



# WATER ENVIRONMENT SERVICES

FY 2019-20 Budget Presentation

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Doug Waugh



# Water Environment Services Department Mission & Vision

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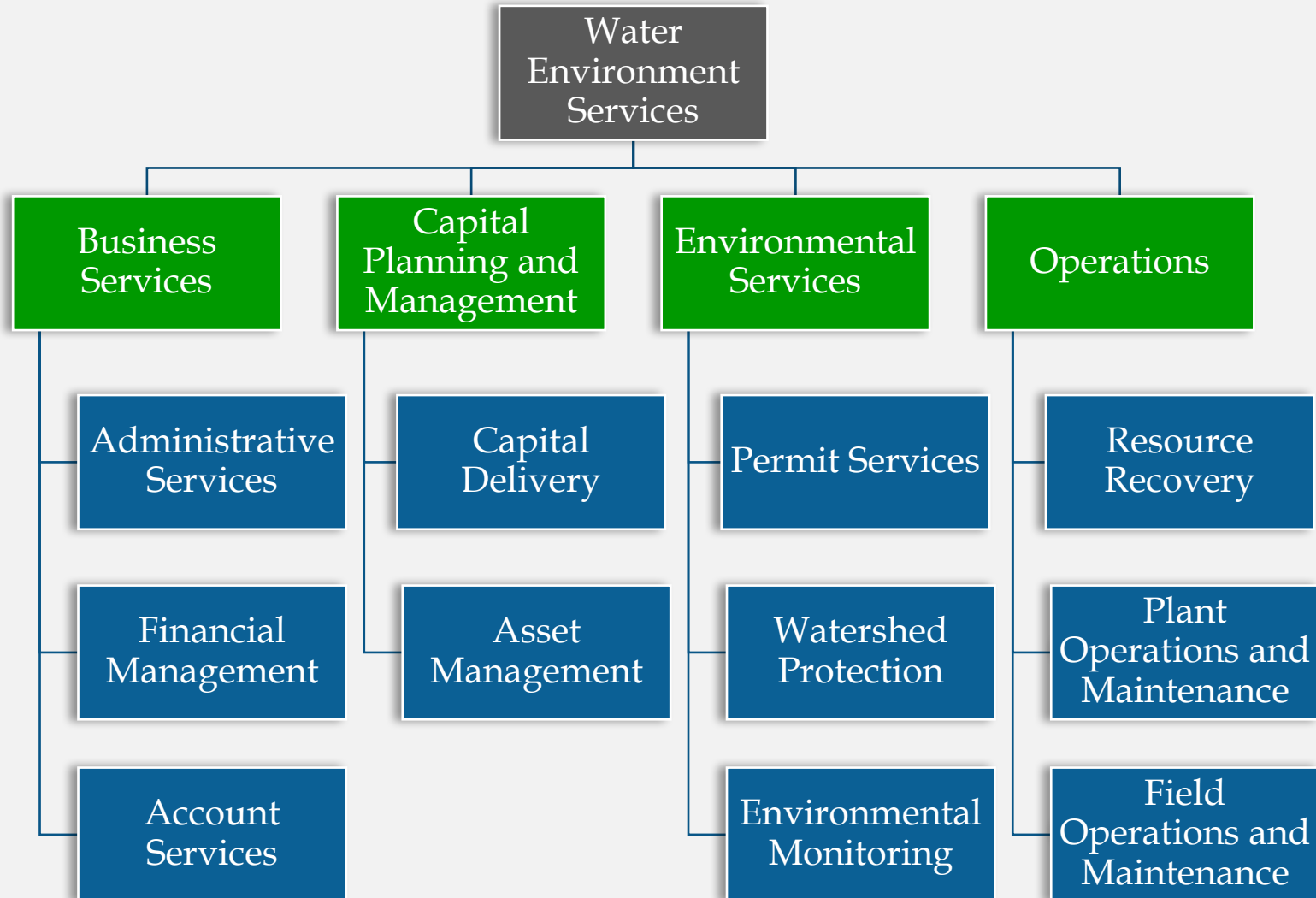
## MISSION

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.

## VISION

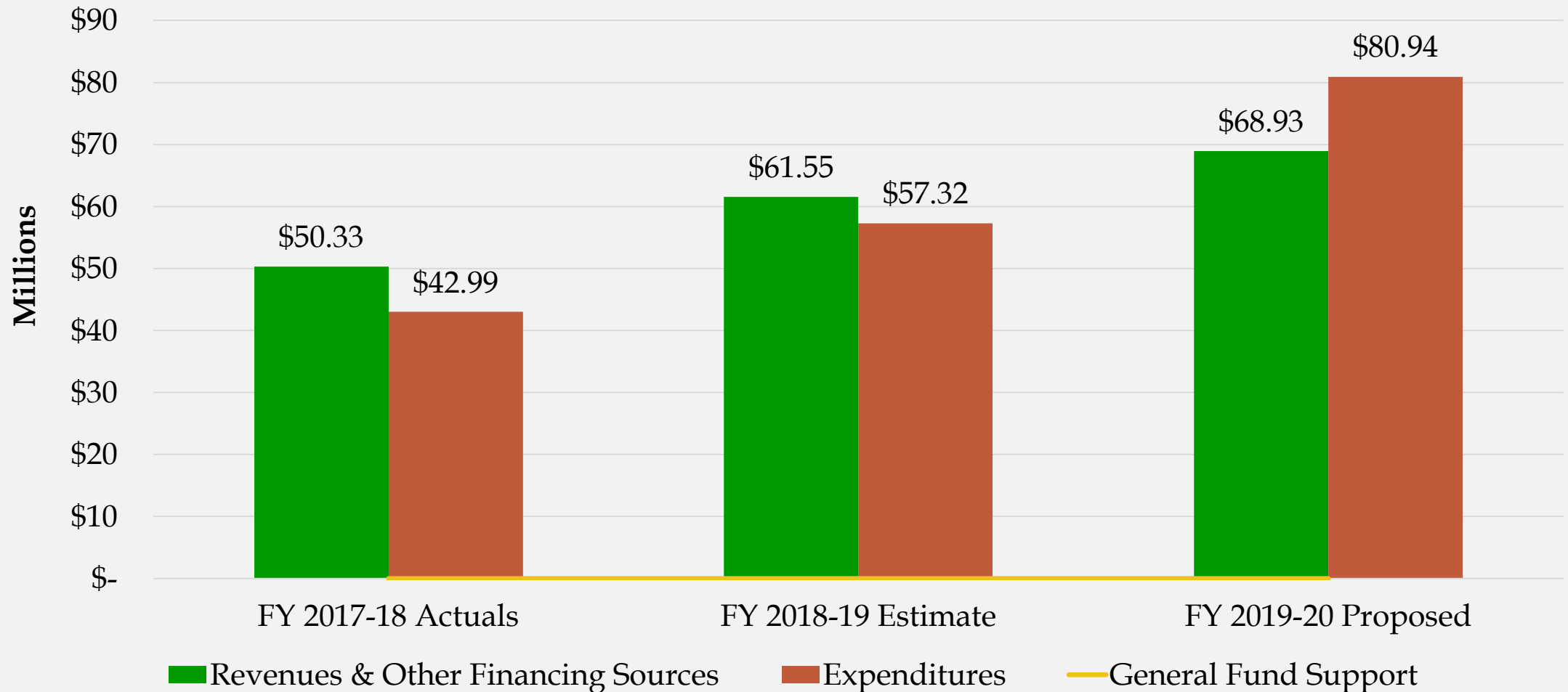
WES is regionally known as a premier utility for wastewater and surface water management and water quality protection.

