



June 24, 2021

Board of County Commissioners
 as the governing body of
 Water Environment Services

Members of the Board:

Approval of a Resolution for a Water Environment Services
Supplemental Budget for Fiscal Year 2020-21

Purpose/Outcomes	Public Hearing for a supplemental budget change for FY 2020-21.
Dollar Amount and Fiscal Impact	The effect is an increase in appropriations of \$9,236,170.
Funding Source	Series 2021 Sewer Revenue Obligations issued by Water Environment Services. No County General Fund revenues are involved.
Duration	FY 2020-21
Previous Board Action/Review	Budget Adopted June 18, 2020; Approval of a Resolution Authorizing a Financing for New Capital Projects for Water Environment Services on November 25, 2020.
Counsel Review	This Resolution was reviewed and approved by County Counsel on May 10, 2021.
Strategic Plan Alignment	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:

Each fiscal year it is necessary to reduce or allocate additional sources of revenue and appropriate additional expenditures to more accurately meet the changing requirements of Water Environment Services (“WES”). The attached resolution reflects such changes requested by WES in keeping with a legally accurate budget. These changes are in compliance with Oregon Local Budget Law ORS 294.338, ORS 294.433 - ORS 294.481, and ORS 294.900 – ORS 294.930, which allows for governing body approval of budget changes under qualified circumstances. The required notice was published in the Oregonian on June 11, 2021.

On February 24, 2021, WES issued Series 2021 Sewer Revenue Obligations in the amount of \$40,000,000 with a true interest cost of 0.84%. The timing of this issuance enabled WES to take advantage of historically low interest rates and avoid an estimated \$8 million in interest expenses previously included in the long-term financial plan. The total proceeds received were \$48,687,948, including a premium of \$8,801,286 (“Premium”) and after deductions of a portion of the issuance costs.

The first debt service payment of \$434,884 for the obligations was due June 1, 2021 and the Premium needs to be transferred to the debt service fund where it will act as a reserve to pay future debt service on the obligations in order to realize the true effective interest rate.

As the issuance was not contemplated in the original budget for FY 2020-21, neither the debt service payment nor the transfer of the reserve for future debt service were appropriated. While under ORS 294.338, Oregon Budget Law provides an exclusion for revenue bonds sold in the current year, it is best practice to request supplemental budget approval.

The effect of this resolution is an increase in revenues of \$48,687,948 and an increase in appropriations of \$9,236,170.

Item							
1 Water Environment Services Sanitary Sewer Construction Fund 639							
Resources	Original	Change	Revised	Requirement	Original	Change	Revised
Fund Balance	43,746,421	-	43,746,421	Capital Outlay	29,124,500	-	29,124,500
Revenues	699,900	-	699,900	Contingency	7,281,125	-	7,281,125
Loan Proceeds	9,100,000	-	9,100,000	Interfund Transfers	-	8,801,286	8,801,286
Bond Proceeds	-	48,687,948	48,687,948	Ending Fund Balance	28,140,696	39,886,662	68,027,358
Interfund Transfer	11,000,000	-	11,000,000				
Revised Total Fund Resources			113,234,269	Revised Total Fund Requirements			113,234,269
Comments: Recognizing proceeds from Sewer Revenue Obligations Series 2021 issued on February 24, 2021 and appropriating transfer of premium to State Loan Debt Service Fund 635.							
2 Water Environment Services State Loan Debt Service Fund 635							
Resources	Original	Change	Revised	Requirement	Original	Change	Revised
Fund Balance	841,979	-	841,979	Principal and Interest	612,581	-	612,581
Revenues	267,000	-	267,000	Reserves	53,104	8,801,286	8,854,390
Interfund Transfers	500,000	8,801,286	9,301,286	Interfund Transfers	200,000	-	200,000
				Ending Fund Balance	743,294	-	743,294
Revised Total Fund Resources			10,410,265	Revised Total Fund Requirements			10,410,265
Comments: Authorizes a transfer from the Sanitary Sewer Construction Fund of \$8,801,286 for the Sewer Revenue Obligations Series 2021 premium and authorizes an increase in Reserves of \$8,801,286.							
3 Water Environment Services Revenue Bond Debt Service Fund 636							
Resources	Original	Change	Revised	Requirement	Original	Change	Revised
Fund Balance	392,707	-	392,707	Principal and Interest	6,768,056	434,884	7,202,940
Revenues	21,300	-	21,300	Ending Fund Balance	614,007	(434,884)	179,123
Interfund Transfers	6,968,056	-	6,968,056				-
Revised Total Fund Resources			7,382,063	Revised Total Fund Requirements			7,382,063
Comments: Appropriating a debt service payment due on June 1, 2021 for Sewer Revenue Obligations Series 2021 issued on February 24, 2021.							

