

# Clackamas Water Environment Services

FY 2020-21 BUDGET PRESENTATION



CLACKAMAS

WATER  
ENVIRONMENT  
SERVICES





# Clackamas Water Environment Services Mission and Vision

## MISSION

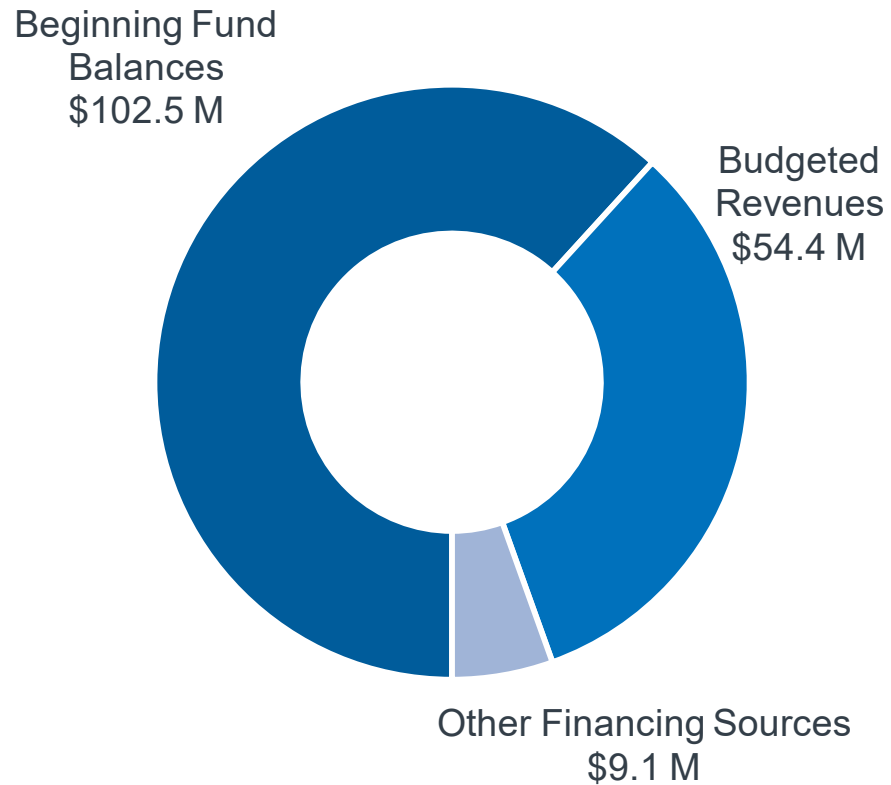
The mission of Clackamas Water Environment Services is to provide resource recovery and watershed protection services to our community so we can live, work, and play in a healthy environment.

## VISION

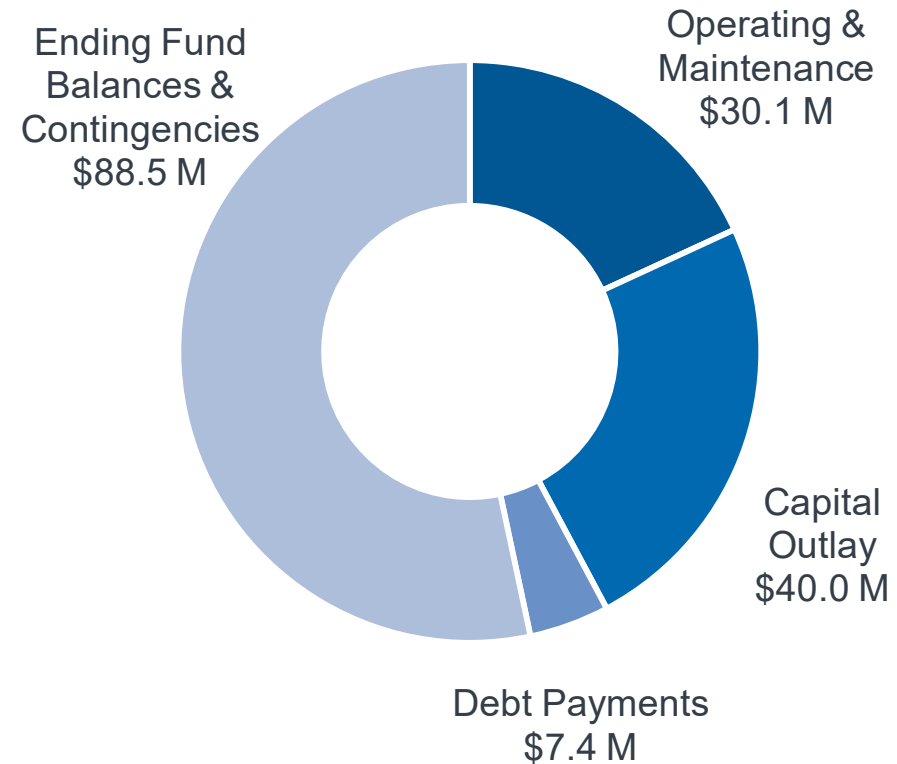
WES is regionally known as a premier utility for wastewater and surface water management and water quality protection.

