



Proposed Budget 2023-2024

Budget Committee Presentation

April 11, 2023

Beginning Fund Balances	Revenues	Transfers	Total Resources
\$ 11,961,841	23,654,440	14,040,600	\$ 49,656,881

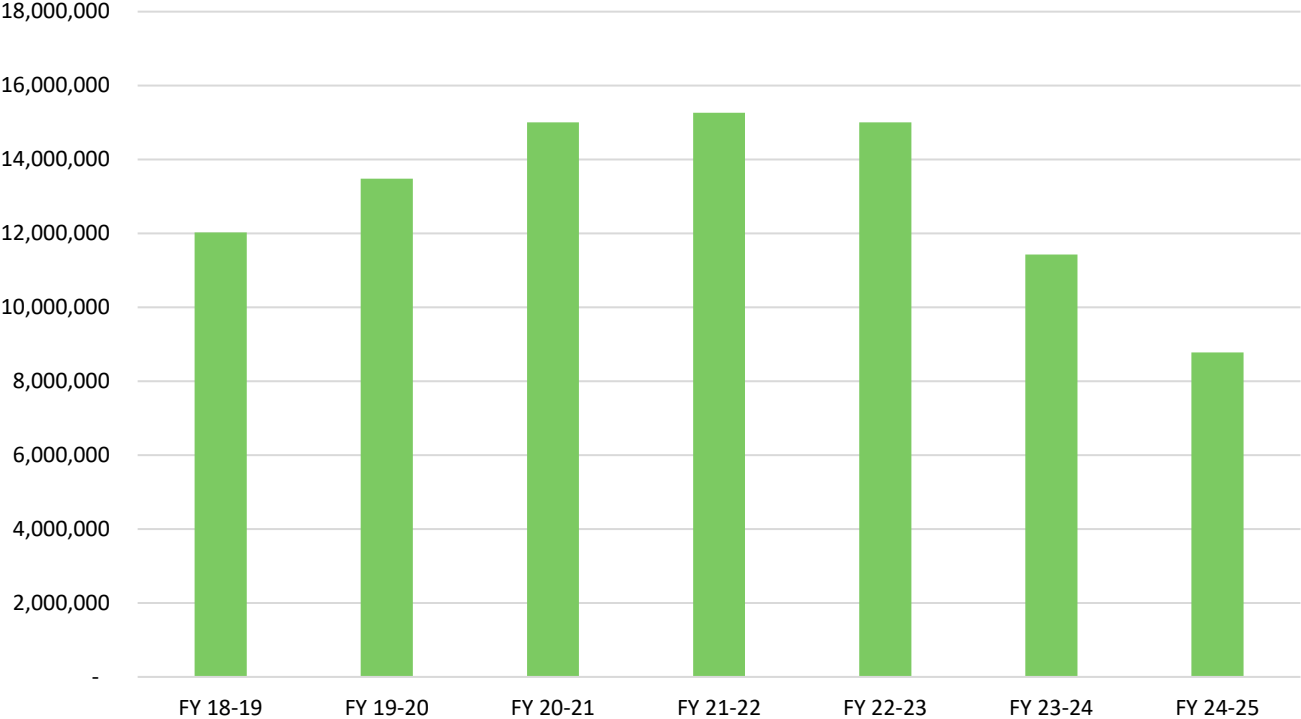


Beginning Fund Balances

Beginning Fund Balance - Trend

Beginning Fund Balance

All Funds - Beginning Fund Balance



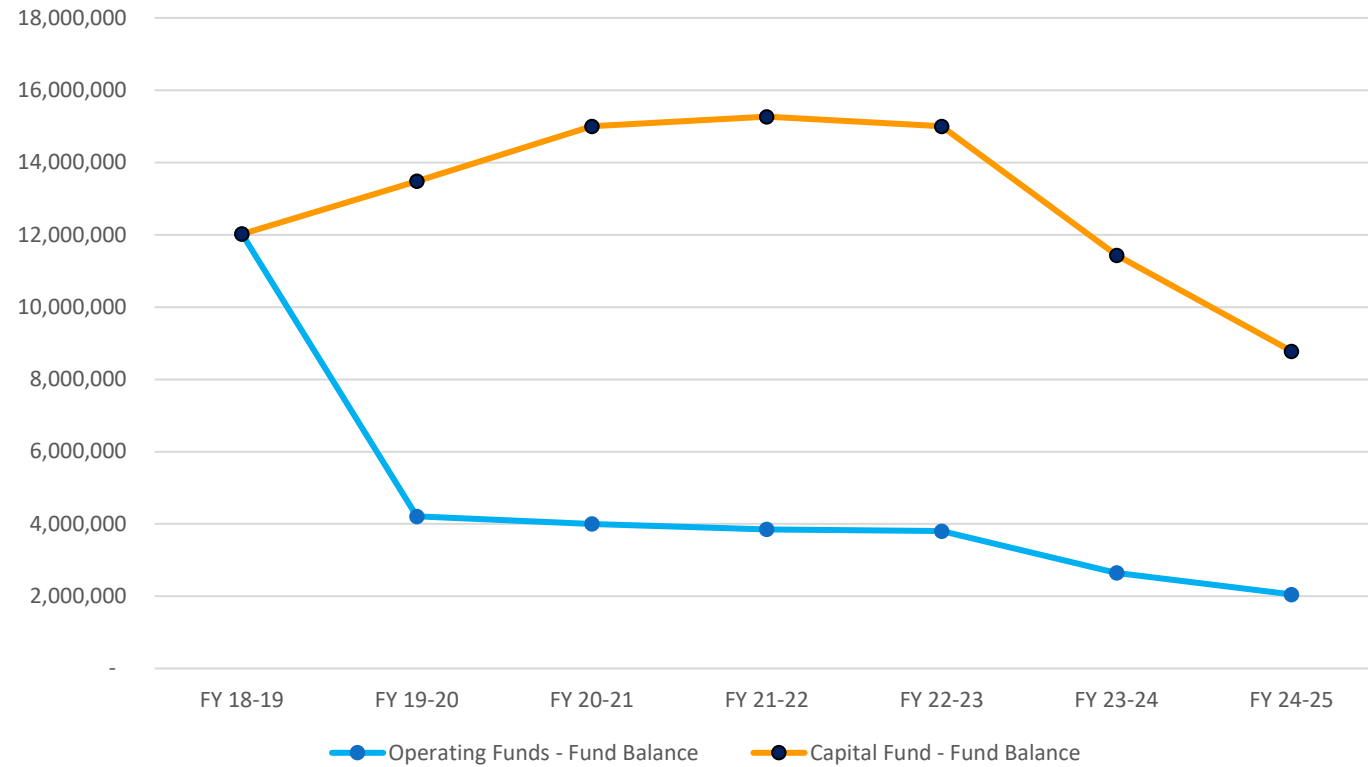
FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	Estimated FY 23-24	Forecasted FY 24-25
12,025,679	13,483,475	15,006,392	15,270,836	15,004,777	11,433,863	8,778,003

Use of Beginning Fund Balance

Operating vs. Capital Funds

Operating Funds - Fund Balance
Capital Fund - Fund Balance

Beginning Fund Balance



FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
12,025,679	4,211,009	4,000,253	3,852,459	3,800,212	2,647,969	2,050,109
-	9,272,466	11,006,140	11,418,377	11,204,565	8,785,894	6,727,894
12,025,679	13,483,475	15,006,392	15,270,836	15,004,777	11,433,863	8,778,003