# Water Environment Services Structure



# WES Budget Request

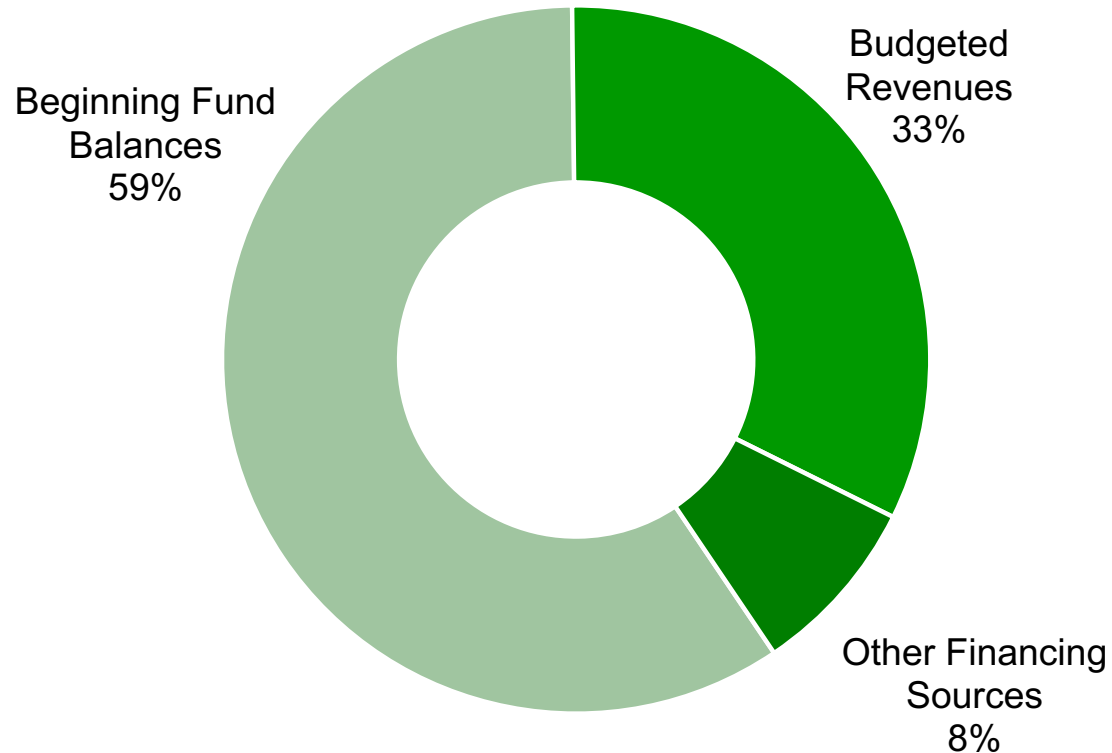
## 3 Year Trend



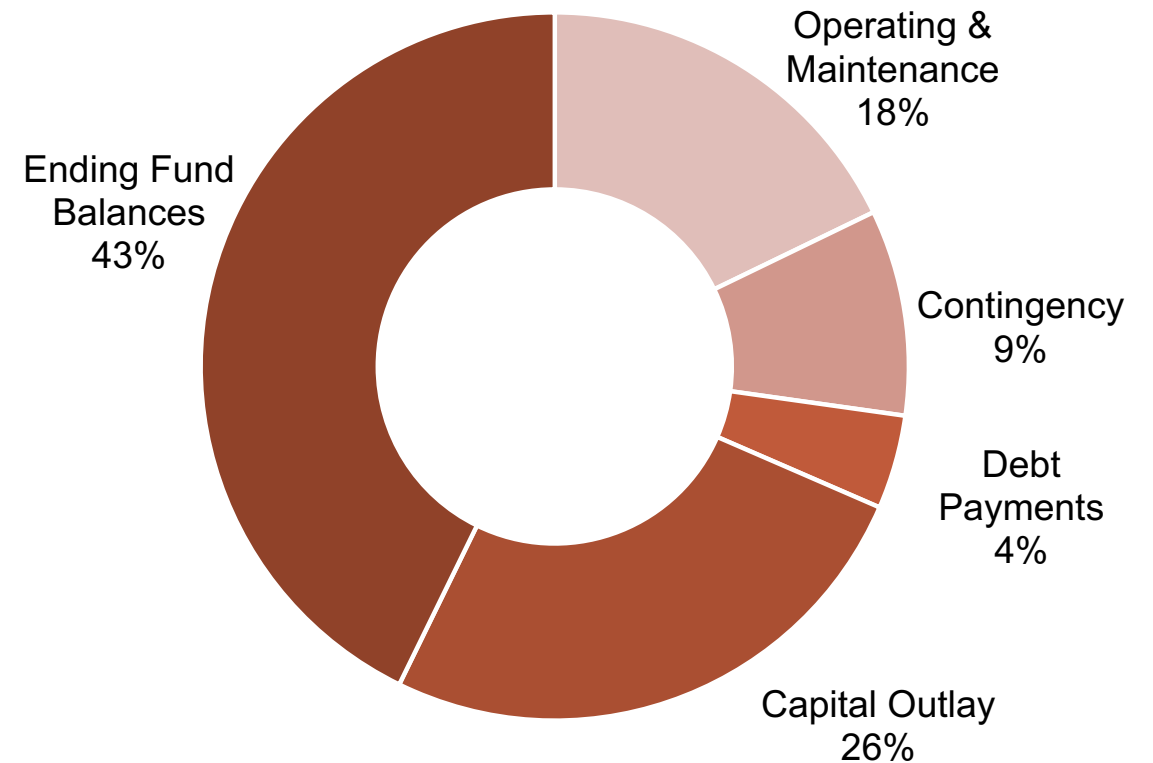


# FY 2019-20 Proposed Budget

Resources - \$169.2 million\*



Requirements - \$169.2 million\*



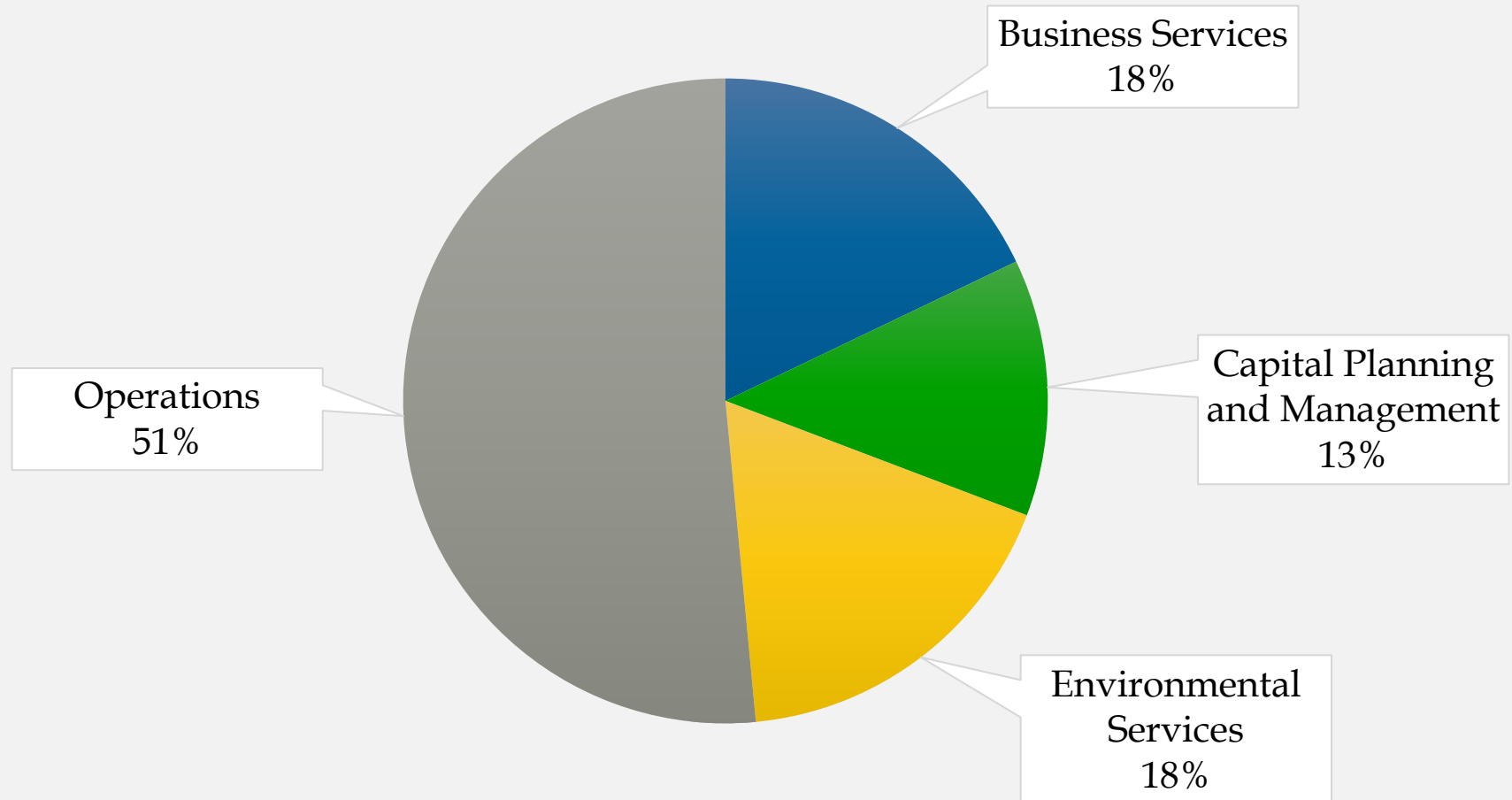
\*Excludes transfers between funds, which have a zero net effect on Resources and Requirements

# Changes in Full Time Equivalents (FTE)

Line of Business	Budgeted FTE FY 2018-19	Budgeted FTE FY 2019-20	Increase/(Decrease)	%
Business Services	22.61	22.25	(0.36)	-1.59%
Capital Planning and Management	16.40	16.98	0.58	3.53%
Environmental Services	19.60	19.42	(0.18)	-0.92%
Operations	51.39	53.35	1.96	3.81%
Total	110.00	112.00	2.00	1.81%

- 2 new FTE needed to provide Engineering staff necessary to deliver projects on time and maintain increasing number of assets in WES system.

