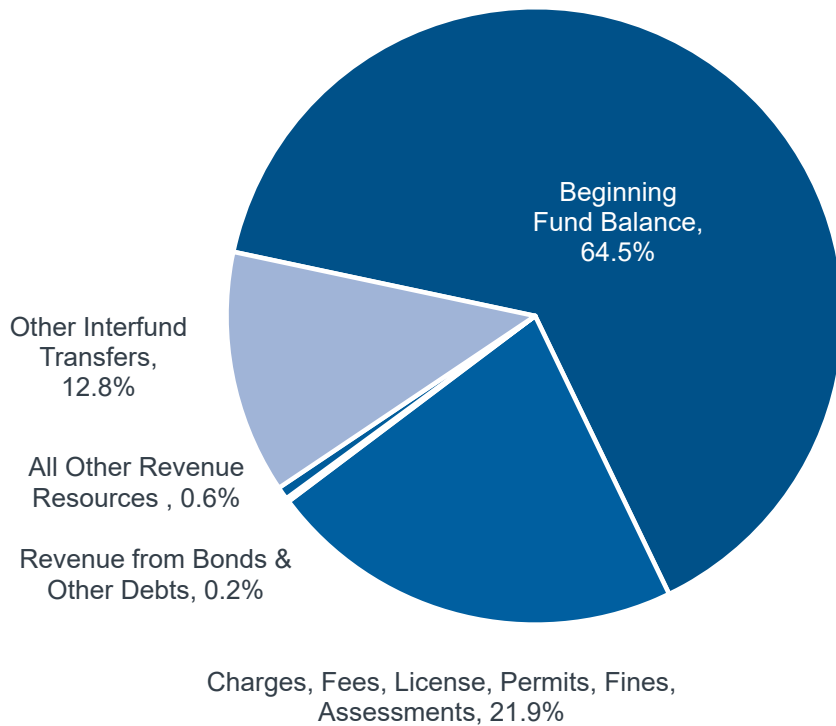


# Budget Development

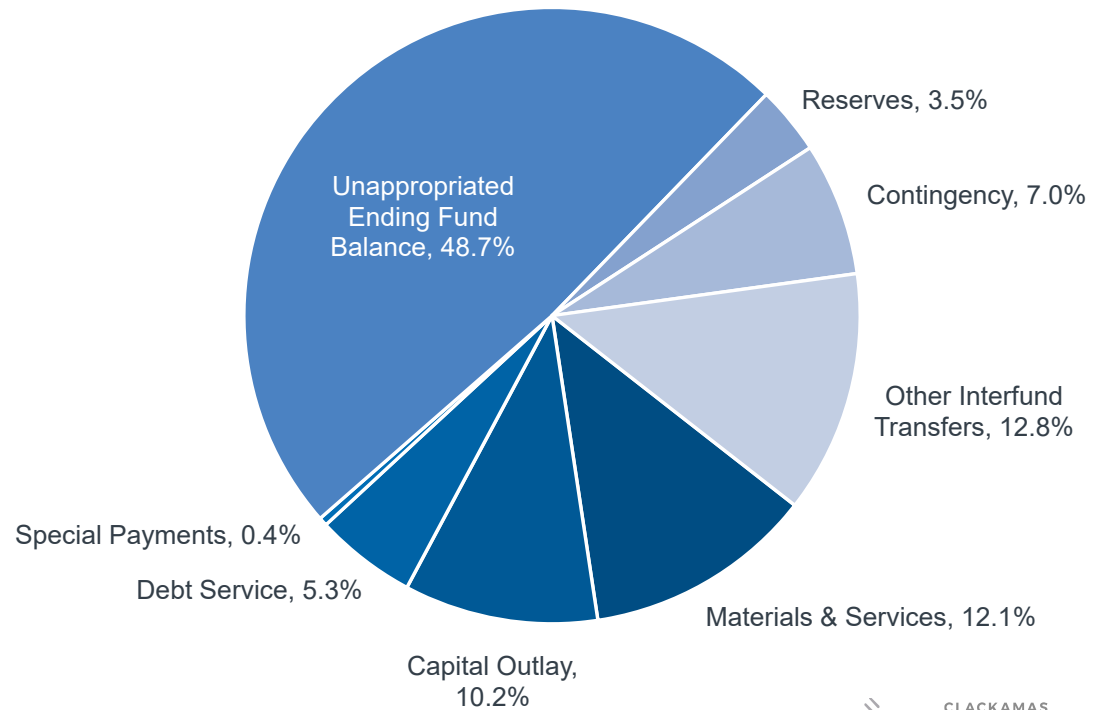


# FY 2021-22 Proposed Budget

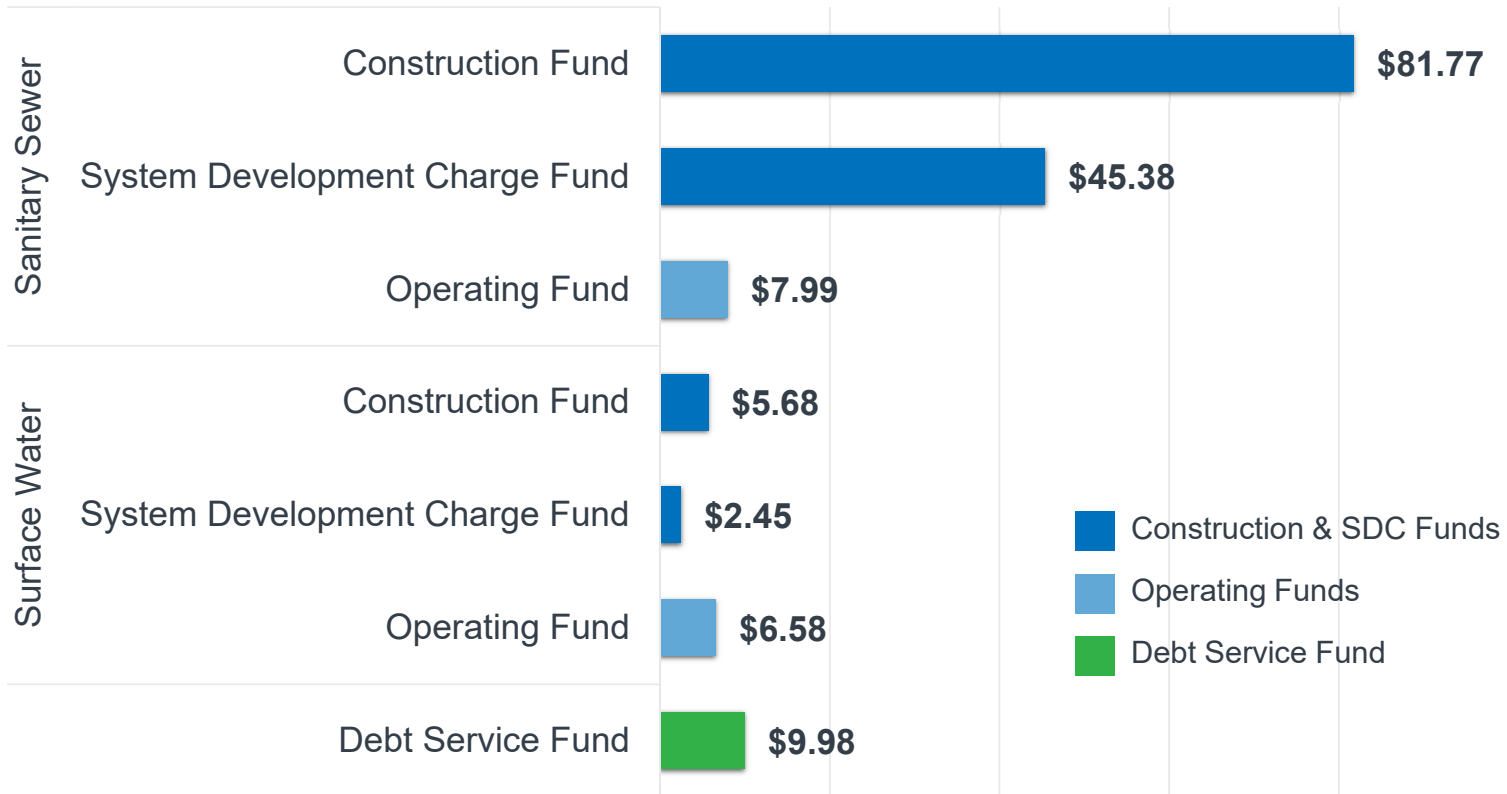