# FY 2020-21 Proposed Budget

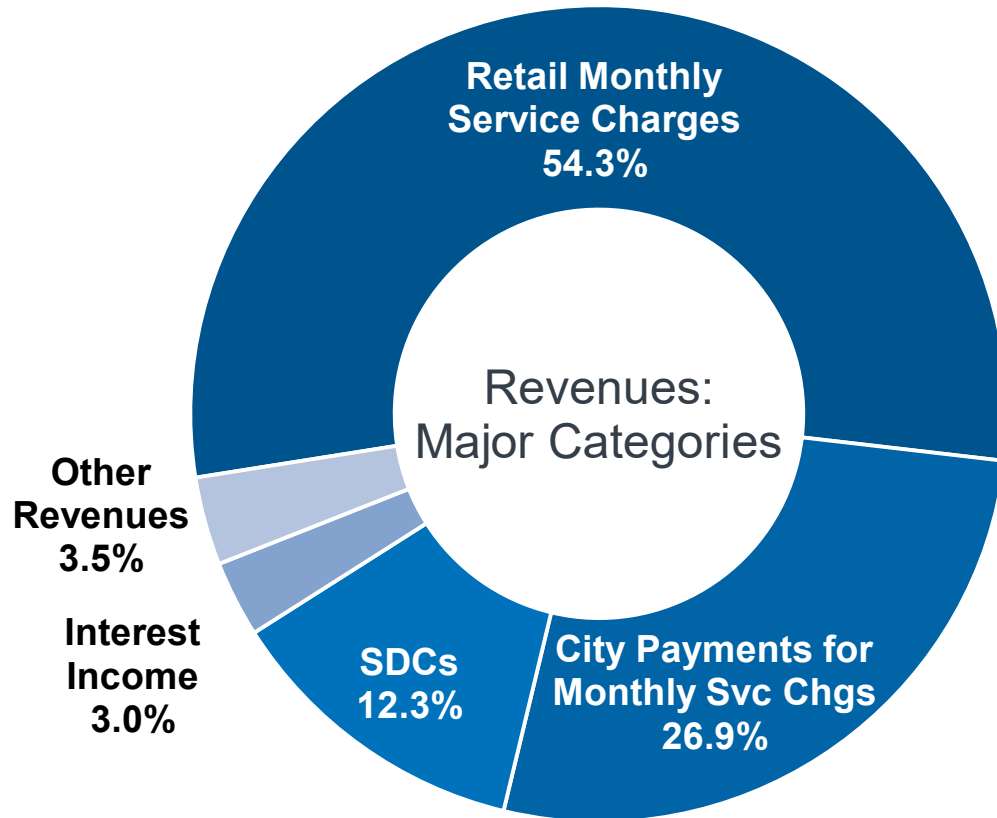
Total Resources:  
\$166.0 Million\*



Total Requirements:  
\$166.0 Million\*



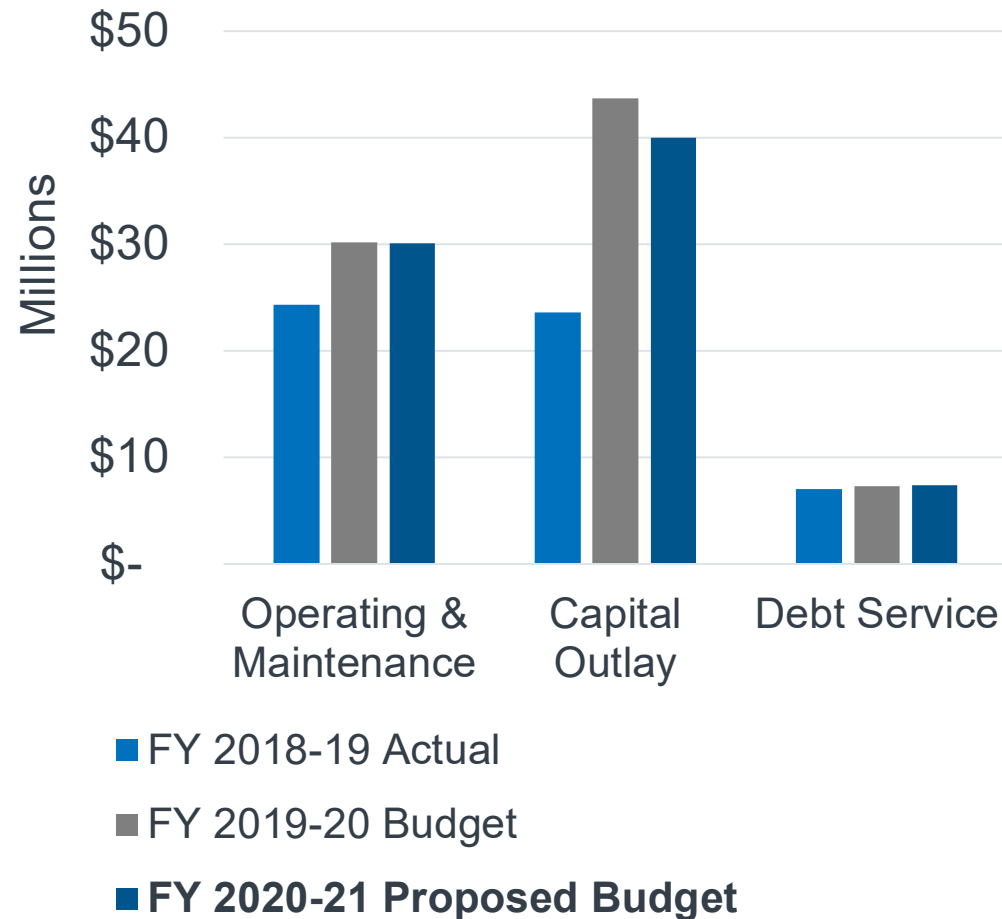
# Major Themes - Revenues



- Overall Reduction of ~\$2.6M or 4.6% from FY 2019-20 Budget
  - Decrease in System Development Charges (SDCs)
  - Decrease in retail service charge revenue due to COVID-19
  - Moderate rate increases averaging ~2.5% across all rate zones