# Proposed Budget by Line of Business



# Monthly Service Charges

- Harmonized Treatment/Collection Sanitary Sewer Rates
- Monthly Service Charge rate adjustments between 3.3% and 9.5%

Rate Zone, Customer Type, and Service Category		FY 2018-19 Current Monthly Rate	FY 2019-20 Proposed Monthly Rate	\$ Increase	% Increase
Rate Zone 1	Wholesale Sanitary Sewer <sup>1</sup>	\$ 23.00	\$ 23.75	\$ 0.75	3.3%
	Retail Sanitary Sewer	33.25	36.40	3.15	9.5%
Rate Zone 2	Wholesale Sanitary Sewer	36.10	37.90	1.80	5.0%
	Retail Sanitary Sewer <sup>2</sup>	48.15	50.55	2.40	5.0%
	Retail Surface Water <sup>2</sup>	6.95	7.30	0.35	5.0%
Rate Zone 3	Retail Surface Water	4.25	4.45	0.20	4.7%

<sup>1</sup> ROW Surcharge for Oregon City and Gladstone are \$1.50 and \$1.20 respectively

<sup>2</sup> ROW Surcharge for Happy Valley customers will be \$2.89



# System Development Charges

Harmonized across rate zones – proposed SDC is less than maximum statutorily allowed rate of \$13,019

Rate Zone, Customer Type, and Service Category		FY 2018-19 Current SDC	FY 2019-20 Proposed SDC	\$ Increase	% Increase
Rate Zone 1	Wholesale Sanitary Sewer SDC	\$ 3,490	\$ 7850*	\$ 4360	125%
	Retail Sanitary Sewer SDC	-0-	\$ 7850*	\$ 7850	New
Rate Zone 2	Wholesale Sanitary Sewer SDC	6,540	\$ 7850*	\$ 1310	20%
	Retail Sanitary Sewer SDC	7,615	\$ 7850*	\$ 235	3%
	Surface Water SDC	205	\$ 211	\$ 6	3%

\* = Given the recommendation to charge less than the maximum allowed, WES would only be charging a wholesale SDC to all customers, even if it is a retail connection.

# Key Performance Measures & Results

		FY 17-18 Actual	FY 18-19 Target	FY 18-19 Actuals as of 12/31/18	FY 19-20 Target
Result	WES will continually achieve a “wastewater treatment effectiveness rate” of 85% in addition to 100% permit compliance	NEW	85%	97.94%	100%
Result	WES will beneficially reuse 85% of recovered solids	88%	85%	77%	85%
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	NEW	16.7%	5.5%	16.7%

# Emerging Issues

- Implementing the WES Partnership
  - Common wholesale and retail rate based on service, not geographic location
  - Harmonize SDCs for wastewater
- County-wide Surface Water Management Plan
- Planning for the Community's Future
  - Implementing adopted 5-year CIP
  - Inflow/Infiltration issues
  - Master Planning facilities with a 20-year horizon

# Questions?

**Water is valuable.**

We *treat* it that way.

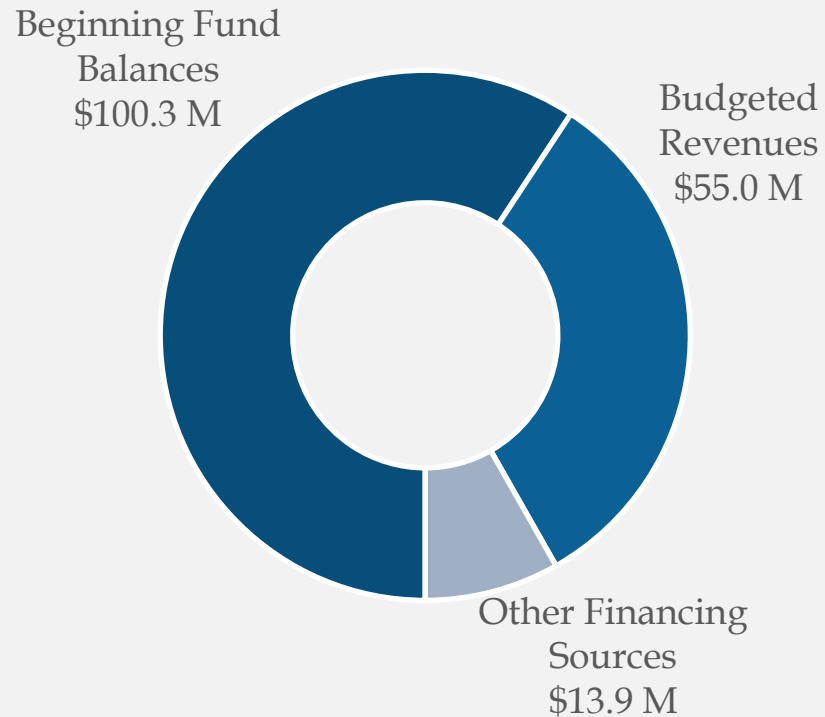


[www.clackamas.us/wes](http://www.clackamas.us/wes)