Resources: \$247,705,206



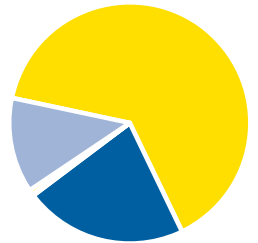
Requirements: \$247,705,206



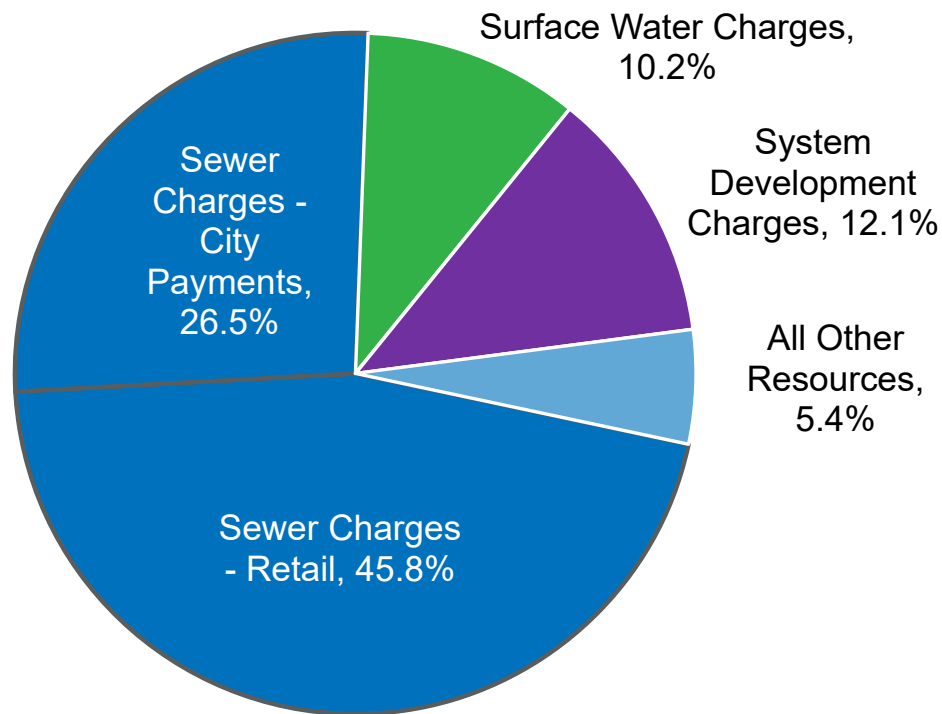
# Beginning Fund Balances - \$159.8 Million