Consumer Price Index – West Region

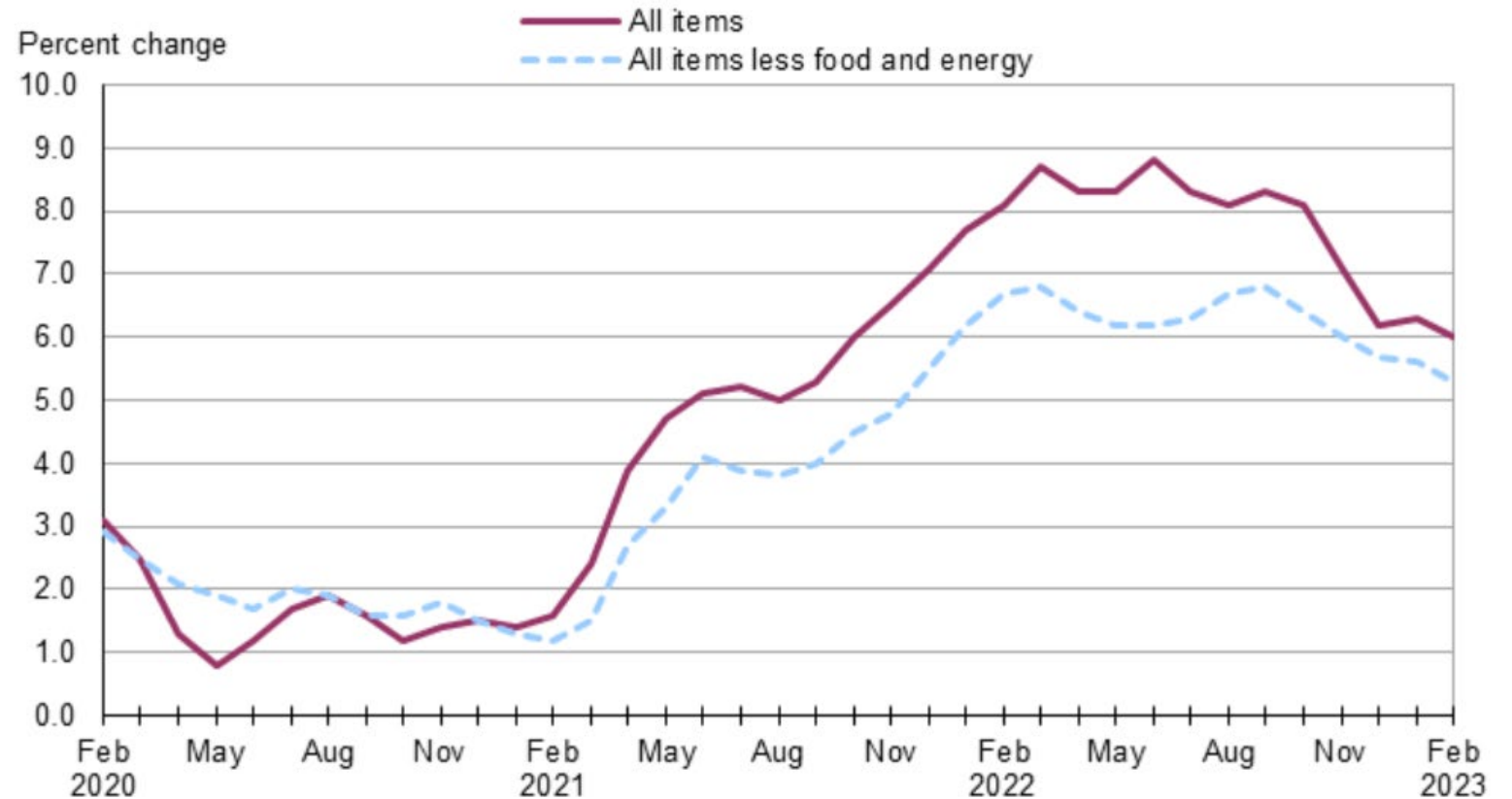
US Bureau of Labor Statistics produce the CPI.

OLWS utilizes the West Region CPI-U for budgeting purposes.

The CPI-U is for All Urban Consumers.

States included are Alaska, Washington, Oregon, Idaho, California, Nevada, Arizona, Hawaii and Guam

Chart 1. Over-the-year percent change in CPI-U, West region, February 2020–February 2023



Source: U.S. Bureau of Labor Statistics.

CY 2017	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022
3.1%	3.1%	2.8%	1.5%	7.1%	6.2%

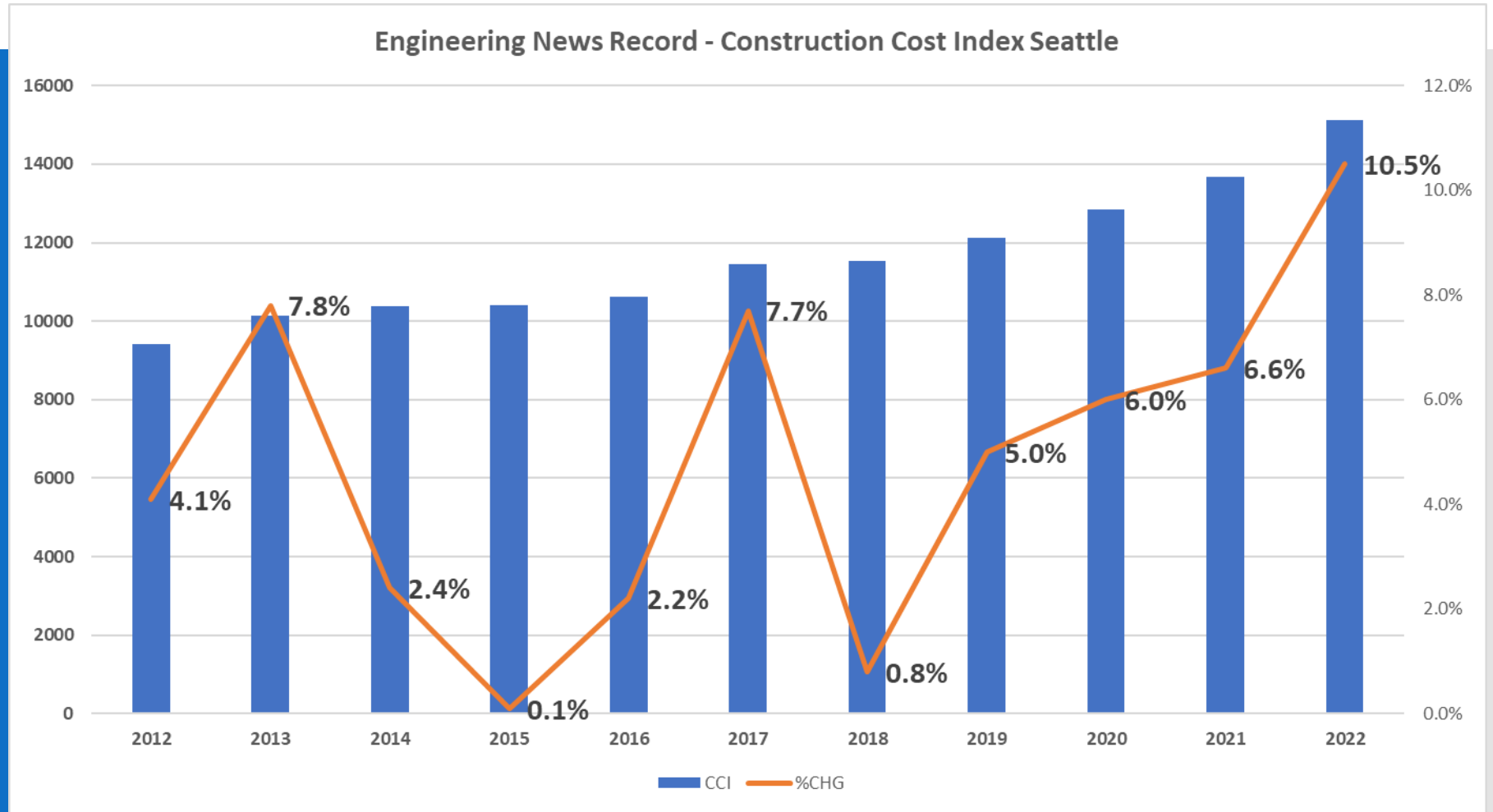
Engineering News Record – Construction Cost Index

HOW ENR BUILDS THE INDEX:

- 200 hours of common labor of common labor rates,
- plus 25 cwt of standard structural steel shapes at the mill price prior to 1996 and the fabricated price from 1996,
- plus 1.128 tons of portland cement,
- plus 1,088 board ft of 2 x 4.