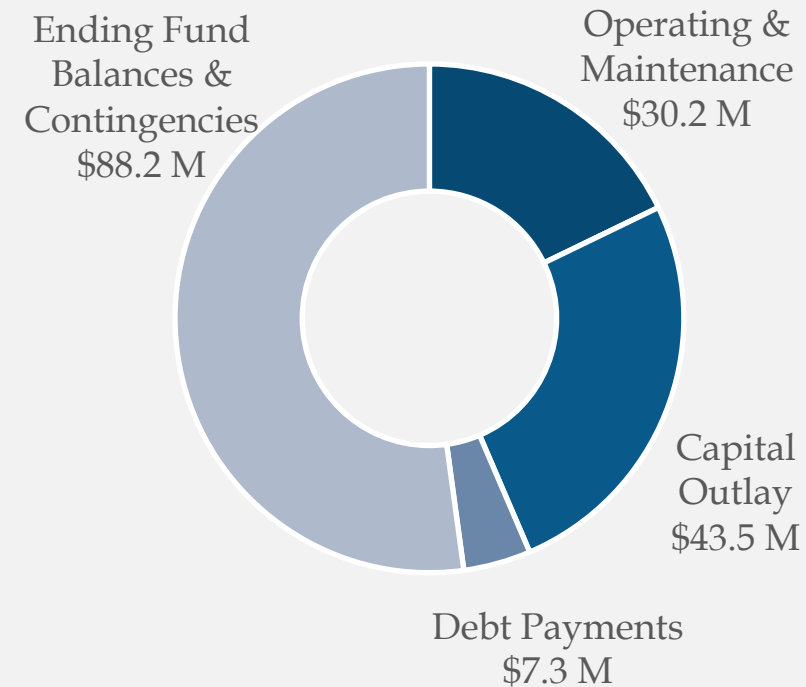


# Total FY 2019-20 Budget

Total Resources:  
\$169,193,416



Total Requirements:  
\$169,193,416

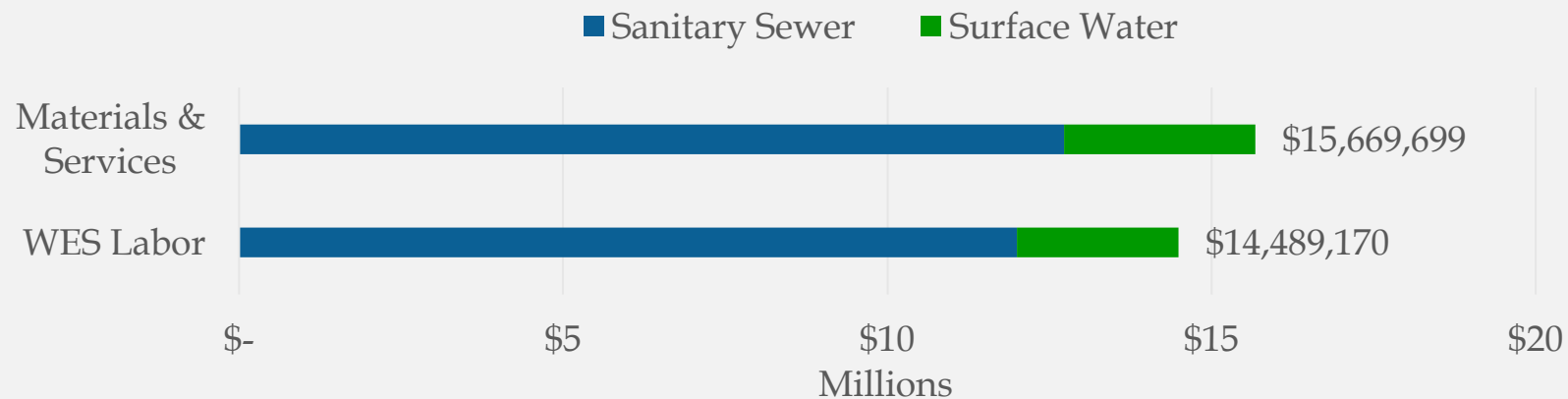


# FY 2019-20 Operating Budget

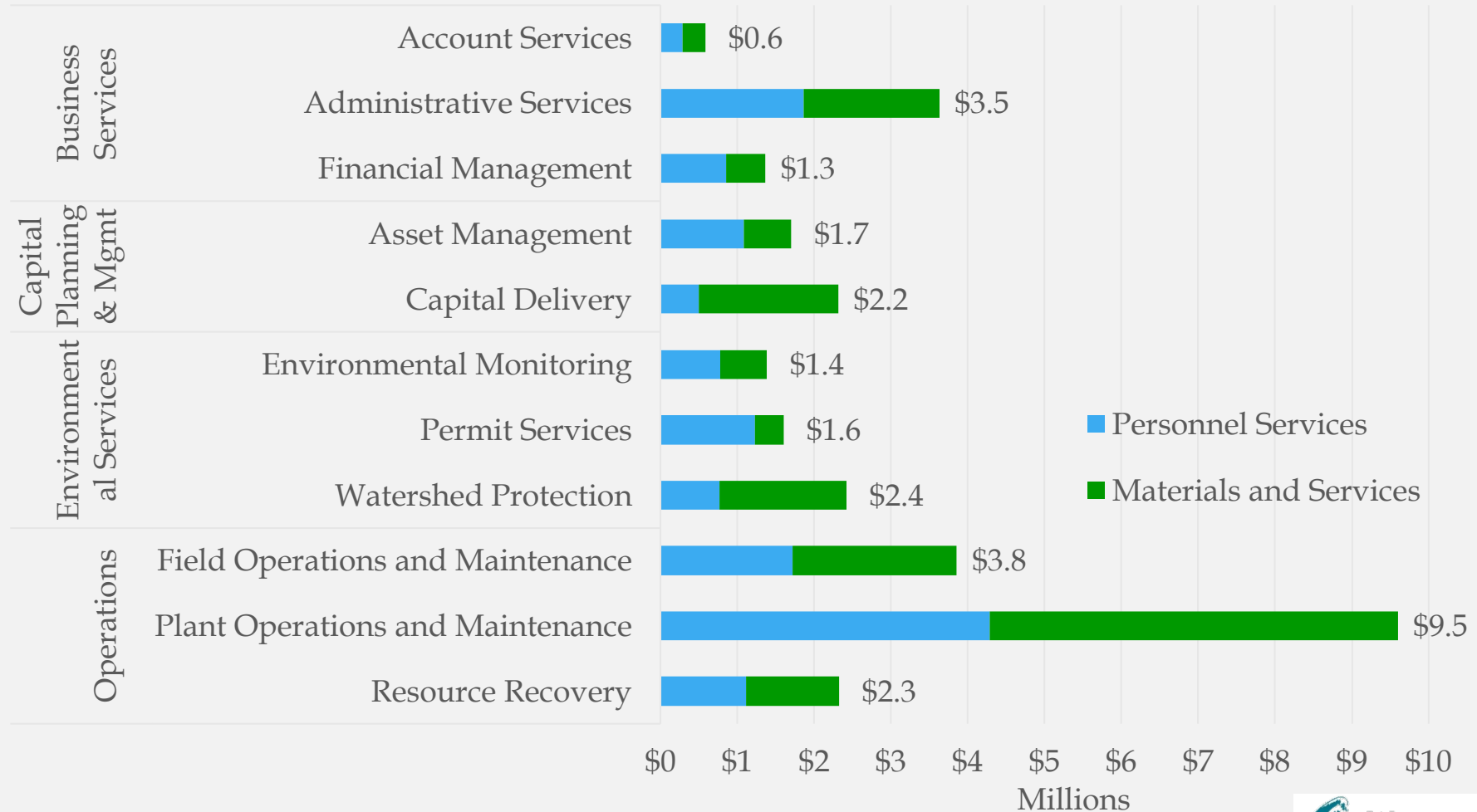
## \$30,158,869

- 4.7% or \$1.3 million increase over FY 2018-19 Budget
  - Materials & Services: 2.7% / \$413 thousand increase
  - Labor: 6.9% / \$931 thousand increase
    - 2 new positions are proposed

### FY 2019-20 Operating Budget by Service Category



# FY 2019-20 Operating Budget by Program



# FY 2019-20 Capital Budget

## \$43,523,000

- Sanitary Sewer Capital: \$42.7 Million
- Surface Water Capital: \$0.8 Million



### Major Projects

#### **Sanitary Sewer**

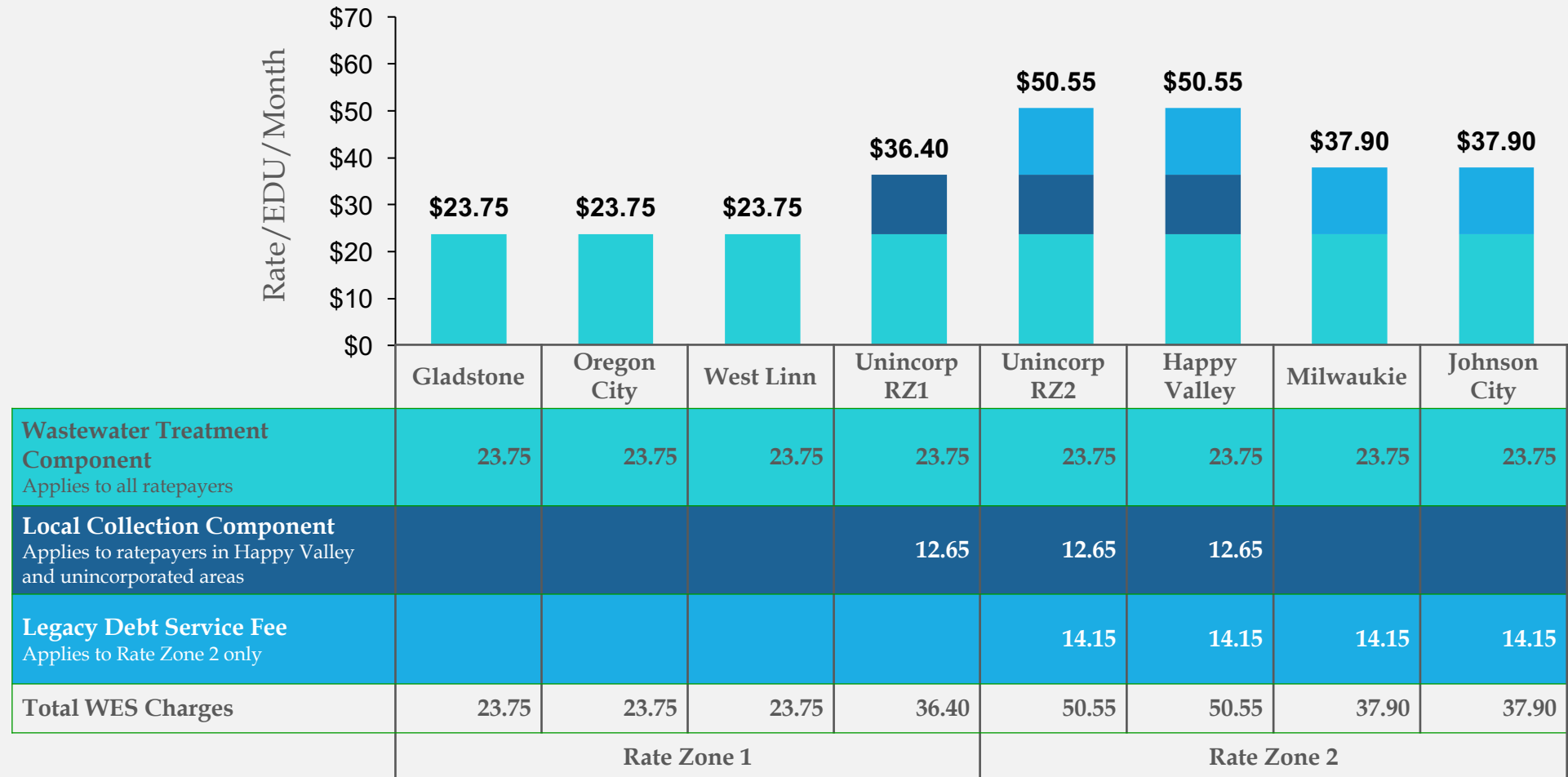
- Tri-City WRRF Solids Handling, \$13.9 Million
- Kellogg Improvements, \$10 Million