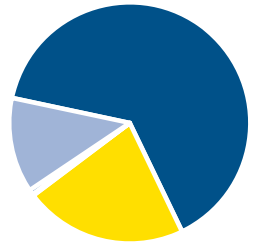
Resources



# Budgeted Revenues - \$55.8 Million



Resources

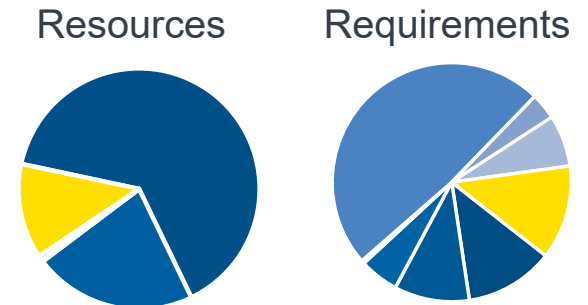
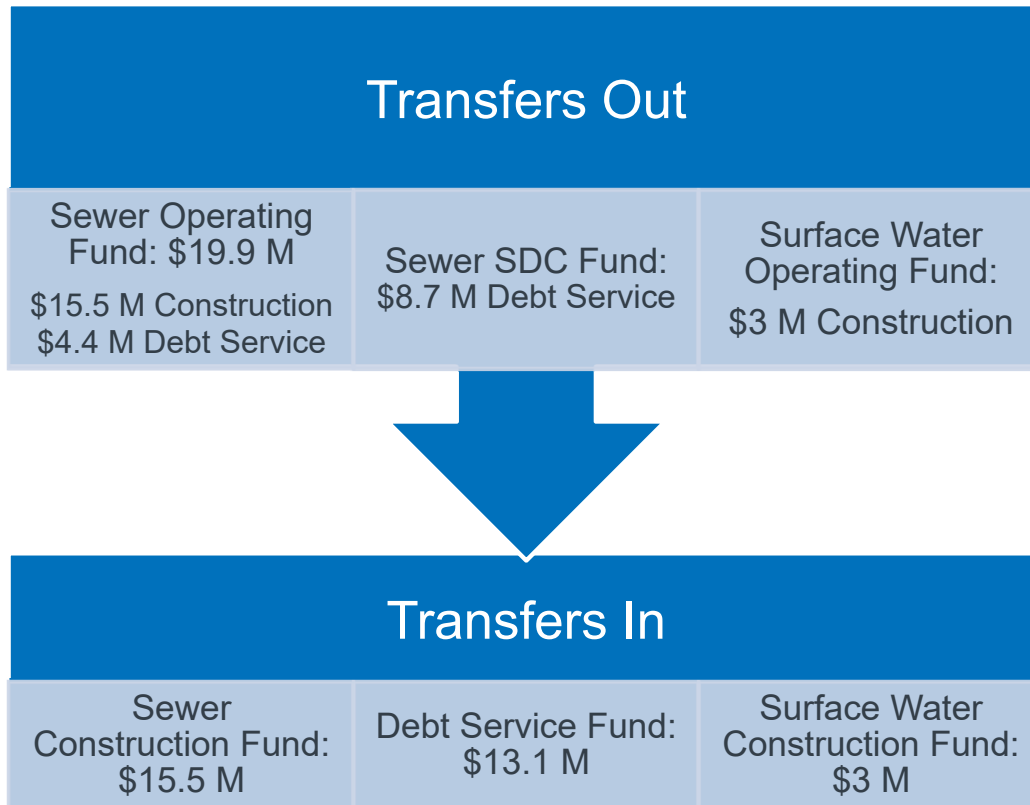


**Overall increase of ~\$1.4 M or 2.6% from FY 2020-21 Budget**

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



# Transfers - \$31.6 Million



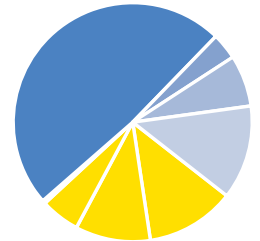
## 4.2% or \$1.3 million increase from FY 2020-21 Budget

- Increase of \$4.5 million transfer from Sewer Operating to Construction
- Transfer from SDC to Debt Service Fund reflects new financial strategy to repay debt with SDCs to extent eligible