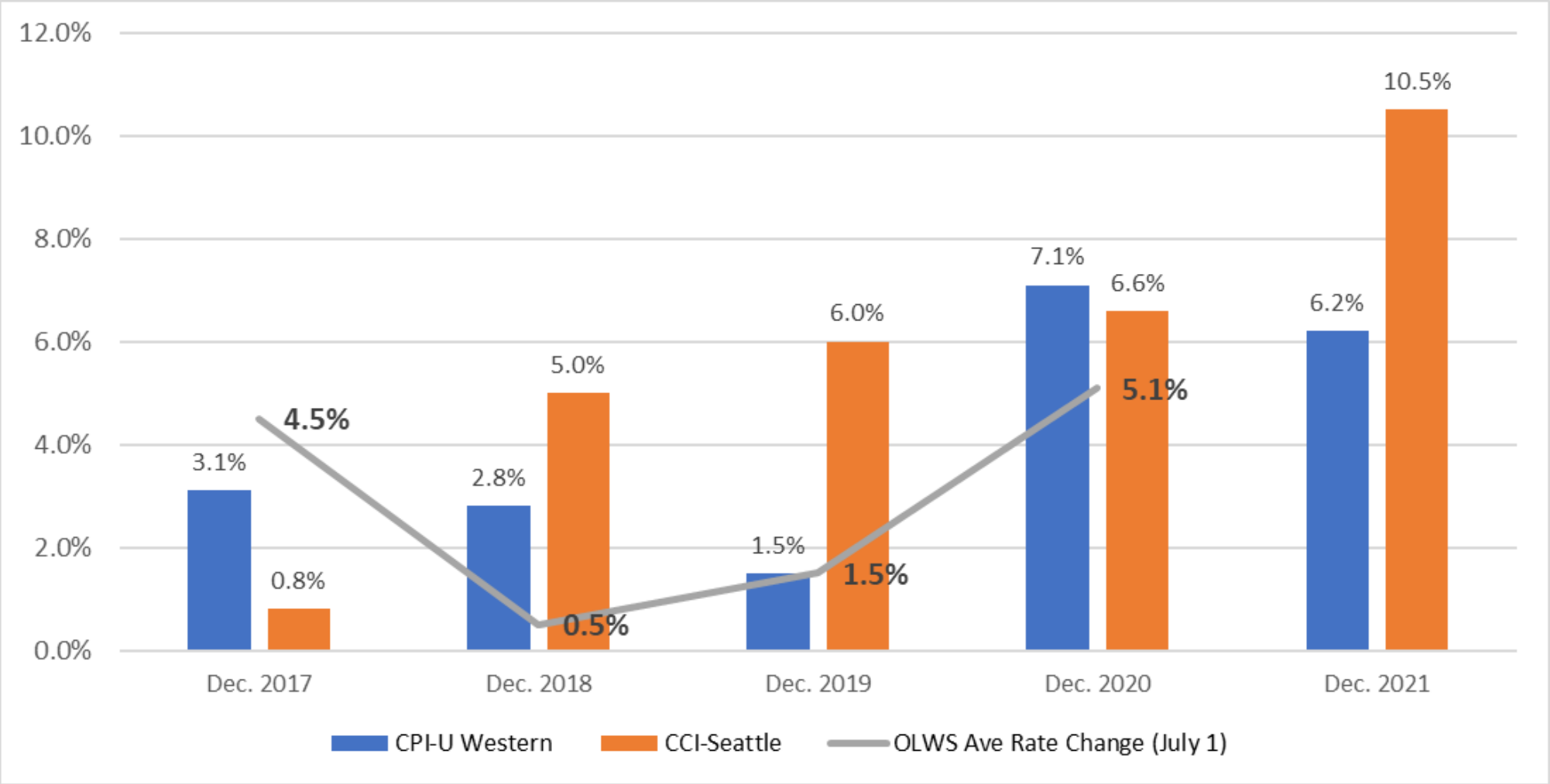
OLWS utilizes the Seattle Construction Cost Index (CCI) for planning purposes.

All Capital Projects included in the Proposed Budget and Capital Improvement Plan are estimated using the December 2022.



CY 2017	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022
11,442.97	11,537.66	12,111.70	12,840.41	13,682.71	15,115.33
7.7%	0.8%	5.0%	6.0%	6.6%	10.5%

OLWS Rate Changes Compared to CPI-U and CCI



Beginning Fund Balances	Revenues	Transfers	Total Resources
\$ 11,961,841	23,654,440	14,040,600	\$ 49,656,881