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

RECOMMENDATION:

Staff respectfully recommends that the Board, as the governing body of Water Environment Services, adopt the attached resolution in keeping with a legally accurate budget.

Respectfully submitted,

Chris Storey
 Digitally signed by Chris Storey
 Date: 2021.06.03 07:31:33 -07'00'

Chris Storey, Assistant Director
 WES

Attachments: Authorizing Resolution

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

In the Matter of Providing Authorization
Regarding Adoption of a Supplemental
Budget and Making Appropriations for
Fiscal Year 2020-21 for Water
Environment Services



Resolution Order No. _____

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WHEREAS, during the fiscal year changes in appropriated expenditures may become necessary and appropriations may need to be increased, decreased or transferred from one appropriation category to another;

WHEREAS, a supplemental budget for the period of July 1, 2020 through June 30, 2021, inclusive, has been prepared and published as provided by statute;

WHEREAS, Water Environment Services issued Series 2021 Sewer Revenue Obligations in February 2021 and the first payment of \$434,884 was due June 1, 2021; and

WHEREAS, the total proceeds of the Series 2021 Sewer Revenue Obligations included a premium of \$8,801,286, which will be transferred to the Debt Service Fund 635, where it will act as a reserve to pay future debt service on the obligations; and

WHEREAS; the funds being adjusted are:

- . Water Environment Services Sanitary Sewer Construction Fund 639
- . Water Environment Services State Loan Debt Service Fund 635
- . Water Environment Services Revenue Bond Debt Service Fund 636

It further appearing that it is in the best interest of Water Environment Services to approve this change in appropriations for the period of July 1, 2020 through June 30, 2021.

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

Pursuant to its authority under ORS 294.338, ORS 294.433 – ORS 294.481, and ORS 294.900 – ORS 294.930, the supplemental budget be adopted and appropriations established as shown in the attached Exhibit A, which by this reference is made a part of this Resolution.

DATED this 24th day of June 2021

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

Chair

Recording Secretary

**SUMMARY OF SUPPLEMENTAL BUDGET
WATER ENVIRONMENT SERVICES
Exhibit A
CHANGES OF GREATER THAN 10% OF BUDGET
June 24, 2021**

SANITARY SEWER CONSTRUCTION FUND 639

Revenues:	
Bond Proceeds	\$ 48,687,948
Total Revenue	<u>\$ 48,687,948</u>
Expenditures:	
Not Allocated to Organizational Unit	
Transfers	\$ 8,801,286
Ending Fund Balance	39,886,662
Total Expenditures	<u>\$ 48,687,948</u>

Sanitary Sewer Construction Fund 639 is requesting to recognize proceeds of the Series 2021 Sewer Revenue Obligations issued in February 2021 and a transfer of the related premium of \$8,801,286 to the State Loan Fund 635.

STATE LOAN FUND 635

Revenues:	
Transfers	\$ 8,801,286
Total Revenue	<u>\$ 8,801,286</u>
Expenditures:	
Not Allocated to Organizational Unit	
Reserve for Future Expenditure	\$ 8,801,286
Total Expenditures	<u>\$ 8,801,286</u>

State Loan Fund 635 is requesting to recognize an interfund transfer from the Sanitary Sewer Construction Fund and an increase in reserve for future expenditure.

REVENUE BOND FUND 636

Revenues:	
Total Revenue	<u>\$ -</u>
Expenditures:	
Not Allocated to Organizational Unit	
Debt Service	\$ 434,884
Ending Fund Balance	(434,884)
Total Expenditures	<u>\$ -</u>

Revenue Bond Fund 636 is requesting to recognize additional debt service of \$434,884 for the first payment due for the Series 2021 Sewer Revenue Obligations issued in February 2021 and a decrease in Ending Fund Balance.