



Gregory L. Geist
Director

June 16, 2021

Board of County Commissioners
Clackamas County

Members of the Board:

**RESOLUTION ADOPTING THE WATER ENVIRONMENT SERVICES
2021-22 FISCAL YEAR BUDGET AND MAKING APPROPRIATIONS**

Purpose/Outcomes	Budget adoption for Water Environment Services (“WES”).
Dollar Amount and Fiscal Impact	Water Environment Services FY 2021-22 budget in the amount of \$247,705,206 with appropriations totaling \$118,312,358.
Funding Source	WES funds. No General funds.
Duration	July 1, 2021 through June 30, 2022
Previous Board Action/Review	The WES Budget Committee approved the FY 2021-22 budget as presented on May 24, 2021.
Counsel Review	This Resolution was reviewed and approved by County Counsel on June 3, 2021.
Strategic Plan Alignment	<ol style="list-style-type: none"> 1. WES customers will continue to benefit from a well-managed utility. 2. Build public trust through good government by providing budget responsibility and transparency.
Contact Person	Chris Storey, WES Assistant Director (503-742-4543)
Contract No.	<i>Not Applicable.</i>

BACKGROUND:

The attached Resolution adopts the budget as published and approved by WES’ Budget Committee in accordance with state budget law.

The Budget Committee for WES met on May 24, 2021 to consider its budget. The budget for WES was approved as recommended by staff. The attached resolution establishes a Fiscal Year 2021-22 budget for WES of \$247,705,206 and makes appropriations of \$118,312,358.

The attached resolution to adopt and appropriate the Fiscal Year 2021-22 budget has been reviewed and approved by County Counsel.

RECOMMENDATION:

Staff respectfully recommends the Board of County Commissioners of Clackamas County, as the governing body of Water Environment Services, approve the Resolution adopting the budget and making appropriations for Fiscal Year 2021-22 for Water Environment Services.

Respectfully submitted,

Greg Geist Digitally signed by Greg Geist
Date: 2021.06.08
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Greg Geist, Director
Water Environment Services

Attachments: Authorizing Resolution

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

A Resolution Adopting a 2021-22
Fiscal Year Budget and Making
Appropriations for Water
Environment Services for the
Period of July 1, 2021 through
June 30, 2022



Resolution No. _____

WHEREAS, the proposed expenditures and resources constituting the budget for Water Environment Services for the period of July 1, 2021 through June 30, 2022, inclusive, has been prepared, published and approved by the Budget Committee, and that the matters discussed at the public hearing were taken into consideration, as required by Oregon statutes; and

WHEREAS, in accordance with ORS 294.920, the notice of this public hearing and a financial summary were published in The Oregonian on June 4th, 2021; and

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

BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS, AS THE GOVERNING BODY OF WATER ENVIRONMENT SERVICES, THAT:

The budget is hereby adopted for the Fiscal Year 2021-2022 in the amount of **\$247,705,206.00** and establishes appropriations of **\$118,312,358.00** as shown in the attached Exhibit A, which by this reference is made a part of this resolution.

ADOPTED this ___ day of _____, 2021.

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

Chair

Recording Secretary

**WATER ENVIRONMENT SERVICES
FISCAL YEAR 2021-2022 BUDGET
EXHIBIT A**

SANITARY SEWER OPERATING FUND

Materials and Services	\$ 23,675,889
Special Expenditures	
Special Payments	1,106,600
Transfers	19,860,656
Contingency	3,946,000
TOTAL OPERATING FUND EXPENDITURES	<u>\$ 48,589,145</u>

SANITARY SEWER SYSTEM DEVELOPMENT CHARGE FUND

Capital Outlay	\$ 1,254,000
Special Expenditures	
Transfers	8,694,881
Contingency	627,000
TOTAL SYSTEM DEVELOPMENT CHARGE FUND EXPENDITURES	<u>\$ 10,575,881</u>

SANITARY SEWER CONSTRUCTION FUND

Capital Outlay	\$ 22,877,000
Special Expenditures	
Contingency	11,438,500
TOTAL CONSTRUCTION FUND EXPENDITURES	<u>\$ 34,315,500</u>

SURFACE WATER OPERATING FUND

Materials and Services	\$ 6,211,141
Special Expenditures	
Transfers	3,000,000
Contingency	1,035,000
TOTAL OPERATING FUND EXPENDITURES	<u>\$ 10,246,141</u>