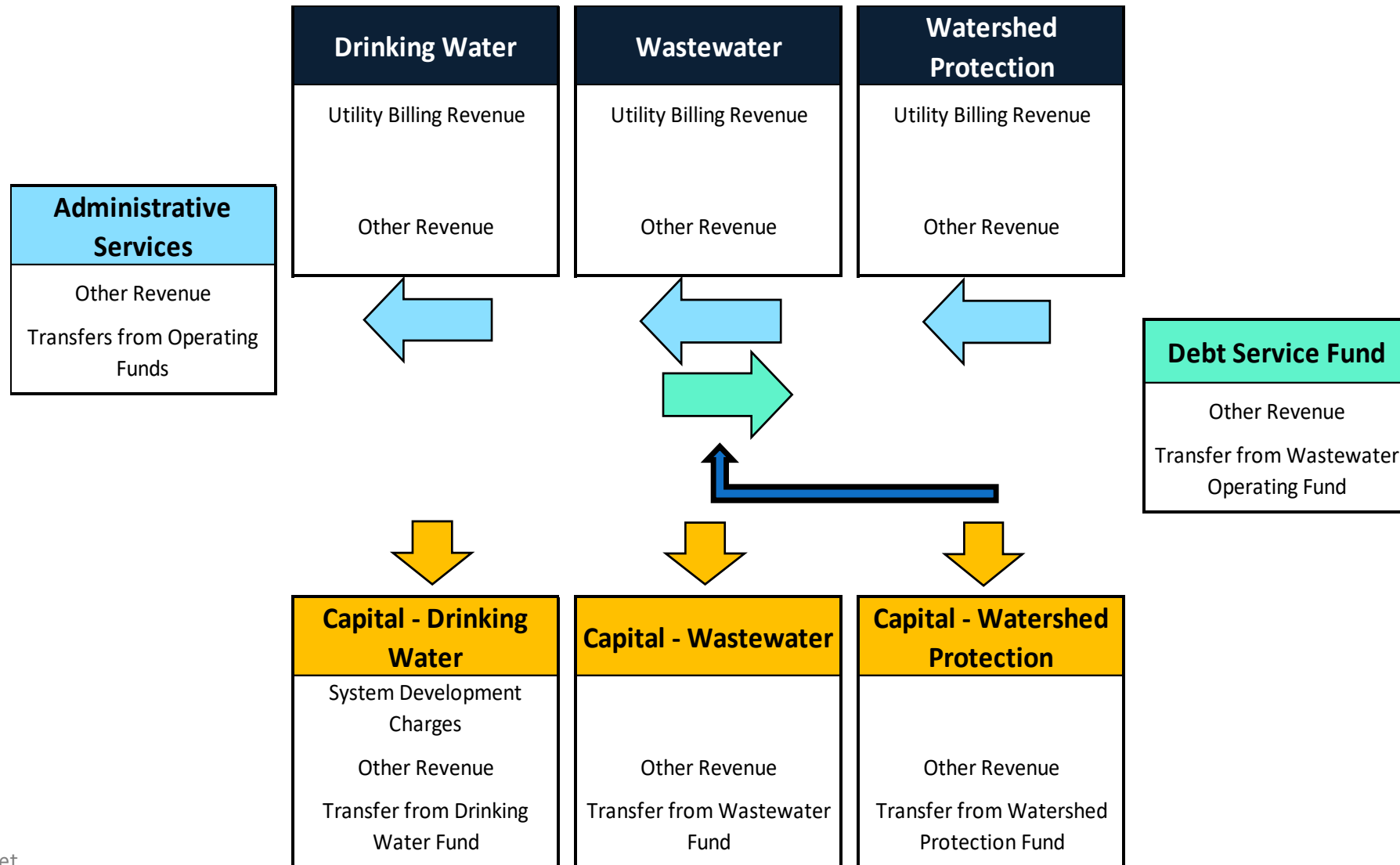
Revenues

Operating Fund - generating utility revenue

Drinking Water	Wastewater	Watershed Protection
Utility Billing Revenue	Utility Billing Revenue	Utility Billing Revenue
Other Revenue	Other Revenue	Other Revenue

- Utility billing revenue is recorded in three operating funds.
- From these three (3) funds, monies are transferred to the other associated funds.

Revenue Flow through the Funds



System Development Charges

Background:

In Oregon, local governments are authorized to establish (ORS 223.302) system development charges, but the revenues produced therefrom must be expended in with ORS 223.297 (Policy)

System Development Charges (SDCs) are one-time fees charged on a new development, and certain types of redevelopment, to help pay for existing and planned infrastructure to serve the development.

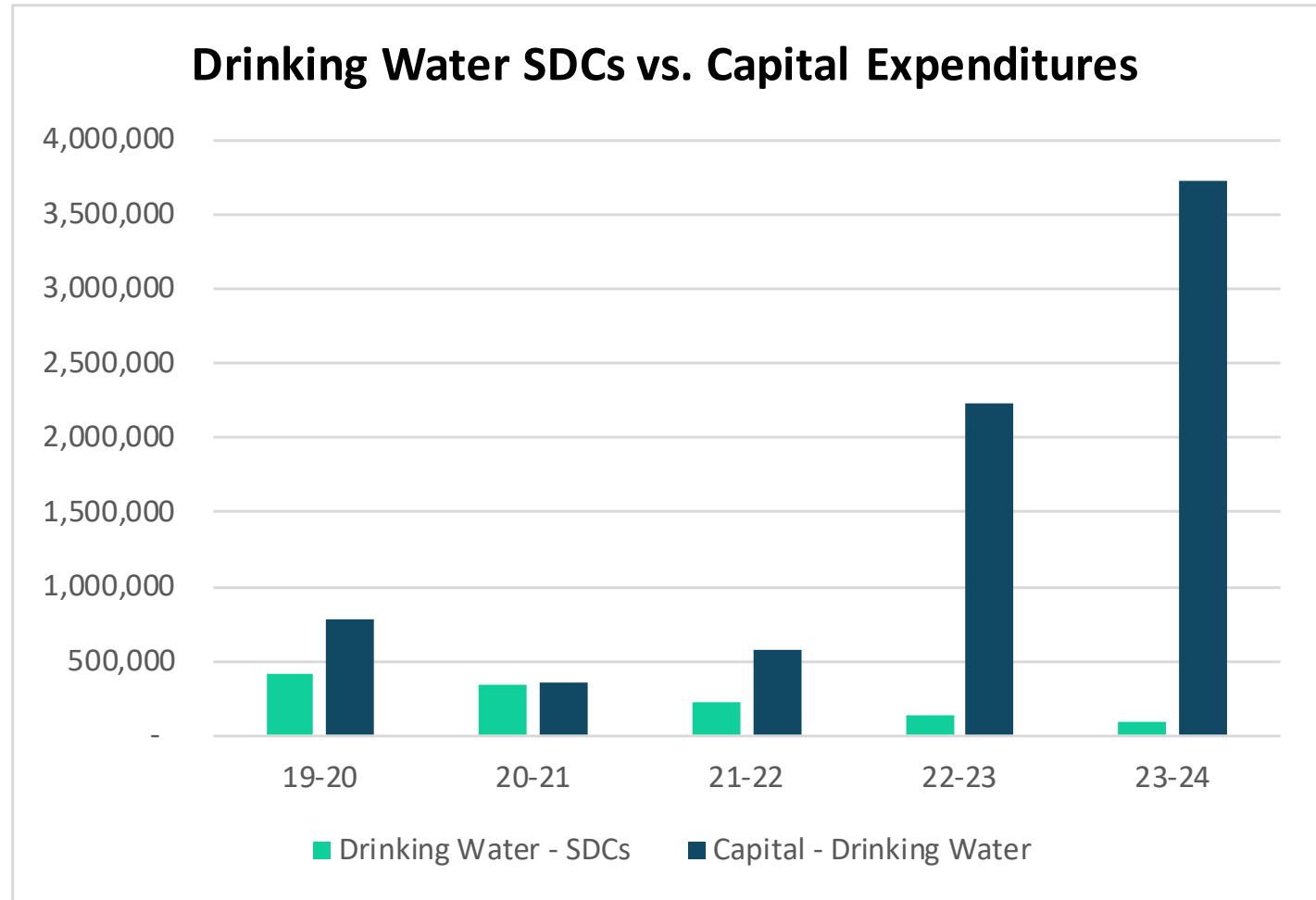
SDCs fees may be a reimbursement for a portion of unused infrastructure capacity and/or an improvement fee for planned infrastructure.

SDC revenues may be levied and used for capital costs, but not for ongoing facility or system maintenance or for projects that fix existing system deficiencies or replace existing capacity.