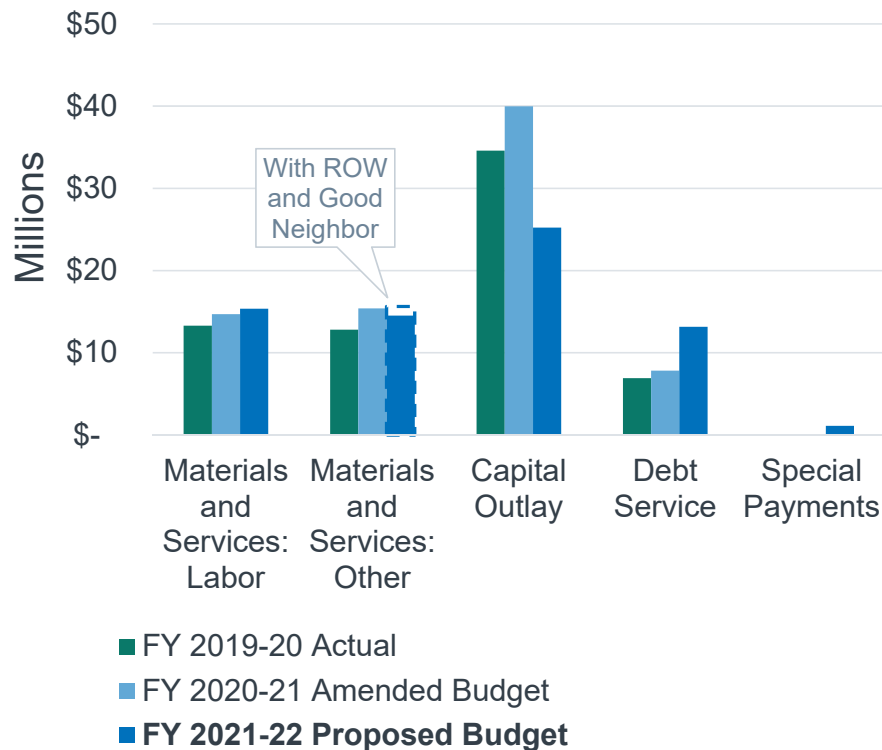


# Budgeted Expenses - \$69.4 Million

Requirements



## 3 Year Expense Trends

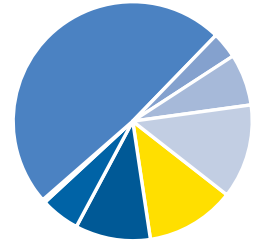


## Overall Reduction of ~\$8.5 M or 10.9% from FY 2020-21 Budget

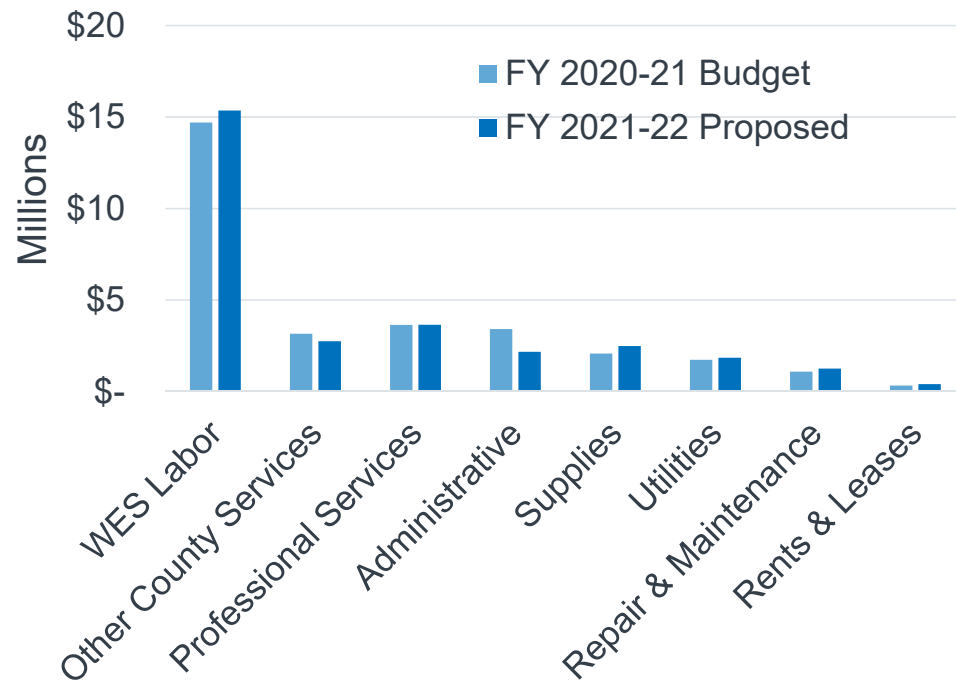
- Decrease in Capital spending
- Increase in Debt Service
- New Special Payments category
- Operating Budget 0.7% or \$215k decrease from FY 2020-21
  - Decrease in Materials and Services
  - Increase in Personnel Services

# Materials and Services - \$29.9 Million

Requirements



Operating Budget by Major Expense Category

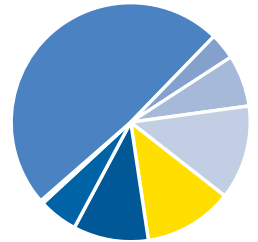


**0.7% or \$215 thousand decrease from FY 2020-21 Budget**

- WES Labor – 4.5% increase
  - 3 new positions
- Decrease in Other County Services
- Decrease in Administrative Expenses
- Increase in Supplies
- Increases in Repairs and Maintenance and Rents and Leases

# FY 2021-22 Operating Budget by Line of Business\*

Requirements



**\$16.6M**  
56.4 FTE  
**Operations**  
55¢

**\$5.7M**  
20.7 FTE  
**Business Services**  
19¢

**\$5.6M**  
20.5 FTE  
**Environmental Services**  
18¢

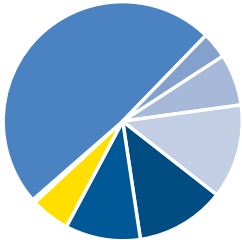
**\$2.4M**  
10.3 FTE\*\*  
**Capital Planning & Management**  
8¢