# Major Themes - Expenditures

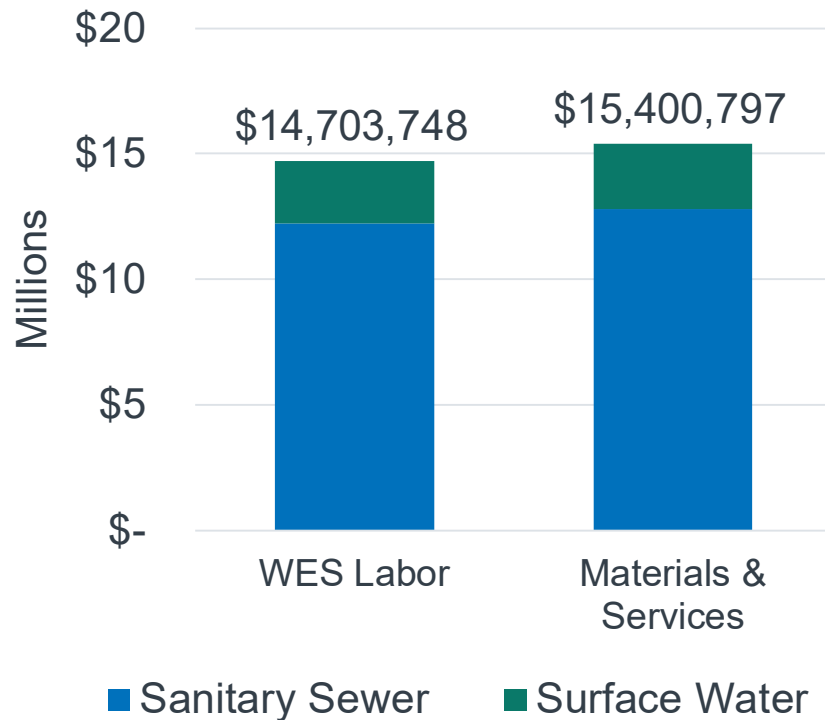
## 3 Year Expenditure Trends



- Overall Reduction of ~\$3.6M or 4.5% from FY 2019-20 Budget
  - Minor Operating Budget decrease
  - Decrease in Capital spending
  - Partially offset by minor increase in Debt Service

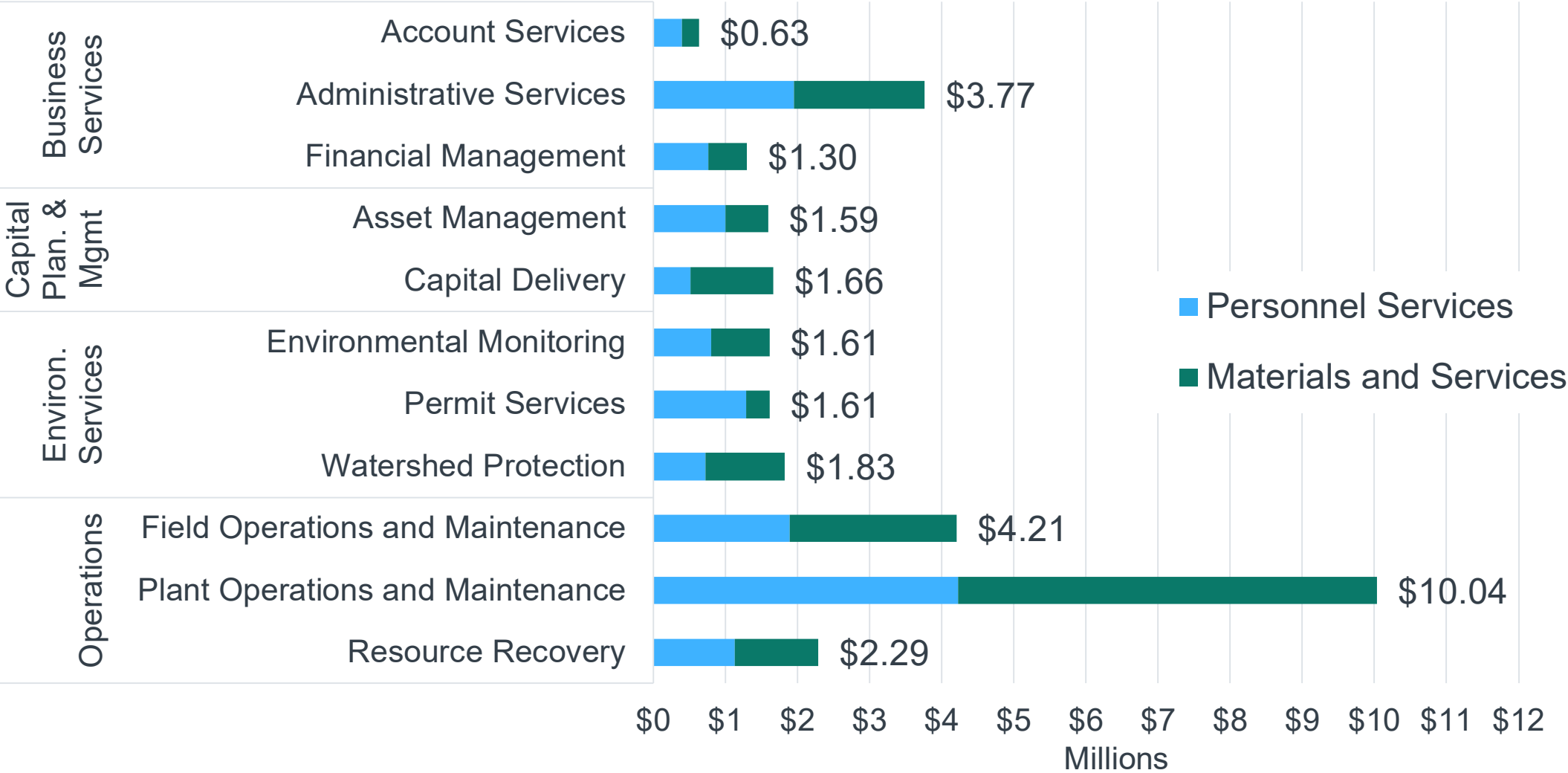
# Proposed Operating Budget: \$30.1 Million