SDC Revenues vs. Capital Expenditures

Drinking Water

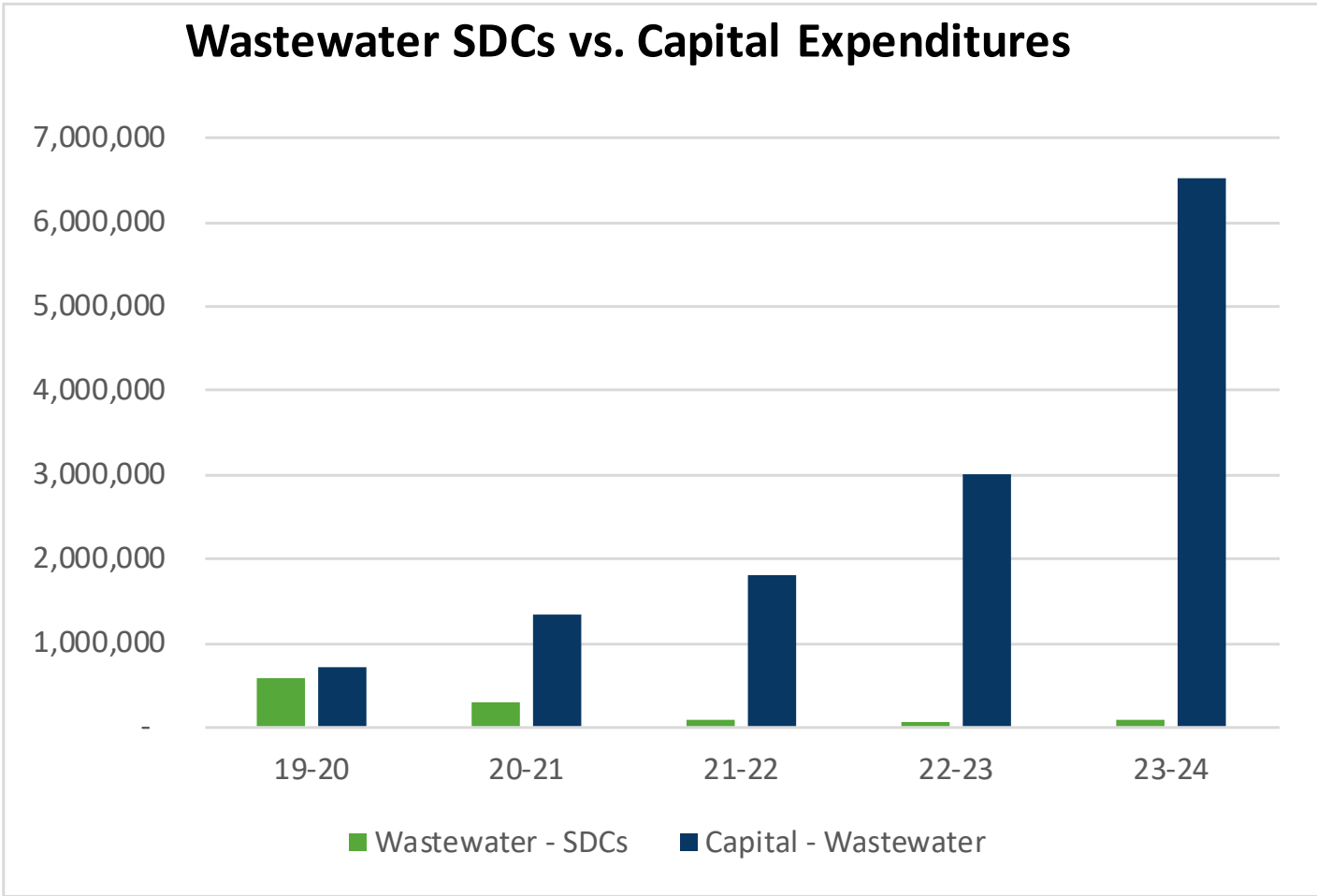
	Actual 19-20	Actual 20-21	Actual 21-22	Projected 22-23	Proposed 23-24
Drinking Water - SDCs	412,360	344,258	222,747	145,000	100,000
Capital - Drinking Water	775,331	351,049	577,769	2,229,765	3,720,000



SDC Revenues vs. Capital Expenditures

Wastewater Reclamation

	Actual 19-20	Actual 20-21	Actual 21-22	Projected 22-23	Proposed 23-24
Wastewater - SDCs	592,263	309,900	82,640	60,000	100,000
Capital - Wastewater	712,146	1,335,380	1,809,547	3,009,566	6,538,000



Rates - Watershed Protection

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Proposed FY 2024
Watershed Protection Charge	\$ 9.10	\$ 9.51	\$ 9.51	\$ 9.65	\$ 9.65	\$10.81
% Change from Prior Year	4.0%	4.5%	0.0%	1.5%	0.0%	12.0%

Monthly Cost for 1 Equivalent Service Unit (ESU) \$ 1.16

Watershed Protection

Watershed Protection Rate Driver

	Budget	
	FY 2021	FY 2023
Beginning Fund Balance	436,466	467,895
Updated Beginning Fund Balance	90,097	118,821
Variance	(346,369)	(349,074)

	FY 2023	Adjusted	FY 2024
Personnel Services	153,000		186,000
Materials and Services	245,700		292,400
Debt Service	120,000		-
Transfers Out	1,258,000	(125,000)	1,282,000
	1,776,700	(125,000)	1,760,400
Less Updated Beginning Balance	(118,821)		(81,121)
Less All Revenues	(1,614,000)		(1,811,040)
Ending Balance	(43,879)	81,121	131,761

Rates - Drinking Water

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Proposed FY 2024
5/8" x 34" Meter (Monthly)	\$ 17.00	\$ 17.77	\$ 17.87	\$ 18.14	\$ 18.68	\$26.15
Tier 1 CCF 0-5 (Monthly)	\$ 1.12	\$ 1.17	\$ 1.18	\$ 1.20	\$ 1.24	\$1.74
Tier 2 CCF 6-25	\$ 1.51	\$ 1.58	\$ 1.59	\$ 1.61	\$ 1.66	\$2.32
Tier 3 CCF 26+	\$ 1.78	\$ 1.86	\$ 1.87	\$ 1.90	\$ 1.96	\$2.74
% Change from Prior Year	4.0%	4.5%	0.5%	1.5%	3.0%	40.0%
Average 5/8" Meter Customer	\$ 24.11	\$ 25.20	\$ 25.36	\$ 25.75	\$ 26.54	\$ 37.17
						Monthly Cost for 5/8" Meter with 6 CCF \$ 10.63

Drinking Water

Drinking Water Rate Drivers

1

Operations
\$1.30/Mo.

Rate Breakdown	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Proposed FY 2024
Personnel Services	\$ 6.61	\$ 4.89	\$ 4.93	\$ 5.76	\$ 6.35	\$ 6.49
Material & Services	9.66	7.55	7.66	9.31	9.65	10.91
Debt Service	-	1.11	1.11	1.21	1.20	1.24
Administrative Services	-	7.67	10.12	8.72	5.78	6.68
Capital Expenditures	14.13	8.90	2.65	2.91	5.32	11.85
Rate Funded By Fund Balance	(6.29)	(4.92)	(1.12)	(2.16)	(1.76)	-
	<u>\$ 24.11</u>	<u>\$ 25.20</u>	<u>\$ 25.35</u>	<u>\$ 25.75</u>	<u>\$ 26.54</u>	<u>\$ 37.17</u>
Personnel Services	1,262,739	920,587	929,500	991,404	1,107,000	1,096,000
Material & Services	1,845,303	1,420,733	1,444,659	1,601,061	1,681,600	1,841,900
Debt Service	-	209,522	209,801	209,000	209,063	209,100
Administrative Services	-	1,444,000	1,908,000	1,500,000	1,008,000	1,128,000
Capital Expenditures	2,700,000	1,675,000	500,000	500,000	928,000	2,000,000
Rate Funded By Fund Balance	(1,202,393)	(926,186)	(211,649)	(371,597)	(306,663)	-
	<u>4,605,649</u>	<u>4,743,656</u>	<u>4,780,311</u>	<u>4,429,868</u>	<u>4,627,000</u>	<u>6,275,000</u>
Resources	8,238,430	7,174,043	6,284,513	5,588,856	5,471,621	6,944,708
Beginning Fund Balance	(3,632,781)	(2,430,387)	(1,504,202)	(1,158,988)	(844,621)	(580,708)
Expenditures	(5,808,042)	(5,669,842)	(4,991,960)	(4,801,465)	(4,933,663)	(6,275,000)
	<u>(1,202,393)</u>	<u>(926,186)</u>	<u>(211,649)</u>	<u>(371,597)</u>	<u>(306,663)</u>	<u>89,000</u>

Drinking Water Rate Drivers

2

Administrative Services

\$0.90/Mo.