#### **Surface Water**

- Mt Scott Creek Oak Bluff Reach Restoration, \$450 Thousand

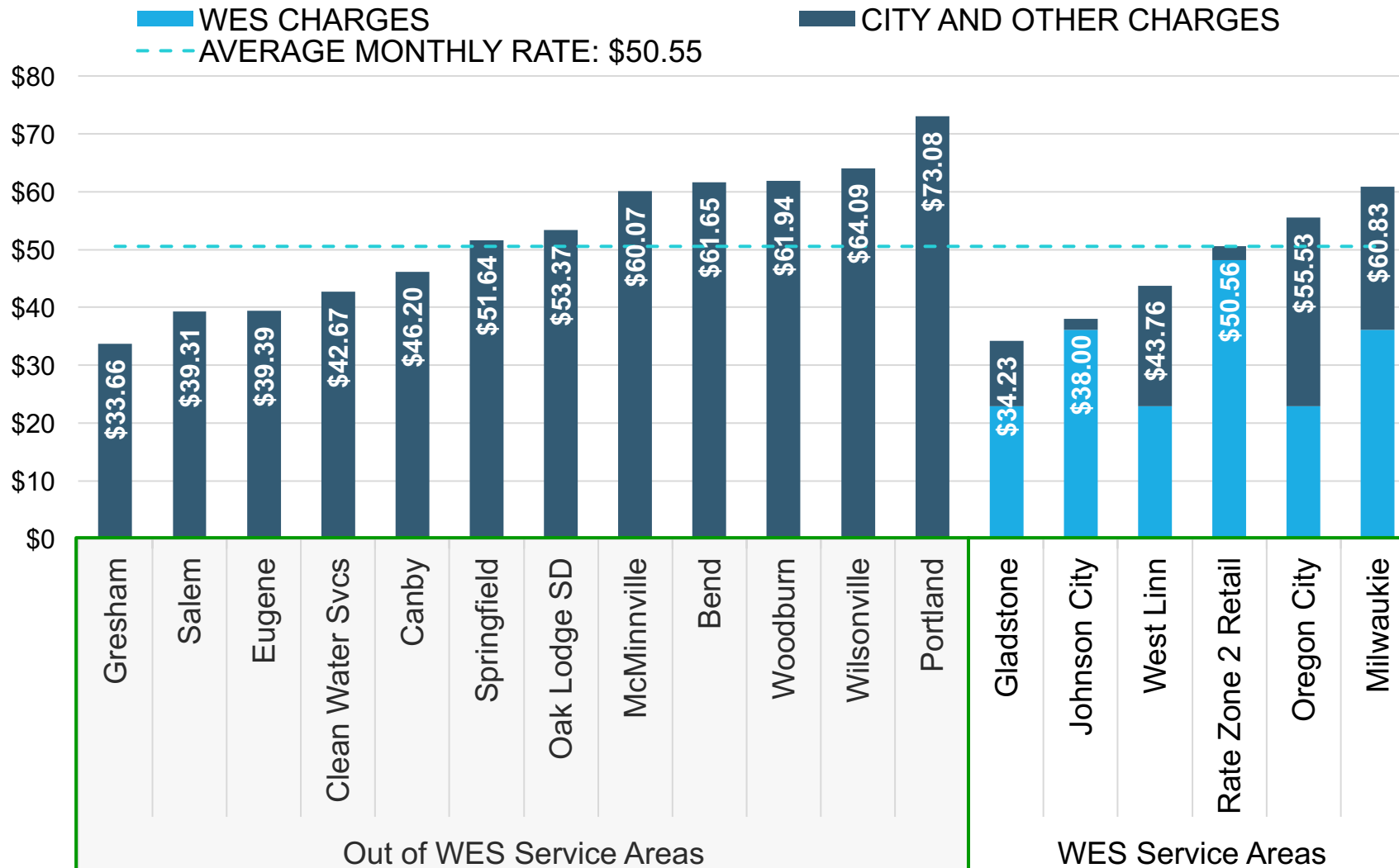


# FY 2019-20 Sanitary Sewer Rate Components by Service Area & City



# How WES' rates compare to other service providers

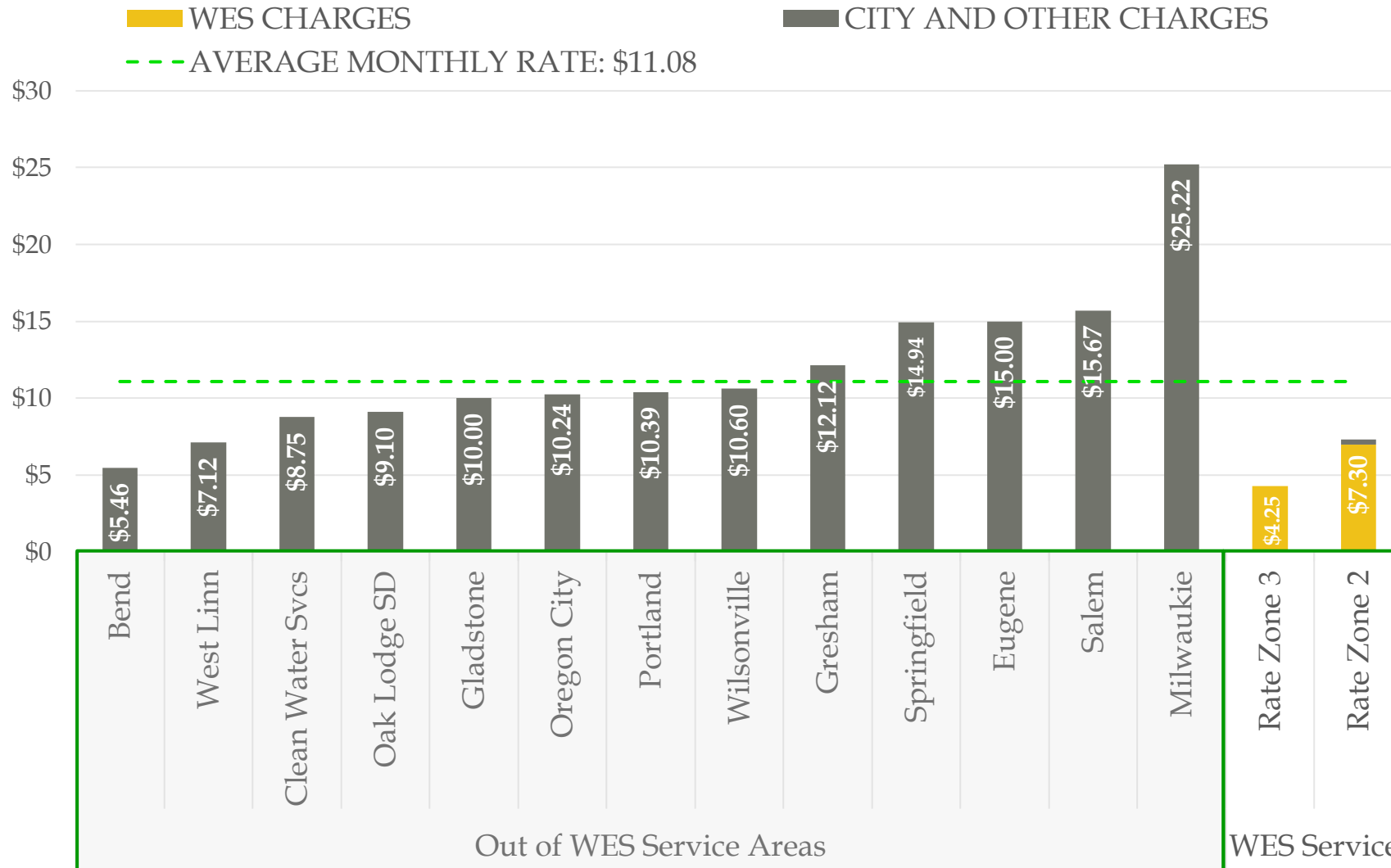
## Monthly Sanitary Sewer Rate Survey, FY 2018-19