Operating Budget by Service  
and Major Expense Category



- 0.2% or ~\$54 thousand decrease from FY 2019-20
- Materials & Services: 1.7% or \$269 thousand decrease
- Labor: 1.5% or \$215 thousand increase
  - No new positions proposed

# Performance Clackamas: Operating Budget by Program



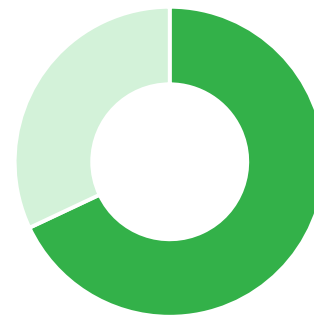
Above chart does not include Non-Program Equipment Pool Contra-Expense of (\$423,718).

# Performance Clackamas Budget Measures - Highlights



**73%**

of WES' 40 Budget Measures are meeting or exceeding strategic targets for FY 2019-20 (compared to 53% for FY 2018-19)



**68%**

of WES' 40 Budget Measures show equal or improved performance as of 12/31/2019 (compared to actuals through 12/31/2018)

Key Performance Measures and Results		FY 18-19 Actual	FY 19-20 Target	FY 19-20 Actuals as of 12/31/19	FY 20-21 Target
Result	75% of all WES Maintenance activities will be planned efforts to address performance deficiencies or enhancements.	65.38%	75%	77%	75%
Result	Camera inspect, clean and provide preventative maintenance to 16.7% (approximately 54 miles of pipe) of the sanitary collection system each year, such that the entire system is inspected and maintained every six years.	14.18%	16.7%	8.91%	16.7%