Rate Breakdown	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Proposed FY 2024
Personnel Services	\$ 6.61	\$ 4.89	\$ 4.93	\$ 5.76	\$ 6.35	\$ 6.49
Material & Services	9.66	7.55	7.66	9.31	9.65	10.91
Debt Service	-	1.11	1.11	1.21	1.20	1.24
Administrative Services	-	7.67	10.12	8.72	5.78	6.68
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	<u>\$ 24.11</u>	<u>\$ 25.20</u>	<u>\$ 25.35</u>	<u>\$ 25.75</u>	<u>\$ 26.54</u>	<u>\$ 37.17</u>
Personnel Services	1,262,739	920,587	929,500	991,404	1,107,000	1,096,000
Material & Services	1,845,303	1,420,733	1,444,659	1,601,061	1,681,600	1,841,900
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Administrative Services	-	1,444,000	1,908,000	1,500,000	1,008,000	1,128,000
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Expenditures	(5,808,042)	(5,669,842)	(4,991,960)	(4,801,465)	(4,933,663)	(6,275,000)
	<u>(1,202,393)</u>	<u>(926,186)</u>	<u>(211,649)</u>	<u>(371,597)</u>	<u>(306,663)</u>	<u>89,000</u>

Drinking Water Rate Drivers

3

Fund Balance
Reduction
\$1.76/Mo.

Rate Breakdown	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Proposed FY 2024
Personnel Services	\$ 6.61	\$ 4.89	\$ 4.93	\$ 5.76	\$ 6.35	\$ 6.49
Material & Services	9.66	7.55	7.66	9.31	9.65	10.91
Debt Service	-	1.11	1.11	1.21	1.20	1.24
Administrative Services	-	7.67	10.12	8.72	5.78	6.68
Capital Expenditures	14.13	8.90	2.65	2.91	5.32	11.85
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	\$ 24.11	\$ 25.20	\$ 25.35	\$ 25.75	\$ 26.54	\$ 37.17
Personnel Services	1,262,739	920,587	929,500	991,404	1,107,000	1,096,000
Material & Services	1,845,303	1,420,733	1,444,659	1,601,061	1,681,600	1,841,900
Debt Service	-	209,522	209,801	209,000	209,063	209,100
Administrative Services	-	1,444,000	1,908,000	1,500,000	1,008,000	1,128,000
Capital Expenditures	2,700,000	1,675,000	500,000	500,000	928,000	2,000,000
Rate Funded By Fund Balance	(1,202,393)	(926,186)	(211,649)	(371,597)	(306,663)	-
	4,605,649	4,743,656	4,780,311	4,429,868	4,627,000	6,275,000
Resources	8,238,430	7,174,043	6,284,513	5,588,856	5,471,621	6,944,708
Beginning Fund Balance	(3,632,781)	(2,430,387)	(1,504,202)	(1,158,988)	(844,621)	(580,708)
Expenditures	(5,808,042)	(5,669,842)	(4,991,960)	(4,801,465)	(4,933,663)	(6,275,000)
	(1,202,393)	(926,186)	(211,649)	(371,597)	(306,663)	89,000

Drinking Water Rate Drivers

4

Capital
Projects
\$6.53/Mo.

Rate Breakdown	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Proposed FY 2024
Personnel Services	\$ 6.61	\$ 4.89	\$ 4.93	\$ 5.76	\$ 6.35	\$ 6.49
Material & Services	9.66	7.55	7.66	9.31	9.65	10.91
Debt Service	-	1.11	1.11	1.21	1.20	1.24
Administrative Services	-	7.67	10.12	8.72	5.78	6.68
Capital Expenditures	14.13	8.90	2.65	2.91	5.32	11.85
Rate Funded By Fund Balance	(6.29)	(4.92)	(1.12)	(2.16)	(1.76)	-
	\$ 24.11	\$ 25.20	\$ 25.35	\$ 25.75	\$ 26.54	\$ 37.17
Personnel Services	1,262,739	920,587	929,500	991,404	1,107,000	1,096,000
Material & Services	1,845,303	1,420,733	1,444,659	1,601,061	1,681,600	1,841,900
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Administrative Services	-	1,444,000	1,908,000	1,500,000	1,008,000	1,128,000
Capital Expenditures	2,700,000	1,675,000	500,000	500,000	928,000	2,000,000
Rate Funded By Fund Balance	(1,202,393)	(926,186)	(211,649)	(371,597)	(306,663)	-
	4,605,649	4,743,656	4,780,311	4,429,868	4,627,000	6,275,000
Resources	8,238,430	7,174,043	6,284,513	5,588,856	5,471,621	6,944,708
Beginning Fund Balance	(3,632,781)	(2,430,387)	(1,504,202)	(1,158,988)	(844,621)	(580,708)
Expenditures	(5,808,042)	(5,669,842)	(4,991,960)	(4,801,465)	(4,933,663)	(6,275,000)
	(1,202,393)	(926,186)	(211,649)	(371,597)	(306,663)	89,000

Drinking Water Rate Drivers

4

Capital
Projects
\$6.53/Mo.

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Proposed FY 2024
5 Yr Drinking Water Capital Plan	3,650,000	4,988,000	7,600,000	10,613,100	12,563,100	22,732,581
		36.7%	52.4%	39.7%	18.4%	81.0%
Capital Expenditures	2,700,000	1,675,000	500,000	500,000	928,000	2,000,000
	74.0%	33.6%	6.6%	4.7%	7.4%	8.8%

Drinking Water Rate Drivers

Operations	\$ 1.40
Debt Service	0.04
Administrative Services	0.90
Capital Expenditures	6.53
Fund Balance Reduction	1.76
	<hr/>
	\$ 10.63
	<hr/>

Rates - Wastewater

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Proposed FY 2024
Wastewater Charge	\$ 38.04	\$ 39.89	\$ 40.09	\$ 40.69	\$ 43.54	\$60.96
Consumption	\$ 2.19	\$ 2.27	\$ 2.28	\$ 2.31	\$ 2.47	\$3.46
% Change from Prior Year	2%/7.4%	5.0%	0.5%	1.5%	3.0%	40.0%
Average 1 EDU Customer	\$ 51.18	\$ 53.18	\$ 53.77	\$ 54.55	\$ 58.36	\$ 81.72
	Monthly Cost for 1 Equivalent Dwelling Unit (EDU)					\$ 23.37

Wastewater

Wastewater Rate Drivers

1

Operations
\$0.13/Mo.

Rate Breakdown	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Proposed FY 2024
Personnel Services	\$ 14.88	\$ 10.21	\$ 10.91	\$ 9.67	\$ 12.04	\$ 12.17
Material & Services	9.54	5.30	5.70	6.35	8.62	8.62
Debt Service	20.92	21.76	22.98	21.73	22.04	22.03
Administrative Services	-	12.18	12.64	12.10	12.32	13.59
Capital Expenditures	31.66	7.81	6.24	6.37	9.62	25.31
Rate Funded By Fund Balance	(25.82)	(4.08)	(4.69)	(1.67)	(6.29)	-
	<u>\$ 51.18</u>	<u>\$ 53.18</u>	<u>\$ 53.78</u>	<u>\$ 54.55</u>	<u>\$ 58.35</u>	<u>\$ 81.72</u>
Personnel Services	2,349,273	1,699,353	1,748,346	1,518,250	1,877,000	1,924,000
Material & Services	1,507,420	882,908	913,493	996,410	1,343,450	1,362,600
Debt Service	3,303,935	3,622,189	3,683,000	3,412,000	3,435,000	3,482,000
Administrative Services	-	2,028,000	2,026,000	1,899,000	1,920,000	2,148,000
Capital Expenditures	5,000,000	1,300,000	1,000,000	1,000,000	1,500,000	4,000,000
Rate Funded By Fund Balance	(4,077,859)	(679,992)	(751,582)	(261,950)	(980,230)	-
	<u>8,082,769</u>	<u>8,852,458</u>	<u>8,619,257</u>	<u>8,563,709</u>	<u>9,095,220</u>	<u>12,916,600</u>
Resources	13,476,183	10,168,013	10,426,509	9,558,858	10,438,447	13,589,547
Beginning Fund Balance	(5,393,414)	(1,315,555)	(1,807,252)	(995,149)	(1,343,227)	(535,947)
Expenditures	(12,160,628)	(9,532,450)	(9,370,839)	(8,825,659)	(10,075,450)	(12,916,600)
	<u>(4,077,859)</u>	<u>(679,992)</u>	<u>(751,582)</u>	<u>(261,950)</u>	<u>(980,230)</u>	<u>137,000</u>

Wastewater Rate Drivers

2

Administrative
\$1.27/Mo.