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

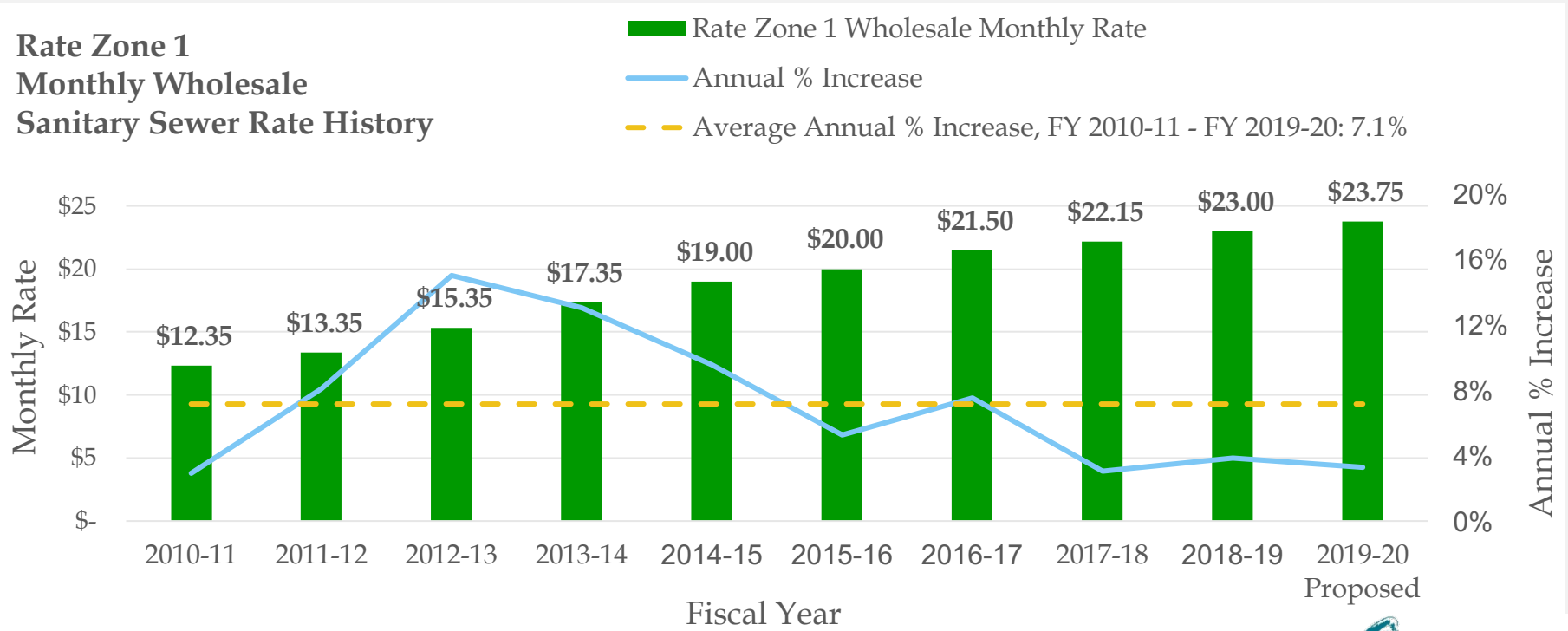
## Monthly Surface Water Rate Survey, FY 2018-19



City and other charges includes ROW fees, where applicable.

# Sanitary Sewer Service Charges

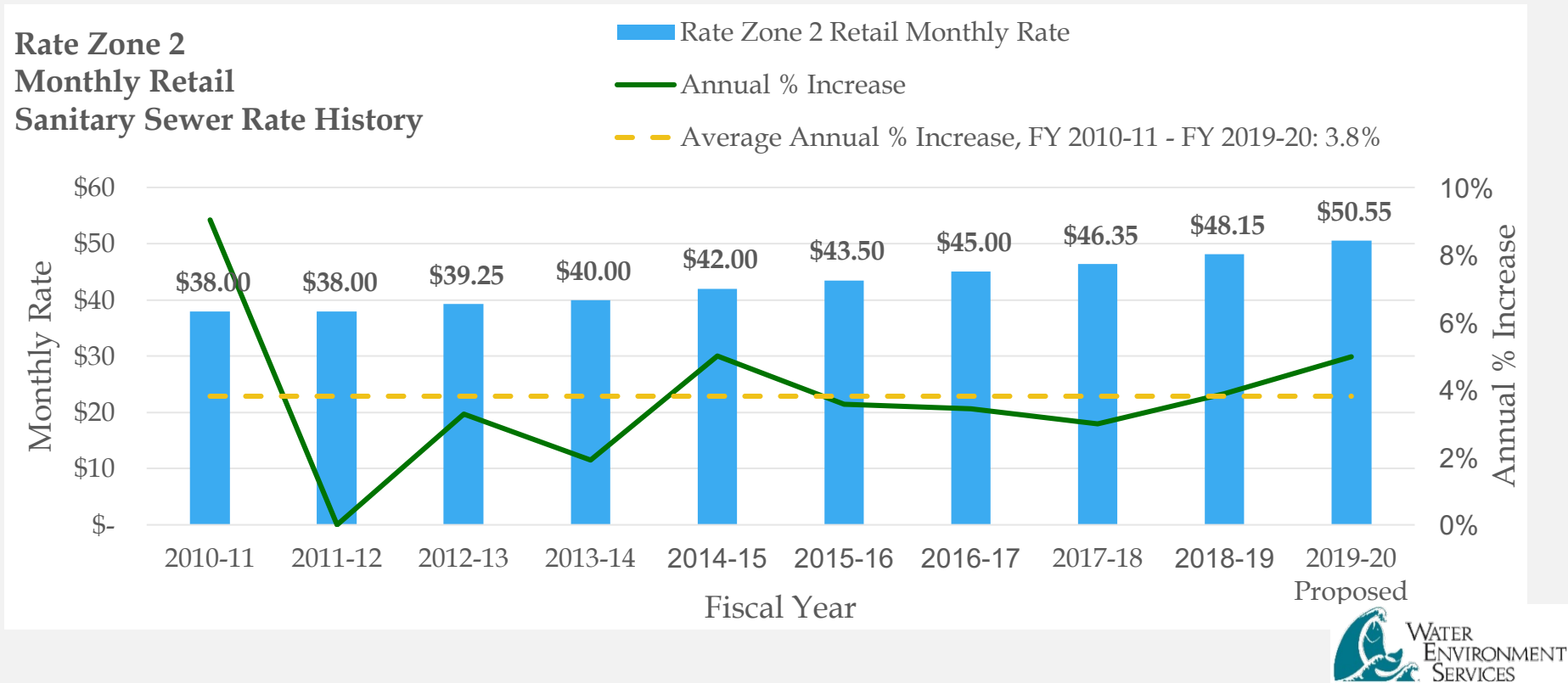
- Rate Zone 1
  - Wholesale Sanitary Sewer: \$23.00 - \$23.75 (\$0.75 increase)
  - ROW surcharge for Oregon City and Gladstone are \$1.50 and \$1.20 respectively