# Proposed Capital Budget - \$40.0 Million

- Sanitary Sewer Capital: \$37.9 Million
- Surface Water Capital: \$2.1 Million



## Major Projects

### **Sanitary Sewer**

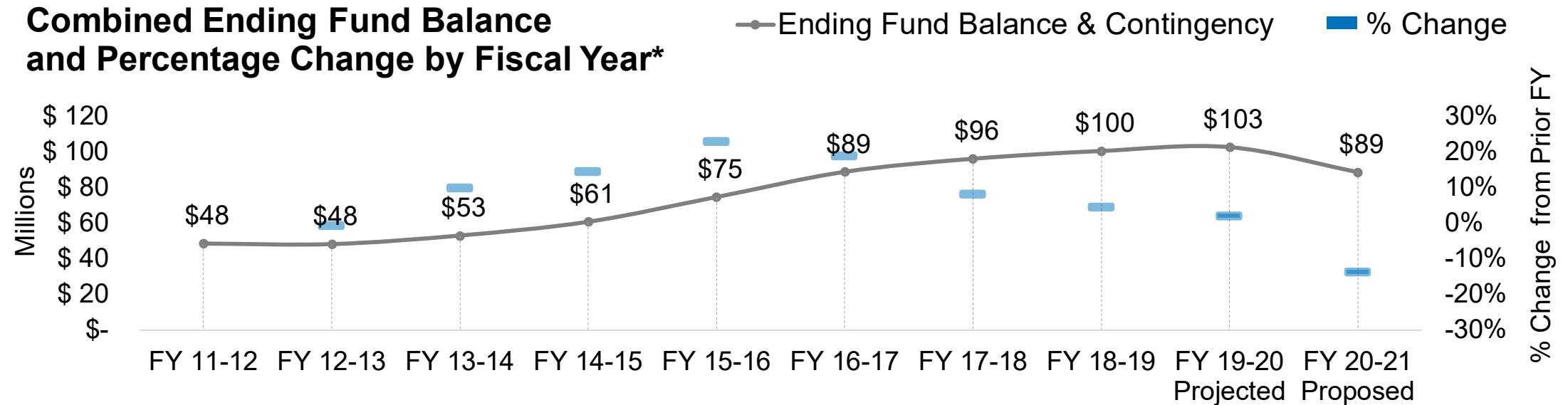
- Clackamas Interceptor Capacity Improvements, \$9.4 M
- Tri-City Water Resource Recovery Solids Handling, \$9.1 M
- Tri-City Outfall Capacity Improvement Project, \$1M

### **Surface Water**

- Red Rose Valley Detention Pipe, \$1.2 M