Rate Breakdown	Proposed					
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Personnel Services	\$ 14.88	\$ 10.21	\$ 10.91	\$ 9.67	\$ 12.04	\$ 12.17
Material & Services	9.54	5.30	5.70	6.35	8.62	8.62
Debt Service	20.92	21.76	22.98	21.73	22.04	22.03
Administrative Services	-	12.18	12.64	12.10	12.32	13.59
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Rate Funded By Fund Balance	(25.82)	(4.08)	(4.69)	(1.67)	(6.29)	-
	\$ 51.18	\$ 53.18	\$ 53.78	\$ 54.55	\$ 58.35	\$ 81.72
Personnel Services	2,349,273	1,699,353	1,748,346	1,518,250	1,877,000	1,924,000
Material & Services	1,507,420	882,908	913,493	996,410	1,343,450	1,362,600
Debt Service	3,303,935	3,622,189	3,683,000	3,412,000	3,435,000	3,482,000
Administrative Services	-	2,028,000	2,026,000	1,899,000	1,920,000	2,148,000
Capital Expenditures	5,000,000	1,300,000	1,000,000	1,000,000	1,500,000	4,000,000
Rate Funded By Fund Balance	(4,077,859)	(679,992)	(751,582)	(261,950)	(980,230)	-
	8,082,769	8,852,458	8,619,257	8,563,709	9,095,220	12,916,600
Resources	13,476,183	10,168,013	10,426,509	9,558,858	10,438,447	13,589,547
Beginning Fund Balance	(5,393,414)	(1,315,555)	(1,807,252)	(995,149)	(1,343,227)	(535,947)
Expenditures	(12,160,628)	(9,532,450)	(9,370,839)	(8,825,659)	(10,075,450)	(12,916,600)
	(4,077,859)	(679,992)	(751,582)	(261,950)	(980,230)	137,000

Wastewater Rate Drivers

3

Fund Balance
Reduction
\$6.29/Mo.

Rate Breakdown	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Proposed FY 2024
Personnel Services	\$ 14.88	\$ 10.21	\$ 10.91	\$ 9.67	\$ 12.04	\$ 12.17
Material & Services	9.54	5.30	5.70	6.35	8.62	8.62
Debt Service	20.92	21.76	22.98	21.73	22.04	22.03
Administrative Services	-	12.18	12.64	12.10	12.32	13.59
Capital Expenditures	31.66	7.81	6.24	6.37	9.62	25.31
Rate Funded By Fund Balance	(25.82)	(4.08)	(4.69)	(1.67)	(6.29)	-
	\$ 51.18	\$ 53.18	\$ 53.78	\$ 54.55	\$ 58.35	\$ 81.72
Personnel Services	2,349,273	1,699,353	1,748,346	1,518,250	1,877,000	1,924,000
Material & Services	1,507,420	882,908	913,493	996,410	1,343,450	1,362,600
Debt Service	3,303,935	3,622,189	3,683,000	3,412,000	3,435,000	3,482,000
Administrative Services	-	2,028,000	2,026,000	1,899,000	1,920,000	2,148,000
Capital Expenditures	5,000,000	1,300,000	1,000,000	1,000,000	1,500,000	4,000,000
Rate Funded By Fund Balance	(4,077,859)	(679,992)	(751,582)	(261,950)	(980,230)	-
	8,082,769	8,852,458	8,619,257	8,563,709	9,095,220	12,916,600
Resources	13,476,183	10,168,013	10,426,509	9,558,858	10,438,447	13,589,547
Beginning Fund Balance	(5,393,414)	(1,315,555)	(1,807,252)	(995,149)	(1,343,227)	(535,947)
Expenditures	(12,160,628)	(9,532,450)	(9,370,839)	(8,825,659)	(10,075,450)	(12,916,600)
	(4,077,859)	(679,992)	(751,582)	(261,950)	(980,230)	137,000

Wastewater Rate Drivers

4

Capital Projects

\$15.6g/Mo.

Rate Breakdown	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Proposed FY 2024
Personnel Services	\$ 14.88	\$ 10.21	\$ 10.91	\$ 9.67	\$ 12.04	\$ 12.17
Material & Services	9.54	5.30	5.70	6.35	8.62	8.62
Debt Service	20.92	21.76	22.98	21.73	22.04	22.03
Administrative Services	-	12.18	12.64	12.10	12.32	13.59
Capital Expenditures	31.66	7.81	6.24	6.37	9.62	25.31
Rate Funded By Fund Balance	(25.82)	(4.08)	(4.69)	(1.67)	(6.29)	-
	\$ 51.18	\$ 53.18	\$ 53.78	\$ 54.55	\$ 58.35	\$ 81.72
Personnel Services	2,349,273	1,699,353	1,748,346	1,518,250	1,877,000	1,924,000
Material & Services	1,507,420	882,908	913,493	996,410	1,343,450	1,362,600
Debt Service	3,303,935	3,622,189	3,683,000	3,412,000	3,435,000	3,482,000
Administrative Services	-	2,028,000	2,026,000	1,899,000	1,920,000	2,148,000
Capital Expenditures	5,000,000	1,300,000	1,000,000	1,000,000	1,500,000	4,000,000
Rate Funded By Fund Balance	(4,077,859)	(679,992)	(751,582)	(261,950)	(980,230)	-
	8,082,769	8,852,458	8,619,257	8,563,709	9,095,220	12,916,600
Resources	13,476,183	10,168,013	10,426,509	9,558,858	10,438,447	13,589,547
Beginning Fund Balance	(5,393,414)	(1,315,555)	(1,807,252)	(995,149)	(1,343,227)	(535,947)
Expenditures	(12,160,628)	(9,532,450)	(9,370,839)	(8,825,659)	(10,075,450)	(12,916,600)
	(4,077,859)	(679,992)	(751,582)	(261,950)	(980,230)	137,000

Wastewater Rate Drivers

4

Capital
Projects
\$15.6g/Mo.

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Proposed FY 2024
5 Yr Wastewater Capital Plan	5,615,000	8,430,000	8,330,000	10,884,000	19,694,000	52,560,765
		50.1%	-1.2%	30.7%	80.9%	166.9%
Capital Expenditures	5,000,000	1,300,000	1,000,000	1,000,000	1,500,000	4,000,000
	89.0%	15.4%	12.0%	9.2%	7.6%	7.6%

Wastewater Rate Drivers

Operations	\$ 0.13
Debt Service	(0.01)
Administrative Services	1.27
Capital Expenditures	15.69
Fund Balance Reduction	6.29
	<hr/>
	\$ 23.37
	<hr/>

Contingencies

Estimating Contingencies

“The estimate for a fund may include an estimate for general operating contingencies”. 294.388(7)

An operating contingency is for expenditures in “operating funds” that “cannot be foreseen and planned in the budget” and should be based on prior history or risk analysis. OAR 150-294-0430

There is no limit on how much can be budgeted as contingency.

No Contingencies in Debt Service Funds!