\*Equipment pool contra-expense is not included in Line of Business totals

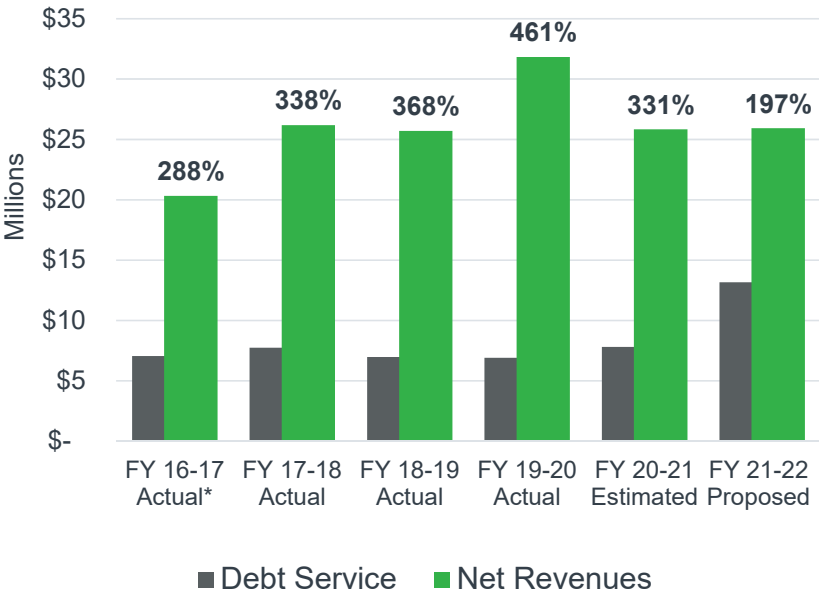
\*\*FTE Count for Capital Planning and Management excludes capitalized labor of 7.1 FTE

# Debt Service - \$13.2 Million

Requirements



Debt Service Coverage



**68.5% or \$5.4 million increase from FY 2020-21 Budget**

- New 2021 borrowing
- Repayment of SRF loan for Solids Handling Project
- AAA rating affirmed in February 2021

# Capital Outlay - \$25.2 Million

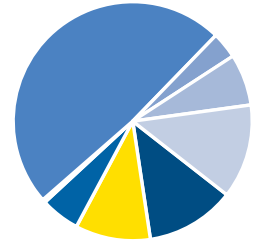
- Budget reflects continuing need for reinvestment in aging infrastructure and capital investment to meet projected growth

## FY 2021-22 Capital Budgets

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

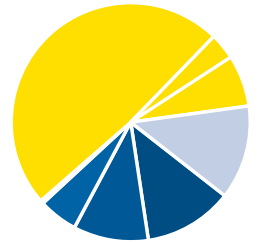
Category	Project Examples	FY 2021-22 Budget	Total Project Cost
Sanitary Sewer	Boring Pump Station & Force Main	\$4.6 M	\$6.0 M
	Kellogg Creek Aeration Basin Improvements	\$2.25 M	\$3.85 M
	Tri-City Outfall Project	\$1.5 M	\$25.5 M
	Multiple Pump Station Upgrades	\$2.0 M	\$8.5 M
	Clackamas Interceptor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

Requirements



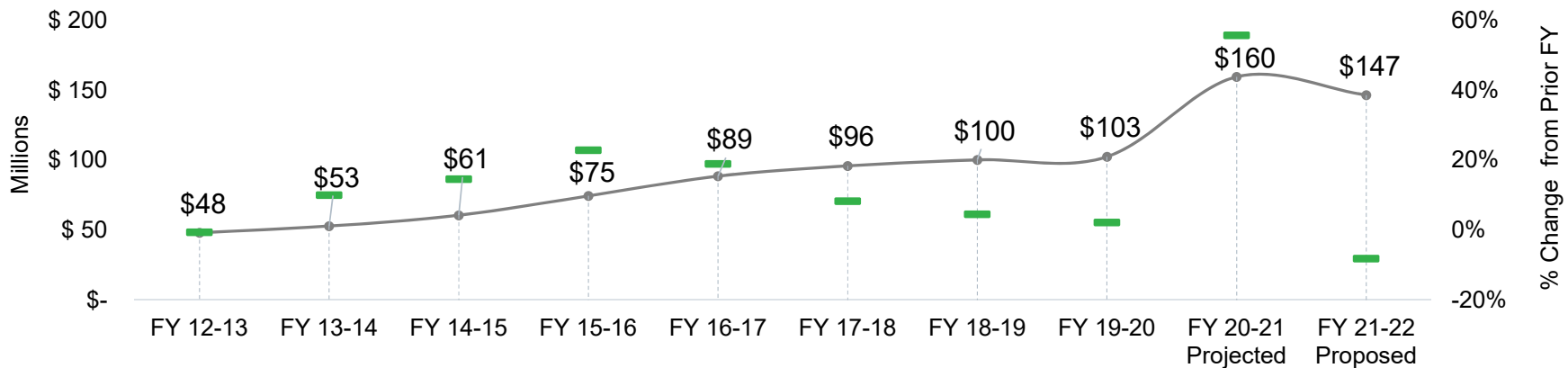
# Contingencies, Reserves, and Ending Fund Balance - \$146.8 Million