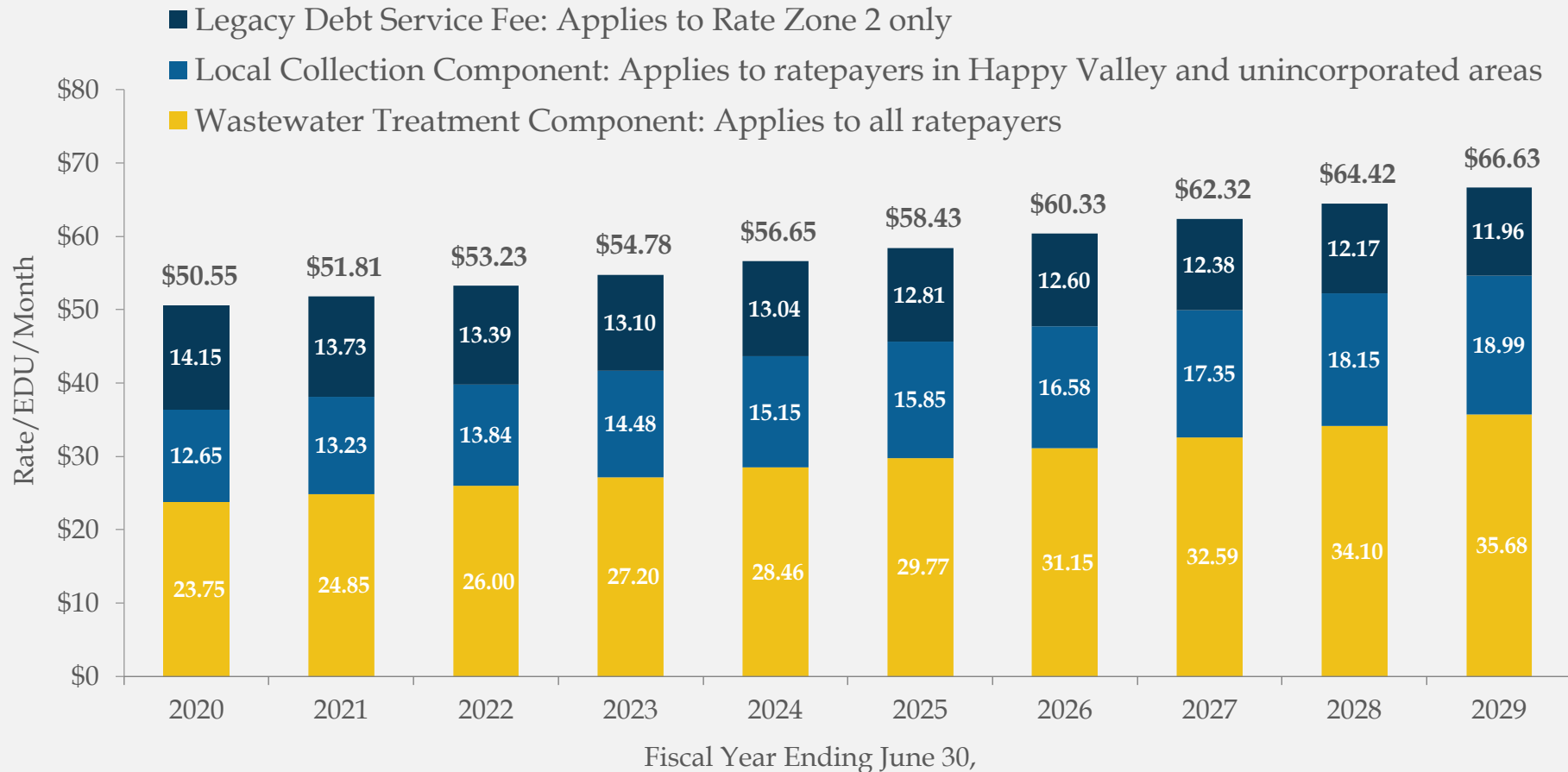


# Sanitary Sewer Service Charges

- Rate Zone 2
  - Retail Sanitary Sewer: \$48.15 - \$50.55 (\$2.40 increase)
  - ROW surcharge for Happy Valley customers will be \$2.53



# Forecasted Sanitary Sewer Rates



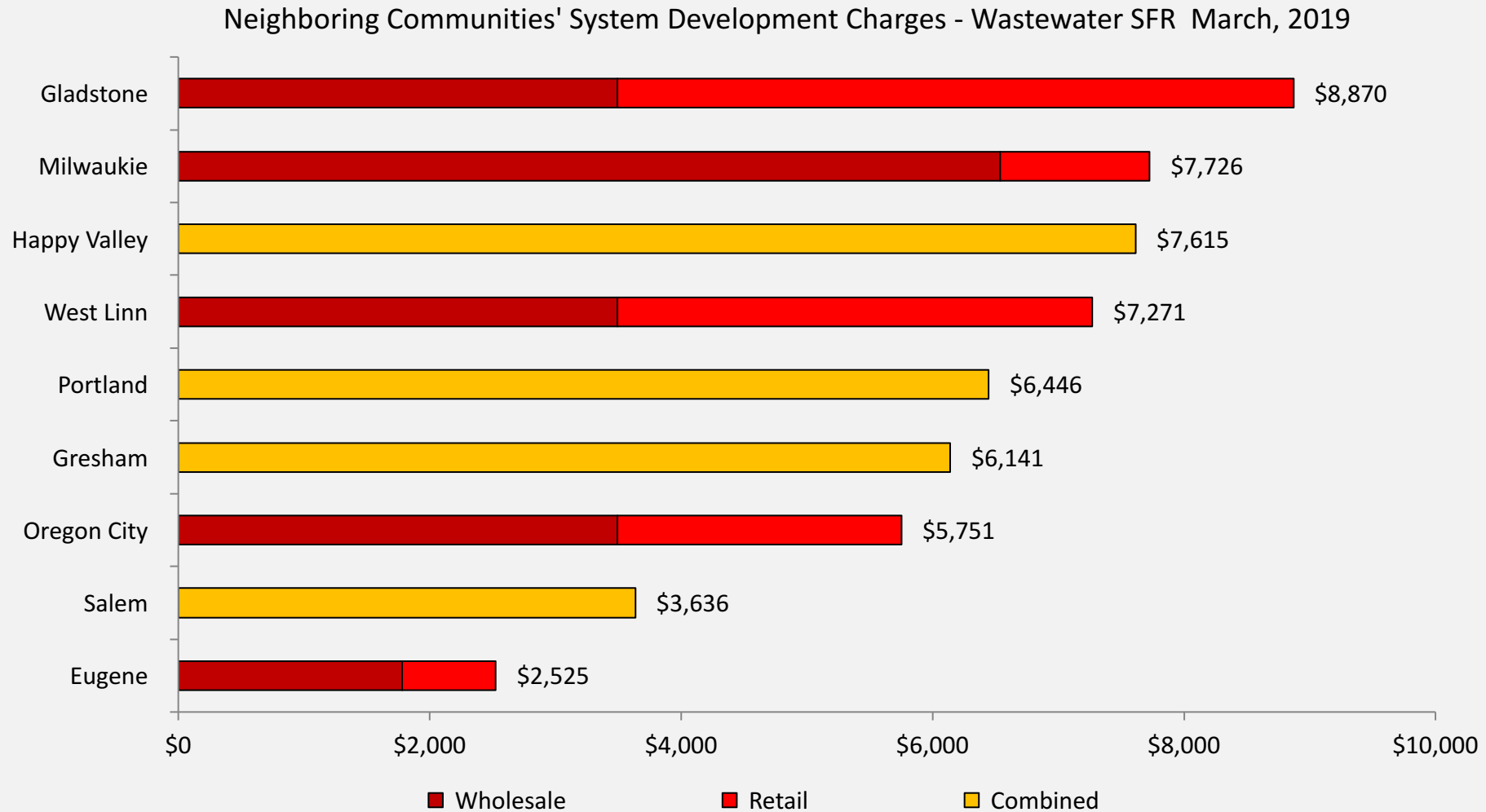
# Overview – Forecasted vs. Current

	Calculated SDCs	SDCs as of March 1, 2019
SDCs by rate zone:		
Rate zone 1:		
Reimbursement fee	ZERO	-
Improvement fee	11,926	3,490
Administration fee*	596	-
<b>Total rate zone 1 SDC</b>	<b>\$ 12,523</b>	<b>\$ 3,490</b>
Rate zone 2:		
Reimbursement fee	357	-
Improvement fee	12,042	7,615
Administration fee*	620	-
<b>Total rate zone 2 SDC</b>	<b>\$ 13,019</b>	<b>\$ 7,615</b>
* note: administration fees are different between rate zones based on assumed flat 5% fee on total calculated reimbursement and improvement fees per zone		