How to Transfer Contingency [\(ORS 294.463\(2\)\)](#)

LESS than 15% of original appropriations



ADOPT A RESOLUTION
Reduce the contingency amount
and increase an existing
expenditure category by an equal
amount

MORE than 15% of original appropriations



ADOPT A SUPPLEMENTAL BUDGET
Reduce the contingency amount
and increase an existing
expenditure category by an equal
amount

Remember – contingency calculations are made in aggregate,
and appropriations are calculated using the original adopted
budget. Your budget resolution is your guide!



Fund Balance and Reserve Policy

Adopted October 16, 2018



Cover Story: Utility Financial Management Policies

Operating Reserves

A utility's financial management policies should establish an operating cash reserves target to provide short-term liquidity for general utility purposes.

Operating reserves help the utility cover costs during the cyclical nature of collections and revenue shortfalls.

Operating reserves often range between 3 and 9 months of operating expenses or operating revenues; in general, a greater cash cushion implies less financial risk in evaluating a utility's **credit worthiness**.

Operating Funds			
	Drinking Water	Wastewater	Watershed
Operating Costs	2,937,900	3,286,600	478,400
Contingency	669,708	672,947	131,161
25% Target	734,475	821,650	119,600
	Below Target	Below Target	Okay

Fund balance targets for respective funds are as follows:

Drinking Water Fund

A minimum fund balance equal to three (3) months of operations or 25% of budgeted expenditures in the Fund.

Wastewater Reclamation Fund

A minimum fund balance equal to three (3) months of operations or 25% of budgeted expenditures in the Fund.

Watershed Protection Fund

A minimum fund balance equal to three (3) months of operations or 25% of budgeted expenditures in the Fund.



Cover Story: Utility Financial Management Policies

Debt

Utilities often have minimum debt service coverage requirements associated with debt financing.

The addition of coverage requirements gives protections to bondholders and, depending on the coverage met by utilities, can potentially **improve the utility's credit rating.**

Utilities should ideally set their coverage target at an amount higher than the minimum to generate cash to fund pay-as-you-go capital needs and be less dependent on debt financing.

Debt Service

	General Obligation	Revenue Bond
1st Debt Service payment	-	586,998
Reserve	-	527,978

Okay

Below Target

Wastewater Revenue Bond Debt Service

A minimum fund balance equal to the first debt service payment due in the subsequent fiscal year.

Wastewater GO Bond Debt Service

A minimum fund balance equal to the first debt service payment due in the subsequent fiscal year.

8/1/2023	DEQ-Clean Water	R70030	Wastewater Treatment	\$ 125,000
8/1/2023	DEQ-Clean Water	R70031	Wastewater Treatment	461,998
11/1/2023	JP Morgan		Wastewater Treatment	135,275
12/1/2023	OBDD W10001		Wastewater Treatment	476,119
2/1/2024	DEQ-Clean Water	R70030	Wastewater Treatment	136,875
2/1/2024	DEQ-Clean Water	R70031	Wastewater Treatment	500,575
5/1/2024	JP Morgan Chase		Wastewater Treatment	1,585,275



Cover Story: Utility Financial Management Policies

Capital Reserves

These reserves will be used for capital improvements in the future and can be restricted or unrestricted.

A utility should maintain minimum capital reserves at least equal to the previous year's depreciation expense (possibly adjusted for inflationary factors).

Ideally, a utility's level of capital reserves should be linked to its asset management plan.

	Capital Funds		
	Drinking Water	Wastewater	Watershed
FY2023-24 Capital Outlay	3,720,000	6,538,000	300,000
Contingency	370,000	653,800	50,000
Reserve for Future Expenditures	1,502,700	1,868,289	2,283,105
	Below Target	Below Target	Okay

Water Capital Reserve Fund

A minimum balance adequate to spread the cost of replacement of capital assets over the life of the respective assets. Additionally, the minimum balance should be consistent with identified funding needs of the District’s Capital Improvement Plan (CIP)

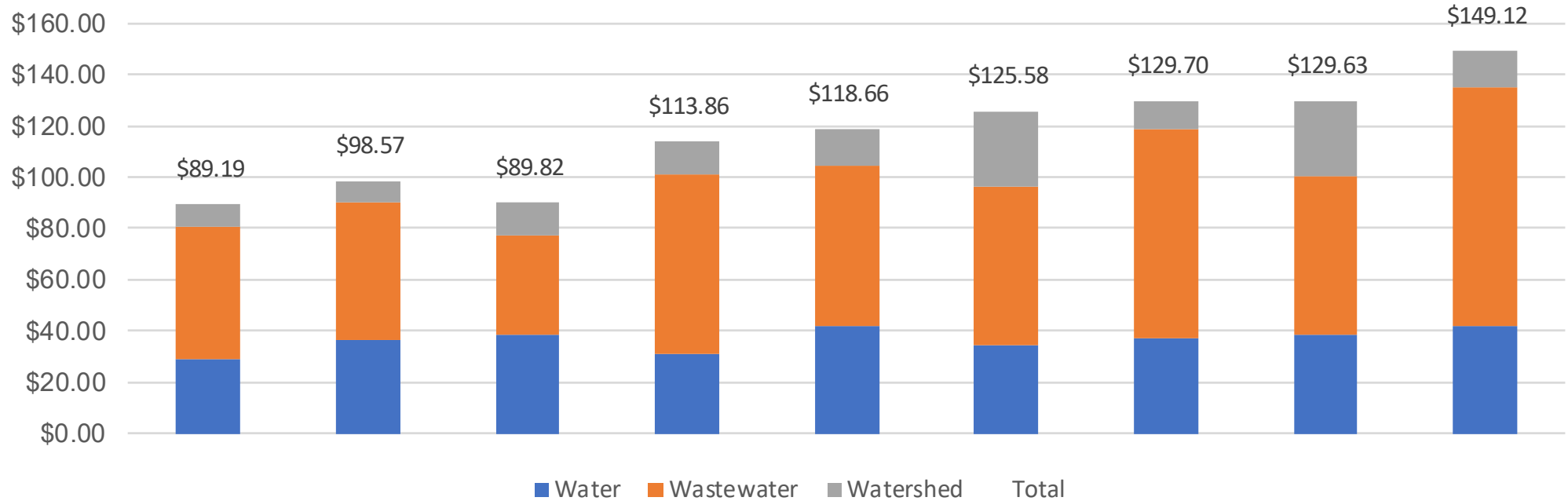
Wastewater Capital Reserve

A minimum balance adequate to spread the cost of replacement of capital assets over the life of the respective assets. Additionally, the minimum balance should be consistent with identified funding needs of the District’s Capital Improvement Plan (CIP)

Watershed Protection Capital Reserve

A minimum balance adequate to spread the cost of replacement of capital assets over the life of the respective assets. Additionally, the minimum balance should be consistent with identified funding needs of the District’s Capital Improvement Plan (CIP)

Monthly Residential Utility Bill



Services	West Linn	Happy Valley	Oregon City - CRW	Oregon City	City of Gladstone - WES	City of Milwaukie	Oak Lodge Water Services	Milwaukie - CRW	City of Gladstone - OLWSD
Water	\$ 28.76	\$ 36.41	\$ 38.36	\$ 30.98	\$ 41.59	\$ 34.31	\$ 37.17	\$ 38.36	\$ 41.59
Wastewater	51.78	54.02	38.80	70.22	62.79	61.80	81.72	61.80	93.25
Watershed	8.65	8.14	12.66	12.66	14.28	29.47	10.81	29.47	14.28
	\$ 89.19	\$ 98.57	\$ 89.82	\$ 113.86	\$ 118.66	\$ 125.58	\$ 129.70	\$ 129.63	\$ 149.12