# Major Themes - Reserves

- Planned use of approximately \$14.0 million of reserves for capital outlay



\*FY 20-21 Proposed Ending Fund Balance includes contingency

# Sanitary Sewer Rate Components

- **Wastewater Treatment** – Applies to all ratepayers; covers costs of operating and maintaining WES' 5 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.

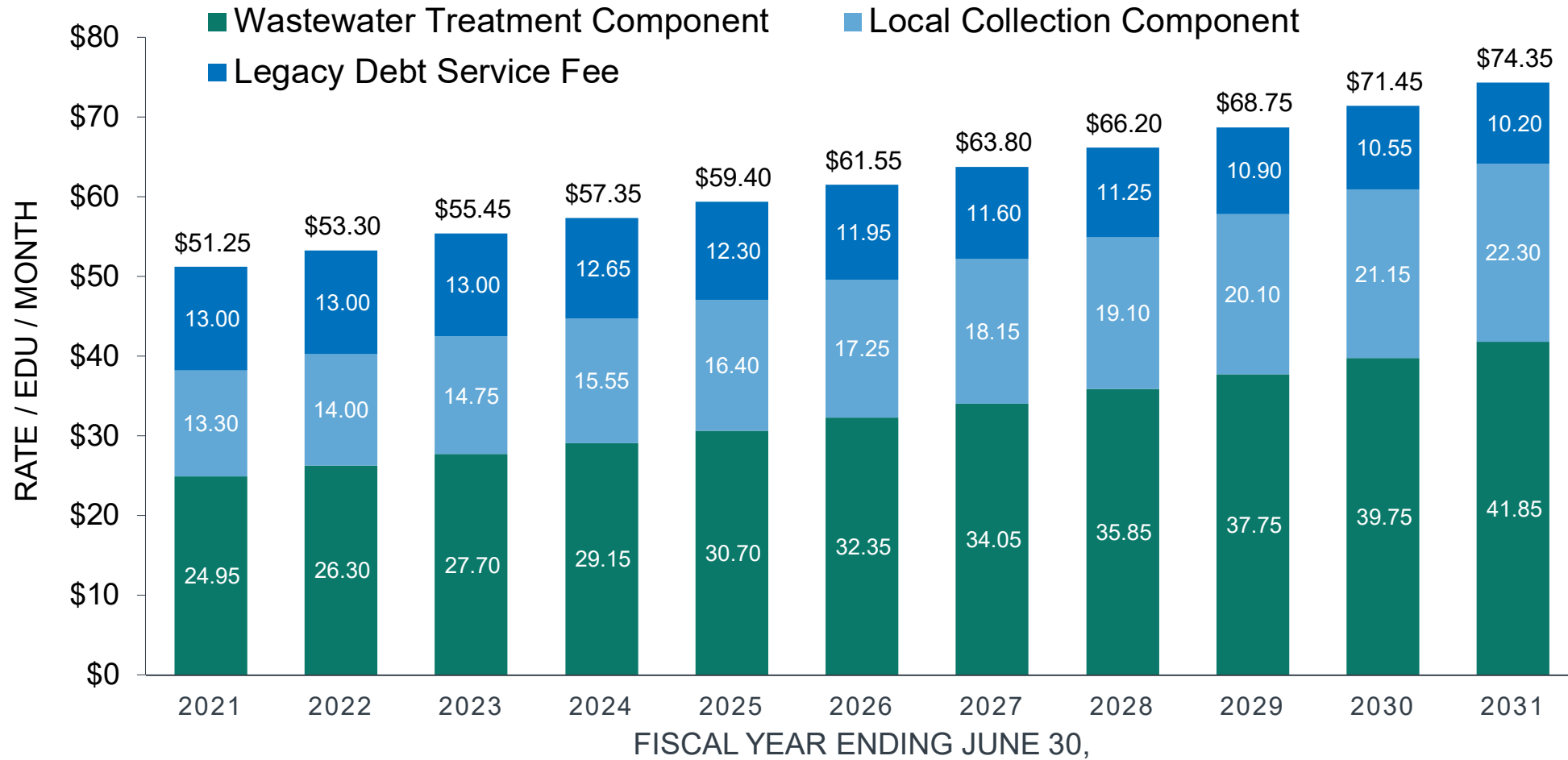
# FY 2020-21 Rates by Service Area and City