- Calculated SDCs based on adopted 5-year CIP and forecasted 5-year growth in EDUs

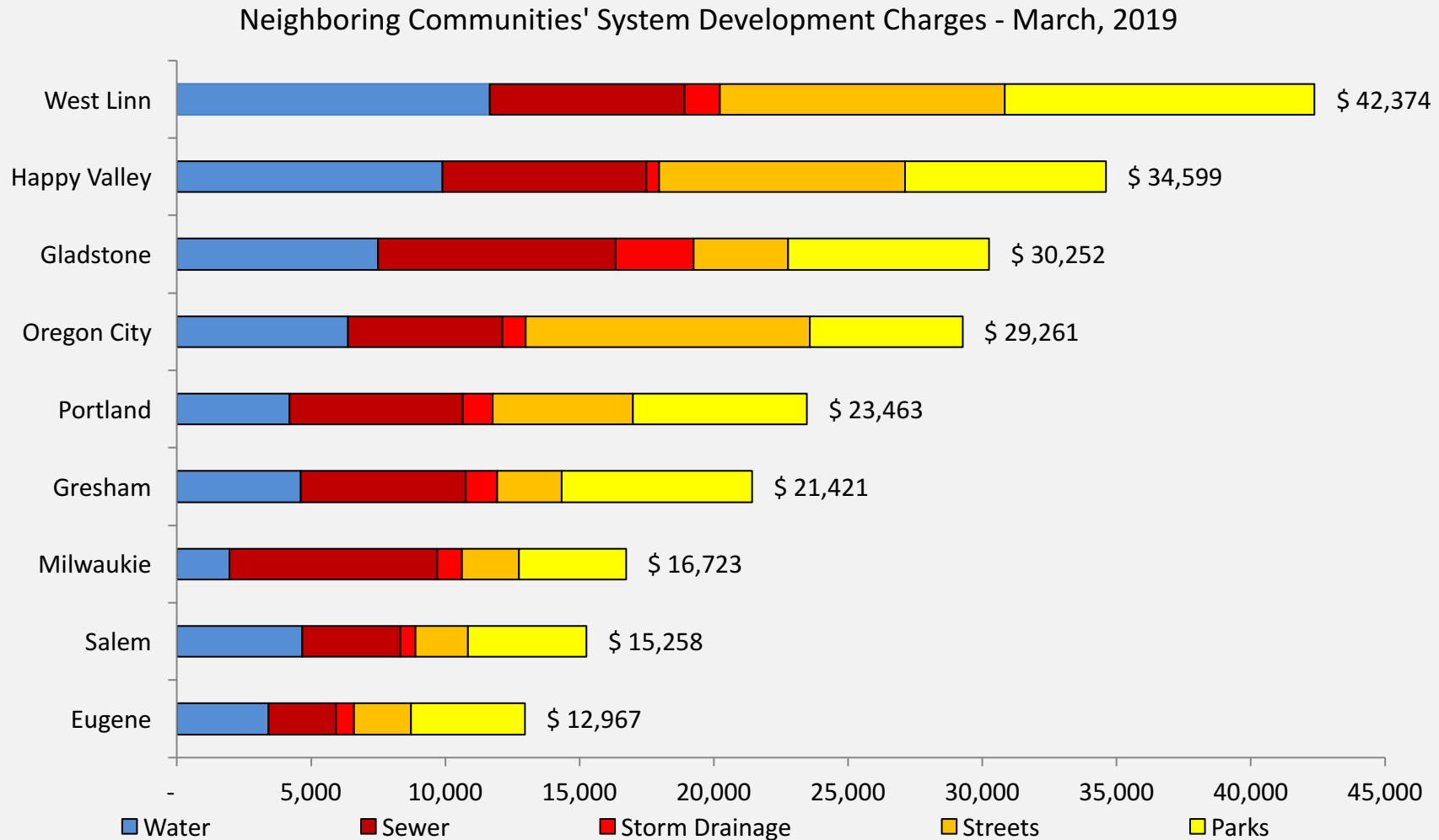
# SDCs in Neighboring Communities

- Wastewater Only

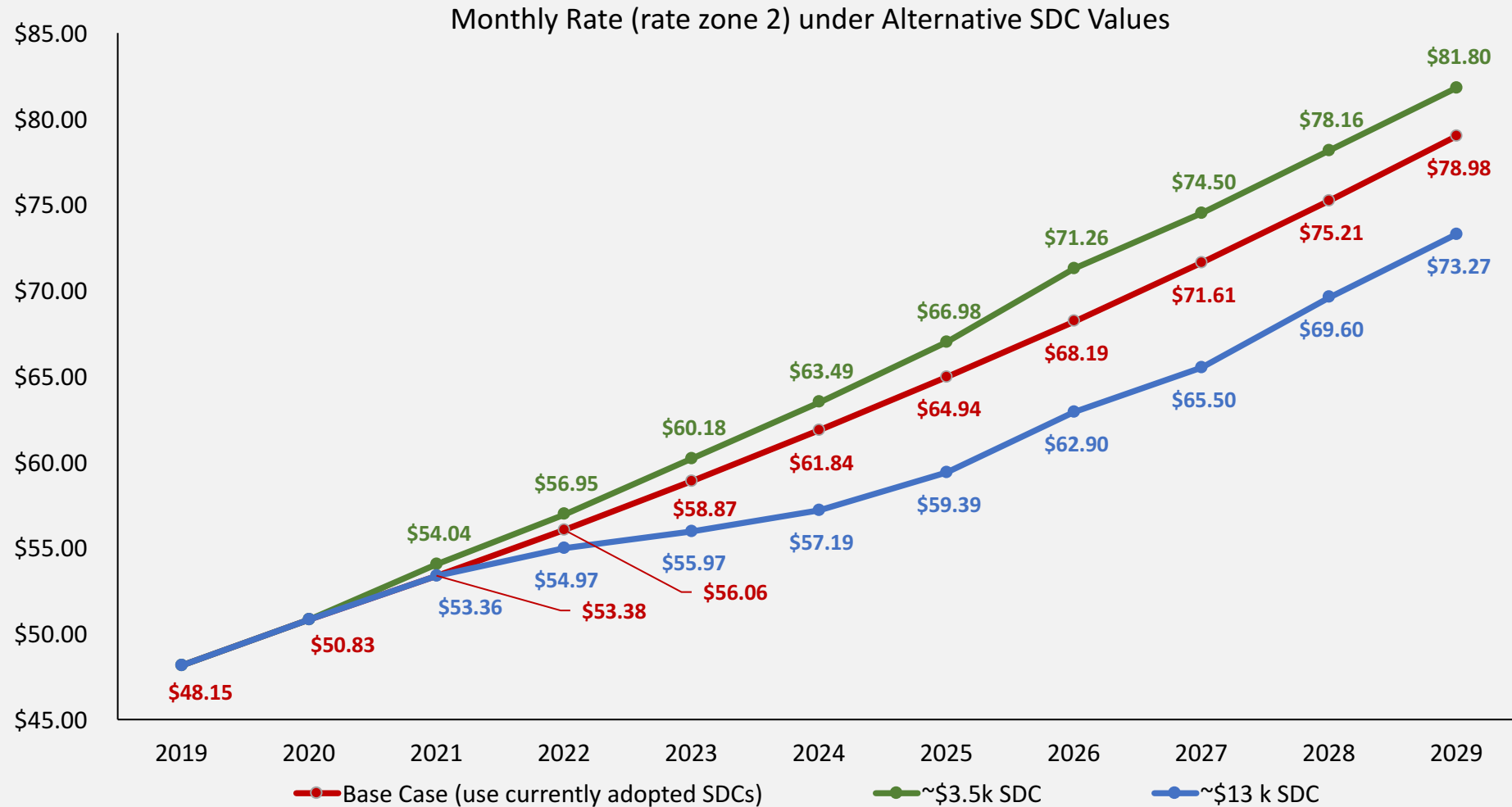


# SDCs in Neighboring Communities - Continued

- All SDCs



# SDC Rates & Impact on Monthly User Fee Rates



# System Development Charges Options

- Option 1: Full Cost Recovery – \$13,019 per EDU
- Option 2: Middle Ground Cost Recovery – Policy choice of a rate between \$7,850 and \$13,019
- Option 3: Status Quo Cost Recovery – \$7,850\*
- Option 4: Decreased Cost Recovery – \$3,490

\* = Current rate with inflation adjustment.