SURFACE WATER SYSTEM DEVELOPMENT CHARGE FUND

Capital Outlay	\$ -
Special Expenditures	
Contingency	-
TOTAL SYSTEM DEVELOPMENT CHARGE FUND EXPENDITURES	<u>\$ -</u>

SURFACE WATER CONSTRUCTION FUND

Capital Outlay	\$ 1,092,000
Special Expenditures	
Contingency	273,000
TOTAL CONSTRUCTION FUND EXPENDITURES	<u>\$ 1,365,000</u>

DEBT SERVICE FUND

Principal and Interest	\$ 13,167,587
Special Expenditures	
Reserve	53,104
TOTAL DEBT SERVICE FUND EXPENDITURES	<u>\$ 13,220,691</u>

TOTAL APPROPRIATION	118,312,358
ENDING FUND BALANCE	129,445,952
LESS REQ'D RESERVE	(53,104)
TOTAL BUDGET	<u>247,705,206</u>



Gregory L. Geist
Director

June 16, 2021

Board of County Commissioners
Clackamas County

Members of the Board:

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

Purpose/Outcomes	Amend and adopt rates and charges for Water Environment Services.
Dollar Amount and Fiscal Impact	Inflationary adjustments to sanitary sewer and surface water rates.
Funding Source	Ratepayer payments for services.
Duration	July 1, 2021 through June 30, 2022.
Previous Board Action/Review	None.
Counsel Review	Reviewed and approved by County Counsel on June 3, 2021.
Strategic Plan Alignment	<ol style="list-style-type: none"> 1. WES customers will continue to benefit from a well-managed utility. This board order will ensure the following Performance Clackamas result will be met for FY 2021-22: Rates will not increase more than 10% in any year nor less than the adopted index stating the current rate of inflation. 2. Build public trust through good government.
Contact Person	Chris Storey, WES Assistant Director (503-742-4543)
Contract No.	<i>Not Applicable.</i>

BACKGROUND:

The attached board order changes the Equivalent Dwelling Unit (“EDU”) monthly charge for wholesale sanitary sewer service within Rate Zone 1 (contiguous with the boundaries of the Tri-City Service District) of Water Environment Services (“WES”) from \$24.95 to \$25.30 per EDU. The City of Oregon City will be charged an additional amount of \$1.70 per EDU to offset the city’s its right of way usage fee. The City of Gladstone will be charged an additional amount of \$1.30 per EDU to offset the city’s right of way usage fee. The monthly service charge for retail sanitary sewer service within Rate Zone 1 will be adjusted from \$38.25 to \$38.80 per EDU.

The retail EDU monthly charge for sanitary sewer service within Rate Zone 2 (contiguous with the boundaries of Clackamas County Service District No. 1) will be adjusted from \$51.25 to \$51.45/EDU, and the retail Equivalent Service Unit (“ESU”) for surface water management services within Rate Zone 2 will be adjusted from \$7.65 to \$7.75/ESU. Ratepayers in the City of Happy Valley will be charged an additional amount of 5% or approximately \$2.57 per EDU for sanitary sewer service and approximately \$0.39 per ESU for surface water management service to offset the city’s right-of-way usage fee. The wholesale EDU monthly charge for sanitary sewer service in Rate Zone 2 remains at \$37.95/EDU.

The monthly service charge for retail surface water service will be adjusted from \$4.65 to \$4.70 per ESU within Rate Zone 3 (contiguous with the boundaries of the Surface Water Management Agency of Clackamas County).

These changes are effective for service rendered on and after July 1, 2021. The board order further requires WES to amend its published service charge schedule to reflect this change.

The change in charges for monthly sanitary sewer service and monthly surface water service for WES is pursuant to the Fiscal Year 2021-2022 budget approved by WES' Budget Committee on May 24, 2021, and adopted by the Board on June 16, 2021.

The attached resolution has been reviewed and approved by County Counsel.

RECOMMENDATION:

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

Respectfully submitted,

Greg Geist
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Date: 2021.06.08 11:00:24 -07'00'

Greg Geist, Director
Water Environment Services

Attachments: Board Order

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

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

ORDER NO.