	Rate Components	Gladstone	Oregon City	West Linn	Unincorp RZ1	Unincorp RZ2	Happy Valley	Milwaukie	Johnson City	Rate Zone 3
Sanitary Sewer	Wastewater Treatment	24.95	24.95	24.95	24.95	24.95	24.95	24.95	24.95	
	Local Collection				13.30	13.30	13.30			
	Legacy Debt Svc Fee					13.00	13.00	13.00	13.00	
	Subtotal – Sanitary Sewer	24.95	24.95	24.95	38.25	51.25	51.25	37.95	37.95	-
Surface Water	Surface Water Service					7.65	7.65			4.65
	On-Site Maintenance					3.00	3.00			
	Subtotal – Surface Water	-	-	-	-	10.65	10.65	-	-	4.65
	City Right-of-Way Fees <sup>1</sup>	1.25	1.65	-	-	-	3.10	-	-	-
Est. Total Monthly Bill	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
	% Δ from FY 2018-19	3.31%	3.48%	3.26%	9.47%	4.73%	4.72%	4.99%	4.99%	4.71%
	FY 2018-19	\$ 24.15	\$ 24.40	\$ 23.00	\$ 33.25	\$ 58.10	\$ 61.01	\$ 36.10	\$ 36.10	\$ 4.25
		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.



# Forecasted Sanitary Sewer Rates



# FY 2020-21 System Development Charges

- Inflationary adjustments are proposed

Service Category	FY 2019-20	FY 2020-21 Proposed	\$ Change	% Change
Sanitary Sewer	\$ 7,850	\$8,005	\$ 155	~1.98%
Surface Water	\$ 211	\$ 215	\$ 4	~1.90%

# Emerging Issues

- Impact of Pandemic is unclear at this time. WES has undertaken efforts, including no late fees, no certification of accounts for collection, and flexible repayment plans that may have a material impact on revenue.
- To date we have not received notice of a vendor unable to provide supplies in support of our operations or capital improvement projects, but WES will be monitoring closely.
- WES is constantly seeking to be good stewards of ratepayer dollars, and may propose actions to reduce expenses further in light of this uncertainty.

# Next Steps

- Public Hearing and Testimony
- Questions and Discussion
- Motion to Approve and Discussion
- Vote
- Final consideration by WES governing body in June 2020





# Thank You!



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