Requirements



**Combined Ending Fund Balance  
and Percentage Change by Fiscal Year**

— Ending Fund Balance & Contingency  
— % Change







## Proposed Rate Increases

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

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



## Sanitary Sewer Rate Components

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

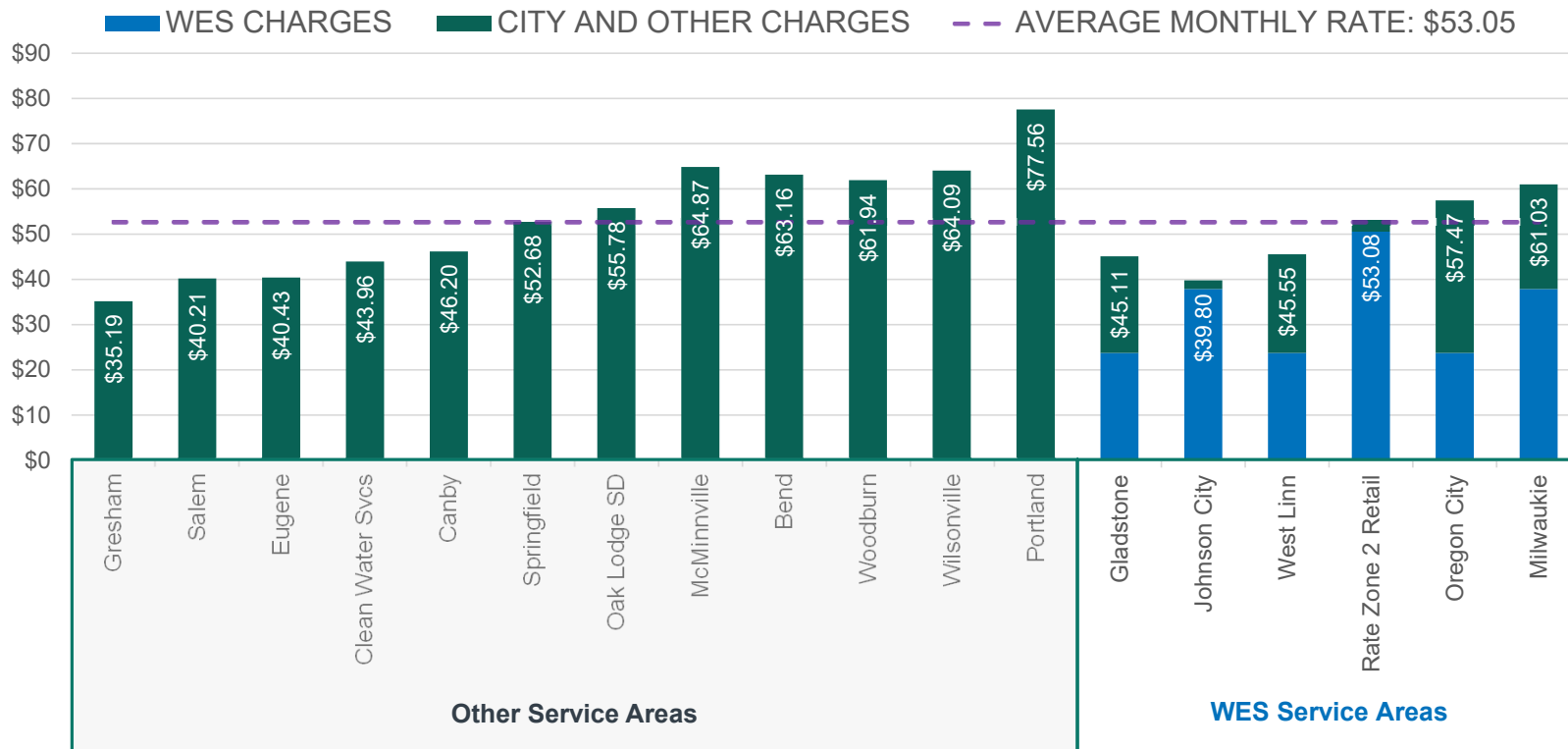
# FY 2021-22 Proposed Rates by Service Area and City

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

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

# How WES' rates compare to other service providers:

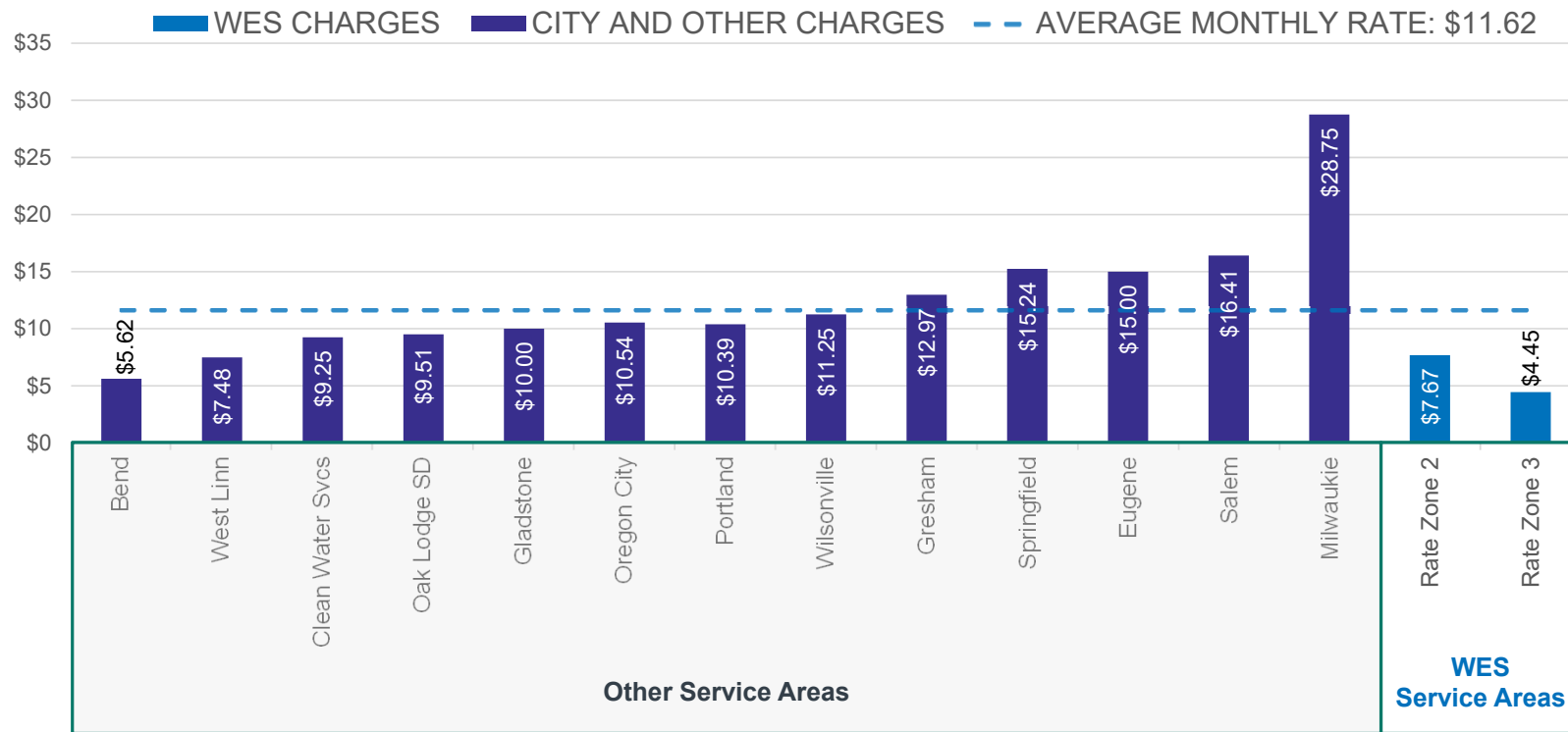
## Monthly Sanitary Sewer Rate Survey, FY 2020-21