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This matter came for hearing before the Board of County Commissioners of Clackamas County, Oregon ("Board"), as the governing body of Water Environment Services ("WES"), in public hearing on June 16th, 2021.

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

WHEREAS, in order to meet the continuing obligations and ensure effective performance of WES, it is necessary for WES to adopt a wholesale sanitary sewer equivalent dwelling unit ("EDU") charge within Rate Zone 1 of \$25.30 per EDU per month. The city may set such additional amounts for monthly sanitary sewer user charges which shall be added to WES' wholesale sanitary sewer charge, and the entire amount shall be billed by the city;

WHEREAS, in order to meet the continuing obligations and ensure effective performance of WES, it is necessary for WES to adopt a retail sanitary sewer charge within Rate Zone 1 of \$38.80 per EDU per month;

WHEREAS, in order to meet the continuing obligations and ensure effective performance of WES, it is necessary for WES to adopt a retail sanitary sewer charge within Rate Zone 2 of \$51.45 per EDU per month;

WHEREAS, in order to meet the continuing obligations and ensure effective performance of WES, it is necessary for WES to adopt a retail surface water equivalent service unit ("ESU") charge within Rate Zone 2 of \$7.75 per ESU per month;

WHEREAS, in order to meet the continuing obligations and ensure effective performance of WES, it is necessary for WES to adopt a retail surface water charge within Rate Zone 3 of \$4.70 per ESU per month;

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

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

In the Matter of an Order Amending
and Adopting Rates and Charges for
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ORDER NO.

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WHEREAS, in order to implement such methodology for Fiscal Year 2021-22, WES shall charge the City of Oregon City \$1.70 per month per EDU served by Oregon City, in addition to the \$25.30 wholesale EDU rate, all effective July 1, 2021, pursuant to WES' approved budget. WES shall charge the City of Gladstone \$1.30 per month per EDU served by Gladstone, in addition to the \$25.30 wholesale EDU rate, all effective July 1, 2021, pursuant to WES' approved budget. WES shall charge the customers of WES residing within the City of Happy Valley an additional 5% or approximately \$2.57 per EDU per month for sanitary sewer service and an additional 5% or approximately \$0.39 per ESU per month for surface water services pursuant to the adopted rate methodology, all effective July 1, 2021, pursuant to WES' approved budget.

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

1. Effective July 1, 2021, WES' published service charge schedule is amended in part to reflect the changes in charges below:
 - a. WES' wholesale sanitary sewer service charge shall be \$25.30 per month for each dwelling unit or equivalent dwelling unit as assigned each class of service, which shall be paid by the city for each user from the date of connection of such user to the sewerage system within Rate Zone 1 (contiguous with the boundaries of the Tri-City Service District). Payment shall be made to the city in which the property is located for subsequent remittance to WES, except for those areas billed directly to the users by WES. WES shall bill for and directly receive the retail charge of \$38.80 for retail sanitary sewer customers within Rate Zone 1. WES shall bill the City of Oregon City an additional \$1.70 per EDU, pursuant to the adopted rate methodology. WES shall bill the City of Gladstone an additional \$1.30 per EDU, pursuant to the adopted rate methodology. WES shall set the sewer service charges for each user based upon WES' service charge schedule.
 - b. WES' retail sanitary sewer service charge shall be \$51.45 per month for each dwelling unit or equivalent dwelling unit within Rate Zone 2 (contiguous with the boundaries of Clackamas County Service District No. 1). WES shall charge retail customers of Rate Zone 2 residing in the City of Happy Valley an additional 5% or approximately \$2.57 per EDU for sanitary sewer service pursuant to the adopted rate methodology. WES' wholesale sanitary sewer service charge within Rate Zone 2 shall be \$37.95 per month for each dwelling unit or equivalent dwelling unit as assigned each class of service, which shall be paid by the cities of Milwaukie and Johnson City for each user from the date of connection of such user to the sewerage system within Rate Zone 2.
 - c. WES' retail surface water service charge shall be \$7.75 per month for each service unit or equivalent service unit within Rate Zone 2 (contiguous with the boundaries of Clackamas County Service District No. 1). WES shall charge retail customers of Rate Zone 2 residing in the City of Happy Valley an

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

additional 5% or approximately \$0.39 per EDU for surface water service pursuant to the adopted rate methodology.