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

# How WES' rates compare to other service providers:

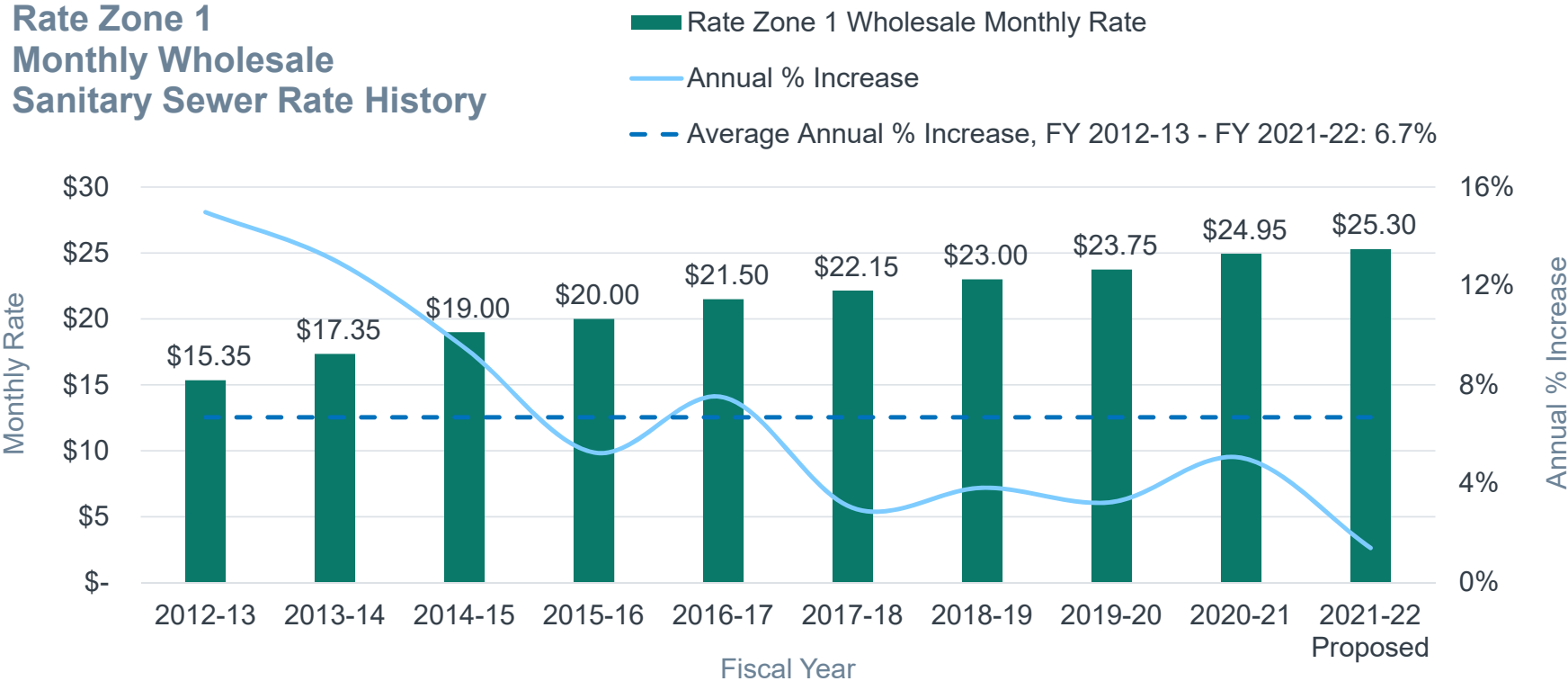
## Monthly Surface Water Rate Survey, FY 2020-21



*City and other charges includes ROW fees, where applicable.*

# Sanitary Sewer Service Charges

## Rate Zone 1 Monthly Wholesale Sanitary Sewer Rate History

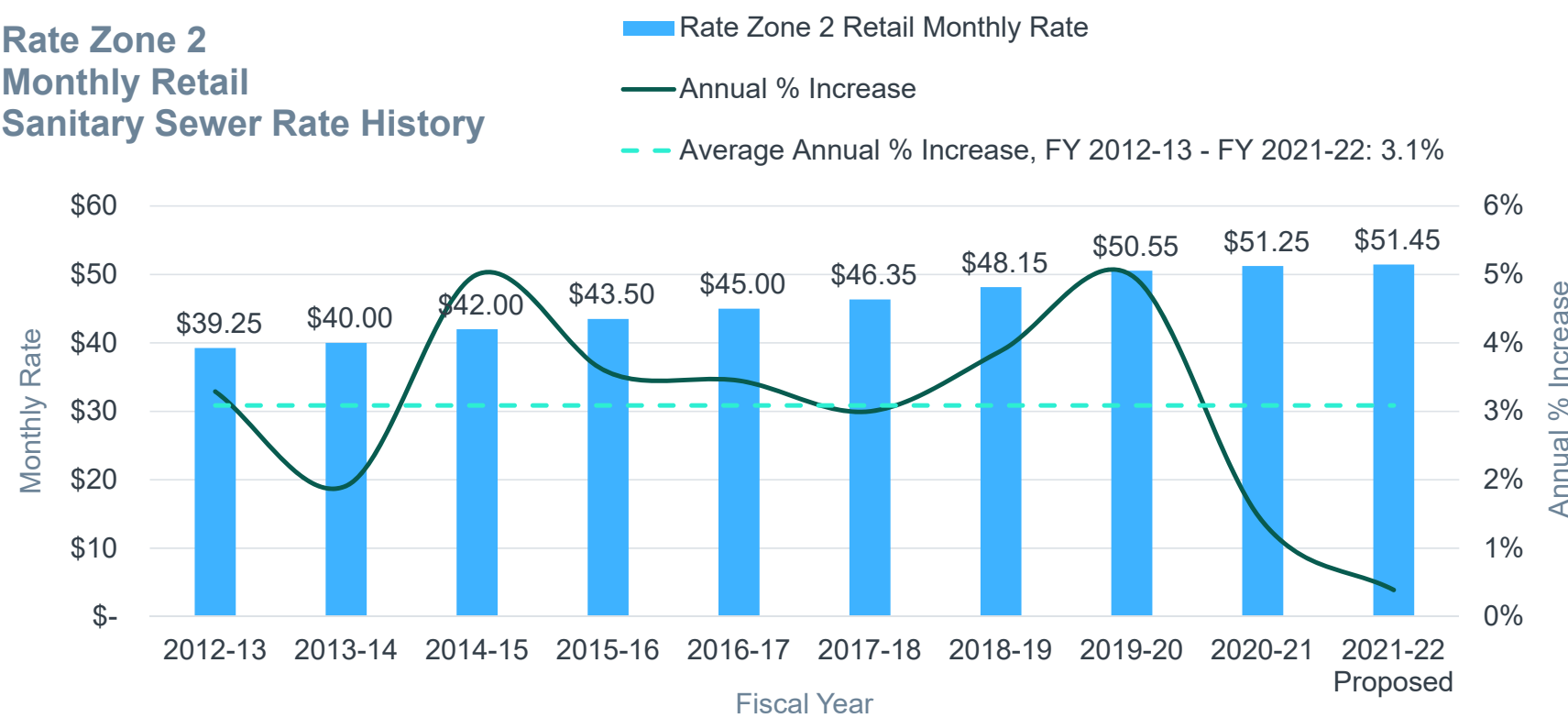


ROW surcharges for Gladstone and Oregon City are \$1.30 and \$1.70 respectively



# Sanitary Sewer Service Charges

Rate Zone 2  
Monthly Retail  
Sanitary Sewer Rate History



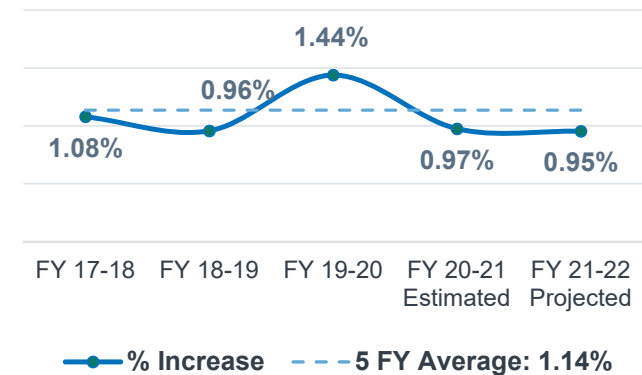
ROW surcharge for Happy Valley customers will be \$2.57

# FY 2021-22 Proposed System Development Charges

- Inflationary adjustments are proposed

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

% Increase in Sewer EDUs by FY





## Next Steps

- Advisory Committee recommendations will be shared with the Budget Committee
- Budget Committee will meet on May 24 to consider the budget, discuss changes, and vote on a recommended budget with any such changes for formal adoption
- Board of County Commissioners will meet on June 16 to formally adopt the budget, which will be effective July 1

## Motion

- Seeking approval to move the FY 2021-22 budget proposal forward to the Budget Committee





# Thank You!



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