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

ORDER NO.

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- d. WES' retail surface water service charge shall be \$4.70 per month for each service unit or equivalent service unit within Rate Zone 3 (contiguous with the boundaries of the Surface Water Management Agency of Clackamas County).
2. WES staff are directed to publish the amended service charge schedule in accordance with this Order.
3. In all other respects, the Rules and Regulations of WES remain in full force and effect.
4. An executed copy hereof shall be kept on file at Water Environment Services.

PASSED this 16th day of June, 2021, after public hearing by the Board of County Commissioners at its regular meeting.

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

Chair

Recording Secretary



Gregory L. Geist
Director

June 16, 2021

Board of County Commissioners
Clackamas County

Members of the Board:

**RESOLUTION ADJUSTING SYSTEM DEVELOPMENT CHARGES FOR
WATER ENVIRONMENT SERVICES FOR FY 2021-2022**

Purpose/Outcomes	Ensuring continued collection of system development charges and increasing the revenues received from new development within Water Environment Services ("WES").
Dollar Amount and Fiscal Impact	Projected to collect ~\$90,000 in additional wholesale Sanitary Sewer System Development Charges ("SDC") revenues annually. Projected to collect ~\$3,900 in additional Rate Zone 2 Surface Water SDC revenues annually.
Funding Source	WES Funds. No General Funds involved.
Duration	Permanent.
Previous Board Action/Review	The Board adopted a Sanitary Sewer SDC of \$8,005 and a Surface Water SDC of \$215 on June 18, 2020.
Counsel Review	This Resolution was reviewed and approved by County Counsel on June 3, 2021.
Strategic Plan Alignment	1. WES customers will continue to benefit from a well-managed utility. 2. Build public trust through good government.
Contact Person	Chris Storey, WES Assistant Director (503-742-4543)
Contract No.	N/A

BACKGROUND:

Water Environment Services' Rules and Regulations allow for inflationary adjustments to the Sanitary Sewer and Surface Water System Development Charges ("SDCs").

On May 24, 2021, staff presented to Water Environment Services' Budget Committee the Fiscal Year 2021-22 budget, which included an inflationary increase in the Sanitary Sewer SDC of ~1.4% to \$8,120, and an inflationary increase in the Surface Water SDC of ~2.3% to \$220. The inflationary adjustments are based on the 2020 Construction Cost Index and rounded to the nearest \$5 increment. The Budget Committee voted to recommend approval of the budget, which included the increases.

The attached resolution has been reviewed and approved by County Counsel.

RECOMMENDATION:

Staff respectfully recommends that the Board of County Commissioners, as the governing body of Water Environment Services, adopts the resolution increasing the sanitary sewer wholesale system development charge to \$8,120, and increasing the surface water system development charge to \$220 for WES Rate Zone 2.

Respectfully submitted,

Greg Geist
Digitally signed by Greg Geist
Date: 2021.06.08 11:00:00 -07'00'

Greg Geist, Director
Water Environment Services

Attachments: Authorizing Resolution

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

A Resolution Adjusting System
Development Charges for Water
Environment Services for Fiscal
Year 2021-2022

ORDER NO.

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This matter coming before the Board of County Commissioners of Clackamas County, Oregon, as the governing body of Water Environment Services (the "Board"),

WHEREAS, on June 29, 2017, the System Development Charge methodology for Clackamas County Service District No. 1 and the Tri-City Service District were adopted as the System Development Charge ("SDC") methodologies for Water Environment Services ("WES"); and

WHEREAS, WES' Rules and Regulations allow for adjustments to SDCs by resolution based upon the periodic application of a specific cost index; and

WHEREAS, inflationary calculations are to be based upon construction cost changes in the Engineering News Record Construction Cost Index; and

WHEREAS, the percent change in the Engineering News Record's average annual construction cost index for 2020 reflected an increase of one and forty-six hundredths percent (1.46%) from 2019; and

WHEREAS, on May 24, 2021, the WES Budget Committee approved the Fiscal Year 2021-22 budget proposed by staff, which included a sanitary sewer wholesale SDC rate of \$8,120 and a surface water SDC rate of \$220; and

WHEREAS, in order to meet the continuing obligations and ensure effective performance of WES, it is necessary to adopt an increased sanitary sewer wholesale SDC of \$8,120, and also adopt an increased surface water SDC within Rate Zone 2 of \$220;

BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS, AS THE GOVERNING BODY OF WATER ENVIRONMENT SERVICES, THAT:

1. Effective July 1, 2021, the WES wholesale sanitary sewer system development charge shall be adjusted by approximately 1.4% to Eight Thousand One Hundred Twenty Dollars (\$8,120.00) per equivalent dwelling unit, as defined and applied by the WES Rules and Regulations and the previously-adopted methodology; and
2. Effective July 1, 2021, the WES surface water system development charge within Rate Zone 2 shall be adjusted by approximately 2.3% to Two Hundred Twenty Dollars (\$220.00) per equivalent service unit, as defined and applied by the WES SDC ordinance and the previously-adopted methodology; and
3. WES staff are directed to publish these updated SDC charges where appropriate, in accordance with this order; and
4. An executed copy hereof shall be kept on file at WES.

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

A Resolution Adjusting System
Development Charges for Water
Environment Services for Fiscal Year
2021-2022

ORDER NO.

Page 2 of 2

ADOPTED this 16th day of June, 2021.

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

Chair

Recording Secretary



Gregory L. Geist
Director

June 16, 2021

Board of County Commissioners
Clackamas County

Members of the Board:

**BOARD ORDER CONSOLIDATING FUNDS FOR
WATER ENVIRONMENT SERVICES**

Purpose/Outcomes	Fund consolidation and elimination of an unused fund for Water Environment Services.
Dollar Amount and Fiscal Impact	No impact.
Funding Source	WES funds.
Duration	Permanent.
Previous Board Action/Review	WES' funds were established by Board Order on June 29, 2017.
Counsel Review	Reviewed and approved by County Counsel on June 7, 2021.
Strategic Plan Alignment	<ol style="list-style-type: none"> 1. WES customers will continue to benefit from a well-managed utility. This board order consolidates WES' two debt service funds into a single fund and eliminates the unused fund. 2. Build public trust through good government.
Contact Person	Chris Storey, WES Assistant Director (503-742-4543)
Contract No.	<i>Not Applicable.</i>

BACKGROUND:

The attached board order consolidates Water Environment Services' ("WES") two debt service funds, State Loan Fund 635 and Revenue Bond Fund 636 into Debt Service Fund 635 in accordance with state budget law.

In prior years, WES accounted for debt service activities in two separate funds, a State Loan Fund and a Revenue Bond Fund. As part of the County's chart of accounts project to simplify accounting and budgeting, the use of two debt service funds for WES was identified as unnecessary. For FY 2021-22's budget and forward, all of WES' debt will be accounted for in a single debt service fund. The unused debt service fund will be closed and any remaining balance transferred to the consolidated fund.

The attached board order has been reviewed and approved by County Counsel.

RECOMMENDATION:

Staff recommends the Board of County Commissioners of Clackamas County, as the governing body of Water Environment Services, approve the board order consolidating debt service funds for Water Environment Services.

Respectfully submitted,

Greg Geist Digitally signed by Greg Geist
Date: 2021.06.08 11:00:47 -07'00'

Greg Geist, Director
Water Environment Services

Attachments: Board Order

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

In the Matter of an Order Consolidating
Funds and Eliminating an Unnecessary
Fund for Water Environment Services,
Clackamas County, Oregon

ORDER NO.

Page 1 of 1

WHEREAS, Water Environment Services' ("WES") previous budgets included two separate funds to account for WES' debt service activities; and

WHEREAS, WES staff determined that separate debt service funds are no longer necessary, and the FY 2021-2022 budget includes a single fund to account for debt service, Fund 635 Debt Service Fund; and

WHEREAS, ORS 294.353 requires municipal corporations to declare the elimination of an unnecessary fund and disposition of remaining balance by order;

NOW THEREFORE, the Board of County Commissioners, sitting as the governing body of Water Environment Services, hereby orders:

1. Water Environment Services Fund 635 State Loan Fund is renamed Fund 635 Debt Service Fund.
2. Water Environment Services Fund 636 Revenue Bond Fund is closed effective July 1, 2021 and any remaining fund balance will be transferred to Fund 635 Debt Service Fund.

ADOPTED this 16th day of June, 2021.

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

Chair

Recording Secretary